

FOIA MARKER

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Folder Title:

Sunday, August 1, 1999

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HRC

THE WHITE HOUSE
WASHINGTON

August 2, 1999

Ms. Lisa Cosgrove
8270 West Stene Drive
Littleton, Colorado 80128

Dear Lisa:

Thanks so much for sharing your feelings about your experience at Columbine. As parents, Mrs. Clinton and I understand, if only in our worst fears, the horror of what has happened in your life. We are glad that you have found some comfort in the outpouring of prayers and support from across the country.

I offer my encouragement as you struggle to make sense of the senseless. As you noted, it helps to focus on the things that are important in your life: your friends, your family, your community, and your nation. Find strength in your newfound appreciation for those things that have the greatest value in your life, and in overcoming this challenge make a commitment to doing all that you can to ensure a brighter future for yourself and your community. I firmly believe that the American spirit is stronger than the forces of hate, and I know that we can prevent more violence if we work together. I hope that you will remain involved in this crucial endeavor because America's future lies in the energy and idealism of young people like you.

As your President, I agree that students should not have to worry about armed classmates, and parents should not have to fear when their children go out to play. Addressing the problem of youth violence remains a top priority of my Administration. There is no task more urgent, and every one of us has a role to play. We must work together -- parents, students, teachers, public officials, and entertainment leaders -- to counter the culture of violence with a culture of values. We must teach our nations' young people how to express anger and alienation with words, not weapons. We can prevent many senseless acts of violence if we teach young people how to treat their peers, no matter how different, with respect.

Mrs. Clinton and I continue to keep you and the entire Littleton community in our thoughts and prayers. God bless you.

Sincerely,

Bill Clinton

You're right - We do have to
become more involved in
each other's lives -

Columbine
High School
Student.

Lisa Cosgrove
8270 West Stene Drive
Littleton, CO 80128

June 14, 1999

1600 Pennsylvania Avenue N.W.
Washington D.C. 20500

Dear President and Mrs. Clinton:

I am writing in regards to your speech on Thursday the twentieth of May, 1999. I would like to thank you and Mrs. Clinton for sharing a portion of your valuable time with Columbine High School. I am honored to know that the leader of our country would take time out of his busy schedule to visit with high school students. It's wonderful that Columbine has made an impact on our country and maybe even around the world. It may not be the best impact we could have made, but from now on, Columbine will stand out in other's view because of the way my classmates, my teachers, and my community has pulled together and acted as one.

I never knew April 20th would change my life the way it has. While I listened to those horrible guns, sitting in my classroom with my dying basketball coach, I never knew the magnitude of what was happening. I never knew that I would be mourning over twelve of my friends and my beloved basketball coach the week following. I never knew of the horrible sights I would soon face in my own school as the S.W.A.T. team finally rescued us. I never knew that two of our own could plot against us for over a year and wound a community in attempt to kill nearly an entire high school population. I never knew there would be such an outpour of love, support, kindness, and generosity from my own family, the community, the country, and even around the world.

I often wonder if I was too naïve to see this coming or if I've been sheltered and blinded from the bad. Then I realize, not a teacher, parent, student, friend, brother, sister, or anyone else, could have foreseen this. If we would have, we could have stopped this from ever happening. This country needs to band together and get more involved in one another's lives. If we don't this will continue to happen in America's schools. Personally, I never again want to mourn the death of a friend who had so much ahead of them, a friend whose life was cut short by simply being in the wrong place at the wrong time.

Due to this event, I will never feel completely safe in a school again. A place I once believed to be one of the safest places around, is now a place where I don't ever want to be again. I lost, as did every other student at Columbine, an innocence that can never be regained. Every student across America deserves the right to be safe in school. No student or teacher should ever have to go through what Columbine has.

.....

June 14, 1999

Page 2

I will never be able to fully express to you or to anyone else what April 20th did to me. I will never forget the tremendous fear I had for my coach, my parents/friends/family, and most of all, for myself and the fear that I wouldn't make it home that afternoon. The fear that I would never look into my mother's eyes again or hug my daddy or pet my dog or laugh with my best friend or sleep in my own bed again. I went through a change that day. I grew up faster than I should have. I saw things that, I hope, most will never see. I realized what was important. It wasn't my car, my clothes, or how much money I have. What I wanted most that day was my mom, my dad, my best friend, my boyfriend, my dog and my bed. I wanted my mom to reassure me and tell me 'everything is going to be okay'. I wanted my dad to hold me and protect me. I wanted to laugh with my best friend. Most of all, I wanted it to be over. I wanted to see my basketball coach walking down the hall once more smiling at you with his one-of-a-kind smile.

This letter wasn't intended to be anything more than a thank you but it obviously turned into much more than that. So thank you for giving Columbine High School some of your time and thank you for (hopefully) taking time to read my letter that comes to you with much sadness, tears, anger and joy!

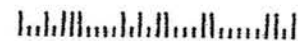
Sincerely,

Lisa Cosgrove
Student of Columbine High School

8270 W. Stene Dr.
Littleton, CO 80128



President and Mrs. Clinton
1600 Pennsylvania Avenue N.W.
Washington D.C.
20500



THE PRESIDENT HAS SEEN

8-2-99

1. CeM
2. Carver

THE TRIP OF THE PRESIDENT TO AVIANO, ITALY AND SARAJEVO, BOSNIA-HERZEGOVINA

JULY 29 - 31

Draft #1

capred
Beukhardt
Currie
Podesta
Photo Office

THURSDAY, JULY 29

6:45 am BRIEFING
7:00 am LOCATION TBD
7:00 am DEPARTURE STATEMENT
7:10 am LOCATION TBD
8:00 am DEPART en route Aviano Air Base
[Flight Time: 8 hours, 5 minutes]
[Time Change: +6 hours]
10:05 pm ARRIVE Aviano Air Base
[4:05pm EST]

BC RON AREA TWO HOUSING
AVIANO, ITALY

9:30 am ARRIVE Zetra Stadium
9:45 am BILATERAL WITH BOSNIAN
10:30 am TRIPARTITE PRESIDENCY
ZETRA STADIUM
POOL SPRAY (AT THE TOP)
10:40 am BILATERAL WITH
11:10 am REPUBLIKA SRPSKA PRIME
MINISTER DODIK AND
FEDERATION PRME MINISTER
BICAKCIC
ZETRA STADIUM
STILLS ONLY
11:15 am HOLD
12:00 pm
12:20 pm STABILITY PACT SUMMIT AND
3:30 pm FAMILY PHOTOGRAPH
ZETRA STADIUM
OPEN PRESS (OPENING AND
CLOSING SESSIONS)

4:50 pm REMARKS TO THE SCHOOL
5:45 pm COMMUNITY
THIRD SCHOOL
OPEN PRESS
5:45 pm TOUR SERB ORTHODOX CHURCH
6:10 pm SERB ORTHODOX CHURCH
POOL PRESS
6:20 pm BRIEFING FOR ROUNDTABLE
7:00 pm THIRD SCHOOL
7:05 pm ROUNDTABLE WITH REGIONAL
7:35 pm INDEPENDENT MEDIA
THIRD SCHOOL
7:50 pm DEPART Third School en route Sarajevo
Airport
8:00 pm ARRIVE Sarajevo Airport
8:20 pm DEPART Sarajevo, Bosnia-Herzegovina
en route Aviano Air Base
[Flight Time: approx 1 hour, 20 min]

FRIDAY, JULY 30

7:10 am DEPART Area Two Housing en route
Air Force One
7:25 am ARRIVE Air Force One
7:40 am DEPART Aviano Air Base en route
Sarajevo, Bosnia-Herzegovina
[Flight Time: 1 hour, 20 minutes]
9:00 am ARRIVE Sarajevo, Bosnia-Herzegovina
9:15 am DEPART Sarajevo Airport en route Zetra
Stadium

3:35 pm BRIEFING/DOWN TIME
4:05 pm PRESIDENTIAL HOLD
4:10 pm DEPART Zetra Stadium en route Third
School
4:20 pm ARRIVE Third School
4:25 pm TOUR OF THIRD SCHOOL
4:45 pm THIRD SCHOOL
PRINT REPORTER (CLASSROOMS)

9:40 pm ARRIVE Aviano Air Base
10:05 pm TAPE RADIO ADDRESS
10:25 pm AIR FORCE ONE
10:30 pm DEPART Aviano Air Base en route
Andrews
[Flight Time: 9 hours, 5 minutes]
[Time Change: -6 hours]
1:35 am ARRIVE Andrews Air Force Base
BC RON THE WHITE HOUSE
WASHINGTON, D.C.

July 28, 1999 (3:07PM)

Make sure I do.
Letter, sign
papers to prepare at
School, church, reporter

8-2 -99

Bleed/Runs
what are the
policy implications
Green - Br

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Reed
Spelling
Podesta

WEDNESDAY, JULY 28, 1999

The New York Times

Leaders in House Covet States' Unspent Welfare Money

By TIM WEINER

WASHINGTON, July 27 — In a frantic search for the cash that they need to pass their spending bills, House Republican leaders are considering asking their party's governors to return \$6 billion in unspent welfare money to the Treasury, senior aides said tonight.

The idea was being weighed by Speaker J. Dennis Hastert of Illinois, the aides said. It is by no means clear that any of the nation's 34 Republican governors would agree to the idea, they said.

"They're going to ask the Republican governors to reprogram \$6 billion so we can put it into the appropriations bills," one senior Republican aide said. "I don't think a single governor will give a penny back."

The money would come from Federal money sent to the states in the past few years for welfare programs but which has not been spent because of changes in the system, including welfare-to-work programs, and rising employment among the poor.

Mr. Hastert's spokesman, John Feehrey, said tonight that no deci-

How far would G.O.P. governors go to help Washington?

sion had been made on the idea, but acknowledged that it was under consideration.

Although no member of Congress would comment, senior aides said the idea was being taken seriously by some members and regarded by others as quixotic at best.

Gov. Marc Racicot of Montana said the idea struck him as a tough sell.

"It would be extremely difficult," Mr. Racicot said. "It would obviously call on all of us to review where we are at and what reliance we've placed on these funds. Though we have an urge to cooperate and participate, we have obligations."

So do the House Republicans. As their deadline for passing the 13 spending bills required to run the

Government approaches, they are in an increasingly tight financial squeeze, largely of their own making.

They are bound by spending caps they devised in 1997, limiting the money they can lawfully spend. They cut \$26 billion, or about 11 percent, from the budget for domestic spending this year, and their fiscal conservatives have made hundreds of millions of dollars more cuts in domestic programs when six of the spending measures passed the House.

But now the bills to finance programs like health, education, labor, housing and veterans' affairs are coming due, and Republican moderates on the House Appropriations Committee say they are at least \$10 billion to \$15 billion shy of what they will need to win approval.

In the past five days, the House Republican leadership has resorted to increasingly unusual schemes to find the money. "Some of it is legitimate and acceptable," said the majority leader, Representative Dick Armey of Texas. "Some of it is more questionable."

For example, they declared the

\$4.5 billion found to finance the coming 2000 Census and the \$3 billion for veterans' health programs as "emergency spending," taking them off the official financial ledger, but certainly stretching the legal meaning of "emergency."

The money is to come from increasingly sophisticated gimmickry. For example, the \$3 billion for veterans would come from the borrowing authority of the Tennessee Valley Authority, converting, on paper, one agency's ability to take on debt into another's hard cash.

Still, that left Republicans billions of dollars shy. Hence the idea of going to the nation's statehouses.

Mr. Feehrey said the idea was only one of many under consideration as the House worked to meet a Sept. 30 deadline for passing the bills.

"We've had a remarkable recovery in some areas like welfare-to-work, but that success is not really reflected in our budget," he said. "To keep the budget balanced is hard work and we're looking at all different kinds of options. I'm not sure how feasible this one is."

8-2-99

THE WHITE HOUSE
WASHINGTON

July 17, 1999

S

copied
Berger
USC WW Desk
Lew
Ruff
Stein
Rdesta

MR. PRESIDENT:

The attached Berger/Lew/Ruff/Stein memo, which we recommend you read, seeks your guidance on how to approach a Kyl/Mack/Lautenberg amendment to permit attachment of (1) U.S. judgment funds payable by the U.S. to certain foreign states; (2) foreign diplomatic property other than embassies; and (3) U.S. telecom payments to Cuban entities.

As you know, the amendment -- which could be attached to any number of bills -- is designed to ensure that Stephen Flatow, Brothers to the Rescue families, and other plaintiffs can attach blocked assets and U.S. funds owed to terrorist-list states. The memo explains why your advisors believe your position could rise to the level of a veto; explains why a compromise provision probably is untenable; and gives you a detailed update of the Flatow litigation.

The Senate-passed Treasury/Postal Appropriations bill includes the provision but the House bill does not; the bill may go to conference as early as next week, contributing to your advisors' desire to gauge your willingness to consider a veto threat.

Sean Maloney
David Goodfriend

THE WHITE HOUSE

WASHINGTON

July 15, 1999

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER
JACOB LEW
CHARLES F. C. ROSE
LARRY STEIN*See my memo at end*

SUBJECT:

Flatow Litigation and Related Amendments
Appearing in LegislationPurpose

To obtain your guidance in addressing an amendment that is and will be attached to various pieces of legislation important to the Administration. The amendment would permit attachment of U.S. judgment funds payable by the United States to certain foreign states, permit attachment of foreign diplomatic property other than embassies, and permit attachment of U.S. telecom payments to Cuban entities. And, to keep you informed about our efforts to assist Stephen Flatow and the status of litigation to collect on his judgment against Iran.

Background

Legislative efforts. Senators Kyl, Mack, and Lautenberg have offered an amendment designed to ensure that Flatow, Brothers to the Rescue families, and other plaintiffs can attach blocked assets and U.S. funds owed to terrorist-list states.

The amendment would repeal your waiver authority under section 117 of the Omnibus Appropriations Act for FY99, providing in its place authority to waive only the attachment of a foreign embassy ("principal office of a foreign mission"). The amendment also allows attachment of U.S. funds due or payable to a targeted country such as Iran. Thus, plaintiffs could attach the Judgment Fund payment of last year's Iran-U.S. Tribunal award (over \$6 million) as well as other debts or funds that may be held pending resolution of claims (e.g., the

cc: Vice President
Chief of Staff

\$400 million of Iranian funds that we are holding in the FMS Trust Fund).

We have discussed the serious national security implications of eliminating blocked assets as leverage, which this amendment would do. Sandy and Madeleine continue to believe strongly that, despite the sympathetic plaintiffs, we should not accept further erosion of your authority and flexibility to deal with terrorist-list countries. Blocking assets is one of the primary policy tools at our disposal to combat conduct by hostile states against the security of the United States. This amendment could clear the way for plaintiffs' to attach virtually all blocked assets of Cuba and Iran--worth hundreds of millions of dollars. As a result, blocked assets would not be preserved as a bargaining chip for negotiations to deter aggression, prevent WMD development, and discourage or end hostile actions against U.S. citizens abroad (as in the release of American hostages in 1981). Retaining blocked assets also strengthens your hand in efforts to normalize relations, including resolution of valid claims once a different government is in place.

X((An express waiver of U.S. sovereign immunity over U.S. judgment funds to be used to pay foreign claims awards is a major problem as well. In the event of an attachment, we would still owe Iran the Tribunal award, and U.S. assets in third countries could be attached to collect it, or we would have to find some other way to pay it from the U.S. Treasury at taxpayers' expense (funds which would themselves be at risk of attachment).

This amendment will be attached to bills largely free of other major problems; it also could well be offered on more than one bill. If your view included the possibility of a veto, with that understanding, we could take appropriate action to remove or modify the provision. Without that possibility, we are much less likely to be able to garner the necessary support for reasonable compromise language. Larry Stein and Jack Lew think it is important to note that there could be appropriations bills where we fully support the bill and would have little Hill support for a veto. However, both agree that it is important for us to understand the strength of your opposition to the Flatow amendments.

Whether a compromise is possible is open to doubt. One possibility would be to agree to legislation permitting you to prevent attachment on an asset-by-asset basis, allowing you, for example, to permit access to rental proceeds from Iranian diplomatic properties, while protecting the diplomatic

properties themselves. Although State may argue, with merit, that even this limited waiver would have serious consequences for the ongoing Tribunal process, as well as for future efforts to solve claims disputes, it may be necessary to give some ground in order to avoid total evisceration of your waiver authority. Moreover, even if we were to agree to some asset-by-asset waiver provision, there is a substantial risk that you would be put in the unappealing position of then exercising that authority to prevent the attachment of most, if not all, of the assets the plaintiffs identified.

With respect to the efforts by the Brothers to the Rescue families to attach the telephone company payments and other blocked Cuban assets, we have, as you requested, been exploring possible alternative solutions with Justice. We face a serious problem, however, in dealing with Judge King's decision abrogating your waiver authority under section 117. The appeal from that ruling is pending in the Eleventh Circuit, with oral argument scheduled for July 15, and any settlement before the court of appeals rules would leave Judge King's decision standing as the only -- and adverse -- judicial interpretation of section 117.

* (Senators Graham and Mack have been pressing Chuck Ruff and Stu Eizenstat to do something for the Brothers to the Rescue families and have argued that section 117 was passed in response to your statement, at the time of the shoot-down, that you needed legislative authority to make payments out of the blocked Cuban assets. Chuck and Stu have explained that you were subsequently advised that you could make use of those funds on your own authority and did so in the form of \$1.2 million dollars in ex gratia payments. They have also explained to the senators that section 117 actually went well beyond authorizing use of the Cuban assets and that the Administration had, and continues to have, serious concerns with the scope of the legislation insofar as it undermines your power to use the blocking of foreign assets as a foreign policy tool -- concerns that were ameliorated only by the availability of the broad waiver provision. It is fair to say that neither senator is convinced.

1 As a separate matter, while we have identified business-sensitive documents that may help the Flatows attach unblocked Iranian bank assets, the chain of ownership is often clouded and subject to competitive claims and thus litigation. (A more detailed review of the Flatow litigation is attached at Tab A.)

RECOMMENDATION

That you agree that legislation carrying such a provision could rise to the level of a veto.

Approve _____ ✓

Disapprove _____

Let's discuss _____

Attachment

Tab A Status of Flatow Litigation

yes but we need to
make a deal and
get some to the
FBI - the firm
is to give reasonable
reimbursement up out
of policy → we've been so
stuck on the camel's nose in the
tent problem that we
haven't done enough to resolve the hot
cases. ———→ BK

Yes but we need to make
a deal and get some
to the Flatows - the
bitch is to give reasonable
reimbursement without
letting these claims
~~evacuate~~ foreign policy →
we've been so stuck on
the "camel's nose in the
tent" problem that we
haven't done enough
to resolve the hot cases

BC

T
A
B
A

STATUS OF FLATOW LITIGATION AND ASSISTANCE TO MR. FLATOW

Assistance on unblocked assets

- Iranian banks. In March, Justice informed Flatow of Treasury's conclusion that assets of Iranian banks operating in the United States in the 1990s were not blocked. Treasury has identified business-sensitive documents that may be relevant to Flatow's efforts to locate assets of these banks. Upon court approval of a protective order, to which both parties have already agreed, Treasury will turn over the documents to Flatow's counsel.
- Eizenstat briefing. The information on bank assets has been developed through consultations since November 1998, when Stu Eizenstat led an interagency team that provided over 5,000 pages to Flatow and counsel. Many of those documents related to the Mostafazan/Alavi Foundation, against which Flatow has since obtained writs that are currently the subject of litigation.

Stephen Flatow's litigation to collect on his judgment against Iran involves several separate actions. Two cases in the D.C. District Court (Judge Lamberth) directly affect U.S. interests:

- Diplomatic property and bank accounts. Flatow has invoked section 117 to obtain these blocked assets notwithstanding your waiver.
- Judgment fund payment of Tribunal award. As a result of Flatow's writ of attachment, the USG has been unable to pay a June 1998, \$6 million Tribunal award to Iran. Court briefs by both sides were completed in late 1998.

Oral Argument June 22. Because of the delay in paying the Tribunal award, Justice has filed four supplemental memoranda seeking decision on the U.S. motion to quash the writ. The most recent memorandum explained the concern that further delay will prejudice U.S. interests at the Tribunal, particularly in view of upcoming hearings. Judge Lamberth called a hearing when the Tribunal hearing was imminent, and he decided to hear argument on both the judgment fund and section 117 issues.

- On the judgment fund payment, the judge seemed persuaded that Congress did not intend to waive U.S. immunity from attachment of such funds in its accounts.
- On section 117 and your waiver, the judge asked whether diplomatic properties could be attached if the waiver were found ineffective. Justice replied that there would remain a constitutional issue of encroachment on Presidential authority to receive ambassadors. The judge asked Justice to brief this issue more extensively. (The U.S. brief is due July 22, and plaintiff has another 30 days to respond.)
- Mr. Flatow's counsel argued that your waiver overreached and should have been selective if national security interests were truly at stake. (E.g., perhaps waive with respect to diplomatic real property, but not bank funds including rental proceeds.) Reflecting advance knowledge of the Kyl Amendment, he also indicated his strong belief that Congress will soon enact legislation removing any doubt about availability of these assets and judgment fund payments to satisfy judgments such as Mr. Flatow's.

Mostafazan/Alavi Foundation (Alavi). Mr. Flatow is also pursuing the unblocked assets of Alavi.

- Because of his counsel's inquiries about Alavi, last November Eizenstat's team provided Flatow Tribunal documents including the Tribunal's decision (for jurisdictional purposes) that the parent Foundation in Iran was owned and controlled by the government of Iran.
- After a May district court hearing in which Alavi defended against the writ, Flatow's counsel informally asked Justice whether the USG could support their position. They have not followed up formally, but Congressman Rothman (D-NJ) has written Eizenstat asking whether State considers Alavi to be an instrumentality of Iran, a question State has not addressed in the past.
- Anticipating further inquiries and possibly a formal request, NSC will convene interagency counsel to explore the matter (e.g., there are a number of difficult issues to address, including the effect of Alavi's tax-exempt status).

DRAFT LIST FOR WHITE HOUSE RELIGIOUS LEADERS BREAKFAST

SEPTEMBER 28, 1999

FRIENDS AND PREVIOUS GUESTS

Dr. Don Argue, President – Northwest College – WA
Rev. Calvin Butts, Abyssinian Baptist Church - NY
Rev. Dr. Joan Brown Campbell, General Secretary – NCCC- NY
Dr. Tony Campolo - PA
Sanford Cloud, Jr., President – National Conference for Community and Justice - NY
Doug Coe – National Prayer Breakfast – VA
Rev. Suzan Johnson Cook – Bronx Christian Fellowship - NY
Dr. James Dunn – Baptist Joint Committee - DC
Dr. Thomas White Wolf Fassett – United Methodist Board of Church and Society – DC
Rev. James Forbes, Senior Pastor – Riverside Church - NY
Rev. Dr. Robert Franklin – Interdenominational Theological Center - GA
X Dr. Billy Graham - TN *(priv. request and Franklin Graham tree)*
Janet Hall - VA
Rev. Brian Harbour – First Baptist Church - TX
Rev. Otto Hentz, SJ - DC
Rev. Dr. Beecher Hicks – Metropolitan Baptist Church - DC
Rev. Rex Horne – Immanuel Church - AR
Rev. Bill Hybels – Willow Creek Community Church – IL
Bishop Frederick James – AME Church - SC
Rev. Fred Kammer, SJ – Catholic Charities USA - VA
Rev. Dr. Barbara King – Hillside Chapel – GA
Rev. Bernice King – Greater Rising Star Baptist Church – GA
Rev. Billy Kyles – Monumental Baptist Church - TN
Linda LeSourd Lader
Rev. Max Lucado – Oak Hills Church of Christ - TX
Dr. Gordon MacDonald – Grace Chapel – MA
Rev. Anthony Mangun – Pentecostals of Alexandria - LA
Dr. Gerald Mann – Riverbend Church - TX
Rev. Ed Matthews – First United Methodist Church - AR
Father Leo O'Donovan, S.J. – Georgetown University – DC
Bishop Chandler Owens, Presiding Bishop – Church of God in Christ - GA
Dr. Philip Wogaman – Foundry Methodist Church - DC

CHRISTIAN

Rev. Dr. George Anderson, Presiding Bishop – Evangelical Lutheran Church in America
– IL

Bishop Vinton Anderson, Presiding AME Bishop - MO

Rev. Wendell Anthony – Fellowship Chapel Baptist Church – MI

Rev. Joseph Barlow – MOSES - MI

Rev. Willie Barrow – Operation PUSH - IL

Bishop Charles Blake – West Angles COGIC - CA

Sr. Mary Louise Brink, Mother General – Sisters of Charity of Halifax

Bishop Hartford Brookins – AME Methodist Episcopal Church – TN

Bishop Lynn Brown, Presiding Bishop – CME - CA

X Rev. John Cherry – Heart Church Ministries - MD + *John Cherry*

Dr. Pamela Chinnis, President – House of Deputies, Episcopal Church - DC

Chaplain Jeni Cooke- Director - National Chaplain Services - Department of Veterans
Affairs (first woman Director) – VA

Rey. Tyrone Crider – New Hope Baptist Church - IL

Rev. Jewelnel Davis – Chaplain, Columbia University (first African-American chaplain
of an Ivy League school) – NY

Rev. Clay Evans – Fellowship Missionary Baptist Church - IL

Bishop Joseph Fiorenza, President – US Catholic Conference – TX

Rev. Floyd Flake – Allen AME Church - NY

Rev. James Thomas Gibbs – Mt. Tabor Baptist Church – TN

Sister Doris Gottemoeller – Catholic Health Association of the United States - MD

Dr. Gordon Hinckley, President – Church of Jesus Christ of Latter-day Saints – UT

Rev. Julius Hope – Midwest NAACP Regional Director - MI

Dr. Alvin Jackson – National City Christian Church – DC

Rev. Odell Jones, President – Michigan Clergy United - MI

Father Mychal Judge – Chaplain, NY Fire Dept. - NY

Stated Clerk Clifton Kirkpatrick – Presbyterian Church USA - KY

Rev. Arthur Liolin – Albanian Orthodox Archdiocese in America - MA

Bishop Eddie Long – New Birth Missionary Baptist Church – GA

Rev. Fred Luter – Franklin Avenue Baptist Church - LA

Father John Madden – Our Lady of Jasna Gora - MA

Dr. Kevin Mannoia, President – National Association of Evangelicals

Pastor Vashti McKenzie – Payne Memorial AME Church – MD

Dr. Bruce Miller – Mt. Vernon Baptist Church – VA (VP)

Dr. Cecil Murray – First AME Church – CA
Rev. Michael Murry – Black Ministerial Alliance - IA
Brother Clyde Muse – Church of Christ - OK
Father Vincent Nguyen An Ninh – Vietnamese Community Catholic Church – MI
Rev. Juan Nicolau – Nat'l Shrine of Our Lady of San Juan - TX
Rev. Ronald Patterson – United Methodist Reporter - TX
Elder Jan Paulsen – President of the General Conference -Seventh-day Adventist Church
– MD
Rev. Frank Reid – Bethel AME Church – MD
Bishop John Ricard, President – National Black Catholic Congress - FL
Rev. Dr. Paul Sherry – United Church of Christ – OH
Rev. Barbara Skinner – Skinner Farm Leadership Institute - MD
Sr. Nancy Sylvester, President – Conference of Leadership of Women Religious – IL
Rev. Malaki Tauiliili – Samoan Congregational Christian Church – CA
Rev. Wyatt Tee Walker – Canaan Baptist Church – NY
Rev. Johnny Ray Youngblood – St. Paul Community Baptist Church - NY

JEWISH

(includes representatives from the four movements)

Rabbi Brad Bloom - Congregation B'nai Israel - CA (lost synagogue and library in recent arson in Sacramento classified as hate crime)
Rabbi Stephen Carr-Rubin - Kehillat Israel - CA
Rabbi Zev Cohen – Congregation Adath Yeshurun – IL (Orthodox congregants were victims of drive-by shootings)
Rabbi Jerome Epstein – United Synagogue of Conservative Judaism - NY
Rabbi Kenneth Hain, President - Rabbinical Council of America (Orthodox) – NY
Rabbi Lynne Landsberg – Religious Action Center – DC
Rabbi Eliezer Kaminetsky – Congregation Ohev Emeth, President – National Council of Young Israel – NJ
Rabbi Rolondo Matalon – Congregation Bnai Jeshurun – NY
Rabbi Arnold Resnicoff, USN, Chaplain of US European Command
Gary Torgow – VP of the Orthodox Union and MI Civil Rights Commission - MI
Rabbi Robert Wexler, President – University of Judaism – CA
Rabbi Irvin Wise – Adath Israel Congregation – OH
Rabbi Marjorie Yudkin – Beth Chaim Reform Congregation & Chairs Social Action Committee for Reform rabbis – PA
David Zwiebel – Agudath Israel of American - NY

Rabbi Gewaer 7/27

MUSLIM

Dr. Laila Al-Marayati – Muslim Women’s League - CA
Imam Johnny Hassan – The Islamic Center - AR
Dr. Nazir Khaja, President of Board – American Muslim Council - CA
Imam Warith Deen Mohammed - IL
Imam Hasan Qazwini – Islamic Center of America - MI
Dr. Muzammil Siddiqi, President – Islamic Society of North America - CA

OTHER RELIGIONS

Dr. Firuz Kazemzadeh – Baha’is - CA
Jake Swamp – Tree of Peace Society - NY
Dr. Robert Thurman – Columbia University (Buddhist) – NY
Dr. Vasudha Narayanan – Dept. of Religion, Univ. of FL (Hindu) – FL

SOCIAL JUSTICE

Rev. David Beckmann, President – Bread for the World - MD
Rev. Paul Beeman, President of the Board – Parents and Friends of Lesbians and Gays – WA
Rev. Jamal Bryant – NAACP Youth & College Division - MD
Rev. Danny Cortes – Urban and Hispanic Giving, Pew Charitable Trust - PA
Sr. Carol Coston, OP, Director – Partners for the Common Good 2000 –TX (alternative loan fund that applies the ethical principles of the “common good” – seeking to promote economic justice and social change - to investment choices)
Paul Gorman – National Religious Partnership for the Environment - NY
Chuck Gould – Volunteers of America - VA
Sr. Jeannine Gramick, SSND – National Coalition of American Nuns – MD (recently banned by the Vatican from continuing her ministry to gays and lesbians)
Rev. Claudie Grant – President’s Committee on Employment of People with Disabilities - DC
Rev. Lucia Guzman – Colorado Council of Churches (active after Littleton) - CO
Rev. Byung Chill Hahn – Korean United Methodist Church (pastor at the church where the Korean American student was killed by member of World Church of the Creator) - IN

Rev. J. Bryan Hehir – Acting Dean, Harvard Divinity School – MA
Rev. Reginald Jackson – Black Ministers Council of NJ - NJ
Joann Negsted, President – Lutheran Services in America - MN
Rev. Michael Piazza – Cathedral of Hope (largest gay church in America) - TX
Dr. Louise Rowe – First Presbyterian Church – heads Ministerial Alliance in Jasper, TX
Rev. Cheng Tan – Asian Shelter Advocacy Project - MA
Rev. Carlton Veazey – Religious Coalition for Reproductive Choice - DC
Commander John Busby – The Salvation Army - VA

8-2-99

LOCKHEED MARTIN

Vance D. Coffman
Chairman and
Chief Executive Officer

copied
Berger
NSC WW Desk
Podesta

July 15, 1999

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

Sandy
and reply
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the

Dear Mr. President:

The decision to increase the quota on Proton launches from 16 to 20 is a step in the right direction, and I appreciate your leadership in taking this action. This decision is very important to ensuring the short-term viability of Lockheed Martin's commercial space launch joint venture with our Russian industrial partners, and it will also keep thousands of highly skilled Russian engineers employed on a commercial program.

However, given the number of current launch commitments to our customers, the authorized quota increase may only sustain this venture through the first several months of next year. As long as the quota remains in place, there will be great uncertainty in the satellite launch services market concerning the continued availability of Proton's heavy-lift capability. Even now, customers whose spacecraft have been deployed successfully on Proton, as well as prospective new customers, are reluctant to commit to a Proton launch because of the potential impact of the quota on their ability to launch on schedule. Therefore, it will be necessary to address the quota issue once again -- and very soon -- in order to establish the requisite business environment to enable this venture to grow.

Clearly, the future success of our venture with the Russians hinges on its ability to conduct business unencumbered by a quota restriction in the marketplace. It is my sincere hope that the decision to raise the quota by 4 launches now signals the beginning of the process for eliminating it altogether as quickly as possible. This will convey to the marketplace the critical message that commercial Proton launch services will be available through 2000 when the trade agreement with Russia expires, and thereafter into the next century. Otherwise, potential customers seeking to launch an estimated 30 new payloads over the next few years will have to go elsewhere for assured access to space. Indeed, in this intensely competitive market, the French stand to gain the most from a quota-driven environment, recapturing market share that US industry had taken back from them over the past 10 years and diverting revenue away from the US economy to off-shore suppliers.

Mr. President, your leadership on this issue will be essential in the coming months, and I look forward to working with you to advance our common objective of successful US-Russian engagement in commercial space business enterprises.

8-2-99

After you have seen,
we will send to NSC.

Sincerely,

Vance D. Coffman
Vance D. Coffman

Carl

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Speaking
Podcast

to injure no man,
but to bless all mankind'

BOSTON • FRIDAY
JULY 23, 1999

THE CHRISTIAN SCIENCE MONITOR

THE PRESIDENT HAS SEEN
8-2-99

Guns

Fly - 12

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75¢

SEEING RED



NATIONALIST SYMBOL Some link flag to imperialist past.

**Rising sun
raises old fears
in Japan**

By Cameron W. Barr
Staff writer of The Christian Science Monitor

Where the *big* tax cuts are

■ Many states are pushing through tax-relief bills with more wallet impact than the one coming out of Congress.

By Daniel B. Wood
Staff writer of The Christian Science Monitor

LOS ANGELES - Californians are getting a sequoia-sized rebate on income taxes - \$781 million. People in New York and Florida will no longer have to pay sales tax on clothing. In Virginia, deodorant and snap

beans - in fact, anything bought at the grocery store - will now carry a smaller levy.

Flush with nearly \$30 billion in budget surpluses, states are pushing through the biggest cumulative tax cut in 22 years.

While all the attention is focused on the \$792 billion tax cut in Washington, the states

are pushing through reductions that will have some of the greatest impact on everyday Americans.

But along with all the state tax cutting is a new sense of caution. Mindful that the economy can change quickly, governors and state lawmakers are considering putting more money into "rainy day" funds for use when revenues are scarce.

The moves parallel the debate at the See **TAXES** page 4

STEVEN E. FRISCHLING/BRATTLEBORO REFORMER/AP



Another
Tiananmen

USA

States ponder how much surplus to sock away

TAXES from page 1

federal level: How much surplus money to give away now in tax cuts and how much to set aside for long-term concerns, like Social Security and Medicare.

"Most state fiscal officers remember what it was like in the late '80s and early '90s to have things fall apart and have to raise taxes," says Gloria Timmer, executive director of the National Association of State Budget Officers (NASBO). "No one is interested in that."

For an unprecedented fifth year in a row, fiscal 1999 will lighten the tax load, this time by \$7 billion. Forty-five states are taking in more more revenues than they expected.

With state coffers brimming and tobacco-settlement money expected soon — \$206 billion through 2025 — legislators in

every state are engaging in friendly fisticuffs over how to spend the largess.

"The discussions are not about how or whether to make a tax cut and spend money, but rather which taxes, how much, and which programs," says Nicholas Jenny, an analyst for the Nelson A. Rockefeller Institute of Government in Albany, N.Y.

Twenty-nine states are cutting personal income taxes, 16 are cutting business taxes, and 19 are lowering sales taxes. At the same time, budget planners are scrambling for ways to fund scores of initiatives from children's health care to education.

"It's a great situation for states to be in," says Michael McCabe, Midwest director for the Council of State Governments. "Particularly with the tobacco settlements on the horizon, states are able to cut taxes, give rebates, fund programs, and plan for the future at the same time."

Cut, but not too much

Still, states are showing some restraint. Many are cutting back on the size of the tax reductions, knowing that the fiscal good times could end. Instead, they are spending more of the surplus funds on one-time purchases such as school infrastructure or investing in new technology.

"Since this trend has been accelerating for the past five years, legislators are now taking more of a wait-and-see attitude about the

economy, the federal budget, as well as their state budgets," says Ms. Timmer.

A recent study by the Center on Budget and Policy Priorities in Washington showed that more than three-quarters of states are unprepared for even a mild recession and need to invest more money in rainy-day funds.

Because education is primarily a state responsibility, governors in nearly every state are rec-

'This situation has been a paradise for incumbent governors.'

— Steven Schier, Carleton College

ommending boosts in elementary and secondary education.

According to a NASBO study, the most common initiatives involve accountability measures, technology, training, reading initiatives, and literacy programs.

There are also initiatives to reduce classroom size, improve school safety, and help at-risk children. "There is lots of emphasis on education spending and inducing a greater state involvement with schools by coupling aid to local property tax relief," says Donald Boyd, analyst for the Center for the Study of the States in Albany, N.Y.

Many of the recommendations involving the use of tobacco-set-

tlement money is being initiated by governors — the majority Republican — who are basking in the popularity that comes with flush times.

Governors in 25 states are proposing funds for health programs. Another 21 want to give money to help citizens stop smoking. Twelve governors are proposing funds for education.

"This situation has been a paradise for incumbent governors," says Steven Schier, political scientist at Carleton College in Northfield, Minn. "They are presiding over the best US economy in their adult lifetime and receiving residual credit for economic good times."

Still, the states generally have to be more cautious with what they do with their surplus monies than the federal government. That's because most have to meet balanced-budget requirements, which make it hard to spend too much.

But like their Republican counterparts at the federal level, state Republicans want bigger, broader tax cuts, smaller government, and more money sent back to their constituents in the form of rebates. State Democrats want narrower, more targeted cuts and more government spending.

"Unlike the past, state party machines in the states are ideologically similar to their national counterparts," says Mr. Schier. "This means the factional fights at

the state level reflect those at the federal level."

Not all taxes are coming down. Sixteen states are considering tax increases of some sort, eight of which have been enacted. Montana and Nevada have increased sales taxes in the current session.

Three states currently without an income tax — Alaska, New Hampshire, and Tennessee — have debated instituting one, but in each case the proposals have been defeated.

States to watch

There are also current battles to be watched. Mississippi Gov. Kirk Fordice (R) has called a special session of the legislature to address tax cuts. His own plan passed the house 113 to 6, but failed in the Senate with opposition from Mr. Fordice's Democrat gubernatorial opponent, Ronnie Musgrove.

In Wisconsin, there is a fight brewing between Gov. Tommy Thompson (R) — who five years ago promised a five percent cut and wants to follow through on his promise — and state Democrats who don't want it.

"Overall we are pleased with the decisions of most states to give tax breaks and tax relief," says Damon Ansel, director of state projects for Americans for Tax Reform, a lobbying group in Washington. "But there are still a few battlegrounds out there where Democrats are refusing to give in."

THE
CHRISTIAN
SCIENCE
MONITOR

"THE OBJECT OF THE MONITOR IS
TO INJURE NO MAN, BUT TO
BLESS ALL MANKIND."
— Mary Baker Eddy

(ISSN 0882-7729) (ISSN 0896-551X World Edition)
Published daily except Saturdays, Sundays, and
holidays by The Christian Science Publishing Society,
One Norway Street, Boston, MA, USA, 02115. An
activity of The First Church of Christ, Scientist, in
Boston, Massachusetts. Marcos Registrados.

Registered as a newspaper at the Post Office.
Periodicals postage paid at Boston, MA, and at
additional mailing offices. Commission Paritaire No.
(France): 3125 USA. Revenue Canada G.S.T.
Registration Number 126916436.

■ Reader comment line

Wisdom of federal tax cuts is questioned

THE PRESIDENT HAS SEE
8-2-99

~~Sandy~~
~~Subcommittee~~

PC

✓
copied
Bergen
Podesta

Israel's Speaker: A Prince Who Unsettles His Party

By DEBORAH SONTAG

JERUSALEM, July 27 — First there were the new rules of decorum that Avraham Burg, the new Speaker, instantly imposed on the Israeli Parliament in an effort to tame the unruly body.

No smoking. No cell phones. No sexual harassment. No turning one's backside to the dais.

"Members will not stand with their behinds facing the speakers," Mr. Burg decreed, proceeding to quote from the Bible. "Only of God does it say, 'And you saw my backside and not my face.'"

Then there were the tongue lashings that Mr. Burg meted out to Government ministers who, acting as everybody always has, failed to show up promptly to answer Parliamentary questions.

"If the ministers won't respect the Parliament, the Parliament won't respect the ministers," Mr. Burg said, denying them the floor.

And finally there were the publicity stunts and attention-grabbing political events like the groundbreaking meeting in Parliament on Monday with Ahmed Qurei, a senior Palestinian official. These have secured Mr. Burg daily coverage in Israeli newspapers.

All told, it added up to an unusually high-profile start for the new leader. But Mr. Burg is fashioning himself as a sort of super-Speaker who intends not only to remake the image of the fractious Parliament, but also to use his podium as a personal and political platform.

Mr. Burg took office in defiance of Ehud Barak, the new Prime Minister, who had sought to block his election. And Mr. Burg, a top-ranking member of Mr. Barak's own Labor-One Israel party, is wasting no time in his effort to assert himself as a political counterbalance to the Prime Minister's inclination to concentrate power in his own hands.

In his inaugural address this month, Mr. Burg pointedly stated, "The consensus of the majority is better than the tyranny of the individual."

Later, he somewhat disingenuously said he was making a philosophical point that was misunderstood as a personal challenge to Mr. Barak. But Mr. Burg, who had been openly angry that he had been denied a Cabinet position, was well aware of the message that he communicated.

Afterward, Mr. Barak said the two men would be able to work together and called Mr. Burg's election "a victory for democracy and for the Labor movement." Mr. Burg said he, too, would like to develop a working relationship with the Prime Minister, perhaps by using mutual associates as buffers. But he also noted that there were "built-in conflicts

between the heads of two branches, neither of whom are weak personalities."

Tall and voluble, Mr. Burg, who is 44 and the father of six, including two adopted children whose parents were killed in an accident, is an interesting admixture of many strains in Israeli society.

He is a child of both a Holocaust survivor and a survivor of the 1929 Arab massacre of Jews in Hebron, where his grandfather was chief rabbi. He is a political prince, the son of Yosef Burg, now 90, who served in Parliament for 40 years and retired as head of the National Religious Party.

Raised in the bosom of the religious Zionist movement, which represents the West Bank settlers, he is nonetheless a very liberal Orthodox Jew and an ardent dove. After the Israeli invasion of Lebanon in 1982, he made his political start as a leftist advocate in the Peace Now movement, gathering thousands of signatures to demand the resignation of Ariel Sharon, then the Defense Minister.

At a demonstration in 1983, he was lightly wounded when a hand grenade was thrown into the crowd by a right-wing extremist, killing a student beside him. As "a witness to political murder," in his words, the experience rendered him a cautionary tale of the dangers of internal rifts in Israel.

Among the membership of the Labor Party, Mr. Burg, who was first elected to Parliament in 1988 and stepped out of politics for several years to run the Jewish Agency, was always popular. He has been one of the top vote-getters in party primaries. In 1992, he placed third. And this year, after returning to politics, he ran fourth.

But some Labor leaders have found him to be too self-assured, too independent, self-righteous and, as Yitzhak Rabin, the late Prime Minister, once said, "an undermining puppy."

In an interview, Mr. Burg did not come across as lacking in self-confidence. He sat at the head of an extremely long conference table in the Speaker's expansive office, which is much more open than the Prime Minister's bunkerlike office, enjoying sweeping views of Jerusalem.

Mr. Burg referred to his "massive

political support" and asserted that as a "freethinker" he was a threat to the establishment that likes to conduct business in "smoke-filled rooms."

"I can communicate individually with every Israeli," Mr. Burg, who is a good public speaker, said. "That is a very powerful and threatening tool. Also, I am never willing to compromise my inner truth."

Throughout his career, associates and analysts have wondered whether Mr. Burg was serious or superficial, a loose cannon or a determined advocate of change.

In his few weeks as Speaker, he has alternated moves seemingly designated to call attention to himself with political gestures that delivered strong messages about civil rights, peace and the democratic balance of powers.

On one hand, Mr. Burg sent out a beeper message to alert photographers to the time of his morning jog and invited them also to capture him having his blood pressure taken for a parliamentary health day. He was declared the fittest among the 60 members of Parliament and 140 Parliament employees who took part.

On the other hand, he ordered all signs in Parliament to be bilingual, in Hebrew and Arabic. And he invited Mr. Qurei to visit and extended an invitation to President Hafez al-Assad of Syria, as well.

His new rules of order for Parliament, while mocked by some, are appreciated by those who agree with his assessment that he inherited an institution whose authority has been eroded.

"My responsibility is to upgrade the Knesset again," he said, using the Hebrew term for Parliament. "First, I have to fanatically defend its independence. It's unhealthy that with the expanded Government Barak is making, 30 percent of the members of the Knesset will be ministers or deputy ministers. What is the executive and what is the legislative?"

With 15 parties represented in Parliament, Mr. Burg said, he anticipates that the discord could be higher than ever, especially with big decisions on peace and social issues looming and forcing the question of what kind of a state the Jewish homeland wants to be.

"We have a very vivid democracy," he said. "But it's very fragile, partly because of our inner conflict. What is the real authority, the Knesset or the Bet Knesset, the synagogue? Are we a democracy or a theocracy?"

SUPPORT THE FRESH AIR FUND

The New York Times

WEDNESDAY, JULY 28, 1999

Bleed

8-2-99

I would like an analysis
of the Brecht & Co. properties,
the differences between them and
present law and whether we
can do anything by the Rules
or in this ~~to~~ Congressional system
that the VP can ~~be~~ answer.
Pls do this ASAP —

BZ

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Podesta

Bush and Gore Find the Faith In Social Policy

INDIANAPOLIS

PRESIDENTIAL campaigns, God bless 'em, are great for airing out the arguments over things that divide Americans.

What most of us fail to appreciate, though, is how much campaigns also serve the opposite purpose: They reveal, often quite by surprise, when Americans have stumbled into agreement on some issue.

So it was in watching Texas Gov. George W. Bush campaign for the Republican presidential nomination here a few days ago. He came to Indianapolis to call



for government and religious organizations to work far more closely to combat social ills, in part by having government agencies contract with church groups to provide social and welfare services.

In a speech to a racially diverse audience at a local church, Mr. Bush did an impressive job of laying out this case for "faith-based institutions" as government's partner in social change. But the Bush argument was less surprising than the fact that it roughly parallels a position Democratic Vice President Al Gore laid out back in May. Thus, a formerly radical idea that once engendered charges that the wall separating church and state was crumbling has somehow become mainstream.

To which there are two important reactions. First, this is a good thing. There is every reason to think that church-based programs work better than many ill-fated government antipoverty programs of the last half-century. Government's healthy separation from religion had grown into an unhealthy animosity, and this is a smart step back toward a better balance.

But the second point is equally important. This move toward "faith-based institutions," while promising, is no panacea. Its adherents know that. John DiIulio, a social scientist who has been one of the intellectual driving forces in pushing greater reliance on faith-based institutions, warns in a forthcoming article: "It remains to be seen how, if at all, local faith-based efforts can be taken to scale in ways that predictably, reliably, and cost-effectively cut crime, reduce poverty, or yield other desirable social consequences." The danger is that politicians could come to view these enterprises as an excuse for government to avoid its own larger responsibilities.

STILL, TO WATCH Mr. Bush here was to see how much attitudes have changed on the mingling of government and religious social work. He came to Indianapolis to visit Metro Church, an inner-city parish that is part of Mayor Stephen Goldsmith's "Front Porch Alliance." That's a program in which the city tries to help churches, synagogues and mosques expand their own programs to fight crime, give child care or help those trying to get off welfare, in part through modest city grants.

Metro Church occupies a former elementary school to house its programs, including a summer camp for kids, a social center to keep teens off the streets, and job-training classes in computers and culinary skills for neighborhood adults, including some trying to escape the welfare rolls. In offering these services, Metro Church is part of a quiet nationwide effort that operates largely below the media radar line.

As Mr. Bush tours the church, he shows how dramatically the politician's attitude toward discussing personal religious faith has been transformed over the last decade, from reticence to readiness. At one point he listens to a group of ministers from the Ten Point Coalition, a program that cooperates with police to patrol neighborhood streets every Friday night to contain crime. After the ministers talk, Mr. Bush looks at them intently and declares without hesitation: "I believe in the power of faith. It can transform lives. It changed mine."

THEN, MR. BUSH gave his speech, in which he called for breaking down laws and regulations that now prevent government programs from contracting out to faith-based groups to provide social services. He also advocated \$8 billion in new tax credits to funnel private contributions into such programs.

In his own speech on the topic in May, Mr. Gore broke with Democratic Party orthodoxy by calling for expanding the "charitable choice" provision of the 1996 welfare-overhaul law, which already allows states to use faith-based institutions for some welfare programs. Mr. Gore called for using this approach for drug treatment, homelessness and youth-violence programs as well.

As they carry word of this movement to their respective parties, Mr. Gore and Mr. Bush face opposite but equal challenges. Mr. Gore comes from a party and an administration that initially resisted the charitable choice provision in the new welfare law. Can Mr. Gore show that he and Democrats now have their hearts in this approach?

And Mr. Bush comes from a Republican Party in which some would use private charity as an excuse for ending government social services. To them, Mr. Bush sent a simple message: "Government cannot be replaced by charities." Does he have the courage to keep delivering that message?

*I did this in Ark
in the 50s!*



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

99 AUG 2 11:37

THE CHAIRMAN

August 3, 1999

Dear Mr. President:

It is with great regret that I resign my position as Chair of the Council of Economic Advisers, effective August 3, 1999. I plan to return to the University of California at Berkeley. I am enormously grateful to you for giving me the opportunity to serve first on the Federal Reserve Board and later, at the White House, on your economic team. It has been an honor to work with you and a slew of amazingly talented people who, day in and day out, dedicate themselves to public service. They have shown me what it means to give of oneself, to work hard, and to be a good American. I return to California assured that the country is in good hands.

The current expansion is now the longest in peacetime history, and quickly on its way to setting a record as the longest in all of American history. On top of that, inflation is low, real wages are rising handsomely, we are enjoying an investment and productivity boom and job growth and earnings gains for disadvantaged workers who have too long been sidelined in the labor market. At long last, a rising tide is lifting all boats. This outstanding record never could have occurred without the fiscal and monetary policies which make this country the envy of the rest of the world.

I will greatly miss the Council of Economic Advisers, which is a remarkable institution. The CEA attracts the best and brightest members of the economics profession into national economic policy. In part because of its small size, there exists a real sense of cohesiveness and camaraderie among its incredibly dedicated and energetic staff. I owe a particular debt of gratitude to the members of the Council I have been privileged to work with: Robert Lawrence, Rebecca Blank, Jeff Frankel and Alicia Munnell.

I want you to know what a pleasure and honor it has been to serve in your Administration, and to learn from you not only about economics and policy-making, but about the rewards of public service. Thank you for giving me this opportunity.

8-2-99

Sincerely yours,

Janet L. Yellen

Janet L. Yellen

Burkhardt

Should we send to
POTUS w/response?

Yes ☒

No ☐

cc: Exec Clerk Yes ☒
no ☐

THE PRESIDENT HAS SEEN
8-2-99

THE WHITE HOUSE

WASHINGTON

August 1, 1999

Have Chuck
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Ruff
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MEMORANDUM FOR THE PRESIDENT

SUBJECT: CLEMENCY FOR PUERTO RICAN PRISONERS

FROM: SEAN MALONEY
DAVID GOODFRIEND
LISEL LOY *LL*

Chuck Ruff has sent you a detailed memo recommending that you grant clemency in some form to 14 of 17 Puerto Rican prisoners convicted of offenses relating to pro-independence activities. DOJ staff has recommended against clemency, but Eric Holder would favor grants to certain of the prisoners, with appropriate conditions. Members of Congress, who strongly support clemency for all 17 prisoners, have sought to meet with you on this issue. *Although Chuck offers to discuss this with you, his recommendations are ripe for your decision. John Podesta and Maria Echaveste support Chuck's recommendations.*

Background. For six years, various Members of Congress, religious organizations, and others have urged you to grant clemency to these 17 Puerto Rican prisoners, some of whom have been in prison for more than 15 years. Chuck, Jeff Farrow and Janet Murguia met with several Members who strongly support clemency and with the Resident Commissioner who has opposed a general grant of clemency but now indicates he would not object to carefully justified individual grants of clemency.

The petitioners were affiliated with two Puerto Rican independence groups, FALN and Los Macheteros, characterized by the FBI as active terrorist organizations. As part of the campaign for Puerto Rican independence, the two groups were responsible for numerous bombings, armed robberies and other acts of violence that resulted in a number of deaths and injuries. Although the petitioners were engaged in serious criminal conduct in aid of their political goals, they were not convicted of killing or maiming. Many are serving lengthy sentences. They have previously refused to express regret for their conduct, but they may now be prepared to renounce violence if released.

DOJ and the FBI are concerned that the release of the prisoners will encourage more violence and that the prisoners will be viewed as returning heroes. Petitioners have received substantial support from many quarters, including Bishop Tutu, members of the Congressional Black Caucus, religious and labor organizations, Hispanic groups, and, notably, former President Carter -- who commuted to time served the sentences of Puerto Ricans convicted for a 1954 attack on the House of Representatives, in which 5 congressmen were wounded, and the life sentence of a

prisoner who attempted to assassinate President Truman. Petitioners also have broad support across the political spectrum in Puerto Rico.

Action. Chuck provides considerable detail on each individual seeking clemency (*see pages 7-12*). There are, however, 2 principal groups of petitioners: 13 convicted in Illinois and 4 convicted in Connecticut. Chuck recommends clemency for all but 2 of the 13 petitioners convicted in Illinois, on the grounds that their long sentences seem unduly harsh; the crimes were serious but did not result in killing or maiming; and, if the cases were brought today, he does not believe comparable sentences would be imposed. With respect to the Connecticut petitioners, Chuck recommends that you grant some form of clemency to 3 and deny clemency to 1, as set forth below. In all cases, Chuck supports immediate rather than deferred commutation, where applicable. Though some supporters of clemency, including Members of Congress, favor a general grant of clemency to the group, Chuck feels strongly that each case should be considered individually. *Podesta and Echaveste* would support implementing Chuck's recommendation by commuting the sentences to a term that would allow prisoners' release pursuant to mandatory release standards applicable to all prisoners, rather than commuting the sentence to time served. Finally, Chuck recommends that, where you grant clemency, each petitioner be required to state in writing that he or she seeks clemency and will abide by the terms imposed and renounces violence as a means of achieving political goals.

Illinois Petitioners (13 total)

Eight petitioners were convicted in the Northern District of Illinois of seditious conspiracy, armed robbery, and firearms offenses, and in State court for offenses arising out of the same activities. Combined state and federal sentences for each petitioner ranged widely from 55 to 90 years and were imposed consecutively. Petitioners have served 19 years and have so-called mandatory release dates ranging from the early to mid 21st century. Chuck recommends that you grant clemency to these 8 petitioners (Elizam Escobar, Ricardo Jimenez, Adolfo Matos, Dylcia Naomi Pagan, Alicia Rodriguez, Ida Luz Rodriguez, Luis Rosa, Carmen Valentin).

☒ Grant (recommended) ☐ Deny ☐ Discuss

One petitioner, Carlos Alberto Torres, is serving a life sentence for arson in connection with a bombing in which one person was killed. He had been indicted by a federal grand jury on explosives charges but remained a fugitive until he was arrested in 1980 with others in this group. He was identified as the group's leader. At a 1994 parole hearing, he stated that he was involved in a revolution against the U.S. and that his actions had been legitimate. In light of Torres's record prior to his arrest in 1980, his leadership of the group arrested in 1980, and his statements at his parole hearing, Chuck recommends that you deny clemency.

☐ Grant ☒ Deny (recommended) ☐ Discuss

One petitioner, Oscar Lopez-Rivera, was charged with the first nine petitioners and convicted of the same offenses; he later conspired to escape from prison and was convicted of attempted escape and sentenced to an additional 15 years. Chuck recommends against clemency but suggests that you may wish to consider reducing his total sentence to require that he serve 19 years on the original conviction and an additional 10 years for attempted escape.

deduct at least 75 months

☒ Grant reduced sentence (recommended) ☐ Deny ☐ Discuss

Three petitioners (Edwin Cortes, Alberto Rodriguez, and Alejandrina Torres) were convicted in the Northern District of Illinois of seditious conspiracy, interstate transportation of stolen vehicles, and weapons offenses. Each was sentenced to 35 years in prison and has served 16 years. Chuck recommends granting clemency to these three petitioners.

☒ Grant (recommended) ☐ Deny ☐ Discuss

Connecticut petitioners (4 total)

These petitioners, members of Los Macheteros, were convicted in the District of Connecticut of armed robbery and related offenses arising out of the 1984 robbery of a Wells Fargo office.

One petitioner, Antonio Camacho-Negron, was released on parole but reincarcerated for parole violations. Chuck recommends denying clemency based on his failure to comply with parole requirements (and notes that Camacho-Negron would be released on parole, even now, if he agreed to subject himself to supervision of his parole officer).

☐ Grant ☒ Deny (recommended) ☒ Discuss

One petitioner, Juan Enrique Segarra-Palmer, was, according to prosecutors, one of the founders of Los Macheteros, and he received a salary from the organization. He was one of the organizers of the Wells Fargo robbery, and helped his co-conspirator (one of the FBI's 10 most wanted) to escape. He has served only 14 of his 55-year sentence. Chuck recommends clemency be granted only to reduce Segarra-Palmer's sentence to provide for mandatory release after service of 19 years, contingent on good behavior during the intervening years.

☒ Grant reduced sentence (recommended) ☐ Deny ☐ Discuss

Two petitioners (Roberto Maldonado-Rivera and Norman Ramirez-Talavera) have been released and their full terms expired in 1996; they still owe substantial fines. Chuck recommends granting clemency to free them from that obligation.

☒ Grant (recommended) ☐ Deny ☐ Discuss

THE WHITE HOUSE

WASHINGTON

8-2-99

July 28, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Charles F.C. Ruff 
Counsel to the President

SUBJECT: Clemency for Puerto Rican Prisoners

For the last six years, various Members of Congress, religious organizations, and others have been urging you to grant clemency to 17 Puerto Rican prisoners, some of whom have been in federal prison for more than 15 years as the result of convictions for offenses arising out of their participation in the activities of the FALN and other Puerto Rican independence movements. Most recently, Jeff Farrow, Janet Murguia and I met, first with Congressmen Gutierrez and Serrano, and Congresswoman Velazquez, ardent supporters of clemency for all the prisoners, and then with Resident Commissioner Romero-Barcelo, who has been opposed to a general grant of clemency but indicated that he would not object to carefully justified grants of clemency on an individual basis.

I informed the Members that I would consult with the Justice Department and make a recommendation to you, but I made it clear that any clemency recommendation would be on an individual basis and not as a group. They have been pressing for a meeting with you, and we have held them off on the basis of my commitment that I would complete the review process before my departure.

The question of clemency for these prisoners is a very difficult one. On the one hand, many are serving extremely lengthy sentences – longer than one would expect to be imposed for comparable offenses committed today; on the other hand, they did engage in serious criminal conduct – arguably terrorist in nature – in aid of their political goals. They have previously refused to express any regret for their conduct, although we understand that they may now be prepared to acknowledge that violence is not an appropriate means of securing Puerto Rican independence and to renounce recourse to violence if they are released. Nonetheless, Justice remains very concerned that clemency would send the wrong message to the remaining FALN members and that the released prisoners would be greeted as heroes. Justice staff has recommended against clemency, but Deputy Attorney General Holder would favor grants to certain of the prisoners with appropriate conditions.

The apparent reluctance of the petitioners to petition formally for clemency and the uncertain extent to which they are prepared to renounce violence as a means of furthering their political goals (even if some or all are not prepared to express remorse for their past offenses) are matters of concern. Taking all of these matters into account, I recommend that clemency be granted to certain of the petitioners as described below. If you agree that clemency, in some form, is warranted, we recommend that each petitioner be required to state in writing that he or she is seeking clemency and will abide by the terms imposed, and that he or she renounces the use of violence as a means of achieving political goals.

Background

Thirteen of the petitioners, who were convicted in three separate cases in the Northern District of Illinois in the early 1980s, were members of the FALN, which began a campaign for Puerto Rican independence in the mid-1970s. As part of that campaign, members of the FALN planted bombs, committed armed robberies, and planned or engaged in other acts of violence. Among the early acts of serious violence for which the FALN claimed credit were a number of bombings in New York City, including the bombing of Fraunces Tavern in 1975 that resulted in four deaths and more than 60 injuries. The FBI continues to treat the FALN as a "viable terrorist organization" posing an ongoing risk of violent conduct.

The four petitioners convicted in Connecticut were members of Los Macheteros, which has been one of the most violent of the pro-independence groups and is also classified by the FBI as a continuing terrorist group. Over the years, Los Macheteros has taken credit for a number of bombings and robberies, resulting in five deaths. The group has been linked to the murder of a police officer; a machine-gun attack on a bus on a naval base, resulting in the death of two American sailors; the shooting of other American military personnel; and rocket attacks on U.S. courthouses in Puerto Rico.

For purposes of this discussion, the petitioners can be divided into four groups:

1. Nine were convicted in the Northern District of Illinois of seditious conspiracy, armed robbery, and various firearms offenses. The arrest of these defendants was the culmination of an investigation into the activities of the FALN, including numerous bombings in New York, Chicago and elsewhere beginning in the mid-1970s, as well as robberies intended to secure funds and weapons. A bomb factory was discovered in Chicago in 1976, leading to the identification of three of the petitioners – Carlos Torres, Ida Luz Rodriguez, and Oscar Lopez-Rivera – as members of the FALN, but they went underground until their arrest on April 4, 1980. On March 15, 1980, members of the FALN, including three of the petitioners, seized the Carter-Mondale office in Chicago, threatened the staff, and stole lists of supporters who thereafter were sent threatening letters.

The petitioners were arrested by state police who were investigating an earlier armed robbery of a car rental agency in Evanston. They were found, wearing

disguises, in a van in Evanston containing several weapons as they were preparing to rob an armored truck. Searches of FALN safe houses then revealed evidence linking the FALN to the robbery of an armory and the Carter-Mondale takeover. The petitioners were first tried in state court on weapons and robbery charges; seven were sentenced to eight-year terms, and two (Alicia Rodriguez and Luis Rosa) were sentenced to 30-year terms. They were then indicted in federal court in December 1980 on charges of seditious conspiracy (including several bombings that resulted in injury to people), Hobbs Act (robbery), interstate transportation of stolen vehicles, and weapons offenses, arising out of the same conduct that underlay the state charges.

The defendants, claiming to be prisoners of war, refused counsel and watched the trial on television from their cells. They also refused to cooperate with the probation office in preparing the presentence reports.

Seditious conspiracy and the Hobbs Act carried maximum sentences of 20 years, which were imposed consecutively. The weapons charges carried 10-year sentences, which were made to run consecutively to the first two sentences, and the stolen vehicle charges carried 5-year sentences which were made to run consecutively to the other sentences. The extraordinary variances in the total sentences (from 55 to 90 years) depended on how many firearm and vehicle counts there were and the extent to which the court chose to make those sentences consecutive to each other as well as consecutive to the more serious offenses.¹

The status of these nine petitioners is summarized in the following table:

<u>Name and Present Age</u>	<u>Sentence</u>	<u>Projected Release Date</u>	<u>Years Served*</u>
Elizam Escobar (51)	60 years	2024	15/4
Ricardo Jimenez (43)	90 years	2043	15/4
Adolfo Matos (48)	70 years	2025	15/4
Dylcia Noemi Pagan (52)	55 years	2020	15/4
Alicia Rodriguez (45)	55 years	2033	3/16
Ida Luz Rodriguez (49)	75 years	2034	15/4

¹ Most of the petitioners were sentenced under a statute that made them eligible for parole after serving one-third of their sentence (or 10 years if sentenced to 30 years or more). Many have waived parole, and those who sought it have been denied and told that they would not be considered for another 15 years. The petitioners have so-called mandatory release dates (two-thirds of each consecutive term, or 30 years for a term of 45 years or more), ranging from the early to mid-years of the 21st century. Notably, because of an error by the Bureau of Prisons, five of the petitioners have been told that their release dates are considerably earlier than they would be if properly calculated. These petitioners have not been told of the error.

Luis Rosa (38)	75 years	2039	3/16
Carlos Alberto Torres (46)	70 years	2024	15/4
Carmen Valentin (53)	90 years	2043	15/4

* Because these individuals first served sentences as the result of their state convictions, I have noted their combined federal/state years in prison.

2. Oscar Lopez-Rivera (56) was charged with the other nine petitioners but was not arrested until May 1981. He was convicted of the same offenses and sentenced to serve 55 years. In 1984, he conspired to escape from Leavenworth by helicopter, and in 1988 he was convicted of attempted escape and sentenced to 15 years, consecutive to his earlier sentence. He too refused to cooperate at trial and sentencing. He has a projected release date of 2027.

3. Three of the petitioners (Edwin Cortes, Alberto Rodriguez and Alejandrina Torres) were convicted in the Northern District of Illinois of seditious conspiracy, interstate transportation of stolen vehicles, and weapons offenses. They were arrested in June 1983 as the result of government surveillance that uncovered a plan by Torres and Cortes to help Lopez-Rivera and Luis Rosa escape from prison (an escape before the one for which Lopez-Rivera was convicted); a plan by Cortes and Rodriguez to rob a Chicago Transit receipts collector; and the construction by Cortes and Rodriguez of pipe bombs to be detonated at various military sites. They declared themselves prisoners of war but were represented by standby counsel and participated in parts of the trial, although they refused to participate in the sentencing process. Each was sentenced to 35 years in prison.

<u>Name and Present Age</u>	<u>Sentence</u>	<u>Release Date</u>	<u>Years Served</u>
Edwin Cortes (44)	35 years	2004	16
Alberto Rodriguez (46)	35 years	2005	16
Alejandrina Torres (60)	35 years	2004	16

4. Four of the petitioners, members of Los Macheteros, were convicted in the District of Connecticut of armed robbery and related offenses, arising out of the 1984 robbery of a Wells Fargo office that netted \$7 million. The leader of the group, Victor Gerena, remains a fugitive and is on the FBI's 10 Most Wanted List.

Juan Enrique Segarra-Palmer helped plan the Wells Fargo robbery and helped Gerena escape to Mexico. He also helped purchase and retrofit a motor home to smuggle part of the robbery proceeds to Mexico. He was convicted of bank robbery, interstate transportation of stolen funds, and related offenses and was sentenced to 55 years. He applied for parole in 1997, but the Commission denied his application, noting his central role in the organization, and continued his sentence for 15 years. His release date is 2013.

Antonio Camacho-Negron drove a truck in an unsuccessful attempt to transport some of the robbery proceeds to Mexico and accompanied Segarra-Palmer on another trip to take the proceeds to Mexico. He was released on his mandatory release date of February 13, 1998, but shortly thereafter was reincarcerated for violating the terms of his release (he refused to report to his parole officer after his release) and was ordered to serve the remainder of his sentence.²

Roberto Maldonado-Rivera, a leader of a unit of Los Macheteros, drove a car across the Mexican border, following the motor home in which Segarra-Palmer was carrying the robbery proceeds. He was convicted of conspiracy to rob banks and transport stolen money and was sentenced to 5 years. He was released on his mandatory release date of June 30, 1994, and his full term expired in 1996.

Norman Ramirez-Talavera was convicted of the same offense as Maldonado-Rivera. He used some of the robbery proceeds to purchase toys, which he then helped distribute on the streets of Hartford, along with \$20 bills. He was released on parole from his five-year sentence in 1994, and his full sentence expired in 1996.

<u>Name and Present Age</u>	<u>Sentence</u>	<u>Release Date</u>	<u>Years Served</u>
Antonio Camacho-Negron (53)	15 years	2002	13
[Released in 1998 and rearrested for parole violation.]			
Roberto Maldonado-Rivera (63)	5 years	Released	
Norman Ramirez-Talavera (42)	5 years	Released	
Juan Enrique Segarra-Palmer (49)	55 years	2013	14

Recommendation

When consulted in 1994, the United States Attorneys in Chicago and Connecticut strongly opposed clemency, and the judge who presided over the Connecticut case stated that those sentences should stand. (The judges who presided over the Chicago trials were not consulted because two were retired and one was trying an FALN-related case.) The FBI has provided an assessment of the current activities of the FALN and Los Macheteros which describes both as active terrorist organizations, still committed to violence in aid of the cause of independence. Both Justice and the FBI are concerned that the release of the Puerto Rican prisoners will encourage further violence and that they will be viewed as returning heroes. A part of their concern is the continuing refusal of the prisoners to acknowledge their wrongdoing and the continuing assertion by at least some of the prisoners that they are political prisoners.

² I am informed that Camacho-Negron would be released on parole, even now, if he agreed to abide by the requirement that he subject himself to the supervision of his parole officer.

The petitioners have received substantial support from many quarters, including former President Carter, Bishop Tutu, members of the Congressional Black Caucus, a number of religious organizations, labor organizations, and Hispanic civic and community groups, as well as widespread support across the political spectrum within Puerto Rico. President Carter's support is noteworthy because of his decision to commute to time served (some 25 years) the sentences of the Puerto Ricans who were convicted for their 1954 attack on the House of Representatives, which resulted in the wounding of five congressmen. President Carter also commuted to time served (25 years) the life sentence of Oscar Collazo, who attempted to assassinate President Truman (Collazo's confederate killed a White House policeman). (President Truman had earlier commuted Collazo's death sentence to life imprisonment.)

Various arguments have been advanced by petitioners' supporters, including the argument that they were engaged in a struggle against "colonialism" and acted out of sincere political beliefs. Indeed, the most recent communication to me from the United Church of Christ, in anticipation of a demonstration at the White House, refers to the petitioners as political prisoners. This argument cannot justify clemency for those who engaged in or planned the kinds of offenses for which petitioners were convicted. The only question is whether their sentences were unduly severe and whether their continuing incarceration serves any meaningful purpose.

In this regard, petitioners' supporters have attempted to argue, on the basis of raw statistics from the Administrative Office of U.S. Courts, that the sentences imposed were substantially higher than the average sentence for violent crimes, but their statistical analysis is flawed at best. Nonetheless, it is true that most of the Chicago petitioners have spent substantial time in prison (e.g., 19 years in combined state and federal terms), and the extraordinarily long sentences imposed on them were the result of seemingly ad hoc judgments by the sentencing judge to make the sentences on some or all of the counts consecutive rather than concurrent. By doing so, the judge not only extended the parole eligibility and mandatory release dates well into the 21st century but made the granting of parole much less likely.

It is extremely difficult to translate these sentences into sentences that might be imposed if the petitioners were prosecuted today and sentenced under the Sentencing Guidelines. Part of the difficulty stems from determining what comparable guideline would be applied to the conviction for seditious conspiracy, since that is not one of the offenses dealt with by the Guidelines. In addition, recent legislation has provided for a special enhancement where crimes designated as "terrorist" are involved, and it is not clear whether that enhancement would be applicable. It is clear, however, that the string of consecutive sentences that resulted in such extraordinarily long (and varying) prison terms would not be possible under the Guidelines, although, of course, whatever sentences were imposed would be served in full (minus good time) since parole has been abolished. In sum, Justice's efforts to estimate comparable sentences themselves produced such widely varying results as to offer little of value to our analysis.

The Group of Nine

ELIZAM ESCOBAR, now 51, is married and has at least one child. He graduated from the University of Puerto Rico and was a licensed bilingual teacher of social studies in the New York City schools. He was one of the armed men who took over the Carter-Mondale office in Chicago. When arrested in the van in Evanston, preparing to rob the armored truck, he, like the others, was in disguise and in possession of various weapons. He served four years of an eight-year state sentence and then began serving his federal sentence of 60 years. He waived parole, and his mandatory release date is 2019. **I recommend that clemency be granted by reducing Escobar's sentence to time served – a total of 19 years.**³

RICARDO JIMENEZ, now 43, is not married. He attended but did not graduate from college and, when arrested, was employed at a pharmacy. He conducted surveillance of the Carter-Mondale office and was arrested in Evanston in the van with the weapons. He served four years of an eight-year state sentence and then began serving his federal sentence of 90 years. He became eligible for parole in 1994 but waived consideration. His mandatory release date is 2043 but had previously been incorrectly reported as 2036. **I recommend that clemency be granted by reducing Jimenez's sentence to time served – a total of 19 years.**

ADOLFO MATOS, now 48, is married and has two daughters. His education ended in the seventh grade, and at the time of his arrest was employed as a parking attendant. He participated in the takeover of the Carter-Mondale office and in an armed attempt to break into the weapons vault at a National Guard Armory. He was arrested in the van in Evanston, wearing a disguise and in possession of weapons. He served four years of an eight-year state sentence and then began serving his federal sentence of 70 years. He became eligible for parole in 1994 but waived consideration. His mandatory release date is 2025. **I recommend that clemency be granted by reducing Matos's sentence to time served – a total of 19 years.**

³ Where I have recommended that clemency be granted in a such a manner as to result in a petitioner's immediate release, that could be accomplished in one of two ways – either by commuting the sentence to time served or by commuting the sentence to a term that would result in the petitioner's release pursuant to the mandatory release standards applicable to all prisoners (i.e., approximately 28.5 years for those who have served 19 years). In either event, clemency would be conditioned on the petitioner's acceptance of, and compliance with, the requirement that he or she report regularly to the appropriate supervisory personnel (presumably a parole officer) – a requirement that could be imposed by you if there were a direct commutation to time served or that would be imposed automatically under Parole Commission procedures if there were commutation to a term that resulted in mandatory release.

Whatever the conduct of other FALN members may have been, these petitioners were convicted of serious crimes but not of killing or maiming. In these circumstances, even were the case brought today, I do not believe that comparable sentences would be imposed. Some guidance can be found in the prosecution of an FALN member who was convicted last month in Chicago of conspiring to place explosive devices at a Marine recruiting center. He received a sentence of 51 months, and the government chose not to charge seditious conspiracy or to seek any special enhancement of the sentence.

Despite the urging of Congressman Gutierrez and his colleagues, it would not be appropriate to treat the petitioners as a group. Clemency, in its nature, should be awarded to individual petitioners based on their own conduct, both that which resulted in their original convictions and that in which they engaged during their imprisonment. Moreover, release of the entire group of petitioners would be surely treated by their adherents as a political statement condoning their conduct.

Giving due weight to the strongly held views of the U.S. Attorneys and the concerns of the FBI about the continuing activities of the FALN, as well as the legitimately strong feelings of those whose relatives have been the victims of earlier FALN attacks (such as the Fraunces Tavern bombing), I nonetheless believe that clemency for some of these petitioners is warranted. With the few exceptions noted below, the lengthy sentences imposed on the Chicago petitioners seem unduly harsh, even for the offenses the petitioners committed, particularly because the federal interest in these defendants, beyond the state prosecutions, would have been vindicated by pursuing only the seditious conspiracy charge. Moreover, the wide variance in the sentences does not appear to be grounded in the comparative seriousness of the petitioners' conduct. As to the Connecticut defendants, however, I believe that, with two minor exceptions, no clemency would be appropriate.

The Department of Justice gave extensive consideration to various types of clemency, ranging from reduction of sentences to time served to the setting of release dates earlier than those that are now applicable but still extending well into the next century. In my judgment, if you decide to grant clemency, little purpose would be served by delaying the effective date of any reduction in sentence (with one exception noted below).

The Chicago Prisoners

Lopez-Rivera

LOPEZ-RIVERA was originally sentenced to 55 years in prison but thereafter tried to escape and was sentenced to an additional term of 15 years for that attempt. **In these circumstances, clemency would not be appropriate, although you may wish to consider reducing his total sentence of 70 years so as to require that he serve 19 years on the original conviction and an additional 10 years for the attempted escape.**

DYLCIA NAOMI PAGAN, now 52, is the common law wife of William Morales, who lost both hands in an explosion while making a pipe bomb and is a fugitive after escaping from prison in 1979. She has one son and stated at her parole hearing that she had severed her relationship with Morales. She attended Hunter College and Brooklyn College and had been briefly employed as an associate producer for WCBS-TV. She participated in the armed takeover of the Carter-Mondale office, and was arrested in Evanston in the van with weapons. She served four years of an eight-year state sentence and then began serving her federal sentence of 55 years. She initially waived and then applied for parole. At her hearing in 1994 she refused to answer questions about her offenses but stated that she had not intended to hurt anyone and that she had no plans to engage in political activity if released. The Commission denied her application and scheduled her next hearing for 2009. Her release date is 2016 (although BOP had originally computed it as 2013). **I recommend that clemency be granted by reducing Pagan's sentence to time served – a total of 19 years.**

ALICIA RODRIGUEZ, now 45, is unmarried. She is the sister of petitioner Ida Luz Rodriguez. At the time of her arrest, she was enrolled in Northeastern Illinois University. She was involved in renting two FALN safe houses; she cased the rental car office in Evanston before the robbery; and was arrested in the van in Evanston armed with a handgun. She served 16 years of a 30-year state sentence and then began serving her federal sentence of 55 years. She will be eligible for parole in 2006. Her release date is 2033 (although BOP had originally computed it as 2026). **I recommend that clemency be granted by reducing Rodriguez's sentence to time served – a total of 19 years.**

IDA LUZ RODRIGUEZ, now 49, is unmarried and has one son. She graduated from Northeastern Illinois University, and at the time of her arrest, she was employed as an equal employment specialist at EPA. She was driving the van containing weapons and her fellow defendants, and her purse contained a loaded pistol with an obliterated serial number. She served four years of an eight-year state sentence and then began serving her federal sentence of 75 years. She became eligible for parole in 1994 but waived consideration. Her release date is 2034 (although BOP had originally computed it as 2014). **I recommend that clemency be granted by reducing Rodriguez's sentence to time served – a total of 19 years.**

LUIS ROSA, now 38, is married and has at least one son. At the time of his arrest, he was a student at the University of Illinois. He participated in the armed robbery of the car rental office in Evanston, in which the employees were threatened with death. When arrested in Evanston in the van, he was in disguise and attempting to remove the weapons from the vehicle. He served 16 years of a 30-year state sentence (plus two six-month sentences for contempt of court) and then began serving his federal sentence of 75 years. He will be eligible for parole in 2006. His release date is 2039. **Although Rosa's conduct appears to have been more egregious than that of his codefendants, in light of his age (19) at the time of the offenses, I recommend that clemency be granted by reducing Rosa's sentence to time served – a total of 19 years.**

CARLOS ALBERTO TORRES, now 46, is married to Haydee Beltran Torres, who is serving a life sentence for arson in connection with the bombing of the Mobil Oil building in New York in which one person was killed. He has one child. His father is Reverend Jose Torres, a minister of the United Church of Christ, and his mother is the petitioner Alejandrina Torres. He attended but did not graduate from college and was unemployed at the time of his arrest. He was seen carrying explosives into an FALN bomb factory and rented buildings used as bomb factories and safe houses, including the apartment in New York where William Morales was injured in the explosion of a pipe bomb. In 1977, he was indicted by a federal grand jury on explosives charges but remained a fugitive until his arrest in Evanston in the van. The prosecutors identified him as the leader of the Evanston group. He served four years of an eight-year state sentence and then began serving his federal sentence of 70 years. He initially waived and then applied for parole. At his 1994 hearing, he stated that he was involved in a revolution against the United States and that his actions had been legitimate. **In light of Torres's record before the events leading to his 1980 arrest, his status as leader of the Evanston group, and his statements at his parole hearing, I recommend that you deny clemency.**

CARMEN VALENTIN, now 53, is not now married but has a son from an earlier marriage and a granddaughter. She graduated from Northeastern Illinois University and received a masters degree in secondary school administration from Roosevelt University. At the time of her arrest, she was a teacher and counselor for the YMCA College of Metropolitan Chicago and had previously been a teacher and counselor at Stateville Penitentiary and the Chicago City schools. She was identified as the person who stole a car used by FALN members, and when arrested in Evanston in the van was wearing a disguise and carrying a loaded pistol with an obliterated serial number. She served three years of an eight-year state sentence and then began serving her federal sentence of 90 years. She has waived parole consideration and has a release date of 2037 (although BOP had originally computed it as 2013). **I recommend that clemency be granted by reducing Valentin's sentence to time served – a total of 19 years.**

The Group of Three

EDWIN CORTES, now 44, is married and has two children. At the time of his arrest he was a counselor for the Illinois Department of Unemployment Compensation. He was arrested at an FALN safe house where 21 pounds of dynamite were being stored for use in making bombs to be exploded at military facilities on the July 4th weekend. He also conspired with Alberto Rodriguez to rob a Chicago Transit Authority receipts collector and with Rodriguez and Alejandrina Torres to assist Lopez-Rivera to escape from Leavenworth (one year before the attempted escape for which Lopez-Rivera was convicted). Sentenced to 35 years in prison, he has been in custody for 16 years and has a mandatory release date in 2004. He first waived parole consideration but then sought parole and was denied. **I recommend that clemency be granted by reducing Cortes's sentence to time served – a total of 16 years.**

ALBERTO RODRIGUEZ, now 46, is married and has two children. He graduated from the University of Chicago in 1976 and at the time of his arrest was employed as a counselor at Northeastern Illinois University. He was arrested after being observed at the same safe house as Cortes, and conspired with Cortes to rob the Transit Authority receipts collector. Sentenced to 35 years in prison, he has served 16. He was made eligible for parole at the discretion of the Parole Commission but initially waived parole. Thereafter he applied for parole but was denied, and his mandatory release date is 2005. At his parole hearing in 1995, he stated that, if released, he would publicly renounce violence and that, although he still supports Puerto Rican independence, he would pursue that goal by peaceful means. Congresswoman Velazquez appeared at the parole hearing on Rodriguez's behalf although she did not know him personally. **I recommend that clemency be granted by reducing Rodriguez's sentence to time served – a total of 16 years.**

ALEJANDRINA TORRES, now 60, is married to the Reverend Jose Alberto Torres, a minister of the United Church of Christ, and has two daughters and a grandson. At the time of her arrest, she was employed as an executive secretary at the University of Illinois Medical Center. She was arrested after meeting with Cortes at the FALN safe house and discussing a communiqué they were to issue after the planned July 4th bombings. She also conspired with Cortes and Rodriguez to effect the escape of Lopez-Rivera. Sentenced to 35 years, she has served 16. In the early years of her incarceration, she had 15 incident reports but has had only one since 1988. Although eligible for parole at the discretion of the Commission, she has waived parole consideration, and her mandatory release date is 2004. **I recommend that clemency be granted by reducing Torres's sentence to time served – a total of 16 years.**

The Connecticut Petitioners

Of the four Connecticut prisoners seeking clemency, two – MALDONADO-RIVERA and RAMIREZ-TALAVERA – have already completed their sentences but continue to owe substantial fines (\$100,000 and \$50,000 respectively). **I recommend that clemency be granted to the extent of freeing them from that obligation.**

CAMACHO-NEGRON was released on parole but then reincarcerated for parole violations. **In light of his refusal to comply with the conditions of his first release, I recommend that clemency be denied.**

SEGARRA-PALMER, now 49, is married and has five children by his current and former marriages. He graduated from Harvard but was self-employed selling flowers at the time of his arrest and was receiving a salary from Los Macheteros, of which, according to the prosecutors, he was one of the founders. He was one of the organizers of the Wells Fargo robbery, and helped his co-conspirator, Victor Gerena, escape to Mexico. At his 1997 parole hearing, he stated that he "used to believe that violence was a legitimate means for Puerto Rican independence" but denied that he intended to kill anyone. **In light of his leadership role in Los Macheteros and his role in the robbery and subsequent**

events, and taking into account the fact that he has served only 14 years of his 55-year sentence (compared to the 19 years served by the Chicago petitioners), I recommend that clemency be granted only to the extent of reducing his sentence to provide for mandatory release after service of 19 years, contingent on his good behavior during the intervening years.

Conclusion

Because these petitions raise such difficult legal and policy questions, I thought it would be useful to meet with you after you have had a chance to review this memorandum in order to get your preliminary reaction and pursue any other lines of inquiry you believe necessary. I have asked Betty to find some time on your schedule during the week of August 2.

To Roger Ballentine

8-2-99

would like to make to people

with this, at least ~~every~~ federal govt - P's Nemo

A Road Map for Natural Capitalism

PK

copied
Ballentine
Podesta

by Amory B. Lovins, L. Hunter Lovins, and Paul Hawken



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Reprint 99309

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Business strategies built around
the radically more productive use
of natural resources can solve
many environmental
problems at a profit.

BY AMORY B. LOVINS,
L. HUNTER LOVINS,
AND PAUL HAWKEN

ON SEPTEMBER 16, 1991, a small group of scientists was sealed inside Biosphere II, a glittering 3.2-acre glass and metal dome in Oracle, Arizona. Two years later, when the radical attempt to replicate the earth's main ecosystems in miniature ended, the engineered environment was dying. The gaunt researchers had survived only because fresh air had been pumped in. Despite \$200 million worth of elaborate equipment, Biosphere II had failed to generate breathable air, drinkable water, and adequate food for just eight people. Yet Biosphere I, the planet we all

inhabit, effortlessly performs those tasks every day for 6 billion of us.

Disturbingly, Biosphere I is now itself at risk. The earth's ability to sustain life, and therefore economic activity, is threatened by the way we extract, process, transport, and dispose of a vast flow of resources—some ~~220~~⁵⁰⁰ billion tons a year, or more than 20 times the average American's body weight every day. With dangerously narrow focus, our industries

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Some very simple changes to the way we run our businesses can yield startling benefits for today's shareholders and for future generations.

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look only at the exploitable resources of the earth's ecosystems—its oceans, forests, and plains—and not at the larger services that those systems provide for free. Resources and ecosystem services both come from the earth—even from the same biological systems—but they're two different things. Forests, for instance, not only produce the resource of wood fiber but also provide such ecosystem services as water storage, habitat, and regulation of the atmosphere and climate. Yet companies that earn income from harvesting the wood fiber resource often do so in ways that damage the forest's ability to carry out its other vital tasks.

Unfortunately, the cost of destroying ecosystem services becomes apparent only when the services start to break down. In China's Yangtze basin in 1998, for example, deforestation triggered flooding that killed 3,700 people, dislocated 223 million, and inundated 60 million acres of cropland. That \$30 billion disaster forced a logging moratorium and a \$12 billion crash program of reforestation.

The reason companies (and governments) are so prodigal with ecosystem services is that the value

A MacArthur Fellow, Amory B. Lovins is the research director and CFO of Rocky Mountain Institute (RMI).

L. Hunter Lovins is the CEO of RMI, the nonprofit resource policy center they cofounded in 1982 in Snowmass, Colorado (<http://www.rmi.org>).

*Paul Hawken is the founder of the Smith & Hawken retail and catalog company, cofounder of the knowledge-management software company Datafusion, and author of *Growing a Business* (Simon & Schuster, 1983) and *The Ecology of Commerce* (Harper Collins, 1993).*

*Hawken and the Lovinses consult for businesses worldwide and have coauthored the forthcoming *Natural Capitalism* (Little Brown, September 1999).*

of those services doesn't appear on the business balance sheet. But that's a staggering omission. The economy, after all, is embedded in the environment. Recent calculations published in the journal *Nature* conservatively estimate the value of all the earth's ecosystem services to be at least \$33 trillion a year. That's close to the gross world product, and it implies a capitalized book value on the order of half a quadrillion dollars. What's more, for most of these services, there is no known substitute at any price, and we can't live without them.

This article puts forward a new approach not only for protecting the biosphere but also for improving profits and competitiveness. Some very simple changes to the way we run our businesses, built on advanced techniques for making resources more productive, can yield startling benefits both for today's shareholders and for future generations.

This approach is called *natural capitalism* because it's what capitalism might become if its largest category of capital—the “natural capital” of ecosystem services—were properly valued. The journey to natural capitalism involves four major shifts in business practices, all vitally interlinked:

- **Dramatically increase the productivity of natural resources.** Reducing the wasteful and destructive flow of resources from depletion to pollution represents a major business opportunity. Through fundamental changes in both production design and technology, ~~farsighted companies are developing ways to make natural resources—energy, minerals, water, forests—stretch 5, 10, even 100 times further than they do today.~~ These major resource savings often yield higher profits than small resource savings do—or even saving no resources at all would—and not only pay for themselves over time but in many cases reduce initial capital investments.

- **Shift to biologically inspired production models.** Natural capitalism seeks not merely to reduce waste ~~but to eliminate the very concept of waste.~~ In ~~closed-loop production systems, modeled on nature's designs, every output either is returned harmlessly to the ecosystem as a nutrient, like compost, or becomes an input for manufacturing another product.~~ Such systems can often be designed to eliminate the use of toxic materials, which can hamper nature's ability to reprocess materials.

- **Move to a solutions-based business model.** The business model of traditional manufacturing rests on the sale of goods. In the new model, value is instead delivered as a flow of services—providing illumination, for example, rather than selling light-bulbs. This model entails a new perception of value,



Reducing the wasteful and destructive flow of resources represents a major business opportunity.

a move from the acquisition of goods as a measure of affluence to one where well-being is measured by the continuous satisfaction of changing expectations for quality, utility, and performance. The new relationship aligns the interests of providers and customers in ways that reward them for implementing the first two innovations of natural capitalism—resource productivity and closed-loop manufacturing.

▪ **Reinvest in natural capital.** Ultimately, business must restore, sustain, and expand the planet's ecosystems so that they can produce their vital services and biological resources even more abundantly. Pressures to do so are mounting as human needs expand, the costs engendered by deteriorating ecosystems rise, and the environmental awareness of consumers increases. Fortunately, these pressures all create business value.

Natural capitalism is not motivated by a current scarcity of natural resources. Indeed, although many biological resources, like fish, are becoming scarce, most mined resources, such as copper and oil, seem ever more abundant. Indices of average commodity prices are at 28-year lows, thanks partly to powerful extractive technologies, which are often subsidized and whose damage to natural capital remains unaccounted for. Yet even despite these artificially low prices, using resources manyfold more productively can now be so profitable that pioneering companies—large and small—have already embarked on the journey toward natural capitalism.¹

Still the question arises—if large resource savings are available and profitable, why haven't they all been captured already? The answer is simple: scores

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 cost less than saving a small fraction of resources.
 This is the concept of expanding returns.

of common practices in both the private and public sectors systematically reward companies for wasting natural resources and penalize them for boosting resource productivity. For example, most companies expense their consumption of raw materials through the income statement but pass resource-saving investment through the balance sheet. That distortion makes it more tax efficient to waste fuel than to invest in improving fuel efficiency. In short, even though the road seems clear, the compass that companies use to direct their journey is broken. Later we'll look in more detail at some of the obstacles to resource productivity—and some

of the important business opportunities they reveal. But first, let's map the route toward natural capitalism.

Dramatically Increase the Productivity of Natural Resources

In the first stage of a company's journey toward natural capitalism, it strives to wring out the waste of energy, water, materials, and other resources throughout its production systems and other operations. There are two main ways companies can do this at a profit. First, they can adopt a fresh approach to design that considers industrial systems as a whole rather than part by part. Second, companies can replace old industrial technologies with new ones, particularly with those based on natural processes and materials.

Implementing Whole-System Design. Inventor Edwin Land once remarked that "people who seem to have had a new idea have often simply stopped having an old idea." This is particularly true when designing for resource savings. The old idea is one of diminishing returns—the greater the resource saving, the higher the cost. But that old idea is giving way to the new idea that bigger savings can cost less—that saving a large fraction of resources can actually cost less than saving a small fraction of resources. This is the concept of expanding returns, and it governs much of the revolutionary thinking behind whole-system design. Lean manufacturing is an example of whole-system thinking that has helped many companies dramatically reduce such forms of waste as lead times, defect rates, and inventory. Applying whole-system thinking to the productivity of natural resources can achieve even more.

Consider Interface Corporation, a leading maker of materials for commercial interiors. In its new Shanghai carpet factory, a liquid had to be circulated through a standard pumping loop similar to those used in nearly all industries. A top European company designed the system to use pumps requiring a total of 95 horsepower. But before construction began, Interface's engineer, Jan Schilham, realized that two embarrassingly simple design changes would cut that power requirement to only 7 horsepower—a 92% reduction. His redesigned system cost less to build, involved no new technology, and worked better in all respects.

What two design changes achieved this 12-fold saving in pumping power? First, Schilham chose fatter-than-usual pipes, which create much less friction than thin pipes do and therefore need far

less pumping energy. The original designer had chosen thin pipes because, according to the textbook method, the extra cost of fatter ones wouldn't be justified by the pumping energy that they would save. This standard design trade-off optimizes the pipes by themselves but "pessimizes" the larger system. Schilham optimized the *whole* system by counting not only the higher capital cost of the fatter pipes but also the *lower* capital cost of the smaller pumping equipment that would be needed. The pumps, motors, motor controls, and electrical components could all be much smaller because there'd be less friction to overcome. Capital cost would fall far more for the smaller equipment than it would rise for the fatter pipe.

Choosing big pipes and small pumps – rather than small pipes and big pumps – would therefore make the whole system cost less to build, even before counting its future energy savings.

Schilham's second innovation was to reduce the friction even more by making the pipes short and straight rather than long and crooked. He did this by laying out the pipes first, *then* positioning the various tanks, boilers, and other equipment that they connected. Designers normally locate the production equipment in arbitrary positions and then have a pipe fitter connect everything. Awkward placement forces the pipes to make numerous bends that greatly increase friction. The pipe fitters don't mind: they're paid by the hour, they profit from the extra pipes and fittings, and they don't pay for the oversized pumps or inflated electric bills. In addition to reducing those four kinds of costs, Schilham's short, straight pipes were easier to insulate, saving an extra 70 kilowatts of heat loss and repaying the insulation's cost in three months.

This small example has big implications for two reasons. First, pumping is the largest application of motors, and motors use three-quarters of all industrial electricity. Second, the lessons are very widely relevant. Interface's pumping loop shows how simple changes in design mentality can yield huge resource savings and returns on investment. This isn't rocket science; often it's just a rediscovery of good Victorian engineering principles that have been lost because of specialization.

Whole-system thinking can help managers find small changes that lead to big savings that are cheap, free, or even better than free (because they make the whole system cheaper to build). They can do this because often the right investment in one part of the system can produce multiple benefits throughout the system. For example, companies would gain 18 distinct economic benefits – of which

direct energy savings is only one – if they switched from ordinary motors to premium-efficiency motors or from ordinary lighting ballasts (the transformer-like boxes that control fluorescent lamps) to electronic ballasts that automatically dim the lamps to match available daylight. If everyone in America integrated these and other selected technologies into all existing motor and lighting systems in an

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optimal way, the nation's \$220-billion-a-year electric bill would be cut in half. The after-tax return on investing in these changes would in most cases exceed 100% per year.

The profits from saving electricity could be increased even further if companies also incorporated the best off-the-shelf improvements into their building structure and their office, heating, cooling, and other equipment. Overall, such changes could cut national electricity consumption by at least 75% and produce returns of around 100% a year on the investments made. More important, because workers would be more comfortable, better able to see, and less fatigued by noise, their productivity and the quality of their output would rise. Eight recent case studies of people working in well-designed, energy-efficient buildings measured labor productivity gains of 6% to 16%. Since a typical office pays about 100 times as much for people as it does for energy, this increased productivity in people is worth about 6 to 16 times as much as eliminating the entire energy bill.

Energy-saving, productivity-enhancing improvements can often be achieved at even lower cost by piggybacking them onto the periodic renovations that all buildings and factories need. A recent proposal for reallocating the normal 20-year renovation budget for a standard 200,000-square-foot glass-clad office tower near Chicago, Illinois, shows the potential of whole-system design. The proposal suggested replacing the aging glazing system with a new kind of window that lets in nearly six times more daylight than the old sun-blocking glass units. The new windows would reduce the flow of heat and noise four times better than traditional windows do. So even though the glass costs slightly more, the overall cost of the renovation would be reduced because the windows would let in cool, glare-free daylight that, when combined with more

efficient lighting and office equipment, would reduce the need for air-conditioning by 75%. Installing a fourfold more efficient, but fourfold smaller, air-conditioning system would cost \$200,000 less than giving the old system its normal 20-year renovation. The \$200,000 saved would, in turn, pay for the extra cost of the new windows and other improvements. This whole-system approach to renovation would not only save 75% of the building's total energy use, it would also greatly improve the

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building's comfort and marketability. Yet it would cost essentially the same as the normal renovation. There are about 100,000 twenty-year-old glass office towers in the United States that are ripe for such improvement.

Major gains in resource productivity require that the right steps be taken in the right order. Small changes made at the downstream end of a process often create far larger savings further upstream. In almost any industry that uses a pumping system, for example, saving one unit of liquid flow or friction in an exit pipe saves about ten units of fuel, cost, and pollution at the power station.

Of course, the original reduction in flow itself can bring direct benefits, which are often the reason changes are made in the first place. In the 1980s, while California's industry grew 30%, for example, its water use was cut by 30%, largely to avoid increased wastewater fees. But the resulting reduction in pumping energy (and the roughly tenfold larger saving in power-plant fuel and pollution) delivered bonus savings that were at the time largely unanticipated.

To see how downstream cuts in resource consumption can create huge savings upstream, consider how reducing the use of wood fiber disproportionately reduces the pressure to cut down forests. In round numbers, half of all harvested wood fiber is used for such structural products as lumber; the other half is used for paper and cardboard. In both cases, the biggest leverage comes from reducing the amount of the retail product used. If it takes, for example, three pounds of harvested trees to produce one pound of product, then saving one pound of product will save three pounds of trees—plus all the

environmental damage avoided by not having to cut them down in the first place.

The easiest savings come from not using paper that's unwanted or unneeded. In an experiment at its Swiss headquarters, for example, Dow Europe cut office paper flow by about 30% in six weeks simply by discouraging unneeded information. For instance, mailing lists were eliminated and senders of memos got back receipts indicating whether each recipient had wanted the information. Taking

those and other small steps, Dow was also able to increase labor productivity by a similar proportion because people could focus on what they really needed to read. Similarly, Danish hearing-aid maker Oticon saved upwards of 30% of its paper as a by-product of redesigning its business processes to produce better decisions faster. Setting the default on office printers and copiers to double-sided mode re-

duced AT&T's paper costs by about 15%. Recently developed copiers and printers can even strip off old toner and printer ink, permitting each sheet to be reused about ten times.

Further savings can come from using thinner but stronger and more opaque paper, and from designing packaging more thoughtfully. In a 30-month effort at reducing such waste, Johnson & Johnson saved 2,750 tons of packaging, 1,600 tons of paper, \$2.8 million, and at least 330 acres of forest annually. The downstream savings in paper use are multiplied by the savings further upstream, as less need for paper products (or less need for fiber to make each product) translates into less raw paper, less raw paper means less pulp, and less pulp requires fewer trees to be harvested from the forest. Recycling paper and substituting alternative fibers such as wheat straw will save even more.

Comparable savings can be achieved for the wood fiber used in structural products. Pacific Gas and Electric, for example, sponsored an innovative design developed by Davis Energy Group that used engineered wood products to reduce the amount of wood needed in a stud wall for a typical tract house by more than 70%. These walls were stronger, cheaper, more stable, and insulated twice as well. Using them enabled the designers to eliminate heating and cooling equipment in a climate where temperatures range from freezing to 113°F. Eliminating the equipment made the whole house much less expensive both to build and to run while still maintaining high levels of comfort. Taken together, these and many other savings in the paper and construction industries could make our use of wood fiber so much more productive that, in principle,

the entire world's present wood fiber needs could probably be met by an intensive tree farm about the size of Iowa.

Adopting Innovative Technologies. Implementing whole-system design goes hand in hand with introducing alternative, environmentally friendly technologies. Many of these are already available and profitable but not widely known. Some, like the "designer catalysts" that are transforming the chemical industry, are already runaway successes. Others are still making their way to market, delayed by cultural rather than by economic or technical barriers.

The automobile industry is particularly ripe for technological change. After a century of development, motorcar technology is showing signs of age. Only 1% of the energy consumed by today's cars is actually used to move the driver: only 15% to 20% of the power generated by burning gasoline reaches the wheels (the rest is lost in the engine and drivetrain) and 95% of the resulting propulsion moves the car, not the driver. The industry's infrastructure is hugely expensive and inefficient. Its convergent products compete for narrow niches in saturated core markets at commoditylike prices. Auto making is capital intensive, and product cycles are long. It is profitable in good years but subject to large losses in bad years. Like the typewriter industry just before the advent of personal computers, it is vulnerable to displacement by something completely different.

Enter the Hypercar. Since 1993, when Rocky Mountain Institute placed this automotive concept in the public domain, several dozen current and potential auto manufacturers have committed billions of dollars to its development and commercialization. The Hypercar integrates the best existing technologies to reduce the consumption of fuel as much as 85% and the amount of materials used up to 90% by introducing four main innovations.

First, making the vehicle out of advanced polymer composites, chiefly carbon fiber, reduces its weight by two-thirds while maintaining crashworthiness. Second, aerodynamic design and better tires reduce air resistance by as much as 70% and rolling resistance by up to 80%. Together, these innovations save about two-thirds of the fuel. Third, 30% to 50% of the remaining fuel is saved by using a "hybrid-electric" drive. In such a system, the wheels are turned by electric motors whose power is made onboard by a small engine or turbine, or even more efficiently by a fuel cell. The fuel cell generates electricity directly by chemically com-

binning stored hydrogen with oxygen, producing pure hot water as its only by-product. Interactions between the small, clean, efficient power source and the ultralight, low-drag auto body then further reduce the weight, cost, and complexity of both. Fourth, much of the traditional hardware—from transmissions and differentials to gauges and certain parts of the suspension—can be replaced by electronics controlled with highly integrated, customizable, and upgradable software.

These technologies make it feasible to manufacture pollution-free, high-performance cars, sport utilities, pickup trucks, and vans that get 80 to 200 miles per gallon (or its energy equivalent in other fuels). These improvements will not require any compromise in quality or utility. Fuel savings will not come from making the vehicles small, sluggish, unsafe, or unaffordable, nor will they depend on government fuel taxes, mandates, or subsidies. Rather, Hypercars will succeed for the same reason that people buy compact discs instead of phonograph records: the CD is a superior product that redefines market expectations. From the manufacturers' perspective, Hypercars will cut cycle times, capital needs, body part counts, and assembly effort and space by as much as tenfold. Early adopters will have a huge competitive advantage—which is why dozens of corporations, including most automakers, are now racing to bring Hypercar-like products to market.²

In the long term, the Hypercar will transform industries other than automobiles. It will displace about an eighth of the steel market directly and most of the rest eventually, as carbon fiber becomes far cheaper. Hypercars and their cousins could ultimately save as much oil as OPEC now sells. Indeed,

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oil may well become uncompetitive as a fuel long before it becomes scarce and costly. Similar challenges face the coal and electricity industries because the development of the Hypercar is likely to accelerate greatly the commercialization of inexpensive hydrogen fuel cells. These fuel cells will help shift power production from centralized coal-fired and nuclear power stations to networks of decentralized, small-scale generators. In fact, fuel-

cell-powered Hypercars could themselves be part of these networks. They'd be, in effect, 20-kilowatt power plants on wheels. Given that cars are left parked—that is, unused—more than 95% of the time, these Hypercars could be plugged into a grid and could then sell back enough electricity to repay as much as half the predicted cost of leasing them. A national Hypercar fleet could ultimately have five to ten times the generating capacity of the national electric grid.

As radical as it sounds, the Hypercar is not an isolated case. Similar ideas are emerging in such industries as chemicals, semiconductors, general manufacturing, transportation, water and waste-water treatment, agriculture, forestry, energy, real estate, and urban design. For example, the amount of carbon dioxide released for each microchip manufactured can be reduced almost 100-fold through improvements that are now profitable or soon will be.

Some of the most striking developments come from emulating nature's techniques. In her book, *Biomimicry*, Janine Benyus points out that spiders convert digested crickets and flies into silk that's as strong as Kevlar without the need for boiling sulfuric acid and high-temperature extruders. Using no furnaces, abalone can convert seawater into an inner shell twice as tough as our best ceramics. Trees turn sunlight, water, soil, and air into cellulose, a

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Only about 1% of all materials mobilized to serve America is actually made into products and still in use six months after sale.

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sugar stronger than nylon but one-fourth as dense. They then bind it into wood, a natural composite with a higher bending strength than concrete, aluminum alloy, or steel. We may never become as skillful as spiders, abalone, or trees, but smart designers are already realizing that nature's environmentally benign chemistry offers attractive alternatives to industrial brute force.

Whether through better design or through new technologies, reducing waste represents a vast business opportunity. The U.S. economy is not even 10% as energy efficient as the laws of physics allow. Just the energy thrown off as waste heat by U.S. power stations equals the total energy use of Japan. Materials efficiency is even worse: only about 1% of all the materials mobilized to serve America is actually made into products and still in use six months after sale. In every sector, there are opportunities for reducing the amount of resources that go into

a production process, the steps required to run that process, and the amount of pollution generated and by-products discarded at the end. These all represent avoidable costs and hence profits to be won.

Redesign Production According to Biological Models

In the second stage on the journey to natural capitalism, companies use closed-loop manufacturing to create new products and processes that can totally prevent waste. This plus more efficient production processes could cut companies' long-term materials requirements by more than 90% in most sectors.

The central principle of closed-loop manufacturing, as architect Paul Bierman-Lytle of the engineering firm CH2M Hill puts it, is "waste equals food." Every output of manufacturing should be either composted into natural nutrients or remanufactured into technical nutrients—that is, it should be returned to the ecosystem or recycled for further production. Closed-loop production systems are designed to eliminate any materials that incur disposal costs, especially toxic ones, because the alternative—isolating them to prevent harm to natural systems—tends to be costly and risky. Indeed, meeting EPA and OSHA standards by eliminating harmful materials often makes a manufacturing process cost less than the hazardous process it replaced. Motorola, for example, formerly used chlorofluorocarbons for cleaning printed circuit boards after soldering. When CFCs were outlawed because they destroy stratospheric ozone, Motorola at first explored such alternatives as orange-peel terpenes. But it turned out to be even cheaper—and to produce a better product—to redesign the whole soldering process so that it needed no cleaning operations or cleaning materials at all.

Closed-loop manufacturing is more than just a theory. The U.S. remanufacturing industry in 1996 reported revenues of \$53 billion—more than consumer-durables manufacturing (appliances; furniture; audio, video, farm, and garden equipment). Xerox, whose bottom line has swelled by \$700 million from remanufacturing, expects to save another \$1 billion just by remanufacturing its new, entirely reusable or recyclable line of "green" photocopiers. What's more, policy makers in some countries are already taking steps to encourage industry to think along these lines. German law, for example, makes many manufacturers responsible for their products forever, and Japan is following suit.

Combining closed-loop manufacturing with resource efficiency is especially powerful. DuPont, for example, gets much of its polyester industrial film back from customers after they use it and recycles it into new film. DuPont also makes its polyester film ever stronger and thinner so it uses less material and costs less to make. Yet because the film performs better, customers are willing to pay more for it. As DuPont chairman Jack Krol noted in 1997, "Our ability to continually improve the inherent properties [of our films] enables this process [of developing more productive materials, at lower cost, and higher profits] to go on indefinitely."

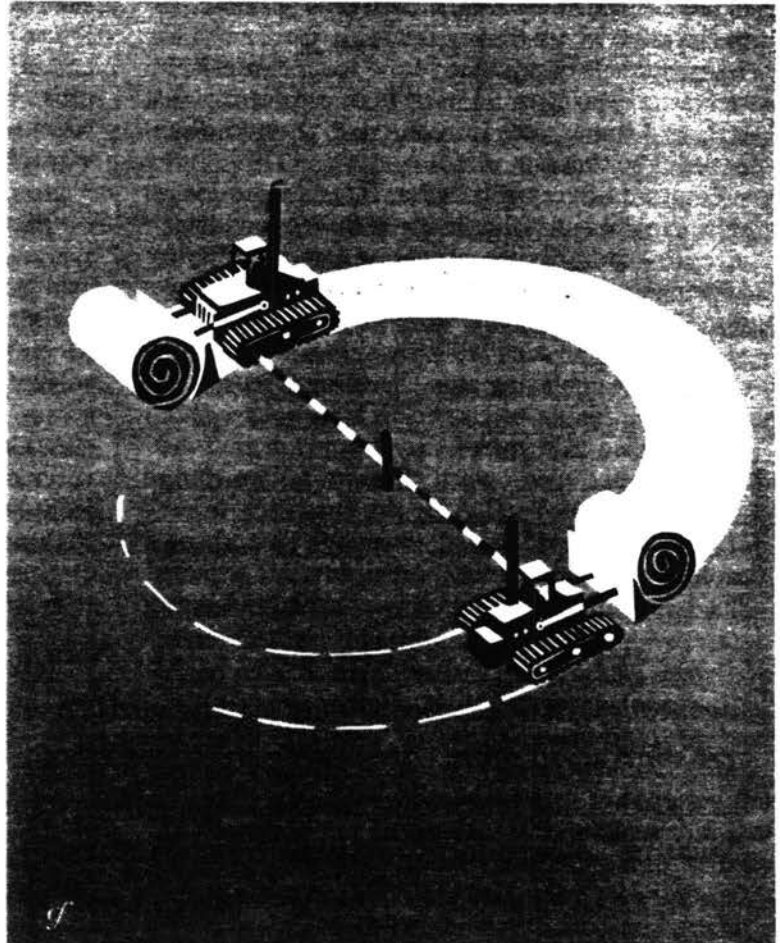
Interface is leading the way to this next frontier of industrial ecology. While its competitors are "down cycling" nylon-and-PVC-based carpet into less valuable carpet backing, Interface has invented a new floor-covering material called Solenium, which can be completely remanufactured into identical new product. This fundamental innovation emerged from a clean-sheet redesign. Executives at Interface didn't ask how they could sell more carpet of the familiar kind; they asked how they could create a dream product that would best meet their customers' needs while protecting and nourishing natural capital.

Solenium lasts four times longer and uses 40% less material than ordinary carpets – an 86% reduction in materials intensity. What's more, Solenium is free of chlorine and other toxic materials, is virtually stainproof, doesn't grow mildew, can easily be cleaned with water, and offers aesthetic advantages over traditional carpets. It's so superior in every respect that Interface doesn't market it as an environmental product – just a better one.

Solenium is only one part of Interface's drive to eliminate every form of waste. Chairman Ray C. Anderson defines waste as "any measurable input that does not produce customer value," and he considers all inputs to be waste until shown otherwise. Between 1994 and 1998, this zero-waste approach led to a systematic treasure hunt that helped to keep resource inputs constant while revenues rose by \$200 million. Indeed, \$67 million of the revenue

increase can be directly attributed to the company's 60% reduction in landfill waste.

Subsequently, president Charlie Eitel expanded the definition of waste to include all fossil fuel inputs, and now many customers are eager to buy products from the company's recently opened solar-



The central principle of closed-loop manufacturing is "waste equals food." Every output of manufacturing should either be composted into natural nutrients and returned to the ecosystem or be remanufactured into new products.

powered carpet factory. Interface's green strategy has not only won plaudits from environmentalists, it has also proved a remarkably successful business strategy. Between 1993 and 1998, revenue has more than doubled, profits have more than tripled, and the number of employees has increased by 73%.

Change the Business Model

In addition to its drive to eliminate waste, Interface has made a fundamental shift in its business model – the third stage on the journey toward natural capital-

ism. The company has realized that clients want to walk on and look at carpets – but not necessarily to own them. Traditionally, broadloom carpets in office buildings are replaced every decade because some portions look worn out. When that happens, companies suffer the disruption of shutting down their offices and removing their furniture. Billions of pounds of carpets are removed each year and sent to landfills, where they will last up to 20,000 years. To escape this unproductive and wasteful cycle, Interface is transforming itself from a company that sells and fits carpets into one that provides floor-covering services.

Under its Evergreen Lease, Interface no longer sells carpets but rather leases a floor-covering service for a monthly fee, accepting responsibility for keeping the carpet fresh and clean. Monthly inspections detect and replace worn carpet tiles. Since at most 20% of an area typically shows at least 80% of the wear, replacing only the worn parts reduces the consumption of carpeting material by about 80%. It also minimizes the disruption that customers experience – worn tiles are seldom found under furniture. Finally, for the customer, leasing carpets can provide a tax advantage by turning a capital expenditure into a tax-deductible expense. The result: the customer gets cheaper and better

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Elevator giant Schindler prefers leasing vertical transportation services to selling elevators because leasing lets it capture the savings from its elevators' lower energy and maintenance costs.

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services that cost the supplier far less to produce. Indeed, the energy saved from not producing a whole new carpet is in itself enough to produce all the carpeting that the new business model requires. Taken together, the 5-fold savings in carpeting material that Interface achieves through the Evergreen Lease and the 7-fold materials savings achieved through the use of Solenium deliver a stunning 35-fold reduction in the flow of materials needed to sustain a superior floor-covering service. Remanufacturing, and even making carpet initially from renewable materials, can then reduce the extraction of virgin resources essentially to the company's goal of zero.

Interface's shift to a service-leasing business reflects a fundamental change from the basic model of most manufacturing companies, which still look on their businesses as machines for producing and

selling products. The more products sold, the better – at least for the company, if not always for the customer or the earth. But any model that wastes natural resources also wastes money. Ultimately, that model will be unable to compete with a service model that emphasizes solving problems and building long-term relationships with customers rather than making and selling products. The shift to what James Womack of the Lean Enterprise Institute calls a "solutions economy" will almost always improve customer value *and* providers' bottom lines because it aligns both parties' interests, offering rewards for doing more and better with less.

Interface is not alone. Elevator giant Schindler, for example, prefers leasing vertical transportation services to selling elevators because leasing lets it capture the savings from its elevators' lower energy and maintenance costs. Dow Chemical and Safety-Kleen prefer leasing dissolving services to selling solvents because they can reuse the same solvent scores of times, reducing costs. United Technologies' Carrier division, the world's largest manufacturer of air conditioners, is shifting its mission from selling air conditioners to leasing comfort. Making its air conditioners more durable and efficient may compromise future equipment sales, but it provides what customers want and will pay for –

better comfort at lower cost. But Carrier is going even further. It's starting to team up with other companies to make buildings more efficient so that they need less air-conditioning, or even none at all, to yield the same level of comfort. Carrier will get paid to provide the agreed-upon level of comfort, however that's delivered. Higher profits will come from providing better solutions rather than from selling more equipment. Since comfort with little or no air-conditioning (via better building design) works better and costs less than comfort with copious air-conditioning, Carrier is smart to capture this opportunity itself before its competitors do. As they say at 3M: "We'd rather eat our own lunch, thank you."

The shift to a service business model promises benefits not just to participating businesses but to the entire economy as well. Womack points out that by helping customers reduce their need for capital goods such as carpets or elevators, and by rewarding suppliers for extending and maximizing asset values rather than for churning them, adoption of the service model will reduce the volatility in the turnover of capital goods that lies at the heart of the business cycle. That would significantly reduce the overall volatility of the world's economy. At present, the producers of capital goods face feast

or famine because the buying decisions of households and corporations are extremely sensitive to fluctuating income. But in a continuous-flow-of-services economy, those swings would be greatly reduced, bringing a welcome stability to businesses. Excess capacity—another form of waste and source of risk—need no longer be retained for meeting peak demand. The result of adopting the new model would be an economy in which we grow and get richer by using less and become stronger by being leaner and more stable.

Reinvest in Natural Capital

The foundation of textbook capitalism is the prudent reinvestment of earnings in productive capital. Natural capitalists who have dramatically raised their resource productivity, closed their loops, and shifted to a solutions-based business model have one key task remaining. They must reinvest in restoring, sustaining, and expanding the most important form of capital—their own natural habitat and biological resource base.

This was not always so important. Until recently, business could ignore damage to the ecosystem because it didn't affect production and didn't increase costs. But that situation is changing. In 1998 alone, violent weather displaced 300 million people and caused upwards of \$90 billion worth of damage, representing more weather-related destruction than was reported through the entire decade of the 1980s. The increase in damage is strongly linked to deforestation and climate change, factors that accelerate the frequency and severity of natural disasters and are the consequences of inefficient industrialization. If the flow of services from industrial systems is to be sustained or increased in the future for a growing population, the vital flow of services from living systems will have to be maintained or increased as well. Without reinvestment in natural capital, shortages of ecosystem services are likely to become the limiting factor to prosperity in the next century. When a manufacturer realizes that a supplier of key components is overextended and running behind on deliveries, it takes immediate action lest its own production lines come to a halt. The ecosystem is a supplier of key components for the life of the planet, and it is now falling behind on its orders.

Failure to protect and reinvest in natural capital can also hit a company's revenues indirectly. Many companies are discovering that public perceptions of environmental responsibility, or its lack thereof, affect sales. MacMillan Bloedel, targeted by environmental activists as an emblematic clear-cutter

and chlorine user, lost 5% of its sales almost overnight when dropped as a U.K. supplier by Scott Paper and Kimberly-Clark. Numerous case studies show that companies leading the way in implementing changes that help protect the environment tend to gain disproportionate advantage, while companies perceived as irresponsible lose their franchise, their legitimacy, and their shirts. Even businesses that claim to be committed to the concept of sustainable development but whose strategy is seen as mistaken, like Monsanto, are encountering stiffening public resistance to their products. Not surprisingly, University of Oregon business professor Michael Russo, along with many other analysts, has found that a strong environmental rating is "a consistent predictor of profitability."

The pioneering corporations that have made reinvestments in natural capital are starting to see some interesting paybacks. The independent power producer AES, for example, has long pursued a policy of planting trees to offset the carbon emissions of its power plants. That ethical stance, once thought quixotic, now looks like a smart investment because a dozen brokers are now starting to create markets in carbon reduction. Similarly, certification by the Forest Stewardship Council of certain sustainably grown and harvested products has given Collins Pine the extra profit margins that enabled its U.S. manufacturing operations to survive brutal competition. Taking an even longer view, Swiss Re and other European reinsurers are seeking to cut their storm-damage losses by pressing for international public policy to protect the climate and by investing in climate-safe technologies that also promise good profits. Yet most companies still do not realize that a vibrant ecological web underpins their survival and their business success. Enriching natural capital is not just a public good—it is vital to every company's longevity.

It turns out that changing industrial processes so that they actually replenish and magnify the stock of natural capital can prove especially profitable because nature does the production; people need just step back and let life flourish. Industries that directly harvest living resources, such as forestry, farming, and fishing, offer the most suggestive examples. Here are three:

- Allan Savory of the Center for Holistic Management in Albuquerque, New Mexico, has redesigned cattle ranching to raise the carrying capacity of rangelands, which have often been degraded not by overgrazing but by undergrazing and grazing the wrong way. Savory's solution is to keep the cattle moving from place to place, grazing intensively but briefly at each site, so that they mimic the dense

but constantly moving herds of native grazing animals that coevolved with grasslands. Thousands of ranchers are estimated to be applying this approach, improving both their range and their profits. This "management-intensive rotational grazing" method, long standard in New Zealand, yields such clearly superior returns that over 15% of Wisconsin's dairy farms have adopted it in the past few years.

- The California Rice Industry Association has discovered that letting nature's diversity flourish can be more profitable than forcing it to produce a single product. By flooding 150,000 to 200,000 acres of Sacramento valley rice fields—about 30% of California's rice-growing area—after harvest, farmers are able to create seasonal wetlands that support millions of wildfowl, replenish groundwater, improve fertility, and yield other valuable benefits. In addition, the farmers bale and sell the rice straw, whose high silica content—formerly an air-pollution hazard when the straw was burned—adds insect resistance and hence value as a construction material when it's resold instead.

- John Todd of Living Technologies in Burlington, Vermont, has used biological Living Machines—linked tanks of bacteria, algae, plants, and other organisms—to turn sewage into clean water. That not only yields cleaner water at a reduced cost, with no toxicity or odor, but it also produces commercially valuable flowers and makes the plant compatible with its residential neighborhood. A similar plant

.....

Many executives think they already "did" efficiency in the 1970s, but with today's far better technologies, it's profitable to start over again.

.....

at the Ethel M Chocolates factory in Las Vegas, Nevada, not only handles difficult industrial wastes effectively but is showcased in its public tours.

Although such practices are still evolving, the broad lessons they teach are clear. In almost all climates, soils, and societies, working with nature is more productive than working against it. Reinvesting in nature allows farmers, fishermen, and forest managers to match or exceed the high yields and profits sustained by traditional input-intensive, chemically driven practices. Although much of mainstream business is still headed the other way, the profitability of sustainable, nature-emulating practices is already being proven. In the future, many industries that don't now consider themselves dependent on a biological resource base will become more so as they shift their raw materials and pro-

duction processes more to biological ones. There is evidence that many business leaders are starting to think this way. The consulting firm Arthur D. Little surveyed a group of North American and European business leaders and found that 83% of them already believe that they can derive "real business value [from implementing a] sustainable-development approach to strategy and operations."

A Broken Compass?

If the road ahead is this clear, why are so many companies straying or falling by the wayside? We believe the reason is that the instruments companies use to set their targets, measure their performance, and hand out rewards are faulty. In other words, the markets are full of distortions and perverse incentives. Of the more than 60 specific forms of misdirection that we have identified,³ the most obvious involve the ways companies allocate capital and the way governments set policy and impose taxes. Merely correcting these defective practices would uncover huge opportunities for profit.

Consider how companies make purchasing decisions. Decisions to buy small items are typically based on their initial cost rather than their full life-cycle cost, a practice that can add up to major waste. Distribution transformers that supply electricity to buildings and factories, for example, are a minor item at just \$320 apiece, and most companies try to save a quick buck by buying the lowest-price models. Yet nearly all the nation's electricity must flow through transformers, and using the cheaper but less efficient models wastes \$1 billion a year. Such examples are legion. Equipping standard new office-lighting circuits with fatter wire that reduces electrical resistance could gener-

ate after-tax returns of 193% a year. Instead, wire as thin as the National Electrical Code permits is usually selected because it costs less up-front. But the code is meant only to prevent fires from overheated wiring, not to save money. Ironically, an electrician who chooses fatter wire—thereby reducing long-term electricity bills—doesn't get the job. After paying for the extra copper, he's no longer the low bidder.

Some companies do consider more than just the initial price in their purchasing decisions but still don't go far enough. Most of them use a crude payback estimate rather than more accurate metrics like discounted cash flow. A few years ago, the median simple payback these companies were demanding from energy efficiency was 1.9 years. That's equivalent to requiring an after-tax return of around 71% per year—about six times the marginal cost of capital.

Most companies also miss major opportunities by treating their facilities costs as an overhead to be minimized, typically by laying off engineers, rather than as profit center to be optimized – by using those engineers to save resources. Deficient measurement and accounting practices also prevent companies from allocating costs – and waste – with any accuracy. For example, only a few semiconductor plants worldwide regularly and accurately measure how much energy they're using to produce a unit of chilled water or clean air for their clean-room production facilities. That makes it hard for them to improve efficiency. In fact, in an effort to save time, semiconductor makers frequently build new plants as exact copies of previous ones – a design method nicknamed “infectious repetitis.”

Many executives pay too little attention to saving resources because they are often a small percentage of total costs (energy costs run to about 2% in most industries). But those resource savings drop straight to the bottom line and so represent a far greater percentage of profits. Many executives also think they already “did” efficiency in the 1970s, when the oil shock forced them to rethink old habits. They're forgetting that with today's far better technologies, it's profitable to start all over again. Malden Mills, the Massachusetts maker of such products as Polartec, was already using “efficient” metal-halide lamps in the mid-1990s. But a recent warehouse retrofit reduced the energy used for lighting by another 93%, improved visibility, and paid for itself in 18 months.

The way people are rewarded often creates perverse incentives. Architects and engineers, for example, are traditionally compensated for what they spend, not for what they save. Even the striking economics of the retrofit design for the Chicago office tower described earlier wasn't incentive enough actually to implement it. The property was controlled by a leasing agent who earned a commission every time she leased space, so she didn't want to wait the few extra months needed to refit the building. Her decision to reject the efficiency-quadrupling renovation proved costly for both her and her client. The building was so uncomfortable and expensive to occupy that it didn't lease, so ultimately the owner had to unload it at a firesale price. Moreover, the new owner will for the next 20 years be deprived of the opportunity to save capital cost.

If corporate practices obscure the benefits of natural capitalism, government policy positively undermines it. In nearly every country on the planet, tax laws penalize what we want more of – jobs and

income – while subsidizing what we want less of – resource depletion and pollution. In every state but Oregon, regulated utilities are rewarded for selling more energy, water, and other resources, and penalized for selling less, even if increased production would cost more than improved customer efficiency. In most of America's arid western states, use-it-or-lose-it water laws encourage inefficient water con-

.....
In nearly every country on the planet, tax laws
penalize jobs and income while subsidizing
resource depletion and pollution.
.....

sumption. Additionally, in many towns, inefficient use of land is enforced through outdated regulations, such as guidelines for ultrawide suburban streets recommended by 1950s civil-defense planners to accommodate the heavy equipment needed to clear up rubble after a nuclear attack.

The costs of these perverse incentives are staggering: \$300 billion in annual energy wasted in the United States, and \$1 trillion already misallocated to unnecessary air-conditioning equipment and the power supplies to run it (about 40% of the nation's peak electric load). Across the entire economy, unnneeded expenditures to subsidize, encourage, and try to remedy inefficiency and damage that should not have occurred in the first place probably account for most, if not all, of the GDP growth of the past two decades. Indeed, according to former World Bank economist Herman Daly and his colleague John Cobb (along with many other analysts), Americans are hardly better off than they were in 1980. But if the U.S. government and private industry could redirect the dollars currently earmarked for remedial costs toward reinvestment in natural and human capital, they could bring about a genuine improvement in the nation's welfare. Companies, too, are finding that wasting resources also means wasting money and people. These intertwined forms of waste have equally intertwined solutions. Firing the unproductive tons, gallons, and kilowatt-hours often makes it possible to keep the people, who will have more and better work to do.

Recognizing the Scarcity Shift

In the end, the real trouble with our economic compass is that it points in exactly the wrong direction. Most businesses are behaving as if people were still scarce and nature still abundant – the conditions that helped to fuel the first Industrial

Revolution. At that time, people were relatively scarce compared with the present-day population. The rapid mechanization of the textile industries caused explosive economic growth that created labor shortages in the factory and the field. The Industrial Revolution, responding to those shortages and mechanizing one industry after another, made people a hundred times more productive than they had ever been.

The logic of economizing on the scarcest resource, because it limits progress, remains correct. But the pattern of scarcity is shifting: now people aren't scarce but nature is. This shows up first in industries that depend directly on ecological health. Here, production is increasingly constrained by fish rather than by boats and nets, by forests rather than by chain saws, by fertile topsoil rather than by plows. Moreover, unlike the traditional factors of industrial production—capital and labor—the biological limiting factors cannot be substituted for one other. In the industrial system, we can easily exchange machinery for labor. But no technology or amount of money can substitute for a stable cli-

mate and a productive biosphere. Even proper pricing can't replace the priceless.

Natural capitalism addresses those problems by reintegrating ecological with economic goals. Because it is both necessary and profitable, it will subsume traditional industrialism within a new economy and a new paradigm of production, just as industrialism previously subsumed agrarianism. The companies that first make the changes we have described will have a competitive edge. Those that don't make that effort won't be a problem because ultimately they won't be around. In making that choice, as Henry Ford said, "Whether you believe you can, or whether you believe you can't, you're absolutely right."

1. Our book, *Natural Capitalism*, provides hundreds of examples of how companies of almost every type and size, often through modest shifts in business logic and practice, have dramatically improved their bottom lines.

2. Nonproprietary details are posted at <http://www.hypercar.com>.

3. Summarized in the report "Climate: Making Sense and Making Money" at <http://www.rmi.org/catalog/climate.htm>.

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WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

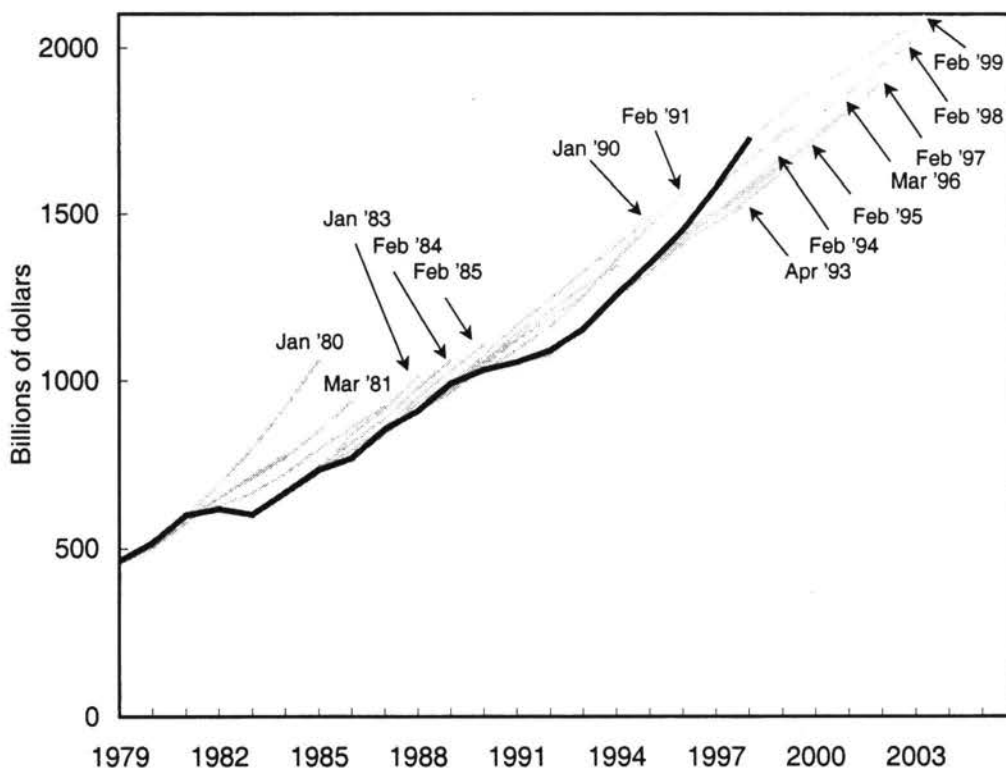
Prepared by the Council of Economic Advisers
 with the assistance of the Office of the Vice President

July 23, 1999

Capital Spending
to be stable

CHART OF THE WEEK

Federal Revenue Projections, 1979-99



Since 1993 Administration revenue projections (the light gray lines) have been conservative and have underestimated actual revenues (the dark line). This stands in marked contrast to Administration projections during the 1982-90 expansion, which tended to overestimate revenues, even prior to the 1990-91 recession.

TO B Reed

8-2-99

fig-
BGS

TO: Secretary Riley
FROM: Jill Riemer per Terry
RE: suggested talking points for a one-minute chat with POTUS

EDUCATION IS STILL A NATIONWIDE PRIORITY

- ✓ Insert the word "EDUCATION" in the overall budget fight, and not just Medicare and Social Security. Some people may not focus on a discussion between tax credits and appropriations, but EDUCATION is still the number one issue on their minds. Republicans are closing the gap on education, so we need to keep EDUCATION at the forefront of our priorities and rhetoric. The gap has narrowed from 30 points in a 1996 poll to 13 points in a recent poll.

copied
Reed
Podesta

NEED TO MODERNIZE OUR SCHOOLS

- ✓ We need to RE-ENGAGE everyone on the importance of modernizing and repairing our schools, so that they can also accommodate technology. I have been in many schools across the country and seen some appalling rundown school buildings. In addition, overcrowding is a tremendous problem in some places. In 1998, 86% of Americans said they favored providing funds to repair and place older school buildings. For three years, we have tried to pass a school construction bill only to be blocked by Congress each time. Now is the time for us to re-engage on this issue.

HONOR COMMITMENT TO REDUCE CLASS SIZE AND PROVIDE MORE PERSONAL ATTENTION

- ✓ It is also important for us to keep saying that Congress must honor the commitment it made last year to reduce class size in the early grades. That is what parents want and it's what they deserve so their children can receive more learning and have fewer discipline problems in the classroom. We cannot allow Republicans to fold our class size initiative into a larger teacher quality bill, negating our commitment to parents for smaller classes for their children.



Continental Wingate Company, Inc.

Gerald Schuster
President

July 29, 1999

copied
Jennings
Podesta

Ms. Betty Currie
Secretary to the President
White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Betty:

Both Elaine and I spoke with the President during the evening of the State Dinner that honored Prime Minister Ehud Barak. After some discussion of the enclosed subject matter, the President asked that this information be sent directly to him through you.

Would you be so kind as to forward this package to the President. Thank you for your attention to this matter.

Very truly yours,

Gerald Schuster

GS/pm
Enclosures

8-2-99

*Chris Jennings
Fly - an old letter
to the President
about his father
-*

PARTNERS

M E M O R A N D U M

To: Gerry Schuster

From: Samuel O. Thier, M.D. 

Date: July 21, 1999

Subject: **Impact of the BBA on Teaching Hospitals**

I very much appreciate your taking the time to talk with President and Mrs. Clinton about the financial problems faced by teaching hospitals, including those that comprise the Partners HealthCare System. Jeff Otten, Jim Mongan and I have spent many hours over the past six months briefing Congress, the press, and officials in the Clinton Administration about the implications of the Balanced Budget Act of 1997 (BBA) for providers; our colleagues across the country are doing the same. As the enclosed list of press coverage illustrates, the media has a solid understanding of our problems. Official Washington and its policy experts remain skeptical, in part because the Administration is still relying on fiscal year 1997 data.

 Although Washington is slow to recognize the seriousness of our problems, Wall Street has not been. Hospital bond rating downgrades substantially exceeded upgrades in 1998, reversing a two-year positive trend, and the rating agencies regularly cite Medicare cuts as a key contributor to the negative credit health of non-profit hospitals. Evidence is mounting elsewhere to support the claims of teaching hospitals that the BBA has gone too far. For example, under the BBA, Medicare spending was expected to grow 6.5 percent. In 1998, Medicare growth was actually 1.5 percent; it was negative for the first six months of 1999. Similarly, the BBA is now expected to cut Medicare by \$88.5 billion more than originally planned.

The combination of deep Medicare cuts through fiscal year 2002 (and beyond under President Clinton's Medicare reform proposal), steady increases in the costs of providing care, and, in our region, flat employer premiums, will devastate teaching hospitals. We will redouble our cost control efforts and are making the case that private sector premium increases are necessary. But we cannot forestall disaster without BBA relief as well. To be specific, there must be:

- No further reductions in special "mission-related" Medicare payments for teaching hospitals and indigent care hospitals (i.e., halt the IME and DSH cuts); *
- Smaller reductions in payments for outpatient care; and

*IME (Medical Education)

DSH (Shared Hospital Costs for Non-Reimbursable Medical Care
for the Poor)

- Faster implementation of technical corrections that redirect IME and DSH funds incorrectly paid to HMOs back to hospitals.

Enclosed, for your review, is a chart that illustrates the impact of the BBA on the acute hospitals that comprise the Partners HealthCare System; we face a total of \$340 million in lost Medicare payments. Also enclosed is a chart that demonstrates the fiscal “hemorrhaging” that is occurring among the Boston-area teaching hospitals. If you should need additional information or have questions about these materials, please call me, or Deborah Colton, our director of government relations, at (617) 278-1041.

Cc: James Mongan, M.D.
Jeff Otten
Thomas P. Glynn

Impact of Balanced Budget Act, By Partners HealthCare System Hospital (in \$ Millions)



	<i>FY 98</i>	<i>FY 99</i>	<i>FY 00</i>	<i>FY 02</i>	<i>FY 02</i>	<i>5 Yrs</i>
Atlanticare Hospital	\$(2.2)	\$(3.1)	\$(3.8)	\$(4.8)	\$(5.8)	\$(19.6)
Brigham & Women's Hospital	(8.5)	(13.5)	(19.3)	(26.2)	(29.7)	(97.2)
Faulkner Hospital	(1.2)	(2.0)	(2.7)	(3.6)	(4.3)	(13.7)
Massachusetts General Hospital	(15.0)	(22.7)	(33.7)	(45.3)	(49.9)	(166.6)
Newton-Wellesley Hospital	(2.5)	(3.6)	(4.9)	(6.5)	(7.6)	(25.1)
Salem Hospital	(2.1)	(3.4)	(3.4)	(3.9)	(5.1)	(17.9)
Total PHS Acute Hospitals	\$(31.4)	\$(48.2)	\$(67.8)	\$(90.3)	\$(102.4)	\$(340)

Boston Area Teaching Hospitals Financial Performance - Q2 YTD FY99



Mid-Year Period Ending March 31, 1999

(millions)

	Operating Income	Non-Operating Income	Excess Revenue (Deficiency) Over Expenses
Beth Israel Deaconess Medical Center	\$ (37.7)	\$ 1.8	\$ (35.9)
Boston Medical Center	\$ (3.8)	\$ 4.6	\$ 0.8
New England Medical Center	\$ (1.1)	\$ 3.9	\$ 2.8
St.Elizabeth's Medical Center	\$ 2.8	\$ 0.8	\$ 3.6
Dana Farber Cancer Institute	\$ (6.1)	\$ 12.8	\$ 6.7
Brigham & Women's Hospital	\$ (8.2)	\$ 3.6	\$ (4.6)
Massachusetts General Hospital	\$ (5.8)	\$ 2.2	\$ (3.6)
Partners Total (MGH + BWH)	\$ (14.0)	\$ 5.8	\$ (8.2)
Group Total	\$ (59.9)	\$ 29.7	\$ (30.2)

Source: Boston Organization of Teaching Hospitals Financial Officers Mid-Year FY99 Report (BOTHFO)

July 8, 1999

Partners Corporate Development

Bond Ratings Downgraded For Hospitals

By CAROL GENTRY

Staff Reporter of THE WALL STREET JOURNAL

Some of New England's most prominent health-care institutions are getting smacked around in the bond markets.

Over the past few months, credit-rating agencies have downgraded the second-largest hospital group in Massachusetts and three of the biggest hospitals in New Hampshire. The region's largest health maintenance organization, Harvard Pilgrim Health Care of Brookline, Mass., saw its ratings slashed twice since January.

Rating agencies have also issued a number of recent warnings—"negative outlooks" and "credit watches"—which are signs that they see trouble ahead and the potential for more downgrades.

"We are in a credit downdraft," says Martin Arrick, director of the health-care group at Standard & Poor's Corp. in New York. It struck early this year and "gathered momentum and steam."

Lower credit ratings are a warning to investors that buying hospital debt is riskier. To compensate for the higher risk, institutions have to offer higher yields, which makes it more expensive to borrow money for everything from new operating-room equipment to bricks-and-mortar projects like cancer centers.

Many of the region's health-care nonprofits won't have to face that problem for a little while, since they refinanced old debt and issued new bonds last year, when interest rates were at their lowest point in years. In Boston, many hospitals have decided to put off borrowing for the moment. But eventually they will need financing to keep up with changes in technology.

Officials at the Massachusetts Health and Educational Facilities Authority, a state agency that helps nonprofits arrange financing, say they had 13 health-care issues last year but only three so far this year, with none in the pipeline.

While the health-care bond market is sagging everywhere, the Boston area is particularly hard hit because it has so many teaching hospitals. Those hospitals, which have higher expenses than non-teaching ones, have been disproportionately hurt by federal Medicare cuts under the Balanced Budget Act of 1997.

Given the number of jobs related to
Please Turn to Page NE4, Column 3

Credit Agencies Downgrade Bonds Of Hospitals, HMOs

Continued From Page NE1

health care in Massachusetts, says Robert Ciolek, the authority's executive director, the economy could suffer if hospitals stop spending money. But most important, he says, is the effect on the patient: "Hospitals have to have access to capital to make investments in the kind of equipment that saves lives and improves health."

Further, Mr. Ciolek says, if the ratings downside continues for a long time, hospitals may wait too long for equipment upgrades and risk Boston's reputation as a health-care Mecca.

Wary of the instability in the health-care market, bond-insurance firms, which step in if a borrower misses a payment, are refusing to insure some institutions. The largest bond insurer in the U.S., MBIA Insurance Corp. of Armonk, N.Y., will no longer insure those rated triple-B by S&P.

And hospitals with higher ratings will pay more in premiums. "Our pricing in health care is higher across the board, on whatever we insure," says David Penchoff, senior managing director of MBIA.

As a result, hospitals that want to sell bonds today often go without insurance, which makes their bonds a higher risk. They then must pay higher yields to lure investors into taking on the risk.

'Unrealistic' Quotes?

None of the three hospital issues in Massachusetts this year was insured. The three issuers had to offer between ¼ percentage point and ½ point more in interest, but it was cheaper than buying insurance.

David Hannan, president and chief executive of one of the issuers, South Shore Hospital in Weymouth, says a major insurer gave him a price that would have added 1.3% to the cost of the issue. "The quotes were unrealistic," he says.

Mr. Ciolek says the issuers were able to go without insurance because they were willing to work hard to persuade investors they're worth the risk.

Says Mr. Hannan: "You sell yourself to the underwriters first, then to the raters and then to the people who are going to buy the bonds."

Because of the risk, buyers in this market aren't the retail investors but high-yield portfolio managers like George Kimball, vice president for Evergreen Investment Management Co. in Boston. He

bought some South Shore debt based on his company's research, which showed the hospital dominates its suburban market. Mr. Kimball recommends staying away "from inner-city hospitals and teaching hospitals, where there's a lot more competition for patients and services."

Two of the hospital groups he's talking about are Partners HealthCare System and Caregroup HealthCare System, both in downtown Boston. Their flagship hospitals—Massachusetts General and Brigham & Women's for Partners, and Beth Israel Deaconess Medical Center for Caregroup—are the largest teaching centers for Harvard University Medical School.

Partners managed to keep its double-A-minus rating from Fitch IBCA Inc. and

Bond-Rating Blues

Standard & Poor's has downgraded several New England health-care institutions recently

	LOCATION	FROM	TO
B.I.-Deaconess/CareGroup	Boston	A	triple-B-plus
Harvard-Pilgrim HMO (twice)	Brookline, Mass.	A-minus triple-B	triple-B (March) double-B (June)
Jordan Hospital	Plymouth, Mass.	A-minus	triple-B-plus
Catholic Med. Ctr.	Manchester, N.H.	A	A-minus
Elliot Hospital	Manchester, N.H.	A	A-minus
St. Joseph Hospital	Nashua, N.H.	A	A-minus

Source: Standard & Poor's

S&P this year. But in late March, S&P assigned Partners' debt a negative outlook, signaling that it could face a rating review later this year unless its performance improves. Jay Pieper, a Partners vice president, says the group is gaining market share but has been harmed more by the Balanced Budget Act than community hospitals. "This creates a greater challenge for us," he says.

CareGroup fared even worse. S&P and Moody's Investors Service slapped it with a downgrade last year to triple-B-plus from A, skipping the A-minus grade. Both firms also tagged it with a negative outlook.

Not Alone

Harvard Pilgrim is facing similar woes. In March, S&P lowered its rating to triple-B from A-minus on its preliminary estimate of the HMO's 1998 loss. When the loss turned out to be \$54 million, higher than projected, S&P inflicted a second downgrade in June, to double-B, which is below investment grade, known as junk.

Harvard Pilgrim's treasurer, Harold Putnam, sent out a June 3 memo to the staff calling the downgrade "obviously disappointing," but noted that the HMO doesn't anticipate borrowing money any time soon. Last year, it issued \$193 million in insured bonds that carried a triple-A rating. The bonds raised money to pay off \$140 million in existing debt and build new offices in Wellesley. Consolidating offices will save money, a spokeswoman says.

CEO Charles D. Baker Jr. says: "We have to improve our performance, financially and operationally, which we will do."

WEDNESDAY, JULY 21, 1999

Efficiency May Prove Costly For Hospitals

By CAROL GENTRY

Staff Reporter of THE WALL STREET JOURNAL

Medicare cuts will draw more blood in New England than in many other regions, a new study says—because its hospitals are more efficient.

With less fat to cut, the study says, it appears that New England hospitals will suffer more than any others in the U.S.

The report, by HCIA Inc., a Baltimore health-care consulting company, lends weight to the recent pleas by the Massachusetts Hospital Association. Executives of the state's community hospitals are in Washington today to meet with the region's congressional delegation and members of the White House staff. Officials from academic medical centers have already been down to testify at hearings.

"The eyes of Washington should be on places like Massachusetts," a hospital-association spokesman says. "The pain we're already starting to feel will be what the rest of the country will feel in the future."

The HCIA report looks at the regional and local effects of the Balanced Budget Act of 1997, which sharply reduced Medicare payments. Taking into consideration each area's cost of living and the illnesses being treated, the report shows how their hospitals compare in efficiency—and forecasts how the hospitals will be affected by the act in its fifth year, 2002.

The study projects U.S. hospitals overall will be able to reduce costs enough to stay profitable after the cuts; it forecasts a median total profit margin (net income as a percentage of total revenue) of 3.43% in 2002. But New England's hospitals, already running leaner, will be dragged into the red with a loss equal to 0.43% of revenue.

Of New England's metropolitan areas, Boston is worst off, with HCIA predicting an average loss of over 3%. Indeed, Boston is among the seven worst-off metro areas in the nation, the study says. Other New England areas projected to be hurt badly by the cuts are New Haven-Meriden, Hartford and Bridgeport, Conn., and Worcester and Springfield, Mass.

Hospitals in three New England cities—Nashua, N.H., and Portland and Bangor, Maine—were ranked as "safe" because they have sufficient resources to weather

Please Turn to Page NE3, Column 1

Medicare Cuts Hit Efficient Hospitals Hardest, Study Says

Continued From Page NE1

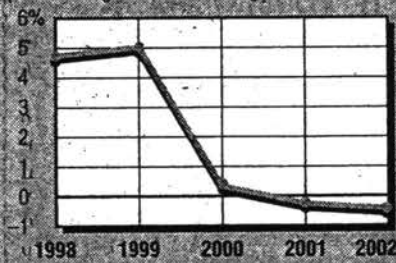
the storm, according to HCIA.

Providence is in a category of its own: "challenged." While its hospitals are forecast to show a substantial loss, HCIA says they have room to economize.

For ideas where to cut, those Providence hospitals can look elsewhere in the region. The consultants found evidence of

Hospitals in Pain

Medicare cuts, which began in 1998, are going deeper, as shown by median total profit margins for New England facilities



deep cost cutting in New England between 1995 and 1997. For example, the average patient stay went from almost three days longer than would be expected, given the severity of the illness, to 1.4 days shorter than would be expected, HCIA says.

"It appears that hospitals in this area are managing charges and costs well, and don't have much room to lower them further," the study says. Hospital executives say they have been pressed relentlessly by managed-care plans.

And now they are in Washington, trying to get Congress to soften the effects of the 1997 law. Intended to save Medicare \$103 billion from 1998 through 2002, it's now on target to chop \$191.5 billion, according to the Congressional Budget Office.

Richard J. Pollack, executive vice president of the American Hospital Association, says the congressional budget resolution in the spring set aside more than \$100 billion in a reserve fund. But there are other ideas for spending the money, including President Clinton's plan for Medicare to cover drug costs—under which hospital cuts would continue beyond 2002.

Slicing Lessons

One question the study raises: How did the region's hospitals cut costs so fast?

A spokesman for the Massachusetts Nurses Association in Canton has a blunt answer: "They're beating the hell out of nurses."

Gloria Craven, director of government affairs for the nurses' group, says one nurse often must care for seven or eight gravely ill patients on a unit, and all too frequently is forced to work a double shift. "They truly dislike mandatory overtime,"

she says. "It's not safe for them and not safe for the patients."

Some hospitals have found other ways, though. Massachusetts General Hospital in Boston, for example, began an operations-improvement program in 1995 that so far has saved \$126 million, says its director, physician Elizabeth Mort. In the past year, she says, it cut \$43 million out of a budget of about \$800 million.

The goals of the program were to improve patient care and satisfaction while saving money where possible, she says.

Lab Consolidation

For instance, by consolidating the hospital's six independent laboratories into one in 1997, the hospital saved \$1.5 million a year on an \$18 million lab budget. Also, the number of tubes of blood required from each patient was reduced significantly.

The hospital invested \$250,000 in a voice-recognition transcribing machine for X-ray departments, Dr. Mort says. "The project broke even in four months," she says, but that's not all: Doctors now get their reports in a few hours; human transcribers take four days.

Jeanette Ives Erickson, senior vice president and chief nurse at Mass General,

Heading for the Red

Hospitals in six New England cities are in danger, the study says.

	TOTAL PROFIT MARGIN, 1997	TOTAL PROFIT MARGIN, 2002
Boston metro area	2.05%	-3.12%
Bridgeport, Conn.	4.54	-0.89
Hartford, Conn.	3.10	-2.07
New Haven	2.62	-3.55
Meriden, Conn.		
Springfield, Mass.	4.96	-0.21
Worcester, Mass.	3.44	-1.73

While three are considered safe, and one is "challenged"

	TOTAL PROFIT MARGIN, 1997	TOTAL PROFIT MARGIN, 2002
Bangor, Maine	7.67%	2.50%
Nashua, N.H.	6.58	1.41
Portland, Maine	7.38	2.21
Providence, R.I.	3.03	-2.14

Source: HCIA Inc.

says she doesn't believe in forced overtime. "I believe it's up to us to find new ways of delivering care, but never to compromise the nurse-patient relationship," she says. "It's a sacred trust."

Her staff has found some ways to become more efficient, such as in the paperwork that nurses have to fill out before a patient is sent home. "We had 17 forms, and now we have one," she says.

And a patient-education center now provides materials for patients and families—with the aim of delivering better information in less time, Ms. Ives Erickson says. "We're not looking at take-aways," she says. "We're looking at improvement."

Tighter Rein on Lists Of Consumer Data Sought in Bay State

By GEETA O'DONNELL ANAND
Staff Reporter of THE WALL STREET JOURNAL

BOSTON—As part of a comprehensive package of privacy protections, the administration of Massachusetts Gov. Paul Cellucci is proposing state legislation this week to make retailers and other companies obtain consumers' permission before selling information on their buying habits.

Lt. Gov. Jane Swift, one of several members of the Cellucci administration expected to testify before the state Legislature's Joint Committee on Commerce and Labor today, says people usually have no idea information on everything they buy—from prescription drugs to magazines and food—is being compiled and sold. The information is being used by marketers but also by employers, insurers and others interested in consumers' personal profiles.

Getting More Control

Daniel A. Grabauskas, director of the state Office of Consumer Affairs and Business Regulation, says the legislation tries to give people more control over the use of information about themselves.

"Individuals should have the right to decide who should and shouldn't know information about the most intimate aspects of their lives," he says.

Specifically, he is proposing that companies interested in selling lists of customers or their purchases obtain permission before doing so. Currently, some companies will allow customers to "opt out"—or remove their names—from selling lists. Mr. Grabauskas says he wants to turn the tables on the companies and make it their responsibility to find out which customers want to "opt in," or be included in the lists.

Chet Dalzell, a spokesman for the Direct Marketing Association, a New York-based industry group of 4,500 companies, suggested the legislation was unnecessary because companies selling information are only trying to match consumers with companies selling products they may need.

"Our society allows information to be used for wise and beneficial uses, and laws to restrict it only when there's harm," he says. "In this instance, there's only benefit from the exchange of information because it creates more relevant marketing offers."

Keeping It Personal

Ms. Swift, however, argues that the effects of putting personal information out in the marketplace could be devastating to an individual. "Knowing what drugs you take could be misinterpreted and misused by an insurance company or a potential employer," she says.

Ms. Swift adds: "If the marketing association thinks they're being so helpful, they shouldn't be concerned that we're allowing consumers the right to decide if they want the information to be collected."



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8-2-99

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'Dragon Man' Sells Guns but Is Looking Askance at Buyers

* * *

Columbine High Killings Made Colorado Dealer a Believer In Registering All Resales

A1

By ROBERT TOMSHO

Staff Reporter of THE WALL STREET JOURNAL
COLORADO SPRINGS, Colo. — With tangles of serpent tattoos cascading down his beefy shoulders, gun dealer Mel Bernstein doesn't look as if he cares what polite society thinks.

Indeed, while most firearms retailers scurried for cover after the April 20 massacre at Columbine High School in Littleton, Colo., Mr. Bernstein stepped into the spotlight, announcing that teenage gunman Eric Harris had come by his Dragon Arms store looking for (but not buying) a fully automatic, M-60 machine gun.

The 53-year-old Brooklyn native then led camera crews outside, where he ripped off a few rounds with one of the mammoth automatic weapons. "All my life, I've wanted to blow minds," says Mr. Bernstein, who is also known as "Dragon Man," because of his motorcycle, which is rigged with a flamethrower.

But lately, the burly biker has started to worry about his gun business—not sales, but some of the buyers. For the first time, Mr. Bernstein says, he is beginning to feel a little edgy.

With annual revenue of about \$600,000, his little blue-collar empire is tucked

among the rolling hills east of town. It boasts a military museum, a paint-ball course, a firing range and a thriving motorcycle machine shop, as well as Dragon Arms, which is licensed to sell everything from cheap handguns to vintage bazookas.

The isolated compound is posted with signs warning visitors not to arrive unannounced after dark. Its dusty entry road is lined with a macabre array of bullet-pocked sedans and bloodied mannequins. "This guy gave Dragon Man a hard time," warns one sign posted amid the fake gore. "This customer asked too many questions," reads another.

"After they see that, a lot of people are afraid to come in," chortles Mr. Bernstein, who drives around town with twin .50-caliber machine guns bolted to the roof of his Suzuki Samurai.

The rebellious son of a New York chiropractor, he quit high school in the ninth grade to collect guns, build motorcycles and ride with gangs. "A lot of them are in jail," Edith Bernstein says of her son's old crowd. "A lot of them are dead."

After surviving an Army stint in Vietnam in 1965 and '66, Mr. Bernstein opened a Long Island motorcycle-repair shop that became widely known for its mail-order

engine overhauls. Drawn by cheaper land and lower taxes, he and his wife, Terry Flanell, moved the business to Colorado in 1982. They stumbled into firearms retailing after accepting a cache of guns as repayment of a business debt.

Although authorities initially conducted surveillance, Dragon Man slowly won them over. He drove Memorial Day convoys of his own vintage military vehicles through town and appeared in the local Christmas parade astride his fire-breathing chopper. Politicians began campaigning at the compound's popular weapons shows, which featured Mr. Bernstein blasting junk cars to kingdom come.

"For a while, there was a mentality that Mel was selling machine guns and grenade launchers on the street, but there is no evidence of that," says Rich Marianos, who heads up the local office of the U.S. Bureau of Alcohol, Tobacco and Firearms. "Mel's not dirty."

Indeed, Mr. Bernstein and his wife try to maintain scrupulous firearms records and, when suspect customers come through the door, they call authorities. They have been "incredibly cooperative," says David Glenn, a Colorado Springs police commander.

Mr. Bernstein's problems haven't involved pricey weapons such as his mortars, Tommy guns, or .50-caliber machine guns, which fetch nearly \$7,000 each. Buyers of such powerful arms must undergo lengthy and intensive background checks.

The trouble has been with cheap, semi-automatic weapons like the 9mm Lorcin pistols that Dragon Arms buys wholesale for \$49 each and sells for \$110. Mr. Bernstein doesn't apologize for carrying such merchandise. "That's where we make the money," he says, adding: "If we don't sell them, they'll just go somewhere else."

But lately, Mr. Bernstein has begun to wish certain customers would shop elsewhere. They are the ones who buy weapons intending to sell them on the street or distribute them to others who can't make legal purchases because of their age or felony convictions.

Often employed by gangs and drug smugglers, such so-called "straw buyers" have spawned calls for tighter legal restrictions and charges that the industry isn't doing enough to police itself.

Mr. Bernstein has occasionally seen straw buyers distributing newly purchased guns to others in his parking lot. Meanwhile, weapons from his shop have turned up in distant criminal investigations and suspicious strangers pull up often enough that Ms. Flanell has begun locking up early when her husband is away.

"I don't want these people here," says Mr. Bernstein, who has refused to do business with some buyers.

One Incident

But sometimes, it's hard to tell.

One of his best customers used to be a mannerly young Army sergeant from

nearby Fort Carson. In 1997, a military court here sentenced the soldier to 15 years in military prison for his involvement in a scheme to transfer weapons purchased at Dragon Arms to a Gary, Ind., street gang.

"The reason they went out there was purely his reputation, his tattoos, his gregarious, P.T. Barnum-type nature," says Scott Thomason, an ATF agent based in Gary who worked the case. "They went to who they thought was the shadiest dealer in town."

Lately, Mr. Bernstein's persona has had other repercussions.

Ms. Flanell, the mother of two young girls, was emotionally devastated by the Columbine killings and the outraged calls she fielded after Dragon Arms was mentioned in news reports and Mr. Bernstein was seen on television. "I don't want to be blamed for something so tragic," she says.

Investigators maintain that the security videos from the store don't show Mr. Harris, who apparently took his own life in the Columbine massacre, along with partner Dylan Klebold. Still, authorities weren't surprised by Mr. Bernstein's claims that Mr. Harris and his friends had indeed been in his store. "He realizes that there is a potential for 260 million Americans to know that he sells arms," says Mr. Marianos, of the ATF, suggesting that Mr. Bernstein likes publicity.

"I might be a showoff, but I'm not a liar," says the Dragon Man, fuming.

New Uncertainty

Still, straw buyers and teenage killers have stirred up deep uncertainty for Mr. Bernstein, who once compared the jolt of a machine gun to the joy of sex.

As it stands, firearms leave a legal paper trail only from the manufacturer to the first retail buyer, so nobody readily knows how many times they change hands after leaving a licensed retailer.

In radical opposition to his industry, Mr. Bernstein now believes that every gun should be registered every time it is bought or sold by anyone. "That's the only way that they are ever going to be able to keep track of everything," he says.

In the meantime, Mr. Bernstein and his wife are discussing whether to renew their federal firearms license when it expires in November. Dragon Man has stopped renting machine guns at his firing range, and he has started stashing loaded weapons for protection around his machine shop.

"You've got to think about what could happen," he says. "It's getting too dangerous."

Tennings / a GWS / Paul Shalala
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I will to reply
MEMO

To - HRC
 From - Shalala
 Paul London asked me to pass this on to you.

8-2-99

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To: The President
 From: Paul A. London
 Subject: Recommendation that You Support a Joint Commerce, HHS, VA Study of the Benefits of the Computerized Patient Record.
 Date: July 23, 1999

Background:

You may remember that I talked to the First Lady in January and February about the potential for improving health care quality and reducing costs by promoting faster adoption of Computerized Patient Records (the CPR). She was enthusiastic about looking into this further if privacy concerns could be resolved.

Since then, I have been trying to get the WH health care people and the VP's office to support a joint Commerce, HHS, VA study of the cost-saving potential of the CPR, and working with the HIPAA privacy task force at HHS. This memo recommends that you ask for a joint study.

A few points concerning the potential of the CPR:

* The VA reduced post-surgical complications by 40 percent in 10 surgical procedures because information from its CPR system allowed it to establish the risk profiles of patients before surgery. This makes it possible to compare outcomes, rate surgical units fairly, and adopt "best practices." Empirical outcomes comparisons are what the whole health care system needs.

* A McKensie study in 1995 estimated that IT in health care could save \$235-280 billion annually. Hambrecht and Quist uses a \$250 billion figure. Don Lindberg at the Library of Medicine uses \$30 to 100 billion. However, no study pulls together the dozens of "anecdotal" micro-studies of savings from the CPR. Such a study could be useful next summer.

* The Institute of Medicine has called for stronger government efforts to promote the CPR since 1991. It continues to be critical of the government's almost exclusive focus on research, nomenclature, and standards.

* The First Lady's office has called the WH health care people about idea of a joint study, but they are busy with Medicare, the Patients Bill of Rights, and privacy issues. Nothing is likely to happen unless you and/or the VP ask for such a study.

Recommendation:

That you and the Vice President initiate two modest efforts:

First, ask Commerce, HHS, and VA (perhaps with private sector collaborators) to do a 6-8

The President

Page 2

July 23, 1999

month study of the economic potential of the CPR. I have talked to Sec. Daley and key people at the White House, HHS, VA and the private sector and I believe they would support a study if privacy concerns are taken fully into account. The goal would be to release a study next year, backed up with recommendations to encourage medical computerization based on the CPR.

Second, ask the VA to set up an "extension program" on the CPR at 10 or 12 VA sites. The program would organize events at the sites to show off the VA's computerized records system, explain how it has improved veterans' care, demonstrate its potential for modernizing medicine and reducing costs, and point out that it operates under the strictures of the Federal Privacy Act. (I took 35 people from the HIPAA TF on Privacy to see the VA system on July 8, and it blew their socks off.)

I believe you and the VP should take these two steps because the CPR is the foundation for a modern "vision" for health care that Medicare Reform and the Patients' Bill of Rights do not convey. Backing from you and the VP for the CPR (in the balanced context I am recommending here) could have great appeal to veterans, active duty military (who along with the Indian Health Service are linking up with VA system), IT and software developers, businesses that pay for health insurance, medical organizations, and groups not happy with health care quality or being priced out of the health care market. The vision is absolutely consistent with strong privacy safeguards that HHS is developing pursuant to the HIPAA.

I hope you will 1) ask the three agencies to do this study, 2) push the "extension" idea at VA, and 3) arrange to exchange ideas with me about strategy in this area, which I have thought about a lot.

The President

Page 3

July 23, 1999

More Background on the CPR:

- The Computerized Patient Record puts the patient's information in front of the doctor on his computer screen. The doctor keys in his coded signature and then can see the patient's current problems and recent admissions. He sees medications being taken with warnings of interactions and allergies, test results, notes from all medical encounters, etc. Records don't get lost. Newer versions incorporate screen images of MRIs, EKGs, and a dozen other medical imaging devices. Medicines and procedures are ordered through the computer, avoiding mistakes and allowing verification and follow-up. Updated protocols ("best practices") and alerts are incorporated, e.g. flu shots are due, eye exam recommended, new drugs, treatments. The CPR is the data source for "evidence-based medicine."

- Money saving from the CPR come from improved communications between doctors, fewer mistakes, eliminating redundant tests and procedures, and much cheaper research. Other even bigger savings may come because better information will change the way we pay for health care from payments for procedures to payment for outcomes. The health care market doesn't work well now because it is hard for payers and patients to compare hospitals, HMO's, individual doctors, and treatment regimens. The CPR eventually will make such comparisons possible.

- The VA has the biggest and one of the best systems covering over 100 hospitals and several hundred clinics. There also are good private CPRs at Columbia Presbyterian (NYC), Northwestern Memorial (IL), Regenstrief Institute (Ind), Beth Israel/Brigham/Women's (MA), Intermountain Health Care (UT), Kaiser-Permanente NW, and other places. Software is being improved rapidly.

- The Institute of Medicine called the CPR "an essential technology for health care" in 1991, and in 1997 lamented the failure of the government to play a strong role in promoting it. Four or 5 business groups have been formed to try to measure quality in health care and to lower costs, but the government has given them little support or encouragement, limiting its involvement to regulation and research. As a result, IT spending in health care is low --- 2 percent of revenues vs. 6 percent in other industries --- and little of it is in clinical IT where experts agree the big savings are.

- The UK under PM Blair is spending L 6 billion to computerize all NHS patient records. Dutch doctors are all "networked." France, Germany, Italy and Spain are moving to smart cards, which are identifiers that can be linked to a CPR on another card, a server, or more likely both. Despite our problems, much of the software is U.S.

The President

Page 4

July 23, 1999

- Privacy can be assured. The recent GAO study that looks principally at electronic billing records sent to Medicare not clinical records, reportedly shows only 7 actual privacy complaints over four years and approximately 3.6 billion claims filed. And this privacy record can be improved.

- Present paper health care records are difficult to use, easily lost or stolen, copied prolifically, and misused but their unwieldiness gives them an apparent advantage. The CPR, many believe, would be easier to control and keep private. The VA operates under the Federal Privacy Act. Access to VA health records is limited to authorized medical personnel and all access is recorded. Internal fire walls to protect especially sensitive information and limit access to "need to know" are being put in place. The private CPR systems also have excellent privacy records and the example of other industries where privacy is a concern are good and improving.

- In summary, the CPR is the empirical cornerstone of a long-term plan to improve health care quality and lower its cost. A study of its potential and a modest effort to "demonstrate" it at VA facilities are certainly warranted.

Gen. S - FYI - possible
New Market Deal

Re

THE CHRISTIAN SCIENCE MONITOR

Gambling keeps its spots Supreme Court strikes down bans on broadcast casino ads. 3

United by apathy? European Parliament elections showed how low citizen enthusiasm runs. 6

Learning Moral compass on campus: Colleges revisit students' need for more than academic skills. 15

75¢

Leading Russia's motives

Eff over troops in Kosovo signals Yeltsin's determination not to be an ignored partner.

ter Grier
James N. Thurman
Editors of The Christian Science Monitor

NGTON - Eight years after the
up of the Soviet Union, the
nd Russia remain a wary
e with a fragile relationship.
ically, just when Washing-

ton thinks things are going great,
Russia - bam - does something to
remind US officials that it isn't
willing to be a demure partner.
Thus the race of Russian
peacekeeping troops into Kosovo
is in keeping with the recent pat-
tern of interaction between

Moscow and the West.

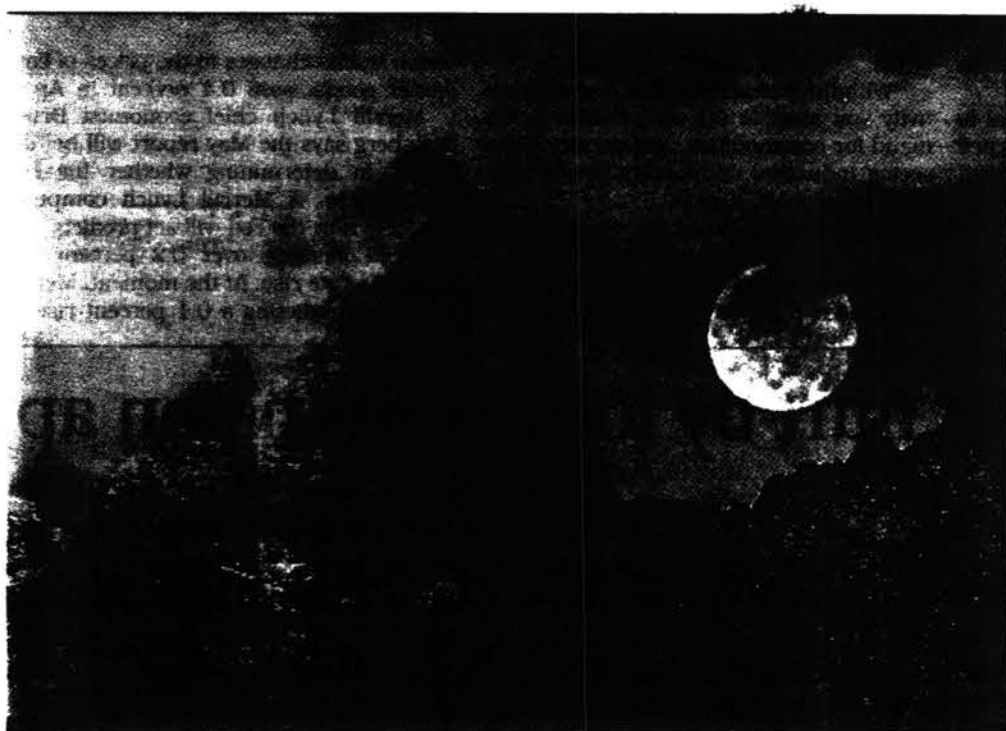
This cycle of hope and dis-
pointment is likely to continue
coming months, with the em-
phasis on disappointment. The
son: Coming elections in both
tions may set political limits
what either can offer in the w
reconciliation.

"Confrontation is not en-
over," says Ruth Wedgewood

See **RUSSIA** page 9 way to MOSCOW June 11.



JOVICH/REUTERS
oldiers
on their



JONATHAN ADAMS/JACKSON HOLE/AP/FILE

ATURE'S SKYSCRAPER: The moon rises over Grand Teton in Wyoming's Grand Teton National
k. Under a Clinton proposal, portions of the park would be given wilderness protection.

Clinton plan hopes to reassert the value of 'wilderness'

t would close parts of some
tional parks to development.

Todd Wilkinson
Editorial to The Christian Science Monitor

LOWSTONE NATIONAL PARK, WYO. - A century
l a half ago, Henry David
ureau went to a quiet place near
Massachusetts pond to consider
value of nature. He later wrote:
wildness is the preservation of the world."
Since then, the concept of wilderness in
America's open spaces has been transformed.
ers now ply the farthest reaches of national

Environment

parks, accompanied by the ring of cell phones.
Helicopter tours whirr over far-off forests, and
smog has encroached on stunning landscapes.

Within the next month, the Clinton adminis-
tration plans to address these issues by asking
Congress to set aside 5 million acres of national
park land as wilderness - places where new de-
velopment is prohibited.

If successful, the move would be
perhaps the most significant
change in national park land usage
for a generation - one that the administration is
eager to leave as a legacy. But Congress has re-
peatedly turned down proposals to give national

See **WILDERNESS** page 4

U.S. COMEBACK?

Retailoring in a bluejeans border town

By Howard LaFranchi

Staff writer of The Christian Science Monitor

EL PASO, TEXAS - Ernie Lopez
figures the workers at the Levi-
Strauss factory he runs in El
Paso clamp about a million of
Levi's famous copper pocket
rivets into jeans every week.

Despite the hammering the
icon of American culture has
taken as a result of global shifts

**In El Paso, workers at
Levi's who sewed one
type of jeans now
target niche markets
around the world.**

in clothing manufacturing and
Levi's fall from teenage favor, Mr.
Lopez has high hopes.

"These people know this in-
dustry is going south," says Lopez
of the men and women cutting,
stitching and labeling on his busy
sewing floor. "But they're also
well-paid and motivated, so
they're going to do what it takes
to keep this thing going."

One of the last stands of the
US garment industry, El Paso
today - along with its economic
engines, jeansmakers - symbol-
izes the strategic thinking re-
quired for survival in a rough-
and-tumble global economy.

See **INDUSTRY** page 7

WORLD

US jeansmakers aim to custom-fit world

INDUSTRY from page 1

tions to its executive body, the European Commission. Earlier this year, the Parliament forced the resignation of the Commission amid a corruption scandal.

Few Europeans know of these powers, however, and the way in which European institutions function is a mystery to most citizens. A widespread sense that an overbearing EU bureaucracy in Brussels is stifling national identities has fed the growth of several bluntly anti-European parties.

In France, the Euroskeptical conservative leader Charles Pasqua came in second, and in Britain the Conservative Party easily outpolled Labour on the strength of a campaign against adopting the euro single currency in place of the pound. Even in Germany, where the major parties have long agreed on the value of greater European integration, a recent poll found 61 percent of Christian Democrat voters wanting to put national interests above European ones.

But even as Europe-wide bodies take on more power, Europe's political parties continue to think and act locally, failing to keep up with the new reality. "We don't yet have European parties that are anything more than aggregates of national parties," points out John Palmer, director of the Brussels-based European Policy Centre think tank.

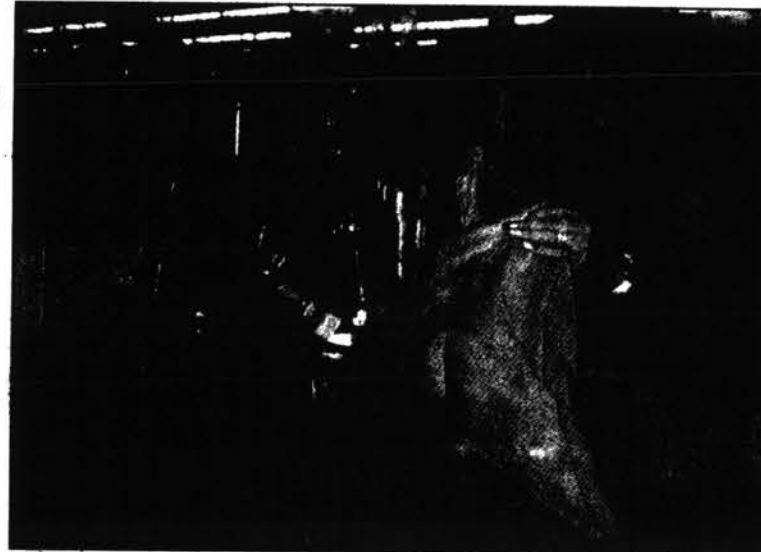
That he says means "voters are not

Just a few years ago this city was the world's largest producer of Levi's — with more than 6,000 of the company's high of 18,000 US manufacturing workers.

But in this decade, US garment-manufacturing employment has fallen from just over 1 million to less than 750,000 as American manufacturers have sought out cheaper labor and other production-cost advantages in places like China, Sri Lanka, and Honduras.

In El Paso, garment-making's fall has meant a drop from a job high of 21,000 five years ago to fewer than 15,000 today. Levi's now has more former workers in retraining and skill-development programs here than it has employees. (It expects its payroll in El Paso to drop from 2,000 to about 1,200 workers over the next year.)

"We're not the only area of the country feeling the impact of clothing manufacturing going offshore," says Tom Thomas, vice president for economic development at the El Paso Chamber of Commerce.



HOWARD LAFRANCHI

SOMETHING DIFFERENT: Garment workers at a Levi-Strauss factory in El Paso still make the company's famous jeans. But several stitching stations are also experimenting with niche products for new markets.

any US city. The company is also working closely with Boeing, now hiring for production facilities it has planned for El Paso. The aerospace company is particularly interested in Levi's nimble-fingered former seamsters.

A failure to adapt to new markets

But in a sense it was also unfortunate to end up the biggest manufacturer for a

those in El Paso.

"Not only is it possible to be profitable manufacturing in the US, but it's necessary" to be close to your consumers, says Mr. Heim. Levi's Lopez has got that message. At his Kastrin Street plant, the 1,000 employees who once sewed only 501s now produce dozens of styles for niche markets around the world.

"It used to be that 200,000 [pants] was a small run for us," he says, "but now we'll produce 2,000 of something, see how that sells, and go from there."

A few sewing stations at the factory are experimenting with hand-sewn pockets. Others produce the new L2 line that Levi's ex-

ecutives in San Francisco hope the most fashion-oriented kids will try, new designs by hot hip-hop singer Lauryn Hill, or baby-blue-and-cream-colored corduroys that will sell in Japan for \$100 a pair.

"When a customer calls, we can now get an order for a certain style in certain sizes out in as little as a day," says Lopez. "That's new for us, but it's always going to be hard to do from China or Guatemala."

offered alternative visions of the direction Europe should take," feeding confusion and apathy. If the process of political union is not to run even further ahead of public opinion, he warns, "it is extremely urgent" that political parties "strengthen the democratic foundations" of the European edifice.

Clinton to block the lifting of UN sanctions until Tripoli renounces terrorism, pays compensation to the families of the Pan Am 103 victims, and cooperates with the trial of the two suspects.

The hard stance seems to be isolating the US rather than Libya.

Washington's allies have long been irritated by the Iran-Libya Sanctions Act. And US companies can only watch as their European counterparts do business in a country strategically located on the Mediterranean. Moreover, several members of the Security Council want to see a permanent lifting of the sanctions. In two weeks, Mr. Annan reports on whether Libya has met the criteria. His task is complicated by the fact that the trial in the Netherlands will not start until February, at the earliest.

"If there were a move to lift sanctions we would veto it," says the State Department official. The US says Libya has not been directly involved in an act of terrorism in the last few years. However, it lists the country as a supporter of terrorism.

At the same time, some other members of the Security Council - China, France, and Russia - would veto any move to reinstate sanctions.

"It's not just a Levi reality, it's an economic reality for the entire US," says Annette Morales, Levi's El Paso-based public-affairs manager for the Americas.

"This business is going where there are cheaper operating costs," she says. If anything, Levi's held off longer than most other US clothiers on moving manufacturing out of the country. Economists here say it is inaccurate to blame migration of the US garment industry on the North American Free Trade Agreement, as some free-trade critics are wont to do.

"The apparel industry is closing up plants in Georgia, Tennessee, North Carolina, Arkansas, and a list of other states, but they're not all moving to Mexico," says Tom Fullerton, regional economist at the University of Texas at El Paso. "They're off to El Salvador, China, and Bangladesh, so you can't blame this trend on NAFTA."

Partnership cut two ways

For El Paso, it was both good fortune and bad to have been built up by Levi-Strauss into such an important manufacturing base. Good, because the company is known as an excellent corporate citizen: Pay is good, job training and advancement is encouraged, as are classes in everything from computer literacy to English and citizenship.

Even as it retreats from El Paso, Levi's is working to get every former employee retrained for another job.

Levi's helped El Paso lobby for a \$45 million displaced-workers retraining grant, the largest such federal grant for

company that perhaps failed to sufficiently evolve with the times.

"As much as anything else Levi's problem is its falling market share," says Victor Grado, corporate economist with the El Paso Electric Co. "Baby boomers still like their Levi's, but ... kids are looking at and wearing other brands."

Despite a booming US economy and a ballooning of the teenage (and jeans-clad) consumer market to \$140 billion in annual spending, Levi's sales fell 15 percent last year alone.

In February Levi's announced it was closing half its plants in the US and Canada

and laying off 5,900 workers - this after an initial round that closed 11 US plants in 1997 and cut 7,400 workers.

Levi's managers now recognize that the company let a gold mine slip through its fingers. "While our competitors put everything into marketing," says Ms. Morales, "we held fast to our status as an American icon."

Still, others say garment manufacturing in the US can still be profitable - and a marketing plus.

"In order to respond quickly to our customers' needs and changing fashions, we feel we have to have a significant percentage of our production in the US," says Ed Heim, a vice president of VF Jeanswear in Greensboro, N.C., makers of Lee, Wrangler, and Britannia clothing.

Both Lee and Wrangler increased market share over recent years by focusing on "niche" markets - and all the while keeping over half of their manufacturing jobs in the United States, nearly 5,000 of

'In order to respond quickly to customers, we need to have ... production in the US.'

- VF Jeanswear executive

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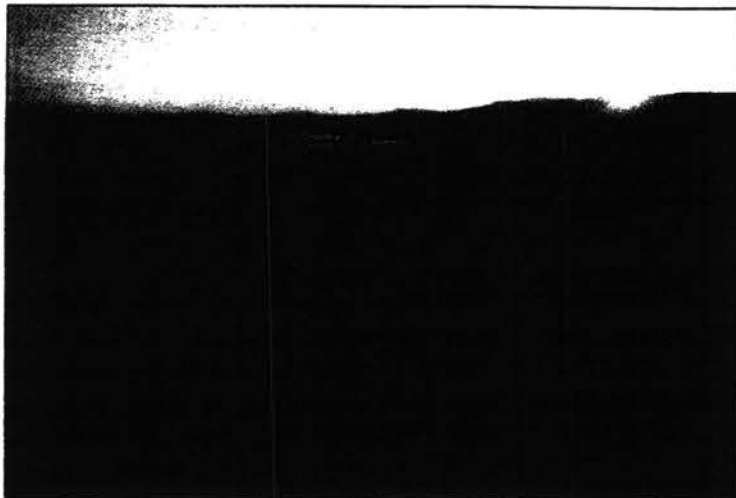
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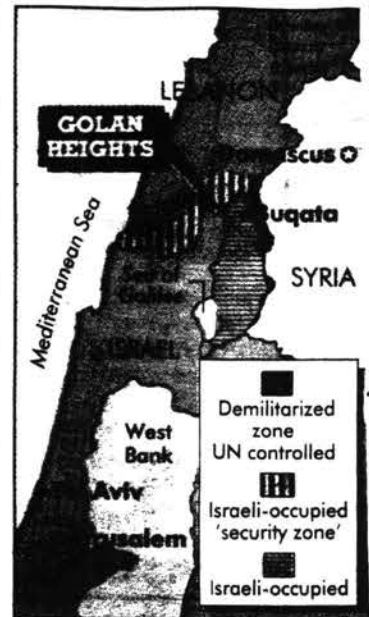
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JIM HOLLANDER/REUTERS

GOLAN TERRAIN: A view from the western Golan shows the Sea of Galilee and mountains near the Israeli border with Lebanon. Israel occupied the Golan, a strategic plateau, during the 1967 war.



STAFF

Continued from previous page

raelis that the Druze would rather remain part of the Westernized Jewish state than face autocratic rule in Syria.

"It's not a question of where you have better living standards; it's a question of your land," says Mr. Abu Shahin. "It's a spiritual matter. If we were in Syria, we would depend on our fields, not work in Israel."

Agriculture, he says, has been made more difficult because Israel controls the water resources and charges high rates for its use.

While discussing their future at a dusty sidewalk cafe on Buqata's main street, other young men pipe up in agreement. "The feeling here is like a baby returning to its mother, because Syria is where we really belong," says Haitham Suboh.

One-time meetings

One of the few opportunities for limited communal meetings are colorful cross-border weddings, in which a Damascene bride is escorted across the border to the Israeli side by her Golanese husband.

There is a joyful and tearful one-time meeting of the two families in no man's land, then the bride waves to her family for the last time.

Still, there are many drawbacks to their current "in limbo" status, say the students in Damascus. Nobody on the Golan side carries the passport of either nation, only an Israeli identification card, "like what they give a dog crossing a border," says Ata Farhat, a cousin of Farah's, who is studying to be a journalist at the University of Damascus.

"When you tell people you are from the

Golan, people here [in Syria] really help you," says Farah Farhat. "I feel like I grew up here."

Even for this young generation, there are memories.

In the Spartan apartment that he shares with other Golan students, Ata Farhat pulls out a photo album and then points to a picture of an older woman: "This is my grandmother, the martyr," he says. Ghalia, the grandmother, was killed during a 1987 pro-Syrian demonstration in their village. Peace will help assuage the



JIM HOLLANDER/REUTERS

HELLO TO SYRIA: At the 'Valley of Tears' separating the Golan Heights from Syria, Eshtiak Akabani waves to family inside Syria. With the aid of a megaphone, she and relatives scream gossip and questions to loved ones.

memory, Mr. Farhat says.

For former Syria parliament member Faouri, too, there is hope that peace will help him forget the lines of an emotional poem called "My Village" that he wrote in 1970, when three years after the war had felt like a long time:

"I'm looking to reach my village, which shone like a star in the sky," he recites. "I ask myself how it was a theater for the sun and the moon, and now how it has become darkness, darkness, darkness."

■ Ilene R. Prusher contributed to this report from Buqata, Golan Heights.

WORLD

Nigeria's new democracy weathers first scandal

■ In a test of two-month old government, fourth-ranking leader quits after lying about his qualifications.

By Waziri Adio
Special to The Christian Science Monitor

ABUJA, NIGERIA — The political scandal that has rocked Nigeria for the past two weeks had all the trappings of a battle royal. But it terminated abruptly, in a very un-Nigerian way.

Ibrahim Salisu Buhari, former Speaker of Nigeria's lower legislative house, made history as the first public official to apologize for misleading his country. Accused of forgery, he resigned his position last Thursday, and begged the country for forgiveness.

"My prayer is that my humiliation will illustrate that in our new democracy, nobody, no matter how highly placed, will be above the law," Mr. Buhari said.

Buhari was to play a big part in Nigeria's new political era, serving in the government's No. 4 position. After 15 years of dictatorships and military rule, President Olusegun Obasanjo was elected in February. He promised to run a transparent and democratic government for Nigeria's 110 million people.

ported that the former Speaker had lied about his age and his educational qualifications.

Buhari had claimed that he was 36 years old, and that he had a bachelor's degree from the University of Toronto. He is 29 and had never attended the Canadian university, the magazine reported.

Though forgery and lying among officials have not been uncommon in Nigeria, both allegations cast serious questions on the moral and legal right of the then Speaker to perform his duties. To be a member of the House of Representatives, a candidate must be at least 30 years old. If convicted of forgery, he could spend 15 years in jail.

Initial attempts to ignore allegations

At first, the Speaker didn't publicly respond to the allegations, nor did his fellow parliamentarians. His agents purchased all copies of accusatory publications. He hired the country's top lawyer, who demanded that The News apologize or be sued. The magazine and its lawyer demurred though, replying that it would not be intimidated.

Meanwhile, other publications joined in the fray. Newspapers and highly placed Nigerians asked the Speaker to resign or step aside.

At a short press



BRENNAN LINSLEY/AP

PROMISES: President Obasanjo won election on anticorruption pledges, which were put to the test by a member of the government who falsified his records to become Speaker.

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have found comical. It excluded most every other story in the news. Last week President Clinton and plea that in the future they do so.

maps the cu...

Salisu

Also see F22 editorial on back p. 2

people.

"I believe the forces of democracy felled him," said Mr. Obasanjo, shortly after the former Speaker tendered his scripted apology.

The scandal threatened to discredit Obasanjo's anticorruption crusade, which he launched right after his inauguration on May 29.

But Buhari's swift fall actually signals how Obasanjo's fledgling democracy may change Africa's most populous country.

Until recently, Nigerian public officials often operated above public scrutiny, shielded by military decrees in a country where public office was frequently interpreted as a license to lie and loot.

Serious allegations against office holders only could be discussed in hushed tones in dark places. Journalists who tried to elevate the accusations were likely to end up in jail for embarrassing the state.

Speaker's position quickly filled

In what could also be interpreted as a plus for the country's young democracy, Buhari was quickly replaced with another parliamentarian, Umar Na-Abba, who also hails from Nigeria's northwest zone. According to the Constitution, the vacant post should have been filled by Buhari's deputy.

But this would have taxed the fragile attempt at political accommodation inged on zoning different positions to different sections of the country. Military and security forces have also had shifts in personnel to move the emphasis away from the north.

Buhari's ordeal began when The News, a news magazine, carried a story titled "The Face of a Liar." The weekly re-

Buhari made history as the first official to apologize for misleading country.

conference last Monday, the Speaker rejected their calls and dismissed the allegations as handiwork of his opponents. The tempo of the drama escalated when his lawyers hit the magazine with a \$5 million libel suit, and Buhari's father maintained that his son was 36 years old.

The house dismissed the allegations as rumor and granted its Speaker a standing ovation.

While the country almost ground to a halt on the strength of the allegations, the executive and the judicial arms of governments looked the other way, saying they were hobbled by a constitutional requirement of separation of powers.

On Thursday, the Speaker terminated the drama by confessing, resigning his post, and apologizing.

The Buhari episode signals how things have changed in this country, also renowned as one the worst abusers of press freedom. In an earlier time, the accusing publications would have probably been shut down.

While Buhari waded against the established pattern of events in Nigeria, he walked his unusual path unwillingly. Aides and supporters also resorted to religious and ethnic sentiments. Some said it was part of the usual southwest press fare of denigrating the north; others said it was a war against Islam.

Ordinarily, such sentiments muddy the issues in a country that is still racked by ethnic and religious differences. The military has in the past shown a penchant for intervening in civilian affairs.

But the military didn't help Buhari. The effusive and emotional apology might still have its use though: It may save the former Speaker from going to jail.



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THE MONITOR'S VIEW

GROUNDING THE F-22

THE F-22 aircraft has been on the Pentagon's drawing board for nearly two decades. Its mission: to give the United States air superiority far into the next century. But the House has slowed, if not stopped, the new jet fighter's takeoff.

This is one delayed flight the public should applaud. As defense spending ticks back up after a period of decline, both budget considerations and national security dictate a close look at hyperexpensive programs like the F-22. The planes are expected to cost \$200 million apiece, double earlier estimates. Some \$20 billion has already been spent on development.

And the F-22 isn't the only project on the House Appropriations Committee radar. It just issued a report that sharply criticizes Pentagon spending practices over many years. At issue are shifts of hundreds of millions of dollars without congressional approval, including funding for programs Congress never authorized.

Rep. Jerry Lewis (R) of California, chairman of the House subcommittee on defense spending, says what's at stake is adherence to the Constitution's requirement that federal money be spent only after it is lawfully appropriated by Congress.

The full House last week followed the recommendation of Mr. Lewis's panel and withheld some \$2 billion that was to have financed manufacture of the first six F-22s.

Does this really make sense after

all those years and all those dollars? Yes, for a number of reasons:

- This is a critical time for rethinking America's security needs and responsibilities. A number of post-cold-war lessons have been learned. Is an advanced fighter like the F-22 likely to prove crucial in future conflicts? Not likely, since there are no foreign militaries likely to challenge the current US fighter force in the decades ahead. Moreover, the US is developing two other new jet fighters as well. Three seems excessive.

- Air superiority involves a lot more than planes. The information technology available to pilots and the level of training they get is critical. House appropriators felt some of the money being poured into the F-22 might better be used to boost training and create incentives to retain pilots in national service. They're right.

- At a time of heightened debate over the allocation of federal dollars, any waste, excess, or misuse of funds at the Pentagon must be on the table.

Good for the House lawmakers who made sure of that by clipping the F-22's financial wings. The matter now goes to a House-Senate conference; the Senate version includes funding for the aircraft. There, supporters of the F-22, including the Clinton administration, will fight hard to preserve it. But if national interest and fiscal balance are given a fair hearing, the F-22's opponents should prevail.

KEEPING COVERAGE IN BALANCE

THE country's heart went out last week to the Kennedy and Bessette families over the tragic loss of John F. Kennedy Jr., his wife Carolyn, and her sister Lauren Bessette in a plane crash off Martha's Vineyard. Many people visited the John F. Kennedy Library in Boston, the Kennedy memorial in Hyannis, Mass., and the Kennedy graves at Arlington National Cemetery in Virginia to express their condolences.

But the public interest in the search-and-rescue — and later search-and-recovery — efforts didn't justify the saturation coverage that CNN and other TV news operations gave the story. It was a gross invasion of the families' privacy; most of the coverage contained reams of fluff, speculation, or nostalgia, and very little news.

It was, in fact, the kind of infatuation with celebrity that Jacqueline Kennedy Onassis tried to protect her children from and that her son would have found comical. It excluded almost every other story in the news.

Last week President Clinton and

Congress engaged in a crucial debate over the size of tax cuts. Floods hit parts of Iowa, while the East Coast baked in a serious drought. Kosovar Albanian refugees continued to return to Kosovo, while Serbs left. But viewers watching the all-news networks would have been hard-pressed to know any of that. With 24 hours to fill, there was certainly room to squeeze in other stories.

The news channels focus instinctively on this kind of story. They assume an overwhelming public interest, and the drive to outdo the competition kicks in. The quest for fresh pictures becomes incessant. Last year it was the Monica Lewinsky story. For weeks at a time you heard and saw little else. But doesn't news judgment also have a role to play?

Periodic updates on the J.F.K. Jr. story would have been sufficient. News organizations with correspondents scattered across the globe have a responsibility to focus on more than one story for days at a time. This is a plea that in the future they do so.

It's time to celebrate
the Republican tax cut!



And to help
here's the
for the a



Now if we just figure out
this month's amount,



you can
week's t



Media handling of J.F.

Thank you for the story on the lack of respect shown by the media during this week ("Public tragedy and private feelings" July 23).

It is becoming more of a circus every day there is a "big" story out there, and it is disturbing that Americans need sensations to get through the day. As a former journalism student, I can honestly say that I didn't continue on with my studies if it was what it takes to be a journalist. It seems the story isn't what matters, but instead what "new" angle the reporter can put on it. The media are almost cold when it comes to the grieving families. They place photographers outside of their homes to catch a family member doing what normal people do every day. But because someone died, it is now news to a particular person from the family is going on a bike ride.

I understand that stories need coverage but the media should respect the families who have just lost a loved one, or are going through hard times.

I watched the circus of reporters covering this latest story in disbelief that they could sensationalize such a tragic loss that they cared little what it was doing to those poor families that had just lost loved ones.

Dale Sessions

Butte,

I was surprised to read your article "Media Lose Public's Respect" (July 22) night, I penned a letter to my congressman stating virtually the same argument.

I sincerely appreciate your article presenting this subject matter. The time has come to put a halt to the sensationalism of the press, regardless of what the public wants to hear.

Although the Kennedys are a family unit, it was rude and intrusive to the grief process to have the press watch personal residences 24 hours a day — at the same time, disrupting their community and neighbors.

It is time for the government to find its foot down on freedom of the media and haps the current level of invasiveness

July 29, 1999

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

1999 AUG 2 11:11

Dear President Clinton:

We appreciate your continuing concern for the well-being of the American steel industry's workers and companies in the face of massive unfairly traded imports that have caused serious injury. While the efforts of your Administration have helped, there is still a steel import crisis in this country. Import levels are down in the products from the three countries subject to our trade cases. However, overall import levels remain very high by historic standards. Due to unfair trade, prices in the U.S. market are extremely depressed despite record demand. Operating rates are at very low levels, losses are widespread, and there have been additional recent bankruptcies. Most laid-off steelworkers still cannot return to work.

We urge you to implement a national steel program that includes the following points: (1) a statement by you and your Administration that while progress has been made, the crisis in steel continues, (2) bilateral discussions with our trading partners to eliminate unfair exports to the United States, (3) vigorous enforcement of the trade remedy laws by the Department of Commerce and the International Trade Commission, (4) an agreement by the Administration not to compromise trade cases through settlement or suspension agreements over the objection of the petitioning industry, (5) a legislative program to cause U.S. trade remedies to at least be at the level permitted by the World Trade Organization, for example, as provided in H.R. 1505, and (6) a commitment by the Administration to not weaken the trade remedies through upcoming multilateral trade negotiations which may be initiated in Seattle this fall.

The time for action is now. We would appreciate an opportunity to meet with you in the next few days to discuss these issues.



Curtis H. Barnette
Chairman & Chief Executive Officer
Bethlehem Steel Corporation



Paul J. Wilhelm
President
U. S. Steel Group
A unit of USX Corporation

Sincerely,



Peter Kelly
Chairman & Chief Executive Officer
The LTV Corporation

cc: Treasury Secretary Lawrence H. Summers
Commerce Secretary, William M. Daley
Labor Secretary, Alexis M. Herman
U. S. Trade Representative, Charlene Barshefsky
Chief of Staff to the President, John D. Podesta

SEND TO BURKHARDT
FOR REPLY

CC: K. TRAMONTANO

**The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500**

BETHLEHEM STEEL CORPORATION

1600 PENNSYLVANIA AVENUE

WASHINGTON, D.C. 20500



The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

PERSONAL

1999 AUG 2 11:35

GLOBAL EXCHANGE TRUST
BOBBIE MCCOY BURRESS, TRUSTEE
#528 COUNTY ROAD 458
PRINCETON, TEXAS USA 75407

TEL: 972-734-3899 E-MAIL: globalx@swbell.net FAX: 972-736-3291

William Jefferson Clinton
President of the United States
1600 Pennsylvania Ave. NW
Washington, DC 20500

Carolyn - ?
Gordon/Burress

Date: July 26, 1999

Telephone: 202-456-1414

Facsimile : 202-456-2883

Re: **CONFIDENTIAL & PRIVATE**

not in Who's Who

Dear William Jefferson Clinton:

On April 22, 1999, I attempted to have the enclosed letter delivered to you personally and privately. For a month I, through Joe Gordon, a life-long friend of yours, have attempted to arrange a meeting with you quietly and in private.

Today we must at least know that you have been informed. We at Global have for years now been in a position to deliver for others very valuable assets to the U.S. Treasury on most reasonable terms and with deep discounts. We can not believe that you would not grasp the opportunity to finally solve the National Debt problem. Perhaps it is because no one truly believes we can deliver what has been offered to us. We do, however, believe it merits a few hours of inquiry.

I trust you will seriously consider the validity of this endeavor and graciously consent to meet with us. We are all patriotic citizens of the U.S.A. and believe that with your help and the grace and protection of God we can be instrumental in resolving the monetary crisis and help stabilize the world.

Enclosed is a copy of a letter sent to the Secretary of the Treasury this date.

We considered informing Mr. Alan Greenspan of the Federal Reserve but decided it was not my decision to make.

I am at your service,



Global Exchange Trust
Bobbie McCoy Burress, Trustee

BMB:bks

CC: GEX Trustees

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: JB DATE: 2/12/2018

8-2-99
Send to Burkhardt - ☒
Yes ☐
No ☐

Aug-02 11:35

Global Exchange Trust
528 Highway County Road 458
Princeton, Texas 75407
972-734-3899 Telephone 972-734-3291 Facsimile

April 22, 1999

Bill Clinton
President of the United States
White House
Washington, DC

RE: Proposal

Dear Mr. President:

"Danas je svet u uznemirlivom položaju." The geopolitical and strategic responsibilities of the United States of America (USA) in the global crises both military and monetary are unparalleled in history. Consequently, the trustees and services of Global Exchange Trust (GEX) have been requested to facilitate a possible solution to several of these crises. Therefore, we have agreed to prepare the necessary documents necessary to facilitate the safe and orderly transfer of the required monetary assets to the Treasury of the United States of America in exchange for United States Treasury Notes. Because of the inherent danger and for the personal safety of the principals of Global Exchange Trust, Setia Darmia Foundation and other third parties and for the necessity of secrecy of the highest magnitude to effect the successful transfer of ownership of these assets from Global Exchange Trust to the United States of America, it will be necessary for your office to facilitate the following needs as they relate to National Security and the needs of our nation.

Based on the representations of the principals and/or trustees of the Setia Darmia Foundation and other unrelated third parties, they represent certain assets that are available for transfer to Global Exchange Trust (hereinafter known as "GEX"). Upon these assets being presented, verified, authenticated and certified as to their validity and cash equivalent value by mutual agreement of Global Exchange Trust and representatives of the United States, we respectfully request that your office and the United State coordinate our requests, documents and responsibilities to aid in the facilitation of this proposal.

In order to effectuate the validation, security and recovery of the underlying assets, there will be a need to address certain credentials, security and on going safety for the U.S. citizens responsible for fulfillment and requirements of this proposal.

Page 1 of 2

INITIALS: _____ For United States
INITIALS: _____ For Global Exchange Trust

Bill Clinton
President of the United States
White House
Washington, DC
April 22, 1999

Global Exchange Trust will coordinate the delivery of 100,000 metric tons of gold in exchange for U.S. Treasury Notes. Further, Global Exchange Trust and the United States will enter into a mutually acceptable agreement that will provide Global Exchange Trust with the following: (1) Commitment(s), acceptable to GEX, for all new issue bank obligations, U.S. Treasury issues, and cash equivalent instruments in an amount acceptable to GEX; and, (2) Credit line(s) acceptable to GEX, for designated international money center bank accounts necessary to conduct its operations; and, (3) GEX will require certain deputization, clearances, to be coordinated by a Joint Task Force consisting of two representatives designated by GEX and two by the USA.

If you have any questions, please contact me at our office coordinates listed as, 972-734-3899 telephone, and 972-736-3291. Thank you very much for this opportunity to serve our mutual interest and the needs of the United States of America.

Sincerely yours,

BY: _____
Bobbie McCoy Burress, Trustee
Global Exchange Trust

Accepted by:

BY: _____
Bill Clinton
President of the United States
Dated: _____

Page 2 of 2

INITIALS: _____ For United States
INITIALS: _____ For Global Exchange Trust

BizCenters, Inc.



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At

The Hyatt Regency Houston

FAX COVER SHEET

FAX TO COMPANY NAME: OFFICE OF THE PRESIDENT		FAX FROM COMPANY NAME: GLOBAL EXCHANGE TRUST	
DELIVER TO: MS. BETTY CURRIE		YOUR NAME: GREG PAULSON FOR	
FAX NUMBER: 202-456-1210		ROOM # BOBBIE MCCOY BURGESS, TRUSTEE	
		RETURN FAX NUMBER: 972-736-3291	
☐ CALL SENDER UPON RECEIPT			
☒ CONFIRM RECEIPT BY PHONE → TO 972-734-3899			
☒ CONFIRM RECEIPT BY FAX → TO 972-736-3291			
SUBJECT RE: CONFIDENTIAL - PRIVATE TO WILLIAM JEFFERSON CLINTON			
REFERENCE MS. BETTY CURRIE:			
THIS IS A DUPLICATE FAX SENT ON JULY 26 WITH HARD COPY BY			
EXPRESS MAIL RECEIVED ON JULY 28. WE ARE AWAITING			
SPECIFIC COMMUNICATION DIRECTLY FROM THE PRESIDENT REGARDING			
THIS AND MORE. GORD BULLION THAT WE WOULD LIKE THE U.S.			
TREASURY BECOME THE FINAL HOLDER. TIME IS RUNNING OUT, WE			
NEED COMMUNICATION BY WED AUG 7TH.			
GLOBAL EXCHANGE TRUST			
GREG PAULSON AGENT			

Number of pages including this cover sheet _____

If you do not receive all pages indicated please contact us at: (713) 654-1234 ex. 4797

Embassy
of the
Argentine Republic

93 AUG 12 10:23

D.E. 318/99

The Embassy of the Argentine Republic presents its compliments to the Department of State - **Office of Protocol**- and has the honor to request the good offices of that Department to convey a message sent by President Carlos S. Menem to President William Clinton from his aircraft upon entering the territory of the United States on July 28, 1999. The message reads:

"En ocasión de ingresar al territorio de los Estados Unidos de América, hago propicia la oportunidad para extender en mi nombre y en el del pueblo Argentino, mis más fraternales saludos a S.E. el Señor Presidente, D. William Clinton, como así también al gran pueblo Estadounidense."

Hereunder is the unofficial translation of the message:

"Upon entering the territory of the United States of America, I avail myself of the opportunity to convey in my name and of all the Argentine people my fraternal appreciation to the President, William Clinton as well as to all the American people.

Carlos S. Menem
President of the Argentine Nation"



*Embassy
of the
Argentine Republic*

D.E. 319/99

The Embassy of the Argentine Republic presents its compliments to the Department of State - Office of Protocol- and has the honor to request the good offices of that Department to convey a message sent by President Carlos S. Menem to President William Clinton from his aircraft upon leaving the United States on July 29, 1999. The message reads:

"En ocasión de abandonar el territorio de los Estados Unidos de América, hago propicia la oportunidad para agradecer al señor Presidente, D. William Jefferson Clinton, y a las autoridades de este país el apoyo, cortesía y afecto que se me dispensara en mi estancia en los Estados Unidos".

Hereunder is the unofficial translation of the message:

"Before leaving the air space of the United States of America, I avail myself of the opportunity to convey to the President, William Jefferson Clinton and the authorities of this country my appreciation for the support, courtesy and affection extended to me during my stay in the United States.

Carlos S. Menem
President of the Argentine Nation"

July 29, 1999



TO THE DEPARTMENT OF STATE
- Office of Protocol -
Washington, D.C. 20520

OFFICE OF PROTOCOL
CPR
VISITS
1999 AUG - 2 P 2:12
DCL
CEREM
A

ARGENTINE EMBASSY
1600 NEW HAMPSHIRE AVENUE, N.W.
WASHINGTON, D.C. 20009

DEPARTMENT OF STATE

Office of Protocol

AUG 02 1999

~~Padesta~~ / Over
This pair of notes may
could be part of a possible
convergence

BC

copied
Padesta
Spelling

GOP Leaders Move Toward Tax Accord

House-Senate Compromise To Center on 10% Cut In Personal Income Tax

By GREG HITT

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Reaching for political symbolism, House and Senate GOP leaders are moving toward a compromise tax-relief package built around a 10% cut in personal income-tax rates.

The proposed across-the-board tax cut is at the heart of the House's 10-year, \$792 billion tax package, and has been the Republican Party's defining tax initiative since it was floated by GOP leaders amid the impeachment debate at the beginning of the year. The less costly and more bipartisan Senate bill offers a sharply different approach, proposing to cut the lowest income-tax rate to 14% from 15%, and broaden the number of individuals who exclusively pay it.

But even before passage of the Senate measure Friday, Majority Leader Trent Lott was retreating from its broad-based plan for tax relief. "Clearly, it will have to be something different," the Mississippi Republican said, making clear less than an hour before the 57-43 vote that he prefers the House alternative. "That is the fairest. It is across the board."

Efforts to resolve differences in the House and Senate bills will begin in earnest today. Beyond differing approaches toward cutting personal income taxes, there are a host of narrower but still significant issues in play, including an \$8.4 billion House proposal to increase the business-meals deduction to 80% from 50%. The Senate bill is silent on the issue.

Mr. Lott and House Speaker Dennis Hastert (R., Ill.) hope to forge a compromise package by midweek, setting the stage for final House and Senate votes before lawmakers leave town Saturday for their monthlong summer recess. "It's a lift," Mr. Lott said, "but we're fixing to do it."

President Clinton contends a tax cut as large as the one coveted by congressional

Apples and Oranges

Proposed House and Senate personal income-tax cuts:

HOUSE

10% cut in all five individual income-tax rates, phased in over 10 years

- 1% cut, for 2001 through 2003
- 2.5% cut for 2004
- 5.0% for 2005 through 2007
- 7.5% for 2008
- 10% in 2009

Cost Over 10 Years:
\$373.4 billion

SENATE

- Cut lowest income-tax rate to 14%, from 15% for 2001 tax year and thereafter.

- Increase income threshold for the lowest income-tax bracket by \$2,000 in 2005 and another \$500 in 2007. Threshold for 1999 covers taxable income up to \$25,750 for individuals, \$43,050 for married couples.

Cost Over 10 Years:
\$297.5 billion

Republicans is too much of a gamble with the budget surplus. The measure is financed with most of the surplus projected to grow outside of Social Security over the next decade. Mr. Clinton prefers a 10-year package closer to \$300 billion, and would devote the rest of the surplus to new spending on Medicare and domestic social programs.

For both political parties, the August break will be a time to test public sentiment on how best to use the surplus. GOP leaders, hearkening to the struggle to enact welfare reform a few years ago, hope Mr. Clinton bends their way on tax cuts after voters realize what is in their package. "I think the president ultimately will come around on this issue," Mr. Hastert said.

But Senate Democratic Leader Thomas Daschle of South Dakota says the president has "repeatedly—not just once but repeatedly" offered personal assurances that he will veto any bill above \$300 billion. The senator welcomed the prospect of Republicans coalescing around the 10% tax cut, saying the move would sharpen differences for voters between the two parties. "That makes our case even better," he said.

White House economic adviser Gene Sperling echoed the veto threat. "It would be better to do nothing and pay down \$100 billion of our national debt than to sign a large and irresponsible tax cut that would

send a signal to the world that the era of fiscal discipline in the U.S. is over," he said on NBC TV's "Meet the Press." "We can either have one last great tax-cut party of the 20th century or we can save to pay down the debt so that we can meet the Medicare, Social Security and education challenges of the 21st century."

Vice President Al Gore also weighed into the debate. In a speech Friday, he offered his own tax-cut proposal that differed slightly from the one promoted by the president, but still maintains the administration's commitment to targeted, rather than across-the-board, relief. Mr. Gore said his plan would cost between \$250 billion and \$295 billion over 10 years, and include easing the so-called marriage penalty in the federal tax code, expanding tax-free education savings accounts, and extending and expanding research and development

Please Turn to Page A6, Column 5

tax credits for U.S. businesses.

In the congressional debate, the House's broad-based tax relief is more costly than the Senate plan, with a 10-year price tag of \$373.4 billion. Within the GOP's budget blueprint, the \$792 billion total reserved for tax cuts is a kind of ceiling, and compromises this week must be made within that limit. The cost of the House's 10% tax cut can be shaved by phasing it in more slowly. But even so, embracing the initiative will inevitably create pressure to scale back other provisions in the bills, which include numerous education, health-care, pension, and business tax cuts.

Passage of the Senate bill came after a furious round of deal making that drove up the measure's cost, and many of the add-ons appeared aimed at securing the support of the few Democrats who voted for the measure. GOP leaders accepted an amendment sought by Democratic Sen. Mary Landrieu of Louisiana that would improve an existing tax credit supporting adoptions. Democratic Sen. Robert Torricelli of New Jersey and GOP Sen. Paul Coverdell of Georgia won approval of a proposal that would allow investors to deduct from taxable income their first \$1,000 of long-term capital gains.

That proposal would take effect in 2006. But at a 10-year cost of \$10 billion, the Senate proposal is small change when compared with the much broader capital-gains cuts called for by the House. Its bill would lower the top individual tax to 15%, from 20%, on profits from the sale of stocks, bonds and other assets held one year. The top corporate capital-gains tax would be cut under the House to 30% from 35%. The combined proposals would cost more than \$50 billion over a decade.

The Senate is expected to move closer to the House on capital gains and toward a House plan to phase out the federal estate tax. But trade-offs will flow both ways. The House is under pressure to accept the Senate's more generous package of retirement savings incentives and marriage-penalty relief. Faced with the ambitious deadlines set by GOP leaders, many of the conflicts are likely to be resolved by simply splitting the difference.

Congressional Efforts to Boost Funding For Veterans and Farmers Load Budget

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—A bidding war in Congress over funding for veterans' medical care and for farm relief promises to add billions in new spending to an already crumbling budget process.

As lawmakers prepare to recess for the summer, the new costs compound problems facing Republican leaders this fall and increase the likelihood that Congress and the White House again will have to dip into Social Security reserves to fund government services.

House Republicans are driving up veterans' medical spending, adding first \$1 billion and then another \$700 million to President Clinton's budget last week. The add-ons come amid criticism of the inefficiency of veterans hospitals and are part of a larger \$92 billion bill that rests heavily on funds essentially borrowed from other appropriations for the coming year.

To cover those costs, the GOP was prompted Friday to shift \$4 billion from prior allocations for labor, health and education programs, including the National Institutes of Health. It was the second time in recent weeks that Republicans have done this, resulting in a huge cash shortfall for health and education programs that must be addressed before the new fiscal year begins Oct. 1.

Senate Democrats lead the bidding to boost farm spending, but Midwest Republicans aren't far behind, given poor weather and low farm income. To circumvent spending caps, senators want to approve \$6 billion to \$9 billion in farm aid as an off-budget emergency. But the costs are real and add to the mounting bills to be paid from next year's budget surplus.

Unless new savings are found, Congress and the White House must borrow from Social Security. Both sides already are relying on other trust funds, including retirement accounts for the military and civilian federal workers, to paper over their spending.

Congressional Budget Office figures indicate, for example, there would be no "on-budget" surplus at all before 2002 if it weren't for the extra money built up in the military and civilian retirement accounts. Sen. Ernest Hollings, a South Carolina Democrat who once chaired the Senate Budget Committee, has been a lonely voice arguing that a true surplus must take into account such future liabilities. The budget office's own figures show that the gross federal debt—reflecting these costs and other trust funds such as Medicare—continues to rise through 2004. By Mr. Hollings's reckoning, there is no real surplus until this debt levels off and begins to fall in 2005 and 2006.

For House Speaker Dennis Hastert, who vowed to finish work on all 13 of the required spending bills before the August recess, the budget crunch caps a frustrating summer session. Despite his personal pledge, the Illinois Republican last week had to back away from scheduling floor action on a health-care-reform bill. And in the aftermath of the Columbine High School shootings last April and Thursday's handgun rampage by an angry day trader in the Atlanta area, he has been outmaneuvered by conservatives in his own leadership on the issue of gun control.

It took five weeks before Mr. Hastert was able Friday to finally appoint House negotiators to begin talks with the Senate on a juvenile-justice bill expected to include some gun measures. On a 305-84 vote, the House instructed its 26 conferees to come back with a measure toughening background checks on firearm sales at gun shows. But at this stage, the speaker will be hard pressed to deliver a bill before the new school year begins after Labor Day.

Mr. Hastert's troubles tend to magnify the power accumulated by his friend, Majority Whip Tom DeLay. But even the free-wheeling Texan can be testy under the strain of the budget. "You pick the numbers to make things happen," Mr. DeLay says, explaining the GOP's practice of working from what amounts to two sets of ledgers with different budget assumptions. What helps him most may be the failure of House Democrats to unite behind a single budget strategy.

Despite pleas by Minority Leader Richard Gephardt of Missouri, pivotal Democrats on the House Appropriations panel are expected this week to support two bills funding an array of law-enforcement, housing, space and environmental programs. Committee Republicans, sometimes in the face of objections of their own leaders, were careful to cut Democrats into millions of dollars for projects back home.

To strengthen its floor position, the panel Friday cut \$400 million from the president's Americorps program in order to soften planned cuts from space science programs. The extra \$1.7 billion for veterans is popular across party lines. And while Democrats complained of budget gimmicks, the GOP's decision to designate next year's census as an "emergency" saved the committee from coming up with what would have been an additional \$4.5 billion in cuts.

In the same fashion, the panel quietly agreed to make an additional \$200 million available to try to restore previously approved cuts from the Internal Revenue Service. Agreement on the IRS budget and an underlying Treasury bill is linked to something lawmakers in both parties care about: a congressional pay raise.

Few of the budget choices ahead are attractive for rank-and-file Democrats, and the remaining bills in the House this week all face veto threats from the administration.

The increased veterans' care funding comes at the expense of public-housing programs, where capital funds are cut \$445 million and operating subsidies are frozen at \$185 million below the president's request. On a 27-26 vote—over the strong objections of black Southern Democrats on the committee—Republicans also added language to an accompanying report to discourage the Department of Housing and Urban Development from pursuing discrimination cases against property-insurance companies.

In the case of the National Aeronautics and Space Administration, even with the funding restored Friday the agency faces a \$678 million cut in space science and technology. And while the census is declared an emergency, the GOP brushed aside a Democratic suggestion that underfunded ocean sciences be treated the same way.

THE WALL STREET JOURNAL
MONDAY, AUGUST 2, 1999

Copied
Ricchetti
Reed
Padesta



Stanley K. Sheinbaum

grr

30 July, 1999

President Bill Clinton
The White House
Via Fax

Dear Bill,

Many thanks. The INS has now allowed my Israeli woman friend into the States to be with her kids. I don't know to what extent you and your colleagues effectuated that but I'll give credit all over the joint.

Joy! Joy!

Respectfully,

Stanley K. Sheinbaum
SKS/kc

cc: Ann Lewis

8-2-99

Send to Burkhardt

for reply? FYI -

YES NO RESPONSE

EXTRA

NECESSARY

NO

coordinate w/WSC?

YES

NO

LETTER IS

ALREADY IN THE WORKS



Stanley K. Sheinbaum

30 July, 1999

President Bill Clinton
Via Fax

Dear Bill,

On the subject about which I wrote last week having to do with an Israeli woman living in California and now estranged from her husband who is particularly powerful in Israel. Her oldest child is with him but the other three are in California under a state court order that they cannot leave California—or else they would not be allowed to return.

After flying to Israel about ten days ago for one day in order to make a court appearance there having to do with an action he took, she then could only get a flight back to California through Toronto. At that point the INS because of another action on her husband's part has now blocked her re-entry into the US.

I know you won't want to read all of this but I am enclosing her Los Angeles lawyers brief on the subject.

In my previous letter to you I asked if it would not be possible to query Doris Meissner of the INS probably through the Attorney General about the situation. I have kept Ann Lewis informed of all this and she has made it perfectly clear that the President cannot intercede.

So here is the mother in Toronto not being able to be together with her three children, twins age 6 and a third, age 10. The situation has worsened because the nanny resigned having been threatened by the husband—although I do not have the details of that yet.

Worse, what seems to have been a kidnapping attempt on the 10-year-old occurred at a camp in Fresno. The sheriff was called in and the four men fled. I hope to have the sheriff's report of that imminently.

I just called Ann Lewis again to report these latest scares and to ask if it wasn't possible for the White House merely to ask the INS what is going on. She had earlier talked with Charles Ruff who made it clear that even asking is too akin intercession.

This is a terrible situation, and I cannot resist writing you again to press at a minimum for a distinction between mere questioning of a situation and intercession itself.

To repeat, it is a lousy situation.

Sincerely,

Stanley K. Sheinbaum
SKS/kc
enclosure
cc:

Ann Lewis

345 North Rockingham Avenue Los Angeles California 90049-2635
Telephone (310) 472-9541 FAX (310) 476-9853 e-mail: sks345@aol.com

BERNARD P. WOLFSDORF
A PROFESSIONAL LAW CORPORATION17383 SUNSET BOULEVARD, SUITE 120
PACIFIC PALISADES, CALIFORNIA 90272

TELEPHONE (310) 573-4242

FAX (310) 573-5093

EMAIL: VISALAW@WOLFSDORF.COM

HTTP://WWW.WOLFSDORF.COM

*CERTIFIED SPECIALIST
IMMIGRATION & NATIONALITY LAW
THE STATE BAR OF CALIFORNIA
BOARD OF LEGAL SPECIALIZATION

**ADMITTED ONLY IN S. AFRICAN COURTS

***ADMITTED IN MINNESOTA

DANIEL LEVY
OF COUNSEL**FACSIMILE**

Date: July 26, 1999

To: Stanley K. Sheinbaum
Fax #: (310)476-9853

From: Bernard P. Wolfsdorf
Fax #: (310)573-5093

Re: Mrs. Michal Mozes

THIS MESSAGE IS 10 PAGE(S) LONG INCLUDING THIS PAGE

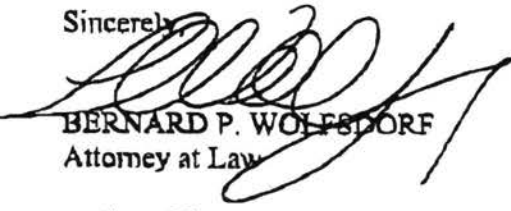
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Dear Stanley:

I am enclosing information submitted in support of our humanitarian parole. Since Mr. Berger is the local counsel, I am deferring to him on this application.

We sincerely appreciate your assistance in this matter.

Sincerely,


BERNARD P. WOLFSDORF
Attorney at Law

cc: Fax to Mozes

↓

BUFFALO NY LAWYER:
MICHAEL BEACER
716-634 6500
CELL 716-860 0235

BERNARD P. WOLFSDORF

A PROFESSIONAL LAW CORPORATION

17383 SUNSET BOULEVARD, SUITE 120
PACIFIC PALISADES, CALIFORNIA 90272
TELEPHONE (310) 573-4242
FAX (310) 573-5003
EMAIL: VISALAW@WOLFSDORF.COM
HTTP://WWW.WOLFSDORF.COM

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DANIEL LEVY
OF COUNSEL

J. P. WOLFSDORF
J. A. BUCHANAN
J. M. DEWAR
A. S. GREENBAUM
FRIEDMAN
A. KUSHNER
A. SMITH
J. L. LOKE WALSH

July 26, 1999

John Ingram, District Director
Immigration and Naturalization Service
130 Delaware Avenue
Buffalo, NY 14202

**URGENT REQUEST CONCERNING
HEALTH AND WELFARE OF MINOR
CHILDREN**

Re: **Mrs. Michal MOZES**
A# 75 647 641
WAC# 97-238-51568

**URGENT REQUEST FOR HUMANITARIAN PAROLE TO ENABLE
CUSTODIAL MOTHER TO BE RE-UNITED WITH HER MINOR CHILDREN**

An erroneous Section 212(a)(6)(C) finding has stranded the custodial mother in
Canada, apart from her minor children who cannot be removed from the U.S.
by Order of the Superior Court of California

Dear District Director Ingram:

We submit this supplementary documentation and respectfully request your urgent assistance
with regard to the above-referenced situation which is both tragic and unjust, and is causing
trauma to three young children.

Mrs. Mozes, the biological and custodial parent of three minor children living in California, was
barred at PFI Toronto from re-entering the United States on her E-1 visa by virtue of a Section
212(a)(6)(C) finding. This finding was entered by the California Service Center on June 25,
1999 without her knowledge, and without notifying her or her attorney. It was based on evidence
never shown to Mrs. Mozes or any of her past and present attorneys (which include myself, Vera
Weisz, and Barbara Federman). The "evidence" (which apparently includes the retraction of an
H-1B reference letter) was presented to I.N.S. by her bitterly estranged and extremely wealthy
husband, who, after losing custody of the children to Mrs. Mozes, retained immigration attorney,
Ronald Bonaparte, specifically to get his wife's U.S. visa revoked to compel her and her
children's return to Israel.

The three Mozes children -- all less than 11 years old -- are now geographically separated from their mother and have become the victims of a cruel judicial paradox. When the Superior Court of California awarded Mrs. Mozes custody, the court feared that Mr. Mozes would snatch the children; and therefore ruled that while Mrs. Mozes, as the custodial parent, was entitled to travel with the children for "brief trips within the United States" for vacation or educational purposes, "neither parent may remove the minor children from California" without the participation of both parents in a court hearing (Exhibits 1 & 2). Therefore, Mrs. Mozes cannot fly her children to Toronto by order of the Superior Court of California, nor can she join them in California by order of the Immigration and Naturalization Service. The children are now in hiding to avoid being kidnapped by the estranged husband who is responsible for the fraud allegations made against Mrs. Mozes. They are severely traumatized by this forced separation from their mother (Exhibit 3 - psychologist's report).

I respectfully ask that you please review the facts, outlined below and substantiated with documentation. We urgently request that you grant Mrs. Mozes a humanitarian parole to allow her to join her minor children and contest the misrepresentation "evidence" presented by her estranged husband. This case is particularly disturbing since the Section 212(a)(6)(C) finding is a specious and vengeful attempt by her estranged husband to manipulate immigration law in order to subvert the custody and alimony rulings of the District Court and the Superior Court of the State of California. Furthermore, due to procedural and legal errors on the part of the California Service Center, Mrs. Mozes was never told such a finding was entered, nor was she shown the "evidence" against her. Justice demands that she be immediately re-united with her three minor children, who have already been traumatized by the lengthy divorce and custody battle. Fairness demands that Mrs. Mozes be given the opportunity to contest what will no doubt be ongoing allegations and wild accusations made by her husband who is fiercely and lavishly committed to the reprehensible task of besmirching his estranged wife's name and getting her deported to Israel. Mr. Mozes has enormous influence in Israel where the archaic Judaic law is administered by conservative Rabbis and prohibits Mrs. Mozes from divorcing him without his consent.

The Section 212(a)(6)(C) finding is procedurally, legally and substantively flawed

Mrs. Mozes was given H-1B status in 1997 for a marketing position with Montana Group, Inc. A letter from the foreign credentials evaluation service stated she had the equivalent of a bachelor's degree, based on three years of college education in Israel, and two one-paragraph letters verifying approximately six years out of Mrs. Mozes' ten years of total professional experience.

Distracted by her vicious divorce and custody battle with her estranged husband, multimillionaire tycoon, Arnon Mozes, who appealed every court ruling in her favor and drowned her in filings and subpoenas, Mrs. Mozes found it impossible to concentrate on her job and ceased affiliation with her employer a few months ago. Both Mrs. Mozes and her employer failed to notify the service of such, thinking she would resume a normal life and continue working once the custody

battle was resolved. She did not realize that her failure to notify the Service would throw her visa status into question.

In the interim, Mrs. Mozes was awarded custody of the three minor children by both the District Court and the Superior Court which issued the previously discussed custody rulings, barring both parents from removing the children from California (Exhibits I & 2). *Shortly after the court ruled in her favor, there was a drive-by shooting which shattered the windows of her house in Beverly Hills, and her husband is viewed as the primary suspect by the Beverly Hills Police Department. Shortly after that, a Notice of Intent to Revoke Mrs. Mozes' H-1B petition was issued by the CSC, based on the allegation that one of the reference letters was not accurate.* Mrs. Mozes has explained to us that she had submitted a one-paragraph letter from one of her husband's associates, verifying her role as a marketing representative for his company, and that he had probably retracted the letter under pressure from her husband since he "danced to her husband's tune." Since Mrs. Mozes was no longer working for the employer and wanted to start her own business, she responded to the Notice of Intent to Revoke by asking that the H-1B petition be withdrawn (Exhibit 4). Unfortunately, in a clear error, I.N.S. revoked Mrs. Mozes' H-1B visa on June 25, 1999, stating that the action was based on her failure to reply to the INS Notice of Intent to Revoke (Exhibit 5 - revocation decision). The Service made no mention of any fraud finding and simply stated the petition was being revoked for failure to respond. This is an obvious mistake as the attached Fedex receipt, dated June 4, 1999, (Exhibit 6) shows the reply was received. INS did not route it to the file or simply misplaced it. Mrs. Mozes then filed a Motion to Reopen and Reconsider the erroneous revocation, based on the Service's error (Exhibit 7 - Motion to Reopen and Reconsider). This Motion is currently pending with the California Service Center.

Mrs. Mozes then applied for an E-1 visa at the U.S. Consulate in Ciudad Juarez, based on her new business investment, and was thoroughly interviewed. The question of why Mrs. Mozes did not remain on her H-1B visa was investigated twice, both during the E-1 pre-clearance procedure, and during the actual E-1 visa interview on July 7, 1999. The interviewing Consular Officer specifically asked why Mrs. Mozes and her children did not remain on the H-1B visa. It was clearly explained that Mrs. Mozes was not working for the employer, and was engaged in a bitter custody dispute with her estranged husband, Arnon Mozes. Furthermore, because Mrs. Mozes had won successively in the Superior and District Courts, her husband was attempting to use her immigration status to achieve her deportation back to Israel where he has substantial influence and can revisit the custody issue. Mrs. Mozes was granted the E-1 visa and re-entered the United States in valid status.

Mrs. Mozes was then required to make a one-day trip to Israel for a court appearance related to her divorce, and left the minor children in California with their nanny. Upon her return through Toronto on July 19, 1999, she was denied admission based on a Section 212(a)(6)(C) misrepresentation finding that had been entered into the record. The H-1B revocation, however, makes no mention of any 212(a)(6)(C) finding.

The revocation of Mrs. Mozes' H-1B visa was fundamentally flawed since it was based on her failure to respond to the Notice of Intent to Revoke. Mrs. Mozes, in fact, did respond to the

motion, and the response was physically received by the Service. This error was then massively compounded by entering a Section 212(a)(6)(C) finding which permanently bars Mrs. Mozes and her minor children from entering the United States, but which is not even mentioned in the revocation decision. Mrs. Mozes and her attorneys were never advised of this finding, and we were never shown any evidence relating to it. To enter such an extreme judgment without communicating it is a cruel error and violation of due process. It has caused massive harm to Mrs. Mozes, and more importantly, to her minor children, who by Superior Court order, may not be removed from the United States (Exhibits 1 & 2) and are now geographically separated from their mother.

In addition to the procedural and legal errors underpinning the H-1B revocation and misrepresentation finding, any such finding in this case would also be substantively flawed for the following reasons:

- A. The evidence and accusations stem from individuals with extraordinary prejudice against Mrs. Mozes:

The Mozes divorce and custody battle has been particularly nasty and bitter. Indeed, Mr. Arnon Mozes has left no stone unturned in his efforts to obtain custody of their three minor children: He is in contempt of a U.S. Court-ordered alimony in the amount of \$45,000 per month and has not paid Mrs. Mozes one dollar (for which he is subject to immediate arrest in the United States); the Beverly Hills Police Department regards him as the primary suspect in the drive-by shooting of Mrs. Mozes' house (Exhibit 4); and he has retained an influential immigration lawyer in his efforts to get his wife deported through trumped-up and exaggerated allegations. According to an article in *Ha'Artetz*, a leading Israeli newspaper, Mr. Mozes was under investigation by the Israeli authorities (Exhibit 8 - newspaper article).

It is the alien's violently embittered, estranged husband, Mr. Mozes, who is behind the fraud allegations regarding the H-1B petition. Mr. Mozes, through his counsel, has apparently submitted a letter to I.N.S. from a Mr. Shklarsh, stating that while he had earlier provided a reference letter to I.N.S. verifying that Mrs. Mozes had performed marketing services for him, he now contends in a retraction letter that this was not true. The purpose was to get her H-1B visa revoked. I.N.S. has never shown Mrs. Mozes the retracting letter. This individual who suddenly invalidated the reference letter he had previously voluntarily written is the husband of a close associate of Mrs. Mozes' estranged husband. Mrs. Shklarsh also testified against Mrs. Mozes during her recent court appearance in Israel (Exhibit 9 - court pleadings). Mr. and Mrs. Shklarsh's interests are in maintaining good relations with Mr. Mozes. Clearly, Mr. Shklarsh decided to backtrack from his original reference letter when Mr. Mozes pointed out that Mr. Shklarsh had, in practical terms, helped Mr. Mozes' estranged wife get a visa to remain in a foreign country with his children.

Whenever an individual changes their story, it inherently calls their credibility into question. In evaluating which of Mr. Shklarsh's letters to believe, it is important to understand that the original letter was written in an emotionally neutral context, and was entirely voluntary. Mrs.

Mozes played no role in its drafting and placed no pressure on Mr. Shklarsh to write the letter. She simply asked him to verify her efforts for his company and he agreed. By sharp contrast, the second letter retracting the first letter was submitted in the context of a highly emotional custody battle in which Mr. Shklarsh, like many peripheral individuals in divorce battles, obviously decided he could not afford to alienate the more powerful party. That this devious manipulation is being portrayed to the Service as a simple "crisis of conscience" on Mr. Shklarsh's part makes it all the more reprehensible; that the Service has relied on this tainted evidence as the basis of a permanent fraud finding is an error which has resulted in Mr. Mozes succeeding in barring his wife from the United States. In short, the allegations come from highly suspect sources that are drastically prejudiced against my client and ought to be given zero credibility.

B. The allegations are false

The original letter provided by Mr. Shklarsh stated briefly and summarily that Mrs. Mozes had performed marketing services and helped his business between 1993 and 1996 (Exhibit 10 - Mr. Shklarsh's original letter of reference).

Mrs. Mozes did perform marketing services for Mr. Shklarsh and his business and was, in fact, responsible for a major development in his business. Specifically, her marketing efforts succeeded in getting the business into the duty-free shopping mall at Tel Aviv's huge international airport. This was a huge achievement, given the massive competition for limited space in what is effectively a 24-hour-a-day shopping mall with a constant stream of captive, potential customers. Given the opportunity, Mrs. Mozes would like to gather evidence relating to her marketing activities for this company, even though it will, no doubt, be difficult without the company's cooperation, and especially since Mr. Shklarsh has since lost this contract on account of his poor business conduct.

This significant achievement, in itself, is no doubt the reason for Mr. Shklarsh's initial willingness to provide a laudatory letter for Mrs. Mozes. His retraction, on the other hand, is totally opportunistic, coming as it does from the husband of woman who has since testified against Mrs. Mozes in court. First, he says Mrs. Mozes performed marketing services; later, he says she didn't. When evaluating which is true and assessing the situational facts, any logical person would either believe the first letter which was not written under duress, or disregard Mr. Shklarsh entirely. Therefore, the allegations made against Mrs. Mozes are without foundation, substance or credibility, as she is an extremely well-qualified individual, worthy of the H-1B visa.

C. The allegations, even if they were true (which they are not), are not material to Mrs. Mozes' eligibility for the H-1B visa, and a lawful fraud finding requires materiality

Even if one entirely disregards Mrs. Mozes' professional experience in assisting Mr. Shklarsh's firm, she still holds the equivalent of a U.S. Bachelor's degree, thus qualifying her for the H-1B visa anyway.

Mrs. Mozes possesses three years of college education which, in itself, qualifies her for the H-1B visa. (As in many Commonwealth countries, a bachelor's degree in Israel requires three, not four years of study).

Moreover, Mrs. Mozes has at least six years of professional experience in addition to her work for Mr. Shklarsh's firm (Exhibit 11). *Therefore, any foreign credentials evaluations service would conclude she has the equivalent of a bachelor's degree, based either solely on her education or based on a combination of her education and her experience with companies other than Mr. Shklarsh's company.*

The allegations made by Mr. Mozes and Mr. Shklarsh are therefore not material to the alien's eligibility for the visa, rendering any further investigation pointless. Even if the letter contains "puffery," Mrs. Mozes was fully qualified on account of her substantial education and experience. This letter was not material to her case and is therefore inherently insufficient to support any lawful fraud finding.

A finding of misrepresentation is not something which should be lightly entertained, as the State Department Regulations at 22 C.F.R. 40.63 N1.3 states:

"In applying the provisions of Section 212(a)(6)(C), consular officers should keep in mind the severe nature of the penalty the alien incurs: lifetime exclusion, unless a waiver is obtainable. [See 9 FAM 40.63 N.9] When imposing such a dire penalty, the consular officer should keep in mind the words quoted by the Attorney General in his landmark opinion on this matter (The Matter of S-and B-C, 9 I&N Dec. 436, at 447):

"Shutting off the opportunity to come to the United States actually is a crushing deprivation to many prospective immigrants. Very often it destroys the hopes and aspirations of a lifetime, and it frequently operates not only against the individual immediately but also bears heavily upon his family in and out of the United States." (emphasis added).

Respectfully, the Service has erred and unfortunately, error has compounded error, causing disaster for Mrs. Mozes and her three young children:

- The revocation is defective because it is based on Mrs. Mozes' failure to respond when she did respond;
- the misrepresentation finding was entered into the record without Mrs. Mozes being notified or shown the evidence;

- the "evidence" underpinning the fraud finding is based on opportunistic allegations made by Mrs. Mozes' embittered and estranged husband and his supporter in the divorce proceedings, and has yet to be shown to Mrs. Mozes or Counsel;
- the individuals making the allegations are highly prejudiced and have zero impartiality and credibility;
- the misrepresentation allegations are specious and inaccurate;
- the misrepresentation allegations are immaterial to the alien's eligibility for the visa and therefore must be disregarded by law;
- this most unfortunate series of errors and events has trapped the Mozes children in a tragic Catch 22 situation in which they are geographically separated from their mother;
- the children were told Mommy was going to be away for one day, and she has now been gone over a week and they are increasingly emotionally traumatized, particularly since they have been already put through the ringer with the divorce and custody battle. They need their mother URGENTLY (see Exhibit 3 - psychologist's report).
- Mrs. Mozes has had to order the children into hiding with their nanny since she is afraid her husband's plan is to use this opportunity to snatch them and take them to Israel in violation of the U.S. Court Order.

Mrs. Mozes should be paroled into the United States to be with her children, and it is only fair that she be given a chance to respond to whatever information Mr. Mozes has provided the Immigration and Naturalization Service, given his inherent prejudice against her. No individual deserves to be convicted by secret, specious evidence provided by hateful sources, particularly when the penalty is being separated from one's children and permanently barred from the United States.

For these reasons, we respectfully and urgently request that you please grant Mrs. Mozes a humanitarian parole to allow her to enter the United States immediately to be with her children.

I ask you to act in the interests of justice in this case. America, including our police officers and criminal, civil, and family courts, has a long and storied tradition of resisting attempts at manipulation by wealthy and/or partisan parties during contentious divorce and custody battles. Mrs. Mozes has been the victim of a sustained campaign of legal and extra-legal harassment by her husband. Mr. Mozes is now clearly using the Immigration and Naturalization Service to accomplish what he was unable to achieve through the U.S. courts, and Mrs. Mozes has been denied the opportunity to defend herself against his wild accusations.

It is an outrage that an individual, who is in contempt of court-ordered alimony and the primary suspect in a drive-by shooting, may succeed in using a U.S. government agency to slander his estranged wife and inflict trauma on her and her children. The decision by the I.N.S. to bar Mrs. Mozes' entry into the U.S. is fundamentally flawed and unjust and has undermined the Superior Court of California's custody decisions, leaving the children in legal limbo. They are emotionally devastated and their physical safety is in jeopardy. I urge you to let Mrs. Mozes enter the United States to be with her children and resolve these legal issues.

I also point out that we strongly anticipate further accusations coming from Mr. Mozes who has lost in court and is fiercely determined to win using any and all means necessary. His next step will no doubt be to attack the validity of Mrs. Mozes' new visa by way of further specious allegations. It is therefore imperative that U.S. courts and government agencies act fairly and carefully in this case *on an ongoing basis* to resist Mr. Mozes' manipulation of the law for his own devious purposes and to ensure that further miscarriages of justice do not occur. Mr. Mozes, if he had the courage, would appear in U.S. courts to gain custody of his children. However, he is afraid he cannot win and has now turned to manipulating I.N.S. to achieve his goals.

Thank you very much for your kind consideration of this urgent request. Please do not hesitate to contact me if you have any questions or require additional documentation.

Sincerely,

BERNARD P. WOLFSDORF
Attorney at Law

BPW:mr:buffalo appeal 072699
Enclosures

EXHIBITS IN SUPPORT OF
URGENT REQUEST FOR HUMANITARIAN PAROLE TO ENABLE CUSTODIAL
MOTHER TO BE RE-UNITED WITH HER MINOR CHILDREN

Mrs. Michal MOZES

A# 75 647 641

WAC# 97-238-51568

- Exhibit 1 Order of the Superior Court of California prohibiting the three minor Mozes children from being removed from California without both parents demonstrating good cause for such removal at a judicial hearing, June 9, 1999.
- Exhibit 2 Separate Judgment on the Bifurcated Issue of Custody of Minor Children by the Superior Court of California ordering that none of the children shall be removed from California without the prior written consent of both parents or further order of the court, March 26, 1999.
- Exhibit 3 Report from psychologist, Dr. Watkin, confirming that the three minor children are suffering stress and trauma during their prolonged separation from their mother.
- Exhibit 4 Counsel's June 3, 1999 response to Notice of Intent to Revoke, including exhibits: letters from Mrs. Michal Mozes and Montana Group, Inc., as well as the Beverly Hill's police report describing the attack on Mrs. Mozes' home.
- Exhibit 5 Notice of Action issued by California Service Center revoking Mrs. Mozes' H-1B visa stating that the action was based on her failure to reply to the INS Notice of Intent to Revoke.
- Exhibit 6 Fedex receipt, dated June 4, 1999 demonstrating delivery to the California Service Center and the CSC's receipt of the June 3, 1999 response to the Notice of Intent to Revoke.
- Exhibit 7 Motion to Reopen and Reconsider received by the California Service Center on July 19, 1999.
- Exhibit 8 December 18, 1998 article published in *Ha'Aretz*, a leading Israeli newspaper, about the Israeli authorities' investigation of Mr. Mozes.
- Exhibit 9 List of declarations submitted in support of Mr. Arnon Mozes in the Superior Court of California, identifying Mrs. Shklarsh as a declarant, October 27, 1998.
- Exhibit 10 Mr. Shklarsh's original letter of reference submitted in support of Mrs. Mozes' H-1B visa application.
- Exhibit 11 The Foundation for International Services' Inc. evaluation of Mrs. Mozes' academic and professional qualifications, including six years of marketing experience not related to Mr. Shklarsh's letter.

Potus has
seen

CONTINENTAL WINGATE COMPANY
ONE CHARLES RIVER PLACE
63 KENDRICK STREET
NEEDHAM, MA 02494

8-2-99

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Ms. Betty Currie	Gerald Schuster
COMPANY:	DATE:
	7/29/99
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
	6
202-456-2461	SENDER'S REFERENCE NUMBER:
PHONE NUMBER:	781-707-9000
RE:	YOUR REFERENCE NUMBER:
	781-707-9099 (fax)

Dear Betty:

The attached information was requested by the President the evening of the State Dinner honoring the Prime Minister of Israel, Ehud Barak.

8-2-99

After you have seen,
we will send to
Berkhardt for reply.

OK



C..



Continental Wingate Company, Inc.

Gerald Schuster
President

July 29, 1999

Ms. Betty Currie
Secretary to the President
White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Betty:

Both Elaine and I spoke with the President during the evening of the State Dinner that honored Prime Minister Ehud Barak. After some discussion of the enclosed subject matter, the President asked that this information be sent directly to him through you.

Would you be so kind as to forward this package to the President. Thank you for your attention to this matter.

Very truly yours,

Gerald Schuster

GS/pm
Enclosures



PARTNERS

M E M O R A N D U M

To: Gerry Schuster

From: Samuel O. Thier, M.D. 

Date: July 21, 1999

Subject: **Impact of the BBA on Teaching Hospitals**

I very much appreciate your taking the time to talk with President and Mrs. Clinton about the financial problems faced by teaching hospitals, including those that comprise the Partners HealthCare System. Jeff Otten, Jim Mongan and I have spent many hours over the past six months briefing Congress, the press, and officials in the Clinton Administration about the implications of the Balanced Budget Act of 1997 (BBA) for providers; our colleagues across the country are doing the same. As the enclosed list of press coverage illustrates, the media has a solid understanding of our problems. Official Washington and its policy experts remain skeptical, in part because the Administration is still relying on fiscal year 1997 data.

Although Washington is slow to recognize the seriousness of our problems, Wall Street has not been. Hospital bond rating downgrades substantially exceeded upgrades in 1998, reversing a two-year positive trend, and the rating agencies regularly cite Medicare cuts as a key contributor to the negative credit health of non-profit hospitals. Evidence is mounting elsewhere to support the claims of teaching hospitals that the BBA has gone too far. For example, under the BBA, Medicare spending was expected to grow 6.5 percent. In 1998, Medicare growth was actually 1.5 percent; it was negative for the first six months of 1999. Similarly, the BBA is now expected to cut Medicare by \$88.5 billion more than originally planned.

The combination of deep Medicare cuts through fiscal year 2002 (and beyond under President Clinton's Medicare reform proposal), steady increases in the costs of providing care, and, in our region, flat employer premiums, will devastate teaching hospitals. We will redouble our cost control efforts and are making the case that private sector premium increases are necessary. But we cannot forestall disaster without BBA relief as well. To be specific, there must be:

- No further reductions in special "mission-related" Medicare payments for teaching hospitals and indigent care hospitals (i.e., halt the IME and DSH cuts); *
- Smaller reductions in payments for outpatient care; and

*IME (Medical Education)

DSH (Shared Hospital Costs for Non-Reimbursable Medical Care
for the Poor)

- Faster implementation of technical corrections that redirect IME and DSH funds incorrectly paid to HMOs back to hospitals.

Enclosed, for your review, is a chart that illustrates the impact of the BBA on the acute hospitals that comprise the Partners HealthCare System; we face a total of \$340 million in lost Medicare payments. Also enclosed is a chart that demonstrates the fiscal "hemorrhaging" that is occurring among the Boston-area teaching hospitals. If you should need additional information or have questions about these materials, please call me, or Deborah Colton, our director of government relations, at (617) 278-1041.

Cc: James Mongan, M.D.
Jeff Otten
Thomas P. Glynn

Impact of Balanced Budget Act, By Partners HealthCare System Hospital (in \$ Millions)



	<i>FY 98</i>	<i>FY 99</i>	<i>FY 00</i>	<i>FY 02</i>	<i>FY 02</i>	<i>5 Yrs</i>
Atlanticare Hospital	\$(2.2)	\$(3.1)	\$(3.8)	\$(4.8)	\$(5.8)	\$(19.6)
Brigham & Women's Hospital	(8.5)	(13.5)	(19.3)	(26.2)	(29.7)	(97.2)
Faulkner Hospital	(1.2)	(2.0)	(2.7)	(3.6)	(4.3)	(13.7)
Massachusetts General Hospital	(15.0)	(22.7)	(33.7)	(45.3)	(49.9)	(166.6)
Newton-Wellesley Hospital	(2.5)	(3.6)	(4.9)	(6.5)	(7.6)	(25.1)
Salem Hospital	(2.1)	(3.4)	(3.4)	(3.9)	(5.1)	(17.9)
Total PHS Acute Hospitals	\$(31.4)	\$(48.2)	\$(67.8)	\$(90.3)	\$(102.4)	\$(340)

Boston Area Teaching Hospitals Financial Performance - Q2 YTD FY99



Mid-Year Period Ending March 31, 1999

(millions)

	Operating Income	Non-Operating Income	Excess Revenue (Deficiency) Over Expenses
Beth Israel Deaconess Medical Center	\$ (37.7)	\$ 1.8	\$ (35.9)
Boston Medical Center	\$ (3.8)	\$ 4.6	\$ 0.8
New England Medical Center	\$ (1.1)	\$ 3.9	\$ 2.8
St. Elizabeth's Medical Center	\$ 2.8	\$ 0.8	\$ 3.6
Dana Farber Cancer Institute	\$ (6.1)	\$ 12.8	\$ 6.7
Brigham & Women's Hospital	\$ (8.2)	\$ 3.6	\$ (4.6)
Massachusetts General Hospital	\$ (5.8)	\$ 2.2	\$ (3.6)
Partners Total (MGH + BWH)	\$ (14.0)	\$ 5.8	\$ (8.2)
Group Total	\$ (59.9)	\$ 29.7	\$ (30.2)

Source: Boston Organization of Teaching Hospitals Financial Officers Mid-Year FY99 Report (BOTHFO)

July 8, 1999

Partners Corporate Development

07/29/99 THU 15:39 FAX 781 707 9098

CONTINENTAL WINGATE CO.



OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319
515 281-5211
FAX 515-281-6611

Hand deliver copy to

- Mignon M.
- Jennifer Palmieri
- Fred DuVal
- Sean

SALLY J. PEDERSON
LT. GOVERNOR

- Nancy Hennrich

OMAS J. VILSACK
GOVERNOR

99 AUG 2 PM4:26

FAX

TO: Linda Moore
FAX #: 202-456-7929
FROM: Madhu Chugh
DATE: August 2, 1999

PAGES
(incl. cover): 2

8-2-99

Send to Burkhardt
for reply?

Yes ☒
No ☐

Coordinate
w/ IGA r.

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THOMAS J. VILSACK
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319
515 281-5211
FAX 515-281-6611

SALLY J. PEDERSON
LT. GOVERNOR

August 2, 1999

The Honorable William Jefferson Clinton,
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20502

Dear President Clinton:

Last Friday night, when you spoke on Senator Tom Harkin's behalf at the Val Air Ballroom in Des Moines, you were as eloquent and persuasive as all of us in the room had ever seen you. You spoke from the heart, without notes, about what politics is really about. It is about people and ideas and action, you told us. It is about an America that is a community of people who are very different but have a common citizenship and a common humanity. It is, above all, about helping each other have better lives.

Right now, we are in a bewildering crisis in Iowa. It is bewildering because our farmers have done all the right things, and they are facing the bleakest economic times in a quarter-century. And it is bewildering because it is occurring at a time of unparalleled prosperity in most of America.

I implore you to use your eloquence and persuasion to move Congress to pass a substantial emergency farm aid package before the recess on Aug. 7th. As the Congress counts down to its final days, we in Iowa are counting down the days until September 1st – the day that many farm loans and rental payments come due.

On September 1, thousands of Iowa farmers – many of whom sailed through the grim economic times of the early 1980s relatively unscathed – may lose their farms and their livelihoods. It is estimated that our state could lose one-third of its farm families in the coming months.

The consequences for rural communities and our entire state would be devastating.

As a nation, we cannot let this occur.

Politics is about helping each other have better lives. I firmly believe you can win bipartisan support for helping hard-working farmers. Your commitment to helping all Americans share in the nation's economic well being, and your powers of persuasion can make it happen.

Iowa is counting down the days. Will you help provide a reprieve?

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom Vilsack".

Thomas J. Vilsack
Governor

TJV/dam
CLINTONIAFARMERS

American Latvian Association, Inc.
Tel: 301-340-8174
Fax: 301-340-8732

Armenian Assembly of America
Tel: 202-393-3434
Fax: 202-638-4904

Belarusian Congress Committee of America
Tel: 301-292-2610
Fax: 301-292-8140

Bulgarian Institute for Research and Analysis
Tel: 301-530-8114
Fax: 301-530-0770

Congress of Romanian Americans, Inc.
Tel: 703-448-3372
Fax: 703-448-9361

Czechoslovak National Council of America
Tel: 301-656-6987
Fax: 301-986-1713

Estonian American National Council, Inc.
Tel: 410-544-5564
Fax: 410-544-7429

Estonian World Council, Inc.
Tel: 703-971-9243
Fax: 703-971-3564

Fax: 202-547-0392

Polish American Congress, Inc.
Tel: 202-296-6955
Fax: 202-835-1565

Slovak League of America
Tel: 703-573-5118
Fax: 703-573-5118

Ukrainian Congress Committee of America, Inc.
Tel: 202-547-0018
Fax: 202-543-5502

Ukrainian National Association, Inc.
Tel: 703-536-0725
Fax: 703-536-0738

US-Baltic Foundation
Tel: 202-986-0380
Fax: 202-986-0306

CENTRAL AND EAST EUROPEAN COALITION

1625 K Street, N.W., Suite 205
Washington, D.C. 20006

July 29, 1999

99 AUG 2 PM 4:38

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, DC

Dear Mr. President:

On behalf of our 19 national ethnic organizations with a constituency of over 22 million American citizens, we are writing to express our deep concern about the organizational changes being proposed for the National Security Council. We understand that the changes will involve the abolishment of the position of Special Assistant for Central and Eastern Europe. Such a move may be perceived by allies and adversaries as a diminished geopolitical interest by the United States in a critical area of Europe which borders on Russia. Our ethnic communities will perceive this as a lessening of U.S. commitment to that part of Europe to which we trace our heritage.

Our understanding of the reorganization is that a high-ranking official with the title of Special Assistant to the President will be in charge of the Balkan region while the northern flank (Czech Republic, Hungary, Poland, Slovakia, Lithuania, Latvia, Estonia) will be placed under the Director for Europe. While we fully support your efforts to restore peace and stability to the Balkans, this should not divert the continued attention of your Administration to the potential dangers in the northern flank which borders on Russia.

We list just a few examples of the need for continued high-level attention to this part of Europe:

* The western orientation of Slovakia is vitally important not only to the new members of NATO - Czech Republic, Poland, and Hungary - but to all nations seeking stability in Europe. Unfortunately, there are still political forces in Slovakia that would like to align themselves with Russia. Continued U.S. efforts are needed to discourage this orientation.

* Poland shares a long border with Belarus, governed by the unpredictable Lukashenko, who may one day follow the example of

8-2-99
Send to NSC?
Yes
to

Milosevic and initiate an ethnic cleansing of its Polish ethnic minority, numbering over 300,000 people.

* The Baltic countries are continually threatened politically and economically by Russia, which still sees these nations as part of its exclusive sphere of influence and security.

Considering these potential dangers, we believe that any signal of diminished interest in the security of the seven countries bordering Russia and Belarus will have a considerable negative impact on international perception of U.S. policy. Our ethnic communities, which until now had every reason to support your policies toward the countries of our heritage, cannot but react with grave alarm to this prospect.

We appeal to you, Mr. President, to reconsider the decision to abolish the office of your Special Assistant for Central and Eastern Europe.

Respectfully yours,



Janis Kukainis
President
American Latvian Association in the U.S., Inc.



Van Z. Krikorian
Chairman, Board of Directors
Armenian Assembly of America



Russell R. Zavistovich
President
Belarusian Congress Committee of America



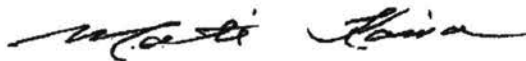
Radi Slavoff
Vice President
Bulgarian Institute for Research and Analysis



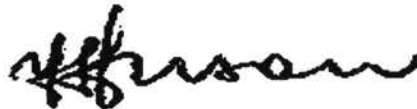
Armand Scala
President
Congress of Romanian Americans, Inc.


JOHN M. RICHARD

Chairman
Czechoslovak National Council of America



Mati Koiva
President
Estonian American National Council, Inc.



Ylo Anson
President
Estonian World Council, Inc.



Elizabeth Z. Napier
President
Georgian Association in the USA, Inc.



Frank Koszorus, Jr.
Member, Executive Committee
Hungarian American Coalition



Vello Ederma
Chairman
Joint Baltic American National Committee, Inc.



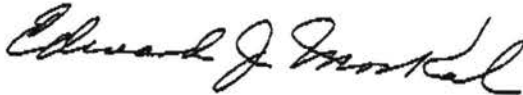
Regina Narusis, J.D.
President
Lithuanian-American Community



John Rackauskas, PhD.
President
Lithuanian American Council, Inc.



Laszlo Pasztor
Honorary National President
National Federation of American Hungarians, Inc.



Edward J. Moskal
President
Polish American Congress, Inc.



John J. Karch, PhD.
Exec. Dir., Slovak American Information Council
Slovak League of America



Askold S. Lozynskyj
President
Ukrainian Congress Committee of America, Inc.



Ulana M. Diachuk
President
Ukrainian National Association, Inc.

cc: Vice President Gore
National Security Advisor Sandy Berger
Secretary of State Madeleine Albright



JOINT BALTIC AMERICAN NATIONAL COMMITTEE

400 Hurley Ave.,
Rockville, MD 20850

*ASK FOR
PERSONAL Nowak*

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, DC

THE

BENEFIT NETWORK
A NON-PROFIT ENTERTAINMENT CORPORATION

gmc sw

Nancy Hernreich
The White House
1600 Pennsylvania Ave.,
1st Floor, West Wing,
Washington, D.C. 20500

July 27, 1999

Re: Real American

Dear Ms. Hernreich:

Beckie Moore of the Clinton Birthplace Foundation suggested I contact you to request permission from President Clinton to use his picture on the sleeve of our "Real American" cassette/CD, soon to be released (see enclosed).

We are proposing to manufacture a two song cassette/CD to be placed on consignment at the Foundation gift shop in Hope, Arkansas. All proceeds from gift shop sales would go directly to fund the Foundation. Net proceeds received by The Benefit Network, after costs of manufacture & production, would be donated to Ted Hayes' Homeless USA and a homeless organization of the President's choice.

I have enclosed a copy of our IRS Letter of Determination and our brochure. Please let me know if you require any further documentation or information.

I hope you will find the time to listen to this song and bring it to the President's attention. It was written with him specifically in mind and has a special message.

Sincerely,

Barbara Peck
Barbara Peck
President
The Benefit Network
(808) 245-0518

8-2-99
Send to Council?

Yes ☒

No ☐

C

REAL AMERICAN

Verse 1:

Grew up in the sixties
When the flame of hope was high
He had his heart broken
When he saw his leaders die

His vision was American Dream
One his fathers dreamed
When they fought the Revolution
And they signed the Constitution...

I'm talkin' 'bout America.

Verse 2:

Grew up in a small town
With a big ole dream in his heart
Worked hard and long to win the race
That was his right from the start.

Chorus:

He's a man of the people, a patriot and friend,
Yes, a man with a mission, he's a real American.
He's a man of the people, he's a brother and a friend
He's a man with a vision, he's a...real American.

Bridge:

His vision was American Dream
His vision was American Dream
His vision was American Dream...
And he fought, and he fought, and he fought, and he fought, and he fo-u-g-h-t!
The times never told...

Verse 3:

Now he's older
He holds the world in his hands
He's got the future in his eyes
Now he's there, I think he understands
He begins to realize, don't you know,
Yeah, an American opens his eyes...

Chorus:

A man of the people,
Yes, I say he's a friend, well,
A man of the people,
A brother to this land
He's a real American
He's a real American
A real American
He's a real American... (End)

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INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
PO BOX 2350 ROOM 5127
LOS ANGELES, CA 90053

DEPARTMENT OF THE TREASURY

Date: **AUG 18 1992**

Employer Identification Number:
95-4126989

Contact Person:
TYRONE THOMAS

Contact Telephone Number:
~~(213) 894-6641~~

THE BENEFIT NETWORK
8033 SUNSET BLVD 579
W HOLLYWOOD, CA 90046-2427

Our Letter Dated:
1988

Addendum Applies:
Yes

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

You are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. For guidance in determining whether your gross receipts are "normally" more than \$25,000, see the instructions for Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Letter 1050 (DO/CG)



EST. 1987

BENEFIT NETWORK
A NONPROFIT
EDUCATION/ENTERTAINMENT
CORPORATION

"IT'S A SMALL WORLD...."



**LET'S GET TOGETHER AND SAVE
IT!"**

**P.O.BOX 1197
HANALEI, HAWAII 96714
www.benefitnetwork.org
1-800-862-3633
(808) 245-0518**



OUR HISTORY

The Benefit Network is a nonprofit, tax exempt 501(c)3 corporation set up to produce and promote educational, entertainment and charitable events and projects to fulfill the following purpose:

- *bring public attention to urgent social and environmental needs*
- *educate the public on current solutions to these problems*
- *raise funds for nonprofit 501(c)3 organizations who provide services related to these needs*

Since 1987 we have been on the front lines of the following issues:

HOMELESS IN LOS ANGELES

With a donation from **Yoko Ono** we set up "**Rainbow Tent City**" with homeless activist **Ted Hayes** for the homeless on Venice Beach, CA. We raised funds and awareness for **Genesis 1** to house the homeless in **Geodesic Dome Villages**, the first of which, Ted established in Los Angeles in 1995.

A HIGHER CAUSE

We formed our own label "A Higher Cause" to release our first recording "**People In Need**" recorded by four-time Grammy Award winner **Edwin Hawkins** and the **Edwin Hawkins Singers**.

EARTHDAY

We opened **Venice Pavilion** on Venice Beach after a fifteen year moratorium and produced a series of **Earth Day** concerts to benefit the homeless.

FIRST AMENDMENT RIGHTS

We spearheaded a movement surrounding First Amendment Rights at **Venice Beach**, resulting in a new law allowing nonprofit groups to operate fundraising booths on Venice Boardwalk.

"SMALL WORLD"

We opened the first incense booth on Venice Boardwalk raising funds for : **Greenpeace, EDF, Amnesty International, World Wildlife Fund, Tree People, PETA, American Indian Relief Council and others**. We produced our first music video entitled: "**Small World**" - a global message by English Reggae artist **Princess Bam Bam...** "let's get together and save it!"



TELEVISION

We produced a TV series entitled "**Small World**" about **action, activism & activists** examining environmental and humanitarian issues with the goal of creating awareness and demonstrating real solutions.

STARVING ARTISTS

We recorded and released renowned homeless artist "King" Sonny Zorro's first music compilation entitled: "**The Venice Beach Tapes: Millennium**"

HAWAII

In 1997 we opened a branch office on the island of **Kaua'i, Hawai'i**, with the goal of working closely with the local community. We produce programs at **Ho'ike Public Access Television, Channel 12** facilities. Our programming serves a broad cross section of the island community from the North Shore to the Westside. Some of our topics are:

- **Veterans Memorial**
- **Honor Our Elders**
- **KCC Christmas Concert 1997**
- **Festival of Four Directions**
- **My Son Is Missing**
- **Recycle! Kauai**

From

THE BENEFIT NETWORK

P.O. BOX 1197,

HANALEI, HI 96714



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TO NANCY HERNREICH

THE WHITE HOUSE

1600 PENNSYLVANIA AVE

1ST FLOOR, W. WING,

WASHINGTON, D.C. 20500



PRIORITY
MAIL



PRIORITY
MAIL

