

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Staff Secretary

Series/Staff Member: Sean Maloney

Subseries:

OA/ID Number: 14866

FolderID:

Folder Title:

Tuesday, August 17, 1999

Stack:

S

Row:

40

Section:

5

Shelf:

2

Position:

2



IN REPLY REFER TO:

United States Department of the Interior

NATIONAL PARK SERVICE
UNITED STATES PARK POLICE

Headquarters
1100 Ohio Drive, SW
Washington, D.C. 20024

August 5, 1999

Ms. Nancy Hernreich
The White House
1600 Pennsylvania Avenue, NW.
Washington, D.C. 20500

8-17-99

Dear Ms. Hernreich:

This letter is in regards to the two gift horses from the President of Argentina. These horses were given as a gift to President Clinton and are currently being stabled at a United States Park Police Facility. Our department received these horses, March 25, 1998. It is my understanding that after one year, your office would make a decision as to whether the horses will remain at one of our facilities or be placed at another unit of the National Park Service.

I would like to suggest moving the horses to the Oxon Hill Children's Farm in Oxon Hill Maryland. This farm is a unit within the National Park Service and open to the general public. The farm has a stable and out door corrals and pasture. The farm has various other farm animals as well as other horses. They have regular veterinary care and ferrier service for the horses. The animals would be well taken care of and children would have the benefit of having two small horses to pet and view.

Oxon Hill Children's Farm would be pleased to receive these two fine horses and assume responsibility for the care. Please consider this option and I look forward to hearing from you.

Sincerely,

Jackie Beal

Jackie L. Burks, Lieutenant
Commander Horse Mounted Patrol Unit.

Bob &
do you think
are forced to
letter from P
as have the job
Call? 7/14

to D. Burkhardt
for response.
H

MEMO:

TO: Nancy Hernreich, Assistant to the President.
 From: Larry W. Hale
 705 De Queen Ave.
 De Queen, AR 71832

Subject: De Queen Regional Medical Center
 De Queen, AR 71832

Nancy, local officials have been notified by Triad Health Systems, of Dallas, the current owners of our local hospital, that they will invoke the "Warn Act" in 30 days, if some alternative arrangements are not made for acquisition of the facility. '99 AUG 17 PM3:24

There are currently 110 employees at the hospital, not including doctors. The facility provides medical care to a large protion of rural southwest Arkansas and southeast Oklahoma. I know what an important issue health care has been to President Clinton and I hope he can make some contact on our part. I am enclosing a copy of the card of the person responsible for acquisitions for St. Michael's Hospital of Texarkana. They have expressed an interest and Sen Lincoln has been in touch with Mr. Pruitt. Any help would certainly be appreciated.

Please give the President my best regards.

Sincerely,

Larry W. Hale
 Larry W. Hale

cc: Royce -

Any advice on this?

Who can say if POTUS could or would make this contact? Need answer asap.

NO contact by POTUS; please cc C. Mills, C. Jennings 8-18-99

Copied
 Mills
 Jennings
 Hernreich



CHRISTUS
Health

Michael K. Pruitt, ESQ, CHE | Vice President
Mergers and Acquisitions

2600 North Loop West | Houston TX 77092
Tel 713.680.4866 | Fax 713.680.4896
e-mail: michael_pruitt@sch.org

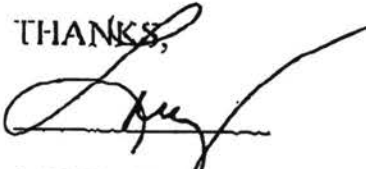
Contact person for St. Michael's Hospital

LAND OF LAKES INSURANCE AGENCY
870-642-7459--FAX

FAX MEMO

ATTENTION: Nancy Heinrich
FROM: Larry Dale
DATE: 8-16-99
REFERENCE: DeQueen Regional Hospital
MESSAGE: _____

FAXED:

BY: 8-16-99THANKS,


LAND OF LAKES INSURANCE
P.O. BOX 860,
DE QUEEN, AR 71832
870-642-2418
FAX-870-642-7459

8-17-99

SEC Immersed In Testy Effort By Employees To Unionize

By MICHAEL SCHROEDER

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — The Securities and Exchange Commission is embroiled in an increasingly testy drive by its employees to unionize.

Union supporters within the agency complain that SEC management recently hired a pro-management law firm specializing in labor law and abruptly backed away from a verbal agreement to allow employees to take a representation vote next month. While the SEC denies it's using delaying tactics, the moves have galvanized support for a union, which now appears inevitable because of the number of employees petitioning for such a vote.

The tumult comes as the SEC is being stretched by new demands wrought by fundamental changes in financial markets. The relatively small federal agency, with 2,800 workers and a \$342 million budget, must among other things oversee stock and bond markets, review stock-offering documents and police fraudulent trading practices. Growing Internet use for stock trading and investment advice has added a new burden of time-consuming online surveillance. And all of the innovative new electronic markets have put greater demands on the agency to ensure regulation keeps pace.



Arthur Levitt

Unlikely Union Site

The SEC is an unlikely spot for labor activism. About 80% of the agency's employees are professionals, predominantly lawyers. Jobs there are in strong demand, particularly among young attorneys and accountants fresh from school. And it has a good reputation both in Washington and on Wall Street. But the growing strain from more work and tight budgets has led to a union drive.

"I love the place and my job. I've never been a union supporter, but conditions are intolerable," said Michael Clampitt, an attorney and certified public accountant in the corporate-finance division. "Management keeps telling us we're the premier government agency. We ought to be entitled to the benefits." A 10-year agency veteran, Mr. Clampitt is helping lead the organization drive.

Among the chief grievances are unpaid overtime, low pay and lack of flexible work arrangements. SEC employees are subject to federal pay and benefit scales, which dictate, for instance, that the most senior lawyers are paid from \$65,000 to \$89,000. While the union couldn't negotiate with the SEC over pay — postal workers are the only federal employees whose unions can do that — it could negotiate benefits and work arrangements and could lobby Congress on budget issues that could affect federal pay.

The organizing effort was home grown. In December, headquarters staffers ap-

proached the National Treasury Employees Union, which represents 150,000 workers at agencies such as the Internal Revenue Service, Federal Communications Commission and Federal Deposit Insurance Corp. Support for a union soon spread to five of the six SEC regional offices (the New York office already is unionized).

Sharon Quinn Harris, an NTEU assistant counsel, said 700 of the 1,800 employees eligible to join a union quickly signed up to petition the Federal Labor Relations Authority to hold an election—exceeding the 30% requirement. If a vote is held, a simple majority of eligible employees is needed to organize the agency.

In a July 9 letter to the FLRA, the SEC said it had no objection to the union or the "appropriateness" of the proposed single bargaining unit for both headquarters and regional staff. A week later, the SEC wrote the FLRA again to say it had agreed to a Sept. 14 union election, pending a signed agreement between the agency and union.

But that changed recently, about the time the SEC hired Krupin Greenbaum & O'Brien, a Washington law firm that advertises itself as representing only management and employers on labor issues.

Without warning, union organizers say, the SEC on Aug. 6 challenged the push for a national bargaining unit, asking the FLRA to decide if regional offices should have separate bargaining units. The challenge means the vote will be pushed off until late this year, while the FLRA holds hearings and prepares its decision.

According to interviews with employees from headquarters and three regional offices, there is no support among union proponents for separate units, which they say would reduce bargaining power because it could split union ranks on negotiations with the agency. NTEU President Colleen Kelley fired off a letter on Aug. 11 to SEC Chairman Arthur Levitt saying she is "surprised and dismayed to learn the SEC is now renegeing."

Union boosters' ire is aimed at Mr. Levitt. "Our best guess is that [the commission is] waiting for Mr. Levitt to get out the door. He doesn't want to be remembered as the chairman on whose watch the SEC was unionized," Mr. Clampitt said.

Mr. Levitt, 68 years old, hasn't said whether he'll serve out his term, which expires in June 2003. A Democrat, he was appointed by President Clinton six years ago and will become the SEC's longest-sitting chairman Sept. 9.

SEC spokesman Chris Ullman said Mr. Levitt "has publicly stated that he's supportive of the union in principle and wants employees to do what they think is best for them."

SEC General Counsel Harvey Goldschmid, noting that the SEC doesn't have labor-law experience, said the decision to hire labor-law specialists was made to ensure all options are considered before a vote is taken. "What I care about is a fair election, full information and doing what's right for employees," he said.

Organizers believe a union can do a better job than management of lobbying Congress for pay and benefit improvements. They complain that only after the union drive began did management seriously talk about creating more flexible work arrangements. Within the past few months, the SEC doubled the employee monthly public-transit allowance—to \$42 from \$21, but it's still much less than the allowable \$65.

Mr. Ullman said the commission had been considering such improvements before the union became an issue.

Mr. Levitt has reason to be gun shy about going to Congress with his hand out. Soon after becoming chairman, he lobbied to make the SEC budget independent by funding it out of securities registration and transaction fees it collects. Lawmakers squashed the effort. Congress is loath to give up discretion over SEC fee revenue, which totaled more than \$1.5 billion last year.

Last year, lawmakers shot down the chairman's proposal to spend \$7 million on special bonuses to help combat heavy staff turnover. This year, the House has proposed slashing the SEC's budget to \$324 million, which the agency says would necessitate a 10% staff cutback. The Senate has proposed increasing the SEC's budget to \$371 million.

THE PRESIDENT HAS SEEN

8-17-99

copied
Podesta

Podesta
What's the
deal with? ~~PR~~

For 88 Refugees, Limbo Is a Place Called Illinois

Chinese Jailed for Two Months

By FREDRIC N. TULSKY
Special to The Washington Post

ULLIN, Ill.—For more than two months, 88 Chinese, flown 7,000 miles to the United States on a government plane, have been trapped here in a refugee's Catch-22: The U.S. government believes they might face persecution if sent back to China but is afraid they might face indentured servitude if released in the United States.

So the detainees sit in the only place that can guarantee their safety—a maximum-security jail in this remote location in southern Illinois. On good days, they are permitted an hour of exercise in a fenced-off area that resembles a dog run. They watch television in a language they don't understand. Some sleep on mattresses on a concrete floor in order to stay together.

Officials at the Immigration and Naturalization Service had set out to use the case of the 88 Chinese as a model for how the asylum process should work. On June 4, the government flew the Chinese from the Northern Mariana Islands to Los Angeles to allow them to apply for asylum. The Chinese were excited at the prospect of freedom. Instead, they found themselves in prison.

"We were really happy until we got off the plane," explained one woman, describing how they were put in shackles and handcuffs when their plane touched down in Los Angeles.

The INS planned to quickly release many of the detainees to privately run shelters. But agency officials became convinced that the Chinese were in danger of being forced into New York sweatshops and restaurants to repay debts as high as \$40,000 to the smugglers who arranged their passage out of China.

David Venturella, associate commissioner for detention and deportation, said last week that the INS intends to keep the Chinese locked in Ullin until they can present their asylum claims to administrative law judges. Venturella said those hearings are planned to take place in Ullin and will take several months.

Representatives of pro bono organizations are concerned that some asylum seekers will not find qualified attorneys for the hearings. "I'd be shocked if they all end up with attorneys in Ullin," said Mary McClellan, a lawyer with the Catholic Legal Immigration Network in New York. "And I think the result will be that some will lose valid cases and be deported."

The Chinese in Ullin were among more than 400 immigrants from Fujian province who were on boats arranged by smugglers that were intercepted by U.S. officials in April. They were taken to Tinian Island, one of the Northern Marianas. There they were held in tents for more than a month and interviewed to determine which ones appeared to have

viable cases for asylum—a well-founded fear of persecution if sent back to China.

Those who passed that hurdle were taken to Ullin. They include 35 women, 53 men and one boy. The boy, 17, is the only person from the group who has been released from the facility. He was transferred to a youth shelter in Chicago after the INS concluded that he had been improperly held for weeks in the adult facility.

After the Chinese arrived in Ullin, INS officials contacted groups active in supporting asylum-seekers and sought to enlist their efforts to ensure that the Chinese did not languish behind bars. To help the detainees with their asylum applications, the INS agreed to pay for pro bono attorneys from as far away as New York and Arizona to travel to Ullin. The attorneys lined up shelters in various cities that were willing to house the detainees while their asylum applications were pending.

But late last month, the plan went awry. The INS learned that smugglers had contacted family members of the detainees, seeking payment. The shelter releases were scrapped.

Venturella explained that in "normal cases" the detainees could have expected to be released pending asylum hearings. But, he said, these detainees had "direct association with smuggling organizations."

"That makes their plight a little different than people who come to airports, present themselves with no documents and say they wanted asylum," Venturella added. That difference, he said, "not only put themselves in jeopardy, it put those associated with them in jeopardy as well."

The INS decision angered officials who spent weeks in Ullin assisting the detainees. Mary Margaret McCarthy, director of the Midwest Immigrant Rights Project, last week called the INS position "totally outrageous."

"Many if not all of these people have strong asylum claims," McCarthy said. "Yet they are locked up and isolated in a small town with no access to legal resources."

The Tri County Detention Center sits alongside a soybean field, off the interstate 30 miles south of Carbondale. The facility, designed to hold 208 inmates, was opened in January to replace three deteriorating coun-

ty jails.

It was mostly empty until the INS began sending immigrants to the jail, paying slightly more than \$45 per night for each detainee. The agency decided to send the Chinese to Ullin because there was enough space to house all 88 together.

The jail is operated by GRW Corp. of Nashville, which is owned by Gil R. Walker, a former oilman.

Walker has hired Chinese translators to work round-the-clock, so the detainees can communicate with the guards and others. Even so, the jail was not fully prepared. An unfamiliar menu caused periodic intestinal discomfort. Walker and his administrator had to run to Wal-Mart for such items as women's underwear. The women were housed in a dormitory that included four local prisoners. The jail had no outside exercise area.

"I wish I could do more for them," Walker said.

The detainees gave a variety of reasons for fleeing Fujian: forced sterilization or abortion, religious persecution, forced marriage and domestic abuse.

They were told about a boat to the United States, they told a reporter recently. They would be welcomed and offered the chance to earn enough money to repay the smugglers who arranged the trip, they were told. The detainees—who

asked for anonymity out of fear for their safety—were taken out to sea at night in small boats that unloaded them onto a larger vessel. They spent most of the next two weeks in the hold, racked by nausea and seasickness and subsisting on rice.

Then U.S. officials intercepted the boat, and the Chinese were taken to Tinian, where they waited in their tents. One day officials called out their names, and each was put onto a bus and was told the group was being sent to the United States.

They were flown to Los Angeles and ultimately were taken to another plane, to Scott Air Force Base in southern Illinois, and then onto a bus to the prison.

Wendy Young, staff lawyer for the Women's Commission for Refugee Women and Children, said, "The INS is right to be concerned about smugglers. But the appropriate response to smuggling is not to further victimize the victims by placing them into indefinite detention."

If the Chinese are likely to still face threats from smugglers if they win asylum, "what is the INS going to do?" asked Young. "Sentence them to life in prison to keep them safe?"

This report was made possible by support from the Fund for Investigative Journalism.

THE PRESIDENT HAS SEEN
2-17-99

Podesta
This is awful
can't we do
anything? PK

copied
Podesta

8-17-99

Podesta
✓ Congress doesn't
act, it follows
unwritten rules
(regulatory, other
provisions to do
so)

Copied
Podesta

Private medical records ever more public

Prospects bleak for reform legislation

By August Gribbin
THE WASHINGTON TIMES

A1

People say it's nobody's business if they have recurrent yeast infections, or high blood pressure, or sought a psychologist's help to deal with a dreadful emotional experience. But they're wrong.

There is a plethora of evidence that insurers, health maintenance organizations, drug makers, corporate executives, researchers, marketers and the merely vengeful have made it their business.

And absent the preventive federal law that Congress promised to deliver this month, outsiders routinely cull people's sensitive files for coveted medical secrets.

"Every day our private health information is being shared," says Donna E. Shalala, secretary of health and human services.

Indeed, the American Health Information Management Association, a professional group, confirms that 17 outside organizations typically have access to a person's hospital records.

One of the association's publications further explains that some 150 persons — from nurses and X-ray technicians to billing clerks and food-service workers — have ready access to patient records in teaching hospitals. At non-teaching facilities, just 70 to 75 people have access, says Kathleen Fraw-

ley, one of the information group's vice presidents.

In a series of congressional hearings spanning six years, sociologists, physicians, medical-records keepers, various privacy advocates, government officials and law and medical association representatives have testified to the widespread abuse of medical information.

Among other practices, they have revealed that currently:

- Executives at more than a third of the Fortune 500 companies scan their employees' medical files before making hiring, firing and promotion decisions. An untold number of smaller businesses with self-insured medical plans do that as well.

- Life insurers increasingly obtain data on clients' genetic backgrounds and use the information to drop coverage or reject applicants who might contract an illness others in their family have had.

- Health maintenance organizations gather data that allow them to recruit only the healthiest clients — a tactic known as "cherry-picking."

- Internet information brokers sell for about \$400 an individual's complete medical file to any interested person with a computer and cash, including lawyers, detectives, political and business foes or vindictive neighbors.

- Drug-company marketers buy patient lists from pharmacies for a about 30 cents apiece, then make direct-mail drug pitches to heart patients, diabetics, arthritis sufferers and others.

In 1996, Congress responded to privacy advocates' pleas for medical-information protection. It decreed that unless it passed a law governing the disclosure and use of people's medical data by Aug. 21 of this year, the secretary of health and human services must issue rules that do so. The act gave the secretary until Feb. 21, 2000, to issue regulations safeguarding records stored in electronic databases.

Attempting to meet their self-imposed deadline, Senate and House members have come up with at least eight medical-records-privacy measures. They can't agree on any of them.

Partisan stubbornness reportedly has blocked the Senate's push to create a bill. Four recently scheduled meetings to reconcile differences have been postponed because, as a Senate aide says, there was no hope the differences could be reconciled.

Rep. James C. Greenwood, Pennsylvania Republican, introduced yet another bill in mid-July. His spokesman says that, when Congress returns after Labor Day, the proposal "is expected to move quickly through the House." However, it contains some of the same provisions that are blocking Senate action.

Two concepts that appear in various bills present the major barriers dividing legislators:

- Congressional leaders defending pro-life positions oppose what they consider pro-choice provisions that give minor children the right of access to their medical records without notifying parents or guardians.

- Republicans want to curb a patient's right to sue those who vio-

late proposed privacy regulations. GOP leaders contend that being sued is punishment in itself, so they want to prevent punitive damages from being awarded. They also want a cap on nonpunitive awards. Democrats argue that legislation barring punitive damages and severely limiting awards is weak, if not ineffectual.

Still, says sociologist Amitai Etzioni, a George Washington University professor, "The main reason little is being done in Congress is that the public is not participating."

Mr. Etzioni — author of "The Limits of Privacy," a new, in-depth study of privacy issues — says, "The public silence is surprising, since the public is being hurt and people are being subjected to humiliation and discrimination. But it is a fact. People just don't yet understand how vulnerable they are."

He continues:

"People's records are being freely traded on the Internet because there is no federal law. It's against the law to obtain records of the videotapes people rent or the cable channels they subscribe to. Federal law protects credit card and motor vehicle records. But there's no law guarding medical privacy."

THE PRESIDENT HAS SEEN

8 17 99

It's true that some hospitals, doctors and psychologists try to safeguard their patients' records, even to the point of minimizing the data they compile.

In fact, though, whenever patients sign forms authorizing their doctors to release medical or other information to process insurance claims, they are unwittingly letting the world in on what may be their deepest secrets.

Consider that such records most often contain the detailed history of a patient's diseases, tests, treatments, medications and dietary habits. They may also contain specific information about such things as communicable diseases, eating disorders, and sexual functioning and reproductive health.

They may also hold data concerning the medical history of the patient's family, references to sexual assaults and any indications of substance abuse or mental illness. They often contain information about the patient's job and salary and give the care provider's personal appraisal of the patient's character, personality and mental state.

The medical information on the hospital's or doctor's release form is fed into a computer that's typically linked to other computers transmitting data to insurance companies, county and state health departments, state disease registries, and health maintenance organizations and other managed care groups.

In testimony before a Senate committee, Miss Shalala gave examples of what can happen:

"At a Boston-based HMO, every single clinical employee could tap into patients' computer records and see detailed notes from psy-

chotherapy sessions. In Colorado, a medical student copied countless health records at night and sold them to medical-malpractice attorneys looking to win easy cases. In a major American city, a local newspaper published information about a congressional candidate's attempted suicide, information she thought was safe and private at her local hospital."

There are other examples on record. For instance, Maryland state employees raided a database containing the medical records of state residents, which had been set up in a cost-containment program. The employees sold information about Medicaid recipients to health maintenance organizations. A banker also gained access to the files and called in the loans of customers found to have cancer.

A convicted child rapist working at a Newton, Mass., hospital appropriated a former worker's computer password, searched 1,000 patient files and used the information to make obscene phone calls to young girls he had identified. Similarly, in Florida, a health department employee using a state computer compiled a list of about 4,000 people who had tested positive for HIV and sent the names to the St. Petersburg Times and the Tampa Tribune.

Mostly, victims of the misused data never know they have been damaged. The boss tends not to tell those passed over for promotion

that despite their excellent work they were rejected because they had a prescription for Prozac.

As Miss Frawley explains, people tend to trust their health care providers and cling to the belief their doctors can protect their privacy. Consequently, they fail to comprehend the magnitude of the privacy issue.

Then too, patients have little choice about signing the pre-treatment and so-called "voluntary consent forms" that authorize the release of information. Patients know that if they don't sign, their insurer may not pay for the treatments.

One root cause of the problem is ever-advancing computer technology, which in the last two decades has made it possible to store, manipulate and transmit infinitely detailed information to multitudes of data seekers.

Managed care organizations want the data so they can monitor treatments and ultimately control costs. Medical researchers want it so they can gauge the effectiveness of drugs, judge the quality of health care and develop new treatments. State medical groups need it to track epidemics and more. And others want it so they can create mischief, cause pain, get revenge or vent hatred.

Information specialists and patient advocates insist medical records need not contain the names of patients when used for medical research and most other reasons. The files can be "de-identified," so names and identifying numbers would be inaccessible to practically all but attending physicians.

In fact, government health officials are pressing for legislation that, with few exceptions, would allow release of health care information only for "health purposes." Even then, they say patients must first authorize the release. Otherwise, there must be "a clear legal basis" for releasing it.

The government also wants a law mandating that health data must not be misused and that has penalties for misuse.

As Miss Shalala said, "Americans should have the power to find out what rules protect their records, who is looking in them, what is in them, how to inspect and copy and, if necessary, how to correct their own health records." She says people should be told why others need their medical data.

The American Medical Association supports such provisions. And Dr. Paul Appelbaum, a psychiatrist representing the American Psychiatric Association, told legislators, "The need for legislation is compelling."

"Our country faces a health-privacy crisis," he said.

He and others indicate they need support for upholding the 2,300-year-old Hippocratic oath proclaiming: "Whatsoever things I see or hear concerning the life of men, in my attendance on the sick ... I will keep silence thereon, counting such things to be sacred secrets."

2/2

Podesta
This is awful
can't we do
anything? PK

THE PROSECUTOR HAS SEEN
2-17-99

copied
Podesta

For 88 Refugees, Limbo Is a Place Called Illinois

Chinese Jailed for Two Months

By FREDRIC N. TULSKY
Special to The Washington Post

ULLIN, Ill.—For more than two months, 88 Chinese, flown 7,000 miles to the United States on a government plane, have been trapped here in a refugee's Catch-22: The U.S. government believes they might face persecution if sent back to China but is afraid they might face indentured servitude if released in the United States.

So the detainees sit in the only place that can guarantee their safety—a maximum-security jail in this remote location in southern Illinois. On good days, they are permitted an hour of exercise in a fenced-off area that resembles a dog run. They watch television in a language they don't understand. Some sleep on mattresses on a concrete floor in order to stay together.

Officials at the Immigration and Naturalization Service had set out to use the case of the 88 Chinese as a model for how the asylum process should work. On June 4, the government flew the Chinese from the Northern Mariana Islands to Los Angeles to allow them to apply for asylum. The Chinese were excited at the prospect of freedom. Instead, they found themselves in prison.

"We were really happy until we got off the plane," explained one woman, describing how they were put in shackles and handcuffs when their plane touched down in Los Angeles.

The INS planned to quickly release many of the detainees to privately run shelters. But agency officials became convinced that the Chinese were in danger of being forced into New York sweatshops and restaurants to repay debts as high as \$40,000 to the smugglers who arranged their passage out of China.

David Venturella, associate commissioner for detention and deportation, said last week that the INS intends to keep the Chinese locked in Ullin until they can present their asylum claims to administrative law judges. Venturella said those hearings are planned to take place in Ullin and will take several months.

Representatives of pro bono organizations are concerned that some asylum seekers will not find qualified attorneys for the hearings. "I'd be shocked if they all end up with attorneys in Ullin," said Mary McClellan, a lawyer with the Catholic Legal Immigration Network in New York. "And I think the result will be that some will lose valid cases and be deported."

The Chinese in Ullin were among more than 400 immigrants from Fujian province who were on boats arranged by smugglers that were intercepted by U.S. officials in April. They were taken to Tinian Island, one of the Northern Marianas. There they were held in tents for more than a month and interviewed to determine which ones appeared to have

viable cases for asylum—a well-founded fear of persecution if sent back to China.

Those who passed that hurdle were taken to Ullin. They include 35 women, 53 men and one boy. The boy, 17, is the only person from the group who has been released from the facility. He was transferred to a youth shelter in Chicago after the INS concluded that he had been improperly held for weeks in the adult facility.

After the Chinese arrived in Ullin, INS officials contacted groups active in supporting asylum-seekers and sought to enlist their efforts to ensure that the Chinese did not languish behind bars. To help the detainees with their asylum applications, the INS agreed to pay for pro bono attorneys from as far away as New York and Arizona to travel to Ullin. The attorneys lined up shelters in various cities that were willing to house the detainees while their asylum applications were pending.

But late last month, the plan went awry. The INS learned that smugglers had contacted family members of the detainees, seeking payment. The shelter releases were scrapped.

Venturella explained that in "normal cases" the detainees could have expected to be released pending asylum hearings. But, he said, these detainees had "direct association with smuggling organizations."

"That makes their plight a little different than people who come to airports, present themselves with no documents and say they wanted asylum," Venturella added. That difference, he said, "not only put themselves in jeopardy, it put those associated with them in jeopardy as well."

The INS decision angered officials who spent weeks in Ullin assisting the detainees. Mary Margaret McCarthy, director of the Midwest Immigrant Rights Project, last week called the INS position "totally outrageous."

"Many if not all of these people have strong asylum claims," McCarthy said. "Yet they are locked up and isolated in a small town with no access to legal resources."

The Tri County Detention Center sits alongside a soybean field, off the interstate 30 miles south of Carbondale. The facility, designed to hold 208 inmates, was opened in January to replace three deteriorating coun-

ty jails.

It was mostly empty until the INS began sending immigrants to the jail, paying slightly more than \$45 per night for each detainee. The agency decided to send the Chinese to Ullin because there was enough space to house all 88 together.

The jail is operated by GRW Corp. of Nashville, which is owned by Gil R. Walker, a former oilman.

Walker has hired Chinese translators to work round-the-clock, so the detainees can communicate with the guards and others. Even so, the jail was not fully prepared. An unfamiliar menu caused periodic intestinal discomfort. Walker and his administrator had to run to Wal-Mart for such items as women's underwear. The women were housed in a dormitory that included four local prisoners. The jail had no outside exercise area.

"I wish I could do more for them," Walker said.

The detainees gave a variety of reasons for fleeing Fujian: forced sterilization or abortion, religious persecution, forced marriage and domestic abuse.

They were told about a boat to the United States, they told a reporter recently. They would be welcomed and offered the chance to earn enough money to repay the smugglers who arranged the trip, they were told. The detainees—who

asked for anonymity out of fear for their safety—were taken out to sea at night in small boats that unloaded them onto a larger vessel. They spent most of the next two weeks in the hold, racked by nausea and seasickness and subsisting on rice.

Then U.S. officials intercepted the boat, and the Chinese were taken to Tinian, where they waited in their tents. One day officials called out their names, and each was put onto a bus and was told the group was being sent to the United States.

They were flown to Los Angeles and ultimately were taken to another plane, to Scott Air Force Base in southern Illinois, and then onto a

bus to the prison.

Wendy Young, staff lawyer for the Women's Commission for Refugee Women and Children, said, "The INS is right to be concerned about smugglers. But the appropriate response to smuggling is not to further victimize the victims by placing them into indefinite detention."

If the Chinese are likely to still face threats from smugglers if they win asylum, "what is the INS going to do?" asked Young. "Sentence them to life in prison to keep them safe?"

This report was made possible by support from the Fund for Investigative Journalism.

By Reed
What about this?
Pr

8-17-99

✓ Copied
Reed
Podestg

The Washington Times
MONDAY, AUGUST 16, 1999

PETE DU PONT

Let me start out by saying Congress predicted nine of the last three national "crises." Many of you will remember the swine flu scare back in the 1970s. Congress got it in its head that swine flu was going to be a huge health problem, and so it pulled out all stops, spent millions of dollars and had everyone vaccinated.

Fortunately, the dreaded flu crisis never arose. Nor did we learn the lesson that Congress is easily excitable and willing to throw money and a new program at almost anything if it sees a political advantage.

And that's precisely what it sees when looking at a proposal to provide seniors with a new prescription-drug benefit. But surely there is a better way to address the problem than the president's plan, which would expand Medicare at a time when Medicare's unfunded liability (\$8.9 trillion over the next 75 years) is twice the size of Social Security's.

If Congress has to pass legislation, here are four suggestions that would make things better without making Medicare worse.

- Free Medigap. In order to limit their financial exposure, most seniors acquire, either through a former employer or private purchase, supplemental insurance, which pays many or all of the expenses that Medicare does not. Like Medicare, the federal government tightly controls the Medigap policies.

Were insurers given more freedom, they could create plans that

A better medicine for seniors

responded to the needs of the market. Specifically, if insurers were free to forgo coverage of many routine expenses, they could offer more generous drug coverage — with no increase in premiums.

- Free Medicare. Some 16 percent of seniors have shifted out of traditional Medicare and into a private-sector HMO, and 95 percent of them provide their enrollees with a prescription-drug benefit.

However, the Clinton administration and a Medicare bureaucracy hostile to any challenge to its power and authority have combined to halt and even reverse the trend. After the administration cut reimbursement rates to Medicare HMOs this year, many HMOs dropped out of the program, leaving some 450,000 seniors, many who had drug coverage, scrambling to find another HMO or return to Medicare. Another 99 HMOs intend to leave next year, affecting 325,000 more seniors.

What could the private sector do for the elderly if they were free of Medicare restraints? A Milliman & Robertson analysis finds that with the average amount Medicare cur-

AND I'M BRINGING IN A SPECIALIST TO HANDLE THE BOOK-KEEPING...



©1999 SAN DIEGO UNION-TRIBUNE
COPYRIGHT NEWS SERVICE

SKILLN



rently spends on each senior, a private plan could in principle establish a \$1,585 across-the-board deductible and cover hospital, physician and drug costs above that deductible. Although a deductible of that size seems like a lot of money, many seniors are already spending \$1,500 to \$2,000 a year for Medigap coverage. What if they took that money they currently

spend on Medigap premiums and put it in the bank?

- Free Roth IRAs. Many workers already set aside \$2,000 a year after taxes in Roth IRA retirement accounts that grow tax-free. After age 59½, the funds can be withdrawn without penalty for any purpose, including medical expenses. Since the elderly by definition satisfy the age test, Roth IRAs could

potentially serve as "back-ended" Medical Savings Accounts for the elderly.

However, there are two small problems. First, the law prohibits taxpayers from depositing more in a Roth IRA than they receive in earned income in each year. Since only about 18 percent of those age 65 and over work (and therefore have earned income), this restric-

tion excludes the vast majority of seniors.

Second, unless deposits are held for at least five years, the interest earned is not tax-free. Clearly, this restriction discourages the type of annual deposits and withdrawals that are needed for health care.

The solution is to allow seniors to deposit the maximum in their accounts (regardless of the amount of earned income) and let them use the funds at any time without tax consequences — provided that the Roth IRA backs up a Medicare or (even better) a Medicare+Choice private health plan.

- Free the states. Finally, Congress should free up the states by letting them use these funds for the purpose of providing prescription drug coverage for the elderly poor, perhaps by using a risk pool. More than half the states have high-risk pools that permit uninsured people who have been denied health insurance to obtain coverage for a reasonable premium. They could do the same for those who have been denied prescription-drug coverage.

These proposals would create no new taxes (even if they were called premiums) and would cost the government nothing. At a time when Medicare is in financial trouble, it makes much more sense to look at smaller, less-expensive and targeted solutions for those seniors who need help.

Pete du Pont, former governor of Delaware, is policy chairman for the National Center for Policy Analysis.

THE PRESIDENT HAS SEEN

8-17-99

Geo Frampton

He is on top
of this - call
we should be
put administration?

2/2

Copied
Frampton
Podesta

8-17-99

Return of the Timber Wars

For the past two years, Mike Dombeck, the chief of the United States Forest Service, has struggled to change the culture of a notoriously stubborn agency that has long favored the harvesting of timber in the national forests at the expense of wildlife protection and other environmental values. But old habits die hard at the Forest Service, no matter who is in charge. That is the unhappy subtext of Federal District Judge William Dwyer's recent ruling that the Forest Service has been violating a landmark 1994 plan to protect the spotted owl in the old-growth forests of the Pacific Northwest, mainly by failing to conduct wildlife surveys on Federal land before approving logging contracts. The decision, which also faulted the Bureau of Land Management, could halt logging on more than a half-million acres of Federal land.

Judge Dwyer thought he had straightened out the Forest Service eight years ago. In 1991, ruling on a lawsuit brought by environmentalists, he found that the Reagan and Bush Administrations had systematically failed to honor their obligations under various Federal laws to protect the habitat of the spotted owl in the old-growth forests in northern California, Washington and Oregon. Judge Dwyer's ruling effectively shut down the logging business until 1994, when the Clinton Administration brokered a compromise. Under the plan, the timber industry's annual cut in the region was set at 1.1 billion board feet, greatly reduced from its mid-1980's high of 5 billion board feet. Some old-growth trees would be cut to meet that target, but about two-thirds of them would be preserved. The plan included other protections, including the survey requirement. In exchange, the Administra-

tion provided job retraining for displaced loggers.

The revelation that the Forest Service — specifically, Mr. Dombeck's subordinates on the regional and local level — failed to honor a key part of this agreement is disturbing. Yet some good may yet come of it. For one thing, it may shock Mr. Dombeck into paying much closer attention to what his people on the ground are actually doing or, in this case, not doing. This is not the first time he has been blindsided. For another, it could focus Congressional attention on a pernicious rider to the Interior Appropriations bill that would in effect legalize the very behavior that Judge Dwyer found illegal. Slipped into the bill by pro-logging northwestern senators before the judge's decision, the rider would excuse Forest Service employees from their legal duty to conduct detailed wildlife surveys, not only in the Pacific Northwest but in all national forests.

Finally, the Dwyer ruling could usefully refocus the Administration's attention on the 1994 compromise plan, which needs strengthening. Officials at the Oregon Natural Resources Council, which brought the recent suit, have said that they can live with the 1994 plan if it is scrupulously followed. But the plan still presupposes the loss of up to a third of the old-growth trees. Mr. Dombeck might therefore begin thinking of ways to save those trees, perhaps by reducing the timber harvest, or by expanding his previously announced policy of banning new logging roads in the national forests to include those in the Pacific Northwest, which have so far been exempted from the ban.

Both moves would infuriate powerful senators who underwrite Mr. Dombeck's budget. But it would be a good way to atone for his agency's indifference.

must be
get the
act

Defects in the DNA Law

The potential value of DNA evidence as an identification tool in criminal cases is vast. New York State wants to tap that potential, but its new law expanding the collection of DNA samples from convicted felons is deficient. Among other things, Governor Pataki and legislative leaders failed to address the legitimate privacy concerns that creating an extensive DNA databank inevitably raises.

Under the new law, starting Dec. 1, anyone convicted of one of a long list of felonies will have a DNA profile entered into a state database for use in solving crimes and aiding prosecutions. The law permits DNA to be collected either from a blood sample or by taking cells from the inside of the mouth with a cotton swab — not an unreasonable intrusion. The state already collects fingerprints, and has begun taking blood samples from people convicted of sex crimes and a few other violent offenses. The ability to match DNA profiles against evidence from unsolved cases will give police a powerful new crime-fighting tool, though some police officials are pushing to go further and take DNA samples from suspects as soon as they are arrested.

The new law is silent, however, on a grave civil liberties question. What happens to the left-over DNA sample containing highly personal medical data and other information once a felon's individualized digital pattern is filed on computer? A computerized fragment of a person's DNA that does

not reveal intimate medical details is all the state needs for criminal identification. The law says that samples can be used only for forensic identification, but unless the left-over blood or saliva samples are destroyed, invasions of privacy and other abuses are possible.

The law's silence on that point invites the state's forensic science commission, which regulates DNA labs, to provide an answer. Otherwise, the Legislature will be obliged to make sure that samples taken for the purpose of making a high-tech fingerprint do not get retained for potential abuse later on.

Beyond privacy, there are major practical questions. The law calls for collecting DNA samples from everyone now in prison, on parole, or on probation for one of the crimes on the list — about 100,000 people. But it earmarks no money to accomplish this daunting feat. The state's criminal justice coordinator, Katherine Lapp, hopes to find money in the current budget to get the system running.

But that still leaves two other unmet needs. No money has been provided to build up existing lab capacity. Nor is there money to teach police detectives how to identify and properly handle DNA samples at crime scenes. Unless these gaps are filled, the state will be unable to realize DNA's crime-fighting potential no matter how big a database it builds.

THE PRESENT HAS SEEN
8-17-99

Reed
was on
in out in
Bo

✓
copied
Reed
Radesla

8-17-99

The Washington Post
MONDAY, AUGUST 16, 1999

Tom Bliley

Superfund Law Needs a Cleanup

According to Webster's New Collegiate Dictionary, to reform is "to amend or improve by change of form or removal of faults or abuses." The nearly 20-year-old Superfund program, bloated by litigation and inefficient bureaucracy, is in dire need of reform.

Superfund is a statute with fundamental flaws. Its liability scheme has created 20 years of litigation that has been harmful to people, particularly small businesses, and delayed cleanup of toxic waste sites. Superfund also has created barriers and disincentives to voluntary cleanups, state cleanups and community redevelopment. The program's unrealistic requirements not only create unnecessary burdens and waste for sites on the National Priorities List, but also for other cleanups across the country. States and cleanup contractors have made these points clear to Congress.

This is a program that takes eight years to accomplish the identification and listing of a hazardous waste site and another 10 years to select a remedy. While the administration and some of my colleagues call this a satisfactory pace and vindication of the "polluter pays" principle, I see waves of litigation and counterproductive federal rules.

EPA Administrator Carol Browner appears to agree that the overly litigious program needs reform. "The Superfund liability system needs to be reformed to reduce the burden on small businesses and to ensure that more money goes to cleanup not lawyers," she has said.

Even President Clinton has admitted, "Superfund has been a disaster. All the money goes to lawyers, and none of the money goes to clean up the problem it was designed to clean up."

The National Conference of Black Mayors has stated, "Far too much money is being spent on lawyers and not nearly enough on cleanup... tens of thousands of abandoned properties in urban areas lie contaminated and unproductive because developers and local businesses fear getting pulled into Superfund's far-reaching liability system."

Indeed, litigation delays cleanup. The General Accounting Office (GAO) reports that "the time

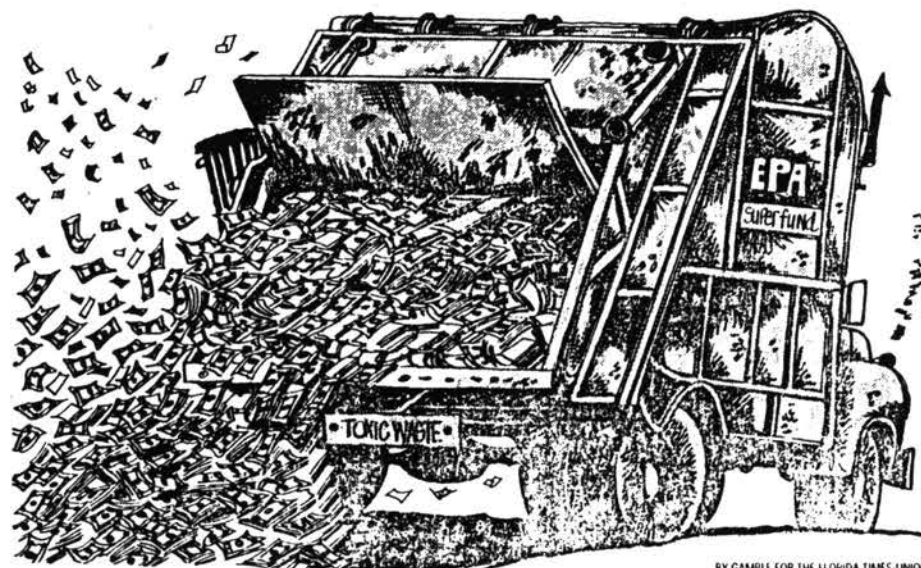
government pumps into Superfund each year, less than half of that goes to clean up toxic waste sites. Instead, most funds appear to be spent on "support" and other bureaucratic expenses. Given those figures, it's not surprising that during the life of the Superfund program, fewer than 200 sites have been completely cleaned up—and that cleanup came at a cost of \$17 billion. More than 1,200 sites still remain to be fully cleaned up.

This trend is unacceptable. When toxic waste sites stay abandoned because of Superfund's vagaries, people suffer, neighborhoods suffer, cities and towns suffer. Superfund's failures can be found in every state. Millions of Americans live near contaminated properties—unused and unsalable sites that have been on cleanup lists for years—and wonder when they will be returned to productive use.

In 1980 Congress passed a well-intentioned Superfund

law, and several aspects of the law work. Toxic waste sites are being cleaned up. But the statute is excessively litigious, slow and unrealistic, and it poses barriers to cleanups across the nation. State cleanup agencies, cleanup engineers, dozens of experts and Republicans and Democrats alike agree on the need for substantial reform. Governors and mayors are urging us to fix this statute. Congress is not poised to undermine the successes in the Superfund law. Rather, its members stand ready to address the problems of an inefficient and excessively litigious law. We must act now.

The writer, a Republican who represents Virginia's 7th District, is chairman of the House Commerce Committee.



BY GAMBILL FOR THE FLORIDA TIMES UNION

required to complete cleanups increased from 2.4 years in 1986 to 10.6 years in 1996."

Barbara Williams, a restaurant owner, on behalf of the National Federation of Independent Businesses, said, "What is the Superfund law accomplishing? The attorneys are making a fortune, small businesses are unfairly burdened and the contamination still isn't cleaned up."

While the administration claims that this program is "faster, fairer and more efficient than ever," I see a law that hinders voluntary cleanup programs and redevelopment through the pervasive fear of federal liability.

After more than 19 years, Superfund far too often has failed in its central mission to get toxic waste sites cleaned up. The GAO has found that out of the \$1.5 billion the federal

THE PRESIDENT HAS SEEN

8-17-99

Standy
Fyl-
BC

copied
Berger
Podesta

8-17-99

Leonard A. Cole

A Plague of Publicity

How anthrax scares are causing embarrassment, terror and near-tragedy.

Last month Secretary of Defense William S. Cohen warned that a biological weapons attack on American soil could be imminent. He urged the country to prepare for a "plague more monstrous than anything we have experienced."

"There is not a moment to lose," he said. Cohen's fevered warning typifies an official mood that has swung from complacency to disquieting hype. Even President Clinton has announced that the thought of a germ attack keeps him awake at night.

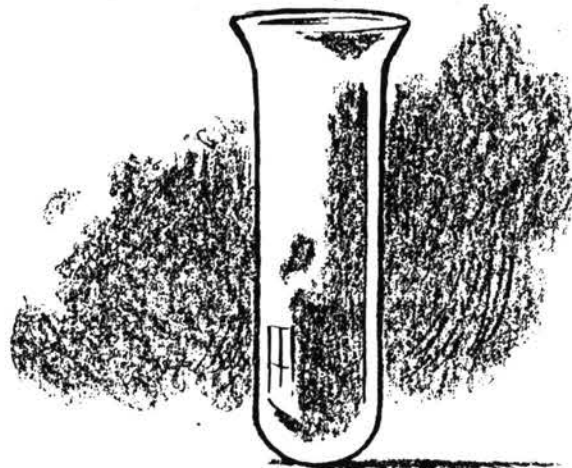
We have reason to be concerned about biological and chemical terrorism, and we are vastly enlarging programs for prevention, detection and response. But the drumbeat of frightening publicity seems to have given unsavory characters bad ideas. The number of false bioterrorism threats has mushroomed in the past year, costing taxpayers millions of dollars and disrupting the lives of more than 13,000 potential victims.

The hoaxes, almost all of which threatened people with exposure to anthrax, began in earnest at the end of 1998. In California and elsewhere, letters and phone calls warned that the deadly bacteria had been released at a variety of targets—abortion clinics, antiabortion organizations, courthouses, churches, schools, newspaper buildings, even FBI offices. Although all turned out to be false alarms, many people were traumatized by the experience.

The suddenness of the hoax phenomenon is underscored by the fact that in the years before October 1998, fewer than a half-dozen anthrax threats had been recorded. Since then, according to the FBI, more than 200 threats have been logged. The cost of police, fire and emergency medical responses for a single incident runs as high as \$500,000. In some instances, people in targeted areas were told to go home, place their clothes in a plastic bag and shower. In others, they were quarantined, endured scrubbing with a bleach solution and began taking antibiotics. After four or five hours in most cases, initial lab tests showed no evidence of anthrax. But obtaining definitive results takes several days, which prolongs the anxiety

of those who thought they might have been exposed.

In fact, reactions to the alarms and rescue efforts have ranged from resignation to panic. Moreover, local emergency responses have sometimes been bizarre and confused. After an anthrax scare at an NBC news office in Atlanta, some individuals were made to undergo four decontamination washes. The final one



BY WALLMEYER

was under a makeshift outdoor shower where distraught victims, attached to an IV line, had to scrub themselves in public view. During another anthrax threat, more than two-dozen people were brought outdoors to undress before being sent into a tent for a scrubbing with a bleach solution and cold water. After decontamination, two women were rushed to the hospital. One was having difficulty breathing, and the other had fallen unconscious from an allergic reaction to the bleach. Thus, for

some people the anthrax scares have caused embarrassment, terror and near-tragedy.

The most compelling explanation for the rash of bioterrorism threats has been the ballooning of publicity and hype, especially about anthrax. The New York Times' Ondisc index lists 81 articles on "biological and chemical warfare" appearing in the paper in 1996. By 1998 the number in that category was 414. Similarly, the number mentioning "anthrax" grew from seven in 1996 to 122 in 1998.

The trend began in April 1997 with the nation's first major bioterrorism hoax, at the B'nai B'rith building in Washington. An anthrax threat there disrupted the downtown area as TV news cameras caught naked people being decontaminated outdoors. In a highly publicized performance in November, Cohen hoisted a five-pound bag of sugar on national TV, warning that an equivalent amount of anthrax could kill half the population of Washington. Then in February 1998, two men were arrested in Las Vegas on suspicion of carrying vials of anthrax. The material turned out to be a harmless vaccine. Still, official pronouncements and media coverage on anthrax were abounding—about the danger of anthrax, the ease of making it into a weapon and the need to prepare for an attack.

Administration-backed funding for bioterrorism defense programs in several agencies has mushroomed from \$91 million in 1998, to \$244 million in 1999 and to an anticipated \$334 million in 2000. Many experts think these amounts are appropriate. So it is hard to understand what purpose more doomsday rhetoric is supposed to have. In any case, no rhetoric should be acceptable that in the end spurs actions that traumatize thousands of citizens unnecessarily.

While the risk of bioterrorism may have increased in recent years, insisting that a real attack is imminent or inevitable is gratuitous. Indeed, continuing a stream of alarmist statements is likely to provoke only more anxiety and more hoaxes.

The writer teaches political science at Rutgers University.

The Washington Post

MONDAY, AUGUST 16, 1999

THE PRESIDENT HAS SEEN

8-17-99

Brend
can we do
anything about
this? Hate bot
bug up + melt down?
✓

copied
Reed
Pedesta



Ricochet

Cities Suing Gun Firms Have a Weak Spot: They're Suppliers, Too

Police Trade-Ins Cut Costs,
 But Many of the Weapons
 Land in the Wrong Hands

Tracing Mr. Furrow's Glock

A By VANESSA O'CONNELL
 And PAUL M. BARRETT

Staff Reporters of THE WALL STREET JOURNAL

Since last fall, 26 municipalities have sued the gun industry, accusing it of flooding the market with handguns, many of which end up in criminal hands.

There is an incongruity in the municipalities' position, though: Most of the cities suing the industry are themselves, in effect, gun suppliers — and some could be accused of a degree of carelessness in how they unload used police weapons and confiscated firearms. Major cities that have taken the industry to court, including Boston, New Orleans and San Francisco, have together poured hundreds of thousands of second-hand police guns into the civilian market.

The cities say they need to sell or trade in the weapons to cut the cost of obtaining new, higher-power models — much as old police cars are auctioned off for cash. Yet the practice incurs a cost of a different kind. Thousands of these castoff guns have turned up in crimes, such as last week's shooting rampage in Los Angeles by neo-Nazi Buford O. Furrow Jr. After wounding five people in his attack on a Jewish community center, the confessed killer allegedly murdered a mailman of Filipino descent with a Glock 26 pistol.

Police traced that gun to the Cosmopolis, Wash., police department, which in 1996 had traded the pistol to a gun dealer in the small town. In return, the department received a larger Glock pistol, says Cosmopolis Police Chief Gary Eisenhower. The gun dealer sold the Glock 26 to a private individual, and it ultimately wound up at a gun show before reaching Mr. Furrow's hands.

"It's upsetting," says Chief Eisenhower, that his five-person department's old gun was used in the killing, though he says that with a \$400,000 annual budget, he can't afford simply to destroy used service weapons.

But it wasn't an isolated incident. Data obtained by The Wall Street Journal under the Freedom of Information Act show that at least 1,100 former police guns were among the 193,203 crime guns traced last year by the federal Bureau of Alcohol, Tobacco and Firearms. Because of inconsistencies in how the agency compiles gun-trace data, any such annual count of former police guns connected to crime "probably represents the tip of the iceberg," says Howard Andrews, a Columbia University bio-statistician who assisted the Journal in its analysis. Citing privacy laws, the ATF won't release the names of police agencies whose guns were most often used in crimes.

So many former police guns wind up on the street that the International Association of Chiefs of Police is urging all law-enforcement agencies to destroy used service guns, as well as guns confiscated by police agencies. In a resolution enacted last October, the group warned that "the recirculation of these firearms back into the general population increases the availability of firearms which could be used again to kill or injure additional police officers and citizens."

For the same reason, some antigun activists also decry police trade-ins. But Handgun Control Inc., the nation's biggest gun-control group, has tried to play down the issue, at least in part because it is helping organize and lead the municipal

lawsuits against the gun industry. Dennis Henigan, Handgun Control's top lawyer, denies that the cities' role in trade-ins undercuts their legal case against gun makers. Talk of police gun swaps, he says, is an attempt by gun companies to "launch a counterattack" against the cities by focusing on "extraneous issues."

In a typical deal, a police department will sell its old guns to a wholesaler offering the agency new weapons at little or no cost. Last year, for instance, gun wholesaler Interstate Arms Corp. of Billerica, Mass., paid the Boston police \$324.87 apiece for old 9mm pistols and charged the department an identical \$324.87 each for new .40-caliber Glocks. Boston agreed to the deal and traded about 2,350 guns, for a savings of roughly \$763,000.

A department ships its old guns to the wholesaler, which resells them at a markup to gun dealers around the country. For example, Kiesler Wholesale of Jeffersonville, Ind., recently was offering a \$225 "allowance" to police departments looking to unload their old Smith & Wesson Model 645 semiautomatic pistols. Dealers looking to buy the used guns paid \$299 apiece, according to its catalog.

Dealers, in turn, sell the used guns for as little as half as much as new models might fetch. For instance, a used Glock or Beretta might retail for \$200 or so, compared to the typical price of \$400 for a new model from these top-of-the-line gun makers.

"It's the gun equivalent of a pre-owned Lexus," says Joseph Vince, who retired last year from his position as the chief of crime-gun analysis at the ATF. "You get a high-quality gun, but one you maybe couldn't afford when it was new."

Police trade-ins first became common in the mid-1980s, when many law-enforcement agencies began switching from six-shot revolvers to semiautomatic pistols that can accommodate more ammunition and can be reloaded more quickly. At the time, police budgets were tight, and gun makers were pitching semiautomatic pistols as an improvement over the Smith & Wesson six-shot revolvers most departments had used since the 1970s or earlier.

Gun makers such as Glock encouraged wholesalers to bid for a department's old revolvers and resell them to dealers throughout the country. Even though revolvers are generally less popular than semiautomatics, old police guns retain a certain mystique in the eyes of many shoppers and sell quickly, says Wain Roberts, a dealer in Pinellas Park, Fla.

Despite the anxiety expressed by the international police chiefs' association, the pace of trade-ins has picked up recently, thanks largely to more aggressive marketing by Glock, a leading supplier to the law-enforcement market.

Boston Police Commissioner Paul Evans says that over the past two years, his department has switched to the Glock .40-caliber pistol from the company's 9mm model, partly because Glock suggested that larger .40-caliber bullets were less likely to pass through a suspect's body and hit an innocent bystander. "There are liability issues," Commissioner Evans explains.

Apart from the characteristics of particular guns, the 1994 federal crime bill created separate incentives to pursue police trade-ins. The law included a ban on the manufacture of magazines that can contain more than 10 rounds. (A magazine is the part inserted into a semiautomatic weapon that holds the ammunition.) Congress created an exception, however, for guns sold to law-enforcement agencies, which could have magazines exceeding 10 rounds.

As often happens in response to a new gun regulation, demand among gun enthusiasts for larger magazines jumped beginning in 1994. Gun wholesalers saw an opportunity to profit. The wholesalers offered police departments financial enticements to trade in their used service weapons and the large magazines that came with them. The wholesalers thus got their hands on many thousands of extra "high-capacity" magazines, which in the years since they have resold on the civilian market for twice or three times their original "pre-ban" value.

A common incentive that wholesalers have offered police departments is an even swap of new guns for used service weapons with large-capacity magazines. "Here's an offer you can't refuse!" blares a recent flier from Interstate Arms, promising to trade new Glocks for old at no extra cost to police departments.

But as police trade-ins grew more common in the mid-1990s, so did the number of former police guns showing up at crime scenes. The ATF started noticing that so many guns once owned by police were being used illegally that the agency created a special computer code—S5—for the guns it traced back to law-enforcement agencies. But while the ATF now tries to compile traces of former police guns, it hasn't worked out kinks in its database to allow for a comprehensive accounting of the problem.

Recently, a backlash has begun to build. After used police guns were recovered in several high-profile crimes, a number of states, including New York, Connecticut and Wisconsin, enacted laws mandating the destruction of old police guns, or

1/2

requiring that the guns be sold overseas. Such laws force cash-strapped police departments to hold on to their guns for longer than they might have. "I would hate to see 20 nice-condition Glocks get ground up" just because they can't be traded in, says Capt. Daniel Crawford of the Ashland, Wis., police department. He says his department plans to use its current Glocks until they wear out.

Since last fall, officials in a number of cities that were filing or planning to file suit against the gun industry have worried that their own police departments' methods for getting rid of old service weapons would expose the cities to allegations of hypocrisy. The municipal suits accuse the industry of failing to oversee aggressively how guns are distributed and sold; the municipal officials fretted that the cities, too, could be accused of negligence if there was a risk that guns they were getting rid of might end up in criminal hands.

In San Francisco, for example, the police department since 1995 had sold or traded obsolete service revolvers and confiscated guns to out-of-state wholesalers. Part of the motivation for the sales was to help finance the purchase of new, more powerful Beretta semiautomatic pistols that carry more rounds and allow users to reload more rapidly.

One of the conditions of the sales of the old and confiscated guns was that the wholesalers would sell the guns to foreign buyers, says city attorney Louise Renne, but San Francisco officials were concerned by reports that some of the weapons may have been turning up in the U.S. In late May, as Ms. Renne's staff was putting the finishing touches on the city's suit against the gun industry, the San Francisco police department announced that it would stop selling its old and confiscated guns and instead would destroy them. Less than a week later, Ms. Renne announced the filing of the suit.

The city attorney emphasizes that even under the abandoned trade-in policy, San Francisco "attached strings," such as the overseas-buyer requirement, that were intended to protect against the city's police guns ever being used in crime—at least in this country. That approach "was a far different thing" from how the gun industry does business, she adds. San Francisco's suit, like most of the others filed on behalf of 26 cities and counties around the country, alleges that the industry pours handguns into areas with lax gun laws, encouraging illegal traffickers to siphon off numerous guns that are then sold to criminals. Gun manufacturers, says Ms. Renne, essentially "attach no strings" once their products leave the factory. (Gun companies dispute this, saying that they do business only with reputable wholesalers that agree to operate responsibly.)

But Ms. Renne concedes that both governments and the industry "ought to learn

from the lessons of the past" that gun sales haven't been monitored closely enough. "All policies"—public and industry—"ought to be changed" in light of what has been learned, she adds.

New Orleans Mayor Marc Morial, who filed the first city suit against the gun industry last October, has since been embarrassed publicly on the trade-in issue by Glock's vice president and general counsel, Paul Jannuzzo. Near the end of a joint appearance earlier this year on NBC's "Today Show," Mr. Jannuzzo pointed out that New Orleans is perhaps the biggest distributor of used guns in Louisiana, having recently agreed to obtain new Glocks in a swap for 7,300 weapons seized in crimes, as well as 700 Berettas that had belonged to New Orleans police.

Mr. Morial tried to justify the deal, claiming that as part of the agreement, Glock had "agreed not to sell them in Louisiana." But by late April, a New Orleans newspaper was running an ad from a local gun shop promoting the sale of Beretta 9mm pistols once carried by New Orleans officers. "Own a piece of New Orleans history," the ad declared. "All are original duty weapons and are numbered and stamped N.O.P.D." The guns came with a bonus: two 15-round "pre-ban clips."

The mayor was unavailable for an interview, according to a spokesman. But the spokesman says New Orleans suspended the Glock swap before it was completed, and as a result, now owes the gun company an unspecified amount of cash.

Kiesler's Wholesale, which served as middleman in the New Orleans-Glock deal, has likewise grown more sensitive to concern about police trade-ins—without actually ceasing to participate in them. For example, Kiesler's has stopped billing the police guns it buys and resells as "police trade-ins" and now marks them merely "pre-owned." The wholesaler also has added pages to its catalog, promising police officials several "politically acceptable ways to help your department" dispose of its weapons. These options include arranging for Kiesler's to resell the guns outside of the geographical area or state where the agency is based, or reselling them only to police officers. The restrictions come with a price; a department will receive a smaller credit for each gun it trades in to obtain either limitation.

Boston Police Commissioner Evans discovered a few months ago that some of the guns his department had traded in materialized on the civilian market nearby. In April, Boston agreed to pay \$231,525 to the wholesaler, Interstate Arms, to cover the extra cost of disposing of its guns overseas, according to a new agreement. Commissioner Evans calls it "money well spent."

At Glock's U.S. headquarters in suburban Atlanta, the company says it believes it has worked out a solution for the trade-in problem: a proposed program under which it would lease its guns to police departments that lack the cash for a capital outlay. Because departments wouldn't technically own the guns, they wouldn't be able to resell or trade them. Instead, Glock would take the guns back and resell them. The plan could be seen as relieving city governments of responsibility for former police guns, although the weapons would still end up back on the civilian market.

Glock's Mr. Jannuzzo declines to comment on the new lease plan, except to say it is something "a lot of people are contemplating."

2/2



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

8-17-99

THE DIRECTOR

cc: HRC / Melanne / ~~Podesta~~

88-001-4-7-00

August 4, 1999

MEMORANDUM TO THE PRESIDENT

FROM:

Jacob J. Lew

SUBJECT:

Comparative Impact of Tax Cut Proposal – INFORMATIONAL

During our phone conversation last week, you asked a number of questions about why it would be difficult to accommodate a \$500 billion tax cut. Attached is a table that compares OMB's your Midsession Review policy to OMB and CBO scoring of a \$500 billion tax cut plan, including additional spending requirements. Also attached is a short, line-by-line description of our analysis.

In developing the analysis, we assumed:

- the year-by-year cost of the tax cuts are roughly proportional under each scenario. The debt service and interest costs are affected by the year-by-year tax cut, and could therefore skew our analysis;
- your proposed defense and non-defense funding levels are included under each proposal; and
- possible additional costs for Veterans, Agriculture, and Medicare BBA Adjustments are included under each proposal.

We are working with the rest of the economic team on the broader question of the possibilities of reconciling different policy proposals and will be presenting you with our analysis in a meeting next week.

ATTACHMENTS

Copied
Lew
HRC
Melanne
Podesta

Mid-Session Policy Compared to \$500 Billion Tax Cut
(10 year estimates in billions of dollars).

	OMB Mid-Session Policy	\$500 billion tax cut	
		OMB	CBO
Available on-budget surplus.....	1,083	1,076	996
Tax cut including related debt service.....	287	574	572
Discretionary:			
Defense -- Administration Policy.....	127	322	339
Nondefense -- Administration Policy -- 6.7% below 1999 level plus inflation.....	201	148	162
Offsets including tobacco -- if not enacted caps are even tighter.....	*	-147	-118
Total.....	328	323	383
Possible added costs :			
Veterans.....	---	10	10
Agriculture.....	---	30	30
Medicare BBA adjustments.....	**	15	15
Medicare:			
Prescription Drugs.....	46	46	111
Solvency.....	328	---	---
Interest cost.....	95	110	134
Resulting Deficit.....	---	-31	-259
Memorandum -- Potential additional costs:			
Allowance for average cost of defense, natural disasters and other contingencies.....	100	100	100

* The Administration's total discretionary proposal includes \$147 billion of offsets.

** Mid-Session Medicare policy includes \$7.5 billion for BBA adjustments

08/04/99

10:59 AM

G:\LOTUS\PRELDEAL

DESCRIPTION

- **Available on-budget surplus.** In the Midsession Review, the Administration estimates an on-budget surplus of \$1,083 billion based on your policies prior to Social Security and Medicare reform over ten years. CBO estimates a current-policy baseline on-budget surplus of \$996 billion over the same period, a difference of \$87 billion. OMB scoring of a \$500 billion tax cut is based on an OMB baseline on-budget surplus of \$1,076 billion. Administration policy proposals are responsible for the \$7 billion difference between the OMB policy and baseline surplus estimates.
- **Tax cut including related debt service.** The Midsession Review includes the Administration's \$250 billion tax cut (and associated \$37 billion debt service cost). For comparison, a \$500 billion tax cut and the associated debt service costs is presented. The \$2 billion difference in the OMB and CBO scoring of debt service costs for this tax cut is the result of slightly different assumptions about interest rates.
- **Discretionary.** The Midsession Review allocates a total of \$328 billion of the on-budget surplus for critical national needs like military readiness and education. The Administration non-defense discretionary level over ten years is more than 6 percent below an inflated 1999 funding level and in 2009 alone is 13 percent below the 1999 inflated level.

The large differences in defense funding result from the fact that a large portion of the Administrations defense increase is funded within the underlying policy before allocating the surplus. The larger amounts are measured from a current policy baseline which does not reflect these underlying changes. To accommodate these aggregate levels, it is also necessary that our offsets, such as the Administration tobacco policy, be enacted and scored or the spending limits will be even tighter. The Administration's discretionary levels are tight and should represent a floor rather than a ceiling.

- **Possible Added Costs.** Although the Midsession Review does not specifically include funding for additional increases in Veterans and Agriculture, such costs will need to be accommodated within an overall fiscal policy. If not separately accounted for, Veterans and Agriculture spending would create pressure under the caps in the future or require on-going spending outside the caps. Similarly, the BBA adjustments would reduce the on-budget surplus if not offset.

The funding levels included are illustrative estimates and do not reflect a policy recommendation. The Agriculture funding level reflect current estimates of an Agriculture package based on the three concepts we discussed -- crop insurance, an safety net targeted to small farmers, and short-term solutions that do not lead to long-term payments. Medicare provider payment adjustments to BBA reforms are shown at \$15 billion. The Midsession Review included \$7.5 billion for these adjustments.

- **Medicare.** The Administration's prescription drug proposal is included under each scenario. CBO has scored the cost of this proposal at \$111 billion, \$65 billion more than OMB scoring. It is impossible to accommodate the Administration's Medicare solvency transfers under either OMB or CBO scoring of a \$500 billion tax cut.
- **Interest Costs.** Interest costs under either OMB or CBO scoring of the \$500 billion tax cut proposal would be higher than in the Administration's plan due to the higher spending levels.
- **Resulting Deficit.** The Midsession Review provided a balanced approach that provides for Social Security and Medicare solvency, prescription drugs, investments in critical national priorities, and debt reduction while ensuring on-budget balance. In contrast, based on Administration discretionary spending policy, the \$500 billion tax cut proposal described above would not permit transfers for Medicare solvency and would result in an on-budget deficit of \$31 billion under OMB scoring and a \$259 billion deficit under CBO scoring.
- **Memorandum – Potential additional costs: Allowance for average cost of defense, natural disasters and other contingencies.** Although emergencies and other contingencies are not scored in advance, the costs when they occur reduce the on-budget surplus. Recently, Congressional critics of the tax cut have complained that any allocation of the surplus must include an allowance for annual emergency spending requirements. It is estimated that such an allowance would cost roughly \$10 billion annually.

copied
Lew
Podesta

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

Give TO
POUS

TI

August 7, 1999

8-17-99

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Jacob J. Lew

SUBJECT: Sequester Impact of Congressional Tax Bill

If the Conference Agreement on the Congressional tax bill was enacted in its present form, it would result in a sequester of mandatory programs in each year beginning in 2000. Mandatory spending would be cut by \$2.4 billion in 2000. Beginning in 2002, Medicare would be cut by 4 percent each year. Mandatory programs subject to a full sequester would be eliminated, including veterans education and readjustment benefits, the Commodity Credit Corporation farm programs, crop insurance, child support enforcement, social services block grants, immigration support, and mineral leasing payments.

The costs of the tax bill in 2002 and subsequent years exceed the savings that could be achieved by a sequester of mandatory programs. In 2002, the \$28 billion cut in mandatory savings resulting from a sequester would still be \$6 billion less than the costs of the tax bill.

Medicare

- Medicare spending would be cut by \$2 billion in FY 2000 and by \$9.2 billion, or 4 percent in FY 2002. Medicare payments to all providers (e.g., hospitals, physicians, home health agencies, skilled nursing facilities) would be reduced proportionally by the sequester.

Veterans Readjustment Benefits

- The Readjustment Benefits account provides education benefits and training to more than 450,000 veterans, reservists, and dependents through the Montgomery GI Bill and the Vocational Rehabilitation and Counseling Programs. If the Readjustment Benefits account was eliminated in FY 2002, these people would lose the education and training programs many were promised, and paid into, when they enlisted.
- If eliminated, the Vocational Rehabilitation and Counseling program, which helps 50,000 disabled veterans overcome employment handicaps sustained on active duty, would no longer assist veterans in finding jobs and becoming productive members of society again.

Commodity Credit Corporation (CCC) Farm Programs and Crop Insurance

- A sequester would cut assistance to farmers funded through the CCC at a time when many farmers are facing dire circumstances. Congress has recognized this situation, as was evident when the Senate passed a \$7 billion emergency funding package to help farmers and ranchers through nationwide low commodity prices and regional droughts that are withering crops and livestock. Cuts in farm assistance could be catastrophic, and cause thousands of farmers and ranchers to go out of business. In addition, with U.S. agriculture heavily dependent on exports, such an outyear sequester would end the Agriculture Department's export credit programs that guarantee billions of dollars of farm exports a year.
- Starting in FY 2002, the Agriculture Department's crop insurance program would be eliminated. Without insurance, most farmers and ranchers could not secure the financing from banks needed to operate their farms and ranches.

Student Loans

- Guaranteed and Direct Student Loan Program borrowers would have their origination fees increased by one-half of a percentage point beginning in 2000. Over 5.5 million beneficiaries could be affected.
- The average student loan borrower would pay an additional \$28 in origination fees. A graduate student taking out the maximum \$18,500 loan would pay an additional \$93 in fees. A college junior or senior taking out the maximum \$10,500 loan would pay an additional \$53 in fees.

Child Support Enforcement

- New Federal funding for Child Support Enforcement would be eliminated beginning in 2002 and many States would no longer be able to continue this critical program. In FY 1998, this program collected \$14.3 billion on behalf of children and families, and helped many low-income families move from welfare to work.

Social Services Block Grants (SSBG)

- Beginning in FY 2002, SSBG would be eliminated. SSBG provides funding to States to support a wide range of programs including child protection and child welfare, child care, as well as services focused on the needs of the elderly and handicapped. The inherent flexibility of this grant permits States to best target funds to meet the specific needs in their communities.

Immigration Support

- Mandatory funding for immigration programs pays for the costs administering laws related to admission, exclusion, deportation and naturalization of aliens. These costs are funded principally from fees paid by aliens. Sequestering this entire amount in FY 2002 and subsequent years could halt the immigration services program, leaving millions of legal aliens stranded in the immigration process and stopping all new immigration actions. All new fee revenue collections would also be stopped, thereby increasing overall mandatory spending.

Mineral Leasing Act Payments

- A sequester of Mineral Act Leasing payments starting in FY 2002 could seriously affect education programs in many States. Under current law, these payments are made by the Interior Department to States as a percentage of Federal receipts received from the leasing and development of mineral resources (oil, gas, and coal) on Federal lands in those States. Most of the payments are made to the western States and to Alaska. The States, in turn, generally use these payments to help finance local elementary and secondary schools. Some of the lowest-income States could have outyear funding to schools substantially reduced as a result of such a large sequester.

PAYGO Sequester Calculation
(Dollar amounts in millions)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2000-04</u>
PAYGO Net Deficit Increase.....	2,388	245	34,531	51,935	61,700	150,799
Excess above total PAYGO sequester baseline.....	---	---	<u>6,332</u>	<u>23,410</u>	<u>32,193</u>	<u>61,934</u>
Sequester amount (constrained to baseline).....	2,388	245	28,199	28,525	29,507	88,865
Programmatic Sequester Amounts:						
Medicare.....	1,981	15	9,247	9,993	10,567	31,802
Veterans Educ & Readj. Benefits.....	8	0	1,041	1,039	1,057	3,145
CCC.....	76	0	5,047	4,309	4,327	13,759
Crop Insurance.....	14	0	1,642	1,708	1,786	5,150
Student loans and Foster Care.....	180	191	203	215	228	1,017
Child Support Enforcement.....	12	0	3,148	3,381	3,649	10,190
Social Services Block Grants.....	22	0	1,441	1,435	1,435	4,332
Immigration Support.....	14	0	1,319	1,319	1,319	3,971
Mineral leasing Act payments.....	6	0	630	644	656	1,936
Vocational Rehabilitation Grants.....	24	38	39	40	41	182
All other.....	<u>50</u>	<u>0</u>	<u>4,443</u>	<u>4,443</u>	<u>4,443</u>	<u>13,380</u>
Sequester total.....	2,388	245	28,199	28,525	29,507	88,865

BOB TANNEN

COMPUTED BY

CHECKED BY

JOB NO. _____

DATE 8/3/99

DEAR MR. PRESIDENT — ^{Remembered} I need to reply now and
 FRANK GEHRY AND I ARE MORE THAN ^{AS SEE} 8-17-99
 INTERESTED IN WORKING WITH YOU AND YOUR
 FAMILY ON THE CLINTON LIBRARY. FRANK SEES
 THIS PROJECT AS THE MOST IMPORTANT OF ALL
 ARCHITECTURAL ASSIGNMENTS OF YOUR ADMIN-
 ISTRATION.

HE AND I ARE WORKING TOGETHER ON THE
 NATIONAL MUSEUM AND LABORATORY OF THE
 MISSISSIPPI RIVER, AND THE INTEROCEANIC
 AQUARIUM, ECOLOGICAL AND CULTURAL MUSEUM
 OF PANAMA. — TWO PROJECTS YOU WOULD BE
 INTERESTED IN.

WE WOULD THEN DISCUSS IDEAS ABOUT THE
 CLINTON LIBRARY, A PHYSICAL AND INTELLECTUAL
 VISION OF YOUR NATIONAL AND WORLD
 VISIONS.

WE WOULD CONTRIBUTE AND PARTICIPATE

BOB TANNEN

Frederic R. Harris, Inc.

SUBJECT

CLINTON LIBRARY

SHEET NO.

OF

JOB NO.

DATE

5/3/99

COMPUTED BY

CHECKED BY

BOB TANNEN

BC

Remembered

DEAR MR. PRESIDENT — I need to reply now that

FRANK GEHRY AND I ARE MORE THAN ^{AS SEE} 8-17-99
INTERESTED IN WORKING WITH YOU AND YOUR
FAMILY ON THE CLINTON LIBRARY. FRANK SEES
THIS PROJECT AS THE MOST IMPORTANT OF ALL
ARCHITECTURAL ASSIGNMENTS OF YOUR ADMIN-
ISTRATION.

HE AND I ARE WORKING TOGETHER ON THE
NATIONAL MUSEUM AND LABORATORY OF THE
MISSISSIPPI RIVER, AND THE INTEROCEANIC
AQUARIUM, ECOLOGICAL AND CULTURAL MUSEUM
OF PANAMA. — TWO PROJECTS YOU WOULD BE
INTERESTED IN.

WE OFTEN DISCUSS IDEAS ABOUT THE
CLINTON LIBRARY, A PHYSICAL AND INTELLIGENT
MANIFESTATION OF YOUR NATIONAL AND WORLD
VISION FOR THE AGES.

WE WISH TO CONTRIBUTE AND PARTICIPATE

BOB TANNEN

THE WHITE HOUSE
WASHINGTON

8-17-99

August 14, 1999

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) **Weekly Economic Briefing**
- (B) **Update on Global Markets/Interest Rates and Stock Prices**
- (C) **DPC**
- (D) **CEQ**
- (E) **Environmental Initiative**
- (F) **OSTP**
- (G) **Intergovernmental**
 - Tab A - copied Podesta/Baily
 - Tab C - copied Reed/Liu/Podesta
 - Tab D - copied Frampton/Podesta
- (H) **Cabinet Affairs**
 - Tab E - copied Ballentine/Podesta
 - Tab F - copied Lane/Podesta
- (I) **Communications**
 - page 1 - Berger, Burkhardt for letter
 - page 2 - Podesta
- (J) **Public Liaison**
 - Tab G - copied Ibarra/Podesta
 - Tab H - copied Marshall/Balderston/Podesta
- (K) **Race Initiative**
 - Tab J - copied Cahill/Podesta
 - Tab K - copied Johnson/Podesta; p.1 to Podesta
- (L) **Indian Country**
 - Tab L - copied Cutler/Podesta/page 2 - Podesta
 - Tab M - Moore/Podesta/Smith
- (M) **Political Affairs**

David Goodfriend



8-17-99

99 AUG 13 AM 9:06

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

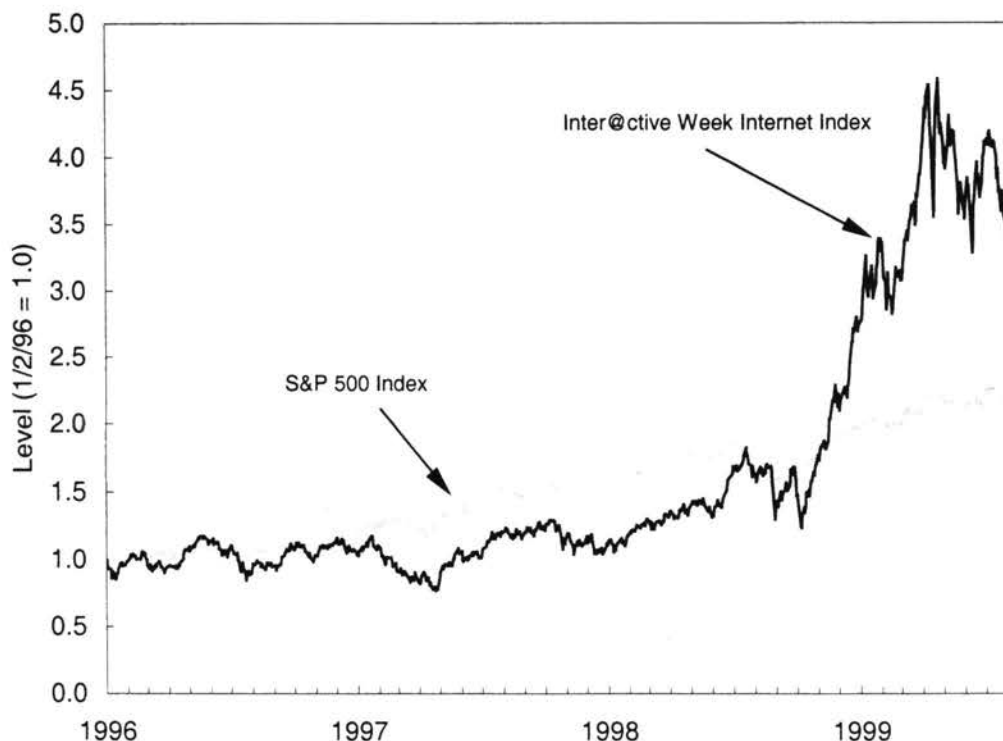
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

August 13, 1999

Copied
Podesta
Bailey

CHART OF THE WEEK

Internet Stocks and the S&P 500



Between 1996 and late 1998, the Inter@ctive Week index of Internet stocks performed no better than the Standard & Poor's 500 index. Since the beginning of October last year, however, the Internet index has more than doubled in value, despite recent retreats from much higher levels.

TREND

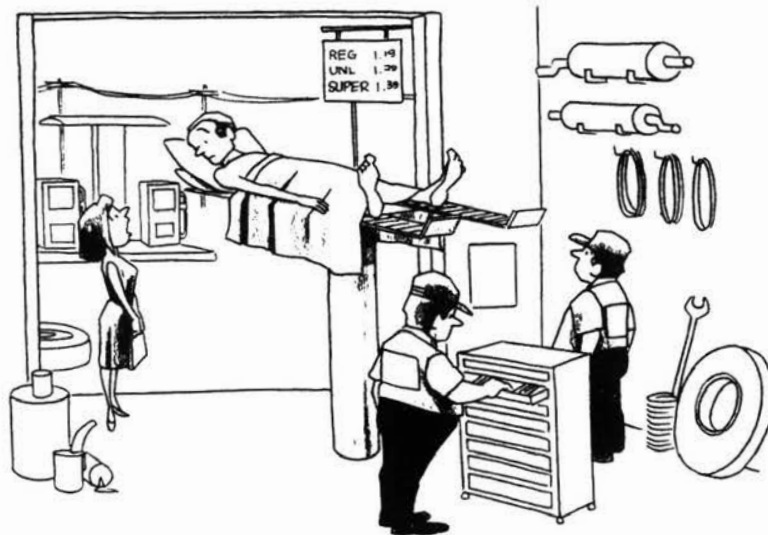
Employment Changes in Manufacturing Industries	1
--	---

SPECIAL ANALYSES

Can Competition Control Health Care Costs?	3
Labor Market Explanations for a Lower NAIRU	5

DEPARTMENTS

Business, Consumer, and Regional Roundup	7
International Roundup	8
Releases	9
U.S. Economic Statistics	10
Financial and International Statistics	11



"I checked your company's medical plan again, and these guys *are* authorized through your HMO."

8-17-99

TREND**Employment Changes in Manufacturing Industries**

While the overall economy has performed strongly in this expansion, international factors have retarded manufacturing since 1997. This has led to significant employment declines in many of the durable goods industries that had been growing prior to 1997 and accelerated job losses in most nondurable industries.

* **1993-97: the durable divide.** Between 1993 and 1997, manufacturing output grew at a 5.6 percent annual rate—faster than the rest of the economy, despite an increase in the manufacturing trade deficit. Because productivity growth was particularly rapid, employment growth was more sluggish. Nevertheless, manufacturing employment grew at an average annual rate of 0.8 percent and manufacturing employment increased by 769,000 between December 1992 and December 1997.

As might be expected in an expansion with particularly strong growth in investment, manufacturing employment gains were concentrated in durable goods (see chart on next page), with rapid advances over this period in motor vehicles and equipment, lumber and wood products, industrial machinery and equipment, fabricated metal products, and electronic and electrical equipment. Even in this period, however, employment growth in nondurables was sluggish. Indeed, labor-intensive industries heavily engaged in international trade, such as textiles, apparel, and leather and leather products (footwear), experienced significant employment declines.

1997-99: the global divide. More recently, the growth pattern has changed. Weak foreign demand and declining foreign currencies have brought manufacturing export growth to a halt. The volume of U.S. merchandise exports in the second quarter of 1999 was just 0.7 percent higher than it was in the fourth quarter of 1997, while merchandise imports increased by 18 percent. In the first 5 months of this year, the annualized trade deficit in manufactured goods has been \$270 billion—almost double the level prior to the Asian crisis.

The most rapid employment declines since 1997 were again in labor-intensive sectors such as leather products, apparel, and textile mill products. In addition, however, many durable goods industries that had been doing well began to experience declining employment (trade-impacted durables in the chart). These include electronic and electrical equipment, industrial machinery and equipment, transportation equipment, and primary metals (including steel). Indeed, even employment in computer manufacturing fell by about 21,000 during this period.

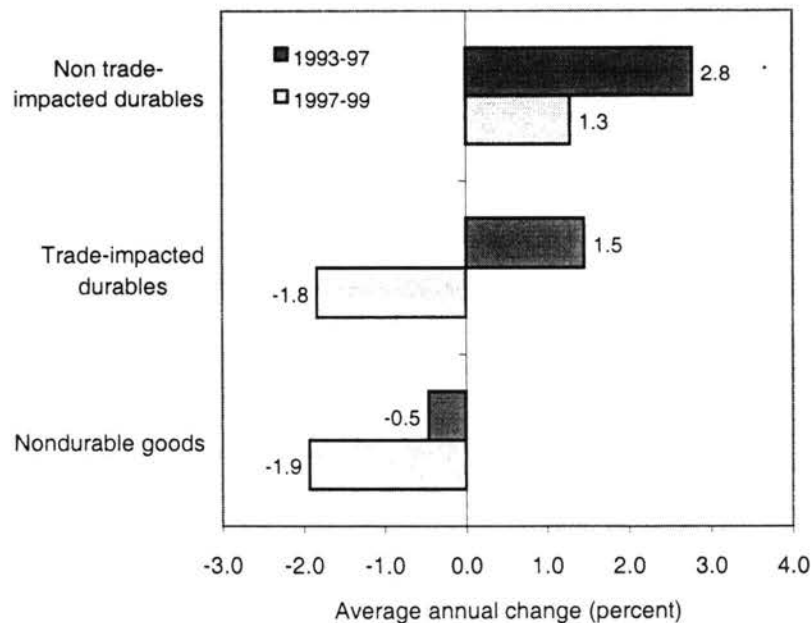
Since machinery accounts for about half of all U.S. manufactured goods exports, durable goods manufacturers and their suppliers have clearly been adversely impacted by the export slump. Not only have they lost export sales directly but they have also been damaged indirectly as the decline in manufacturing capacity

utilization (from 82.5 percent in the fourth quarter of 1997 to 79.4 percent in June) has depressed spending on industrial equipment. (In the second quarter, for example, expenditures on industrial equipment were only 2.6 percent above the level in the fourth quarter of 1997.) This weakness appears to explain why capacity utilization in steel remains low, despite the fact that steel imports have returned to near their pre-surge levels.

By contrast, manufacturers experiencing strong domestic demand growth have seen employment growth (non trade-impacted durables in the chart). Strong expenditures on construction have sustained employment growth in lumber and wood products; stone, clay, and glass; and furniture and fixtures. Similarly, buoyant demand for autos and trucks has maintained stable employment levels in motor vehicles and equipment despite strong import growth.

Implications. Manufacturing is an important provider of high-wage jobs, particularly for blue-collar men with a high school education. While rapid productivity growth in this sector is likely to limit the additional opportunities for such employment in the future, other developments can affect job availability. Increased exports, driven by foreign growth, would mitigate these employment declines. By contrast, higher domestic interest rates could depress industrial investment and construction spending and deal another blow to a sector that is already troubled.

Changes in Manufacturing Employment



8-17-99

EYES ONLY

SPECIAL ANALYSIS

Can Competition Control Health Care Costs?

In most markets, competition is viewed as a powerful force for encouraging low prices, high quality, and innovation. However, distinctive features of the health care market—particularly differences in what providers and patients know and the diversity of individual health care needs—have led some to question whether more competition is beneficial. While unique features of the health care market may have weighed against the benefits of competition in the past and remain important today, recent developments in the health care industry appear to have shifted the balance in favor of competition.

Concerns about competition in health care. Prior to the mid-1980s, health insurance premiums were typically heavily subsidized by employers, which dampened individuals' sensitivity to cost and price differences. To the extent that employee contributions did not increase in line with costs, employees had an incentive to choose more expensive plans. Among providers, incentives to contain costs were poorly structured and resulted in little restraint on health care spending (encouraging, for example, a "medical arms race" among hospitals to provide more expensive equipment and facilities). Greater competition in such an environment could lead to excess capacity, higher costs, adverse patient health outcomes, and risk selection that isolates high-risk individuals into groups that insurers find prohibitively costly to serve.

The benefits of competition. Dramatic changes in the private health insurance environment have made competition more effective in controlling costs. In the past 15 years, employees have had to pay a larger share of health plan premiums, restoring price sensitivity. In addition, traditional fee-for-service health plans allowing for complete choice have given way to more tightly managed preferred provider organizations, resulting in cost containment. In the current environment greater competition can lower the costs associated with achieving any given quality of health insurance while giving consumers a choice of plans offering different menus of price and quality.

The effect of price on switching among health plans. The projected success of competition as a strategy for controlling health costs depends in part on the willingness of consumers to switch health plans in response to a change in plan premiums. Evidence that consumers are very sensitive to out-of-pocket premiums and are willing to switch health plans in response to small changes comes from a study of what happened at University of California campuses after 1994, when they stopped paying the full premium for most health plans and subsidizing the cost of the most expensive plan. The study found that individuals facing monthly premium increases of as little as \$10 were roughly five times as likely to switch plans as those whose premiums remained constant.

Attention to adverse selection remains important. Potentially, the switch to a less expensive plan in response to higher premiums could go too far, given limits on what beneficiaries and insurers know about each other and the diversity of individual health care needs. This is illustrated by what happened when Harvard shifted to a voucher system in 1995, in which beneficiaries were paid a fixed contribution irrespective of which plan they chose. Harvard experienced cost savings of 5 to 8 percent of baseline health spending, due largely to lower insurer profits as a result of increasing plan choice and more stringent bargaining. However, this change increased the price to employees in the most generous plan by over \$500 annually. Most individuals switched away from this plan, so that the provider of this policy experienced rising expenses beyond what was projected. Within 3 years, this health care option was driven out of the market.

Conclusion. In the current health care environment, increasing price sensitivity and requiring providers to bid competitively for contracts to provide health care should prove beneficial. While issues such as adverse selection cannot be ignored, recent research suggests that the cost savings from increased competition are likely to be enough to generate net benefits. In the case of competitive bidding, reductions in the cost of providing care are transferred to the organization soliciting the bids, with some of these savings passed on to patients. Such an incentive structure should lead to shifts away from costly plans and create additional savings. With the right structuring of incentives, competition can achieve desired cost objectives without unduly sacrificing quality.

SPECIAL ANALYSIS

Labor Market Explanations for a Lower NAIRU

[This material was discussed at Wednesday's economic briefing, but was not contained in the written material for that briefing.]

One of the most notable features of the current expansion is how long the unemployment rate has remained below 5 percent without triggering rising inflation. A new study highlights four changes in the labor market that may have lowered the unemployment rate consistent with stable inflation (the NAIRU).

Demographics. The maturing of the baby boom and rising educational attainment of the labor force could reduce the amount of unemployment associated with frequent job changes by younger and less-educated workers (because they represent a smaller fraction of the labor force) and hence lower the aggregate unemployment rate. The study estimates that the changing age composition of the labor force can account for an estimated 0.4 percentage point of the decline in the overall unemployment rate since the mid-1980s. Because it has been going on for decades, increasing average educational attainment appears to be a less plausible explanatory factor for *recent* changes in the NAIRU.

Growth in the prison population. The study notes that nearly 2 percent of the adult male population is currently incarcerated and that the prison population has almost doubled in the past decade. To the extent that convicted criminals had weak employment histories (and hence high unemployment rates) prior to their arrest, their removal from the labor force would lower the unemployment rate without much impact on labor market tightness. The study estimates that the increase in the incarcerated population can account for roughly a 0.3 percentage point decline in the male unemployment rate, and a 0.17 percentage point decline in the overall unemployment rate, since 1985.

Improved matching. The rise of the temporary help industry and, since 1993, the expanded provision of job search assistance (JSA) to unemployed workers could have reduced frictional unemployment by matching unemployed workers to job vacancies more quickly and more efficiently. The study finds that JSA is unlikely to affect a large enough number of workers to significantly affect the aggregate unemployment rate. By contrast, it finds that the rise of the temporary help industry may account for as much of the decline in unemployment since the mid-1980s as do demographic shifts.

Weak unions and worker anxiety. Finally, the study examines the "weak backbone hypothesis," which holds that workers have become more reluctant to press for wage gains. It points to declining union membership and the watershed Professional Air Traffic Controllers Organization (PATCO) strike in 1981 as evidence that the threat of unionization is now so low in many industries that the labor market has passed a "tipping point" beyond which unions and the threat of

unionization have very little influence on wage setting. Although worker anxiety is frequently advanced as a source of wage restraint, the study concludes that worker surveys do not reveal widespread insecurity and there is little evidence of a link between insecurity and wage growth.

Implications. Demographic shifts and the rise of the temporary help industry appear to be the major labor market developments that have allowed the economy to achieve sustained low unemployment rates. While it remains an open question whether they are the main reason for the improved inflation-unemployment trade-off during the current expansion, they are unlikely to be reversed in the near future. Thus, they would be a force operating to maintain the high-pressure labor markets of this expansion that have begun to bring benefits to low-wage workers and disadvantaged families as well as the rest of the labor force.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Do Local Communities Benefit from Foreign Direct Investment? Investment by foreign manufacturing firms in American communities raises wages by more than an equivalent amount of domestic investment, but that investment may come at a cost to government budgets, according to a recent study. The study found that attracting a representative foreign manufacturing firm increased wages for all jobs in the industry in the same county by 2.3 percent, compared with 0.3 percent for a new domestic firm. However, state and local governments often offer incentives to attract firms, and the study finds that attracting foreign firms is associated with larger reductions in real per capita local government revenues and expenditures than attracting new domestic firms. Also, increased foreign investment is associated with lower public school enrollment and a shift in spending away from education toward public safety and transportation.

Can New York Bank on Wall Street? A recent study by the Federal Reserve Bank of New York addresses concerns that a future downturn in the securities industry would be quite disruptive to the New York City economy. The study reports that the securities industry is disproportionately large in New York City. It accounts for 4.7 percent of total employment (roughly 10 times the national average) and generates 19 percent of total earnings. In some way, 14 percent of all New York City employment depends on the securities industry. The study also notes that Wall Street was a large factor in New York City's two major downturns in the 1970s and early 1990s. However, it finds that other factors might soften the blow of a decline in securities market employment. Specifically, several sectors that were hard hit in earlier downturns (including manufacturing and real estate) appear to be on more solid footing in this expansion. Other fast-growing industries not tied to the financial sector might also cushion the effects of securities industry job losses.

State Regulators Highlight Problems with Day Trading. This week, state securities regulators issued a report based on a 7-month investigation of the day-trading industry. Day trading is a strategy in which individuals make numerous small stock trades each day trying to exploit small movements in share prices. The day-trading industry consists of specialty firms where customers go to make such trades using proprietary software. The report, released by the North American Securities Administrators Association (NASAA), concluded that day-trading firms are misleading in their advertising and ought to screen potential customers better. It also questioned the practice at some firms of arranging inter-customer loans to meet margin calls. These practices seem to be aimed at evading legal restrictions on investment firms' lending to customers—restrictions that are meant to prevent customers from investing beyond their means. The report contained an independent analysis of accounts at one Massachusetts firm where at least 70 percent of traders lost money and only 11.5 percent showed the ability to conduct profitable short-term trading. However, this firm had been shut down last year by state authorities and may not be representative of the industry.

INTERNATIONAL ROUNDUP

IEA Sees Tighter Oil Markets. With supply constrained and a recovery in demand underway, oil markets are set to tighten, according to the International Energy Agency (IEA). Demand is expected to grow beginning in the second half of this year, and oil demand in 2000 is forecast to be about 1.8 million barrels per day, or 2.4 percent, higher than 1999 levels. On the supply side, OPEC ministers have been quoted in the press saying that they do not anticipate raising output quotas at their next meeting in September. OPEC compliance with recent cutback agreements was 91 percent in July, and continued compliance will keep OPEC supplies constrained. Meanwhile, non-OPEC oil supply is expected to increase much less than demand, following a small decrease this year.

World Bank Sees Commodity Markets Vulnerable to Y2K Bug. Anticipation of the Y2K technology bug could disrupt global commodity markets, according to the World Bank's most recent *Global Commodity Markets* report. Demand for essential commodities is expected to increase as consumers stockpile basic staples such as fuels and foods and speculators buy in anticipation of higher prices—though some producer response should be expected as well. Stocks of most commodities appear to be sufficiently large to prevent significant price increases, but oil markets may be vulnerable, not only because of the supply considerations discussed above but also because oil production is highly technology intensive, which heightens the risk of production disruptions, especially for producers like Russia and Nigeria that might lack the resources to fix problems. The report also warns that Y2K-related transportation disruptions could lead to local imbalances. For example, efforts by importers to stockpile goods before the end of 1999 could put strains on shipping capacity. Also, low-valued or bulky commodities such as grains and timber may be crowded out by high-valued commodities and manufactures, leading to price volatility as surpluses build in exporting countries and shortages develop in importing countries.

OECD Reviews Mexico's Regulatory Restructuring. In its new report *Regulatory Reform in Mexico*, the OECD praises the regulatory reforms that have helped transform Mexico from an inward-looking economy to an open and market-based economy over the last 15 years. The report emphasizes that reforms have produced major benefits by reducing prices and increasing quality and choice for Mexican consumers and businesses. It notes that privatization and the elimination of red tape have encouraged firms to invest in new technologies. The report finds that the Mexican economy is now more adaptable, allowing it to rebound more quickly and at lower cost from major economic crises. However, it observes that further reform is needed in some sectors, notably telecommunications, where prices remain very high. It recommends improving regulation of dominant firms after privatization, enhancing the efficiency and coherence of regulations at state and local levels, and increasing regulatory transparency to boost investment, market entry, and innovation. And it stresses the importance of securing the benefits of the program through sustained policy stability and strengthened public administration.

RELEASES THIS WEEK

Producer Price Index

****Embargoed until 8:30 a.m., Friday, August 13, 1999****

The producer price index for finished goods rose 0.2 percent in July. Excluding food and energy, producer prices were unchanged.

Retail Sales

Advance estimates show that retail sales rose 0.7 percent in July. Excluding sales in the automotive group, retail sales rose 0.3 percent.

MAJOR RELEASES NEXT WEEK

Consumer Prices (Tuesday)

Housing Starts (Tuesday)

Industrial Production and Capacity Utilization (Tuesday)

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

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1998:4	1999:1	1999:2
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	4.3	6.0	4.3	2.3
GDP chain-type price index	5.4	0.9	0.8	1.6	1.6
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.6	4.1	3.6	1.3
Real compensation per hour:					
Using CPI	0.6	2.5	2.0	2.9	1.5
Using NFB deflator	1.3	3.7	3.4	3.0	3.3
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	11.0	11.0	11.0	11.2
Residential investment	4.5	4.3	4.5	4.6	4.6
Exports	8.2	11.3	11.3	10.9	10.9
Imports	9.2	13.0	13.1	13.2	13.5
Personal saving	5.2	0.3	-0.0	-0.5	-0.8
Federal surplus	-2.7	0.9	0.8	1.4	N.A.
	1970- 1993	1998	May 1999	June 1999	July 1999
Unemployment Rate (percent)					
	6.7**	4.5**	4.2	4.3	4.3
Payroll employment (thousands)					
increase per month			28	273	310
increase since Jan. 1993					19243
Inflation (percent per period)					
CPI	5.8	1.6	0.0	0.0	N.A.
PPI-Finished goods	5.0	0.0	0.2	-0.1	0.2

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

New or revised data in **boldface**.

PPI data **embargoed until 8:30 a.m., Friday, August 13, 1999.**

FINANCIAL STATISTICS

	1997	1998	June 1999	July 1999	August 12, 1999
Dow-Jones Industrial Average	7441	8626	10704	11052	10808

Interest Rates (percent per annum)

3-month T-bill	5.06	4.78	4.57	4.55	4.66
10-year T-bond	6.35	5.26	5.90	5.79	6.08
Mortgage rate, 30-year fixed	7.60	6.94	7.55	7.63	8.15
Prime rate	8.44	8.35	7.75	8.00	8.00

INTERNATIONAL STATISTICS**Exchange Rates**

	Current level August 12, 1999	Percent Change from Week ago	Year ago
Euro (in U.S. dollars)	1.064	-1.5	N.A.
Yen (per U.S. dollar)	115.8	1.6	-20.8
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	95.01	0.8	-5.6

International Comparisons ^{1/}

	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	4.1 (Q2)	4.3 (Jul)	2.0 (Jun)
Canada	3.2 (Q1)	7.6 (Jun)	1.5 (Jun)
Japan	0.1 (Q1)	4.9 (Jun)	0.0 (Jun)
France	2.3 (Q1)	11.3 (Jun)	0.5 (Apr)
Germany	0.8 (Q1)	7.2 (May) ^{2/}	0.4 (Jun)
Italy	0.9 (Q1)	12.1 (Apr)	1.4 (Jun)
United Kingdom	1.2 (Q2)	6.2 (Apr)	1.4 (Jun)

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

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



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

8-17-99

August 13, 1999

MEMORANDUM FOR THE PRESIDENT

99 AUG 13 PM 5:59

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR.
Acting Chair

DS for

*Copied:
Frampton
Podesta*

SUBJECT: CEQ WEEKLY REPORT

RESOURCE STEWARDSHIP

Clean Water

This week, EPA briefed state agencies, environmental groups and others on the proposed clean water rule you are announcing in the weekly radio address. State agencies and conservation groups are expressing strong support for your announcement and are prepared to offer positive comments to the press.

California Offshore Oil Leases

In response to concerns expressed by the State of California, the California Coastal Commission and others over the possible development of offshore oil leases, the Department of Interior (DOI) sent a letter to the Coastal Commission on August 13 regarding 40 offshore tracts that were leased in previous administrations. In the letter, DOI stated that the Minerals Management Service plans to continue a suspension of 36 existing leases for 90 days and to cancel four leases outright. The continuation of the suspension does not promote oil development and will allow DOI to collect additional information, in order to determine whether the Coastal Commission can block revised plans for oil development under the Coastal Zone Management Act.

We believe that the State and the Coastal Commission will be comfortable DOI's letter. Some environmental groups will likely criticize the Administration for not canceling all 40 leases outright, even though doing so could lead to "takings" claims against the federal government.

California Water

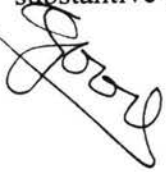
DOI is also beginning the process of renewing contracts for the sale of water to farms and cities from the Bureau of Reclamation's California Central Valley Project. The terms of the contracts, which date back to the 1940's, will include new provisions required by the 1992 Central Valley Project Improvement Act to meet fish and wildlife restoration, environmental protection and water conservation needs. This past week, DOI hosted a workshop in Sacramento to brief water

8-17-99

users on the new contract terms, which are certain to be unpopular with Central Valley farmers, who will be required to pay more for federal water and will enjoy less flexibility in water use. Environmental groups and local editorial boards are likely to support DOI's efforts.

Baca Ranch

We hope to make progress next week on reopening negotiations to acquire the Baca Ranch. Our discussions with the landowners remain highly confidential. We will keep you apprised of any substantive developments.



THE WHITE HOUSE
WASHINGTON

8-17-99

99 AUG 13 PM 8:22

August 13, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

Copied:
Reed
Liu
Padesta

X
Good

1. Youth Violence – National Campaign: On Tuesday you and the First Lady will participate in a three-part event on youth violence. *First*, you will unveil a new anti-violence PSA campaign, sponsored by the Advertising Council, the Kaiser Family Foundation, and Children Now. The ad features children talking about their fears of violence and closes with a clip of you urging parents to talk to their kids. You will announce that every major network has agreed to air the ad during prime time August 18th. *Second*, you will award \$15 million in Justice Department COPS grants for local law enforcement agencies to form innovative partnerships with schools or community organizations to target crime and violence in or around schools. *Third*, you will announce the selection of Jeff Bleich to be Executive Director of the National Campaign Against Youth Violence. Bleich is one of the nation's leading young attorneys and a nationally acclaimed pro bono advocate who has written on youth violence and the justice system. Eli Segal had wanted him to run the Welfare to Work Partnership; with Eli's help we were able to recruit him for this endeavor. We will send you under separate cover a memo outlining the Campaign's progress and structure. (You should also know that students at Columbine High School will have returned to class on Monday).

2. Health Care – Patients Bill of Rights Update: The Patient Access Coalition, which consists of about 100 professional health organizations, is delaying its endorsement of the bipartisan Norwood-Dingell-Ganske legislation at the urging of Congressman Coburn. Coburn is claiming that he can deliver the Republican leadership's support for *his* version of the PBOR, which he says largely mirrors Norwood-Dingell-Ganske but would have the advantage of Speaker Hastert's seal of approval. There is an outside shot that Coburn could secure the Speaker's blessing, if only because the leadership is desperate not to embrace a measure so strongly associated with the White House. The immediate effect of Coburn's activity, of course, is to slow momentum toward *any* legislative action. Recognizing this, the Coalition has agreed to delay their endorsement decision by one week only. If by next Friday the Republicans do not release workable statutory language with the Speaker's imprimatur, the Coalition has pledged to

8-17-99

us that they will endorse Norwood-Dingell-Ganske. We think the likelihood is low that Coburn can stitch together such language.

3. Education – Evolution and Creationism: This past Wednesday, the Kansas Board of Education voted six to four to adopt new standards for science curricula that do not include evolution as an underlying principle of biology and other sciences. The standards do not explicitly endorse creationism, but they no longer direct that students should develop an understanding of evolution or the “big bang” theory before graduating from high school. Since theories of evolution will no longer be included in state assessments, this vote essentially leaves the decision of what to teach on the subjects of evolution and creationism to local school boards.

Prior to the vote, the chancellors and presidents of Kansas’s six public universities said that the new standards “will set Kansas back a century and give hard-to-find science teachers no choice but to pursue other career fields or assignments outside of Kansas.” Republican Governor Bill Graves characterized the decision as “a terrible, tragic, embarrassing solution to a problem that didn’t exist.” There were, predictably, some questions from the media regarding your reaction. Though we held those questions off by casting this as a curricular issue best handled at the local and state level, it would be useful for future inquiries to know how you would like us to characterize your views on this issue.

4. Welfare – TANF Spending: You asked us to look into the question Governor Thompson raised with you about allowing states with large welfare caseload declines to spend TANF funds on education. Our short answer is that states already have considerable flexibility to use TANF funds for education, and that the risks of re-opening this question may outweigh the rewards. Such changes could, for example, enable funds to be diverted without any assurance that they be spent on low-income families. Using TANF as a funding pool for other priorities would also make it more difficult to meet remaining welfare-related challenges, and could undermine our efforts to secure additional resources for child care, training, and Welfare-to-Work.

Our more detailed answer is as follows. States, under current law, have significant latitude in how they spend TANF funds, so long as they meet these statutory goals: 1) to provide assistance to needy families; 2) to end the dependence of needy parents by promoting job preparation, work, and marriage; 3) to prevent and reduce out-of-wedlock pregnancies; and 4) to encourage the formation and maintenance of two-parent families. States may define “needy” for the first two purposes and may set differing eligibility levels for different benefits and services. Spending on the third and fourth purposes can be for anyone regardless of income.

Through the welfare reform rules you announced in April, and through TANF spending guidance released in May, we have encouraged states to use TANF funds in more creative ways. Among the wide range of activities states may now fund are: child care; transportation; literacy training and ESL; skills grants for low-income workers; job retention and career advancement services; vouchers for families who hit the time limit (using State MOE funds); substance abuse

8-17-99

and mental health services; teen pregnancy prevention activities, including counseling and after-school activities; services to encourage fathers to work and pay child support; and parenting and employment programs for incarcerated fathers.

States may contract with a variety of organizations, including faith-based groups, to deliver these services. They can also use TANF funds for education programs for poor children – so long as the programs are reasonably calculated to achieve the purposes of TANF.

(Hypothetically, even a school voucher program for poor or at-risk teenagers could be described as an activity that helped reduce dependence, promote work, and reduce out-of-wedlock births – and could, hypothetically, be an allowable expenditure of TANF funds.) We will follow up with Governor Thompson to make sure he is aware of how much flexibility governors already have. We do not believe it wise, however, to advertise this fact too widely because most governors are not doing as much as Thompson to invest in moving people from welfare to work.

THE WHITE HOUSE
WASHINGTON

8-17-99
99 AUG 13 PM 7:22

August 13, 1999

Copied:
Ballentine
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE *[Signature]*
RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

Climate Change

Press

Your issuance of an Executive Order on bioenergy and bioproducts was covered by major news outlets, including CNN, the New York Times ("Clinton to Seek Using Farm Products in Lieu of Fossil Fuel"); the Washington Post ("Clinton Forms Council To Push Use of Waste") (wire copy); the Wall Street Journal ("Clinton Executive Order Promotes Use of Biomass Energy to Aid Environment"); and USA Today ("Clinton Pushes For Cleaner Fuel"). In a related story, the AP reported on BC International's plans to build a biorefinery close to Sacramento that will make ethanol. ("Cutting-edge California plant will use rice waste to fuel cars," 8/11). The CEO of BC International, Steven Gatto, was on our bioenergy roundtable.

Initiatives

We are looking very closely at further ways that the federal government can demonstrate leadership in reducing greenhouse gas emissions. I am working on a proposed Executive Order that would build on your earlier orders to make the federal government cleaner and more efficient – this time focusing on transportation. We are looking at ways to increase the use of alternative fuels, to use more efficient and hybrid vehicles, and generally to reduce fossil fuel consumption. *Good*

On a related note, DOE will announce on Tuesday that it is awarding the Energy Star label to compact fluorescent light bulbs. By virtue of your recent Executive Order, this will further accelerate the use of these bulbs by the federal government. In addition, the Federal Energy Management Program will fund a two for one buy down of old light bulbs in federal facilities. We expect considerable reductions in emissions over time. In fact, DOE estimates that the White House complex alone is already saving \$20,000 per year and reducing annual greenhouse gas emissions by 100 MMTCE because of the use of these light bulbs. *What? Co of W H U*

*properly lighted - we might need to do a study to see if we also have
since we have many of us - on light in the office? - then we should target
major corp HQ - are there to go*



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20503

August 13, 1999

Copied:

Lane
Podesta

cc: Berger
pg. 1
Burkhardt
for letter, p. 1

99 AUG 13 PM 5:55

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE *Neal Lane*
CC: JOHN PODESTA
SUBJECT: OSTP WEEKLY REPORT

Discriminatory Provisions In Draft Bioterrorism Bill

Discussions within the White House on the bioterrorism portion of your Crime Bill have resumed after being dormant for several weeks. I strongly oppose draft provisions that would restrict a wide range of foreign nationals from working with certain biological organisms. Since foreign nationals form a significant fraction of the research workforce, such restrictions will disrupt the unclassified biomedical research you have called for to defend against bioterrorism. At the same time, such restrictions would provide little or no security benefit. Such restrictions – compounding the aspersions that have been cast against foreign researchers and visitors at the DOE labs – would send a terrible signal internationally, and would threaten our scientific enterprise. Restrictions on foreign researchers would do little to prevent other nations from acquiring dangerous biological agents, since with few exceptions these agents are naturally occurring or are maintained in laboratories around the world. Although I agree with the intent of this provision, which is that we must do everything we can to keep these agents out of terrorist hands, there is no reason to believe that legitimate foreign researchers are more likely to be terrorists than their American colleagues.

Asian Pacific Americans Value Your Statement of Support

Responses have been very positive to your statement of July 29 on the valuable contributions of Asian Pacific American Scientists and Engineers to our nation. In the wake of the espionage concern at the national labs, many in the Asian American community have felt that their patriotism has been questioned. Your statement, which was issued on the occasion of the swearing in of former U.C. Berkeley Chancellor Chang Lin Tien to the National Science Board, has received broad circulation in the Asian Pacific American community. Laura Efurd, your Deputy Assistant for Public Liaison, delivered the statement at the national convention of the Organization of Chinese Americans that weekend in Dallas, and reported a widespread sense of appreciation. We have been in touch with scientists and engineers, including Dr. Charlie Sie who discussed this issue with you in the Cabinet Room on June 7, as well as community and professional organizations who have also expressed their thanks for the clarity of your support.

OSTP Associate Director for Environment Earns Top Climate Protection Award

Rosina Bierbaum, my Associate Director for Environment, has been selected to receive the EPA's 1999 Climate Protection Award. Dr. Bierbaum is one of 10 individuals and organizations internationally to receive this honor in recognition of exemplary efforts and achievements in protecting the global climate.

8-17-99

*cc Sawyer
H. M. ...
good work*

*Do forward
to [unclear]*

Cassini Mission Status

-E 9711 12 48 000
8-17-99

The Saturn-bound Cassini spacecraft Thursday (8/12) successfully executed the final adjustment to its flight path for a flyby of Earth that will occur Tuesday, August 17. The spacecraft, launched on a mission to Saturn in 1997, is now precisely set to make its closest approach to Earth at an altitude of 725 miles over the eastern South Pacific. The spacecraft may be visible from small islands in that area, such as Easter Island. Two successful flybys of Venus, next week's flyby of Earth, and a flyby of Jupiter in December 2000 all give Cassini the additional speed it needs to reach Saturn in 2004. Nine of Cassini's 12 scientific instruments will make observations of the Earth-Moon system during the spacecraft's passage, including studies of Earth's magnetic environment and images of the moon. Cassini's primary mission is to study Saturn's rings, moons and magnetic environment while orbiting the ringed planet from 2004-2008. Upon arrival at Saturn in 2004, Cassini will release a probe to drop via parachute to the surface of Saturn's big moon, Titan, which is thought to resemble a frozen, primordial Earth.

Copied
Pedesta
Pg 2

As of today, Cassini is roughly 5.8 million miles from Earth, traveling at a speed of about 36,000 miles per hour. It has traveled over 1 billion miles since launch from Cape Canaveral, Florida, on Oct. 15, 1997.

Response to Your Note on July 30 Weekly re: "Stem Cells Show Promise for Treating Neurological Disorders"

You responded to my July 30 weekly report regarding a recent study demonstrating the potential application of stem cells to treat multiple sclerosis with the question: "Can we do more to support?" The pending release of NIH guidelines for the ethical conduct of human stem cell research presents an opportunity to ensure the future vitality of this research.

You have already expressed support for NIH funding of human embryonic stem cell research and we should all continue to use that message in any appropriate fora. Right now, the biggest threat to such research is the possible tightening of the Congressional ban on human embryo research to include stem cells. We can, and should, offer further encouragement to the patient advocacy groups who are lobbying to head off the efforts of conservative Members that might foreclose stem cell research. One way to demonstrate WH support would be to meet with representatives of the patient groups and sympathetic Members of Congress when the NIH guidelines are released.

C. Podesta
should
consider

Biomass — Domestic and International Components

The executive order you signed launches a process for creating a coordinated research plan. OSTP has been working closely with USDA, DOE, NSF, EPA and other agencies to focus ongoing research and set priorities and to define new research partnerships that would help address challenges such as the one highlighted in the Lugar-Woolsey Foreign Affairs article — cracking the cellulose and other chemicals in woody plant materials so that they can be used as raw materials for a "biorefinery" capable of producing a range of valuable chemical products. We are working with OMB ensure your 2001 budget addresses energy technology needs, including biomass and international cooperation. As John Holdren's new PCAST energy report to you noted, strengthening North-South cooperation on clean and advanced energy technologies is a promising way to help secure developing country participation in an international framework for addressing global climate change.

BC

8-17-99

THE WHITE HOUSE
WASHINGTON

99 AUG 13 PM8:34

August 13, 1999

Copied:
Ibarra
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

Wiley

SUBJECT: Office of Intergovernmental Affairs Weekly Report – August

GOVERNORS

- Salt Lake City Tornado. Governor Michael Leavitt (R-UT) is very pleased with the FEMA response and the statement of concern you released for the people of Salt Lake City on Wednesday. In addition, USDA Under Secretary Jim Lyons, who just happened to be travelling to Salt Lake City the next day, met with Utah officials to offer assistance with the removal and replacement of over 700 trees lost.
- Drought. On Monday, governors Parris Glendening (D-MD), Tom Ridge (R-PA), Cecil Underwood (R-WV), Thomas Carper (D-DE), and Jim Gilmore (R-VA) met in St. Louis to discuss and exchange ideas concerning the drought in their states. Fred Duval attended the meeting to report on the White House Drought Task Force, which conducted its first meeting the same day.
- National Governors' Association. The response to your address to the NGA Annual Meeting August 8, in St. Louis was overwhelmingly positive from friends and foes alike. The nation's governors are clearly concerned about possible cuts in federal programs they care about.
- Governors' Ethanol Coalition. On Monday, IGA arranged a conference call with Carol Browner, George Frampton, and the Governors' Ethanol Coalition. Governors Tom Vilsack (D-IA), Bill Graves (R-KS), and Mike Johanns (R-NE) participated. The governors are working to ensure that ethanol has a viable role in the EPA's upcoming Phase II Reformulated Gasoline (RFG) program. Administrator Browner clarified the Administration's commitment to ethanol, and asked the governors to identify state officials to work with EPA on this matter. The governors appreciated the discussion.
- Appalachian Summit. Governor Patton is pleased with the Administration's continued focus on the region. This two-day Summit, which concludes today, was hosted by the Appalachian Regional Commission, HUD, USDA, DOL, and DOT.

*John
Lupatkin*

8-17-99

- Tobacco. Today, you signed S. 1543, a bill introduced by Senator Mitch McConnell that will allow USDA to release tobacco production and marketing information to state organizations overseeing the distribution of the \$5.15 billion tobacco grower trust fund. By signing the bill, you cleared the way for the electronic processing of the 180,000 applications the Kentucky Tobacco Settlement Trust Corporation expects to receive by late September. Without the law, the Corporation faced the task of manually reviewing each of those applications. Governor Patton expressed his gratitude to you for your quick action in a news release.
- Nancy Schafer. Correspondence is preparing a get well message from you to the wife of Governor Edward Schafer (R-ND), who broke her collar bone several weeks ago.

INS Briefing

IGA hosted an INS Restructuring Briefing on Wednesday for over 40 representatives of local and state officials at the White House. Commissioner Doris Meissner presented the Administration's proposal to restructure the Agency.

Mickey Leland

A statement by you was released from the press office today as you requested last week commemorating the 10th anniversary of the death of Rep. Mickey Leland (D-TX).

Insular Areas

- ✓ Vieques/Status: In an appearance with Gov. Rossello in Puerto Rico yesterday, Jesse Jackson said Puerto Ricans were "semi-citizens" in an undignified status. He also reportedly said he would join the occupation of the Vieques bombing range if the Administration decided to permit renewed target practice. Rev. Jackson and religious leaders are seeking a meeting with you to discuss these issues.
- Puerto Rican Prisoners Clemency: Governor Pedro Rossello (D-Puerto Rico), Resident Commissioner Carlos Romero-Barcelo (D-Puerto Rico), and Rep. Jose Serrano (D-NY), praised your clemency decision. Representatives Luis Gutierrez (D-IL) and Nydia Velazquez (D-NY) said they would try to get you to drop the conditions. Editorials were split: The *Chicago Sun-Times* said the clemency sends the wrong signals and *The Wall Street Journal* said it was granted to help the First Lady in New York, but the *Chicago Tribune* said it was fair and criticism of its conditions are "Nonsense." However, Mayor Richard Daley (D-Chicago) reportedly said this action endangered Chicagoans by commuting the sentences of members of a movement linked to bombings.

THE WHITE HOUSE
WASHINGTON

August 13, 1999

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Summary of Cabinet Weekly Reports
August 7 - 13, 1999

'99 AUG 13 PM 7:44

Copied :
Marshall
Balderston
Podesta

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **Drought and Heat Hammer U.S. Farmers:** On August 11, Secretary Glickman, Secretary Daley, and White House Deputy Chief of Staff Echaveste conducted the most recent in a series of events highlighting the impact of the worst drought to hit the Middle Atlantic states in over a century. They also briefed the media on the August 9 meeting of the National Drought Policy Commission that you established on August 6. The drought is causing serious harm to the 225,000 farmers of these states –up to 18 percent of all full-time farmers in the U.S. Secretary Glickman has declared drought disaster areas covering: all of WV, all of CT, 19 NJ counties, 66 OH counties, 19 MD counties, 17 NY counties, 5 VA counties, and 1 NM county. Farmers in designated and contiguous counties will be able to apply for emergency low-interest loans of up to \$500,000 to help cover losses.
- **Emergency Conservation Program Drought Aid:** Secretary Glickman has made nearly \$5 million available to 11 states through the emergency conservation program, for digging wells, installing pipes, and restoring irrigation structures. For several counties in OH, PA, ND, MN, and MD, the Secretary has also approved emergency haying and grazing on conservation program lands.
- **1999 Drought Press Conference:** On August 6, Deputy Secretary Mallett, Under Secretary for Oceans and Atmosphere Baker, and Secretary Glickman held a press conference to announce that, for the Northeast, April-June 1999 ranked as the second driest such period this century, behind the record drought of the mid-1960s. DOC and U.S. Geological Survey scientists also discussed this summer's weather, placing the Northeast drought in historical perspective.

THE PRESIDENT HAS SEEN
8-17-99

DEPARTMENT OF TREASURY

- **Debt Management:** On August 10, following up on Treasury's debt-buy-back announcement last week, Treasury began its auction of \$37 billion of notes and bonds to refund \$28.9 billion of privately held debt maturing on August 15. On August 10, Treasury auctioned \$15 billion of 5-year notes; on August 11, Treasury auctioned \$12 billion of 10-year notes; and on August 12, Treasury auctioned \$10 billion of 30-year bonds. Over the current calendar quarter, Treasury expects to pay down \$11 billion in privately held marketable debt.
- **Russia:** On August 9, President Yeltsin announced that he would replace Prime Minister Stephashin with Vladimir Putin. Prime Minister-designate Putin has stated that he will keep the current economic team in place and that economic policies will remain broadly unchanged. The IMF expects that the Russian government will continue with its current IMF program and that an IMF delegation will travel to Russia later this month to monitor progress.
- **Kosovo:** On August 3-4, senior officials from Treasury, State, and the NEC traveled to Kosovo and Macedonia, where they met with United Nations Mission in Kosovo (UNMIK) officials, the Albanian Kosovar leadership, and donor country representatives. The purpose of the visit was to assess the progress in establishing the economic components of the UNMIK and the prospects for Kosovo's economic development. The team found that, while the UNMIK is acting quickly and resolutely, it is operating amidst considerable controversy with Albanian Kosovars and the UN regarding the nature and scope of economic autonomy for Kosovo. As a result, tensions are emerging between the UNMIK and both the Albanian Kosovars and the United Nations regarding issues of UNMIK legal authority.
- **Juvenile Justice/Gun Legislation:** Treasury's Offices of Enforcement and Legislative Affairs continue to work with key congressional staffers on the details of significant, low-profile gun provisions, in anticipation of the resumption of conference discussions in the Fall. It is expected that the Republican leadership will try to pass a bill that excludes gun show legislation and that includes juvenile justice related mandatory minimum sentencing provisions, which are strongly opposed by some House Democrats.
- **Financial Modernization:** On August 10, Secretary Summers met with three bank CEO's to discuss financial modernization legislation. The CEO's raised serious concerns about permitting consumers to opt out of information sharing between affiliates. Secretary Summers expressed sympathy with the need to preserve information sharing between affiliates, but expressed his concern for the need to protect information from being used discriminatorily based upon a consumer's medical condition.

8-17-99

HUD to work
 for Budget Committee support
 through House
 & House
 Cochran

- New Markets Initiative:** On August 6, two of the three New Markets bills were introduced in the House and Senate. Representative Rangel introduced Treasury's New Markets Tax Credit bill in the House with over twenty cosponsors. Senators Rockefeller and Robb introduced a slightly modified version of the bill with five cosponsors, including Senator Daschle. HUD's American Private Investment Companies bill was also introduced in both the House and the Senate. SBA's New Markets Venture Capital bill is expected to be introduced once Congress returns from recess. During the recess, the House Ways and Means staff and Senators Rockefeller and Robb will work on obtaining cosponsors for their bills.
- BusinessLINC:** On August 10, Treasury's Office of Public Liaison organized a BusinessLINC briefing at the White House, and a roundtable discussion at a small business in a distressed part of Washington, DC. Secretary Summers, NEC Chair Sperling, and SBA Administrator Alvarez led the briefing, during which they discussed the advantages of business-to-business partnerships. Joining them were the CEOs that have agreed to chair Local BusinessLINC Coalitions and their small business partners in Washington, DC., Dallas, New York City, Chicago, the Mississippi Delta, and Boston.

DEPARTMENT OF JUSTICE

- Hate Crimes:** Chairman Hatch has announced that the Senate Judiciary Committee will mark up the hate crimes legislation after the August recess.
- Appropriations:** On August 5, the House voted 217-210 to pass a \$35.8 billion appropriations bill. The bill provides for slight increases for anti-drug and anti-crime initiatives, but a virtual freeze at last year's base for most programs. The measure provides no money for the 21st Century Policing Initiative which builds on the COPS program that was cut by \$1 billion.
- Abortion:** On August 4, the House Constitution Subcommittee passed the Unborn Victims of Violence Protection Act with two minor amendments. DOJ is preparing a views letter for full Judiciary Committee markup which is expected to occur immediately after the August recess.
- Immigration:** On August 4, the House Immigration Subcommittee served a subpoena requiring the Attorney General to provide information, by August 25, on the number of aliens released from INS custody who have committed subsequent crimes, and two overdue INS reports on criminal aliens.
- Juvenile Justice and Gun Safety:** On August 12, DOJ submitted its comprehensive views letter to the conferees on S. 254 and H.R. 1501, the juvenile justice bills passed this spring. The conferees met for the first time on August 5.

- **Police Organizations File Suit Challenging the Constitutionality of the Lautenberg Amendment to the Gun Control Act:** On July 19, an association of police organizations and an individual police officer who was dismissed from his position filed suit against the City and County of Denver, the U.S., and the BATF. As issue is the Lautenberg Amendment to the Gun Control Act which prohibits the possession of firearms by individuals who have been convicted of domestic violence misdemeanors. Denver terminated Officer Huff because he had been convicted of a qualifying domestic violence misdemeanor and thus was unable to fulfill the Denver Police Department's requirement that all its officers be armed. Plaintiffs allege that the provision violates the Second, Fifth, and Tenth Amendments, and that Congress exceeded its Commerce Clause authority.
- **Mental Health Services for Terrorism Victims:** On August 12, the Office for Victims of Crime, in coordination with National Institute of Justice, hosted a meeting with representatives from the Center for Mental Health Services, the National Institute of Mental Health, and noted experts and researchers from the private sector to explore the development and evaluation of long-term mental health counseling needs of victims of terrorism, including victims and rescue workers affected by the 1995 bombing in Oklahoma City, OK.
- **New Numbers On Prisoners, 1998:** On August 15, the Bureau of Justice Statistics (BJS) is scheduled to release *Prisoners in 1998*. The report provides the number of persons in state and federal prisons at year-end, compares the increase in the prison population during 1998 with that of the previous year, and gives the 5- and 10-year growth rates. Key findings include: the nation's state and federal prison population grew 4.8 percent during 1998, which was less than the average annual growth rate of 6.9 percent since 1990, and the prisons held 1,302,019 inmates on December 31, 1998. The total incarcerated population was more than 1.8 million men and women. In 1998, there were 461 inmates sentenced to at least a year in prison per 100,000 U.S. residents, compared to 292 such inmates per 100,000 residents in 1990.
- **New Numbers On Probation And Parole, 1998:** On August 18, BJS is scheduled to release *Probation and Parole in the United States, 1998*. The report contains information on the number of persons on probation and parole at year-end 1998 and compares the totals with year-end 1997 and 1990.

DEPARTMENT OF INTERIOR

- **Fire Season:** To date, 3.9 million acres have burned in the U.S., compared with a historical ten-year average of 2.1 million acres. The number of wildland fires is 62,118, compared to the ten-year average of 53,042 at this date. NV and AK account for about 2.4 million acres burned this year. The wildland fires in NV are notable for their number,

8-17-99

size and duration. The weather outlook in the near term holds little promise of improving conditions, as high winds and the possibility of more thunderstorms, some featuring dry lightning, are predicted over the next few days.

UNITED STATES DEPARTMENT OF AGRICULTURE

- ✓ **Livestock Indemnity Program (LIP):** Secretary Glickman will soon announce a \$3 million program to aid livestock producers hurt by recent natural disasters. The LIP will provide partial reimbursement to eligible farmers and ranchers who lost livestock due to natural disasters between May 2, 1998 and May 21, 1999.
- ✓ **Migrant Assistance Notice of Funding (NOFA):** On August 15, applications for funds under the NOFA for Migrant Assistance are due. The program will evaluate proposals for emergency assistance to migrant workers impacted by loss of wages. A total of \$20 million in grants will be given to tax-exempt public agencies or private organizations that have experience in providing emergency services to low-income migrant and seasonal farm workers.
- **Commodity Markets:** Wheat prices were boosted last week by rising corn and soybean prices and the winding down of the winter wheat harvest. Corn and soybean prices rose sharply as crop conditions deteriorated. Rice cash prices held firm, but futures dropped following USDA's sharp downward adjustment in its calculated World Market Price. Cotton prices remained flat much of the week, but concerns were raised over worsening crop conditions in the Mississippi Delta. Cattle prices dropped in thin trading, despite a rise in wholesale prices. Retail featuring helped support hog prices at the expense of broilers. Cheese prices advanced as offerings were reported short of needs. Butter prices firmed on brisk cream demand and slow churning schedules.
- **NAFTA, International Agriculture, and Trade Report:** On August 26, USDA will release the *NAFTA International Agriculture and Trade Report*, showing an increasing positive influence of the NAFTA agreement on U.S. agriculture. U.S. agricultural exports to Canada and Mexico increased from \$9 billion in 1993 to a record \$13.2 billion in 1998. At the same time, U.S. agricultural imports from these countries grew from \$7.4 billion to \$12.5 billion.

DEPARTMENT OF COMMERCE

- **MCI Worldcom Tax Dispute with Brazil:** Secretary Daley phoned the Brazilian Communications Minister in an attempt to resolve a billion dollar tax issue arising out of the privatization of the Brazilian telecommunications company Telebras. According to MCI Worldcom, which acquired a controlling interest in Embratel (Brazil's long distance carrier and one of the 12 companies created when Telebras was privatized), Brazilian Government officials failed to disclose a major pre-privatization tax liability.

- **Aerospace Offsets in Defense Trade Meeting:** On August 12, Secretary Daley and Secretary Herman met with Thomas Buffenbarger, President of the International Association of Machinists and Aerospace Workers Union (IAM), on aerospace offsets. Aerospace offsets are requirements that aerospace companies purchase goods or services from a foreign country or company to 'offset' the price of an aerospace export. The IAM, which represents workers at major aerospace facilities, has opposed the practice of offsets because of the adverse impact on U.S. jobs. The IAM is supporting creation of a White House-chaired Commission on Offsets to make policy recommendations on reducing or eliminating foreign offset demands.
- **Pacific Basin Economic Council Chair:** On August 2, Secretary Daley met with Helmut Sohmen, the new Chair of the Pacific Basin Economic Council (PBEC), which is a consortium of companies with interests in the Asia Pacific region. PBEC is co-sponsoring this year's APEC CEO Summit in Auckland, New Zealand, and has invited Secretary Daley to speak on a panel with Japanese Trade Minister Yosano and Chinese Trade Minister Shi on the outlook on trade and economic development for the APEC region.
- **Oil Antidumping Investigation:** On August 9, DOC announced that it will not initiate antidumping and countervailing duty investigations of crude oil imported from Iraq, Mexico, Saudi Arabia, and Venezuela. The decision was based on a finding that opposition to the petitions from U.S. producers exceeded support, and noted that without adequate industry support, it is prohibited by law from initiating an investigation.
- **Steel and Oil and Gas Loan Guarantee Programs:** On August 4, Congress passed legislation establishing steel, oil and natural gas loan guarantee programs to be administered by DOC's Economic Development Administration (EDA). The steel loan program will provide \$1 billion in loan authority, with a maximum loan of \$250 million to any company, while the oil and gas program will provide \$500 million, with a maximum loan of \$10 million.
- **Mexican Pay TV Regulations:** Secretary Daley and Ambassador Barshefsky have sent a joint letter to the Mexican Government concerning proposed pay television regulations which will seriously inhibit the Mexican operations of U.S. programmers. The proposed regulations on commercial advertising time would greatly disadvantage U.S. programmers vis-a-vis the domestic Mexican broadcast networks.
- **China Export Control Cooperation:** On August 6, a Bureau of Export Administration (BXA) officer at the U.S. Embassy in Beijing reported that he completed two post-shipment verifications of high performance computers exported to China from the U.S. The Chinese had declined to schedule these verifications after the embassy bombing in Belgrade, and these are the first two checks completed since then.

DEPARTMENT OF LABOR

- **Collective Bargaining (Auto Industry):** United Auto Workers (UAW) has asked workers at the big three manufacturers to conduct “strike authorization” votes on or about August 17 in the event an impasse is reached when negotiations occur this month to replace the master agreement expiring September 14. Authorization approval takes a two-thirds majority of union membership at each company.
- **Collective Bargaining (Health Care Industry):** On August 9, the NY State Nurses Association (NYSNA) and Presbyterian Hospital agreed on a tentative three-year contract only one hour before the expiration of the union’s strike deadline. Nurses, working without a contract since January 1, gave strike authorization to their negotiating committee in late July and the NYSNA issued the ten-day notice of a strike as required in health-care under the Taft-Hartley Act on July 28. The main issue was nurse-patient staffing and scheduling issues which will be resolved by a joint labor-management committee.
- **Opryland Layoffs:** In the largest layoff ever at the Opryland Hotel, 3.5 percent of the workforce will be cut. The dismissal of 160 of the Nashville, TN hotel’s 4,600 employees is intended to streamline operations and free up capital.
- **First American Layoffs:** First American issued the first round of pink slips in their planned layoffs of 1,000 persons in the Nashville, TN area. About 130 Nashville staffers are being let go in the first phase. Those who are being laid off will be paid for 60 days. The layoffs are a result of the merger between First American Corporation of Nashville and AmSouth Bancorp of Birmingham, AL. Approximately 400 workers will be affected in Birmingham.
- **“Protecting the Labor Rights of Working Women” Conference:** On August 17, DOL is hosting an outreach session in McAllen, TX, to educate women about their rights in the workplace. The session is a result of ministerial consultations under the North American Agreement on Labor Cooperation (NAALC).
- **Pension Security Outreach Campaign:** September 2 marks the 25th Anniversary of ERISA. During the first week of September, DOL plans to launch a campaign to educate workers about DOL’s role in helping them understand their rights under the law and obtain pension or health benefits that have been improperly denied. The campaign will include extensive national and local media with Secretary Herman, PSAs, and a documentary.

8-17-99

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **National Household Survey on Drug Abuse:** The week of August 16, SAMHSA plans to release the summary findings from the 1998 National Household Survey on Drug Abuse. The Survey provides annual estimates of the prevalence of illicit drug, alcohol, and tobacco use in the U.S. and monitors the trends in use over time. It is based on a representative sample of the U.S. population aged 12 and older, including persons living in households and in some group quarters such as dormitories and homeless shelters. Secretary Shalala and Director McCaffrey will hold a joint press conference in late August announcing the results.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Interagency Appalachia Summit:** Following up on your New Markets Tour and Secretary Cuomo's visits to KY and WV, Secretary Cuomo opened the New Markets and New Opportunities Summit in Ashland, KY. The summit was coordinated with the Appalachian Regional Commission, DOT, USDA, and DOL. The purpose of this conference was to explore the special housing, economic development, transportation, labor, agricultural and rural development needs facing the region, and to bring together appropriate persons and partners to reflect together and to develop follow-up steps that address some of those needs.

DEPARTMENT OF TRANSPORTATION

- **Coast Guard (USCG) Seizes Russian Fishing Vessel:** On August 2, the Coast Guard Cutter HAMILTON located the Russian (RS) fishing vessel GISSAR operating up to 1,100 yards inside the U.S. EEZ along the U.S.-Russian Maritime Boundary Line in the north Bering Sea. Cutter HAMILTON pursued the vessel into the RS EEZ and boarded the vessel in accordance with international law and established that the vessel had been fishing illegally in U.S. waters. GISSAR crewmembers rendered the vessel's engine and steering inoperable which prompted the HAMILTON to take the vessel in tow. Numerous Russian fishing vessels interfered with the HAMILTON's enforcement action and threatened the safety of ship and the boarding team. The Coast Guard's inability to bring substantial law enforcement presence to the area caused HAMILTON to withdraw the boarding team and await the arrival of the Russian Federal Border Guard vessel ANTIUS to take custody of GISSAR. The Coast Guard has requested additional assets to provide surveillance along the boundary line. The Department of State has also issued a strongly worded demarche denouncing the incident.
- **Federal Highway Administration (FHWA) Study:** On August 5, FHWA released a study that describes traffic control practices used in several European countries that could help make U.S. streets and highways safer and more efficient.

- **Seat Belt Positioners for Children.** On August 10, NHTSA proposed that manufacturers of aftermarket, add-on seat belt positioners be required to warn that the devices may not be suitable for young or small children. The devices are advertised as improving the fit of lap and shoulder belts for children and small adults. Three typical models were tested by NHTSA.
- **School Bus Safety Regulations:** On August 4, FHWA announced severe fines against two school bus companies for failing to comply with Federal Motor Carrier Safety Regulations. Bee Bus Lines, Inc., and Joy Farm Transportation, Inc, both of Milwaukee, WI, agreed to pay fines in the amounts of \$23,000 and \$14,000, respectively, for using drivers who tested positive for the use of a controlled substance (drugs) to transport school children.
- **Texas Department of Transportation (TXDOT) Contracts Out Interstate Maintenance:** For the first time, TXDOT will hire a private contractor to handle all maintenance and operational problems along 65 miles of Interstate 20 in the Dallas area and 120 miles of Interstate 35 in the Waco area. These two five-year contracts were awarded to VA-based VMS Inc., which provides similar services in VA. Turning over both sections to this company is expected to save the state \$7.5 million. Under the contracts, VMS will oversee everything from mowing and deicing to patching potholes, repairing bridges, and fixing traffic signals on the frontage roads.
- **Cuban Migrant Interdictions:** During the week of July 30-August 6, the U.S. Coast Guard interdicted 59 Cuban migrants in six events in and around the FL Straits.

DEPARTMENT OF ENERGY

- **The Caspian Region:** Secretary Richardson will travel to Turkey, Azerbaijan and Turkmenistan from August 16-21 to advance critical negotiations on the Baku-Ceyhan oil pipeline and the trans-Caspian gas pipeline, and to accelerate the resolution of the Caspian boundary dispute between Turkmenistan and Azerbaijan.
- **Power Summits:** DOE will hold two regional power summits. The first will be in New York (tentatively scheduled for October 4) and will cover the Northeast and Mid-Atlantic states. The second summit will be in Chicago (tentatively scheduled for October 29) and will cover the Midwestern states. The summits will create a dialogue among the states and with the federal government to promote regional solutions to avoid power supply problems in the future.
- **Gasoline Prices Mixed, Stocks Down:** Gasoline and crude oil stock draws reported for the week ending July 30 and evidence of a continued high compliance rate with OPEC production quotas lifted product spot prices this week. The New York Harbor spot price for conventional regular gasoline was 65.28 cents per gallon on August 9, up 2.38 cents.

(The spot price for West Texas Intermediate crude oil at Cushing, OK went from \$20.46 per barrel to \$21.26 per barrel over the week.) Gasoline spot prices in CA were down 16 cents a gallon prompted by the ongoing recovery of several troubled refineries. The growth in the average retail price for regular gasoline picked up this week by rising over a penny to 120.6 cents per gallon on August 9, 17.3 cents higher than last year. The last time the average exceeded 120 cents per gallon was October 1997. In 1997, tensions in the Middle East and a tight gasoline market made crude oil prices comparable to today's level. The recent spate of higher spot prices in CA, caused by equipment problems currently being resolved, pushed the average retail price for regular gasoline in that State to over \$1.50 per gallon.

DEPARTMENT OF EDUCATION

- **Columbine High School:** On August 16, an estimated 1,975 students at Columbine High School will begin their school year. The first day will include a ribbon-cutting ceremony and a welcome from a human chain made up of hundreds of parents, alumni, and staff. In response to last year's shootings, the Jefferson County School Board has taken several measures to tighten school security. From August 11-15, Safe and Drug-Free Schools Director Bill Modzeleski will be meeting with Jefferson County school officials to discuss plans for making this a safe, productive school year.
- **Baby Boom Echo Report:** On August 19, Secretary Riley is scheduled to hold a press conference to announce the release of the fourth annual Baby Boom Echo Report. The report on baby boom echo students, whose numbers have stretched the capacities of high schools and colleges, will include student enrollment statistics and projections. The Secretary will offer the report as further support for the Administration's school construction proposal.
- **Boston's New Race-Neutral Policy:** On August 10, a U.S. District Court judge ruled that race will continue to be a factor in Boston Public School admissions for the upcoming school year. Earlier, in light of a lawsuit filed by parents of white students, the Boston School Committee had decided to eliminate consideration of race from student assignments starting in 2000. The plaintiffs' lawyers sought to force quicker implementation of the race-neutral policy, but the judge stated that changing the policy immediately would be "entirely inappropriate."
- **Learning Anytime Anywhere Partnerships (LAAP) Grants:** Between August 13 and August 20, DOEd plans to announce the LAAP grants. LAAP grants will support distance learning and allow working adults to take advantage of lifetime learning. DOEd expects to award 25-30 grants ranging from \$100,000 to \$500,000 per year, with a few grants totaling more than \$1 million over several years. Only the first year of funding will be obligated from FY99 funds; funding for subsequent years is dependent on congressional appropriations.

DEPARTMENT OF VETERANS AFFAIRS

- **Northeast Drought:** VA hospitals and outpatient clinics in States affected by the drought are complying with regional water-conservation efforts with no impact upon medical services. Laundries, cafeterias, motorpools, and grounds-keeping activities are scaling back their operations to comply with restrictions. National cemeteries report the most direct impact, with headstone cleaning programs and grounds watering suspended.
- **Native American Training Conference:** The Bedford, MA, VA Medical Center will host a National VA Equal Employment Opportunity (EEO) Native American Training Conference and Pow Wow on September 13-19. The training session, coupled with an actual Native American Pow Wow, will involve participants in Native American culture and includes modern Native American activities.
- **GAO Report on Unused Buildings:** A GAO report alleging that VA spends \$1 million a day on unused buildings continues to draw media interest. *NBC* interviewed Acting Under Secretary for Health Thomas Garthwaite for a story, not yet broadcast, in which Dr. Garthwaite refuted the magnitude of the problem while highlighting initiatives underway to improve efficiency and reduce costs.
- **Gulf War Research:** An annual review of research into the medical problems of Gulf War veterans by VA, DOD, and HHS shows no increased mortality, hospitalization, or birth defects among these veterans.

ENVIRONMENTAL PROTECTION AGENCY

- **Smog Levels Increase Due to Heat and Drought:** As a result of this summer's heat and the severe drought being experienced particularly throughout the Northeast, air pollution has been at much higher and unhealthy levels this year. EPA monitoring data on ozone levels show an increase in smog levels above EPA's health safety standards throughout the northeastern US.
- **Proposed Standards for Yucca Mountain Nuclear Waste Site:** EPA will soon propose public health and safety standards for nuclear storage and disposal at Yucca Mountain, NV. Before DOE can begin accepting nuclear waste at the site, DOE must demonstrate that the site complies with EPA's standards. EPA's proposed standards will set limits on potential radiation exposures to members of the public and will protect ground water in the vicinity of the site.
- **Second Anniversary of Lake Tahoe Presidential Forum:** On August 11, EPA participated in the second anniversary event of the Lake Tahoe Presidential Forum. Since the August 1997 Forum, EPA has delivered on all of the 12 Presidential Commitments made to the Lake Tahoe region -- awarding grants and initiating each of the projects that

8-17-99

you announced. EPA will continue to play an active role in supporting the efforts of the Lake Tahoe Federal Interagency Partnership, the Tahoe Regional Planning Agency and local stakeholders in addressing the environmental and economic concerns of the Lake Tahoe Basin.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Meetings with South American Ambassadors:** On August 18, Director McCaffrey will meet separately with the Ambassador of Peru and the Ambassador of Brazil. They will discuss the Director's upcoming visit to Brazil, Bolivia, Peru, and Argentina

SMALL BUSINESS ADMINISTRATION

- **Strategic Alliances:** SBA attended an event at the Canadian Embassy that resulted in discussions with private-sector organizers of the pending NAFTA Businesswomen's Trade Summit 2001. The proposed NAFTA Summit for Women is a direct result of the Canada-USA Businesswomen's Summit held in May. In addition, SBA staff met with the Head of State Committee on Enterprise Development and Members of Parliament from the Ukraine to discuss SBA's programs, services and strategic alliances. Staff also met with Irina Astrakan for the Small Enterprise Development Unit of the World Bank to discuss World Bank facilities for combining Business Development/technical assistance with International Finance Corporation programs in Russia, the Balkans and other developing countries.



New Markets: SBA held a New Markets/Welfare-to-Work Event in Waldoboro, ME on August 5. The focus of the event was to recognize the successful development of a company called New England 800, which is located in a distressed rural community. As part of the financing agreement, New England 800 agreed to provide training and employment opportunities for some unemployed and Temporary Assistance for Needy Families recipients. Since the agreement, New England 800 has created more than 50 permanent positions and over 150 seasonal positions in this impoverished area. 90 percent of the employees are women, and over half are heads of households.

- **Town Hall Meeting:** On August 17, Administrator Alvarez and DC Mayor Anthony Williams will hold a town hall meeting in Anacostia to focus on issues of concern to Washington's small business community. The Administrator will talk about your New Markets Initiative and how these programs can help Washington's small businesses.

OFFICE OF PERSONNEL MANAGEMENT

- **New Directive on Cancer and Other Preventive Screenings:** On August 10, Director Lachance joined the Vice President, the Postmaster General and Tour de France Champion Lance Armstrong to announce new steps to combat cancer. At the event, the Vice President directed OPM to investigate the advisability and feasibility of offering time off for Federal employees to get cancer and other preventive screenings.
- **Child Care Legislation:** Legislation, originally sponsored by Rep. Connie Morella and supported by the Administration, that would allow agency funding of child care costs for low-income employees has been stalled due to objections from conservative factions.
- **Voting Rights:** On August 3, OPM supplied observers for the largest voters rights effort since August 1987. The exercise, under the authority of the 1965 Voting Rights Act, involved 14 counties in Mississippi, 57 polling places and 158 observers. Voter concerns which initiated the exercise involved assistance to illiterate voters, access of voters to the voting process, and the general integrity of the voting process, particularly since there were a large number of interracial contests.

UNITED STATES INFORMATION AGENCY

- **Media Reaction to Yeltsin Cabinet Changes:** Analysts in many parts of the globe viewed President Yeltsin's firing of Prime Minister Stepashin as a harbinger of future instability. The most widely held opinion was that the Russian president was exercising a desperate attempt to hold on to power and to install a successor who would protect Yeltsin's interests. Many also noted the new prime minister designate's former position as a KGB officer and feared that his appointment did not bode well for the future of democracy in Russia.
- **D.A.R.E. in Bolivia:** USIS La Paz met with the International Coordinator of D.A.R.E. to explore ways support the creation of a Bolivia program in 2000. USIS agreed to support three groups of U.S. trainers to implement the program over a period of five months
- **Haitian Women's Group:** USIS Port-au-Prince met with the Vital Voices group of Haitian women leaders to plan activities related to the September regional meeting in Trinidad. The informal network discussed ways of formalizing their common efforts, and of mounting programs in poorer communities to foster community development through micro-enterprise and increased political participation on the part of women.

GENERAL SERVICES ADMINISTRATION

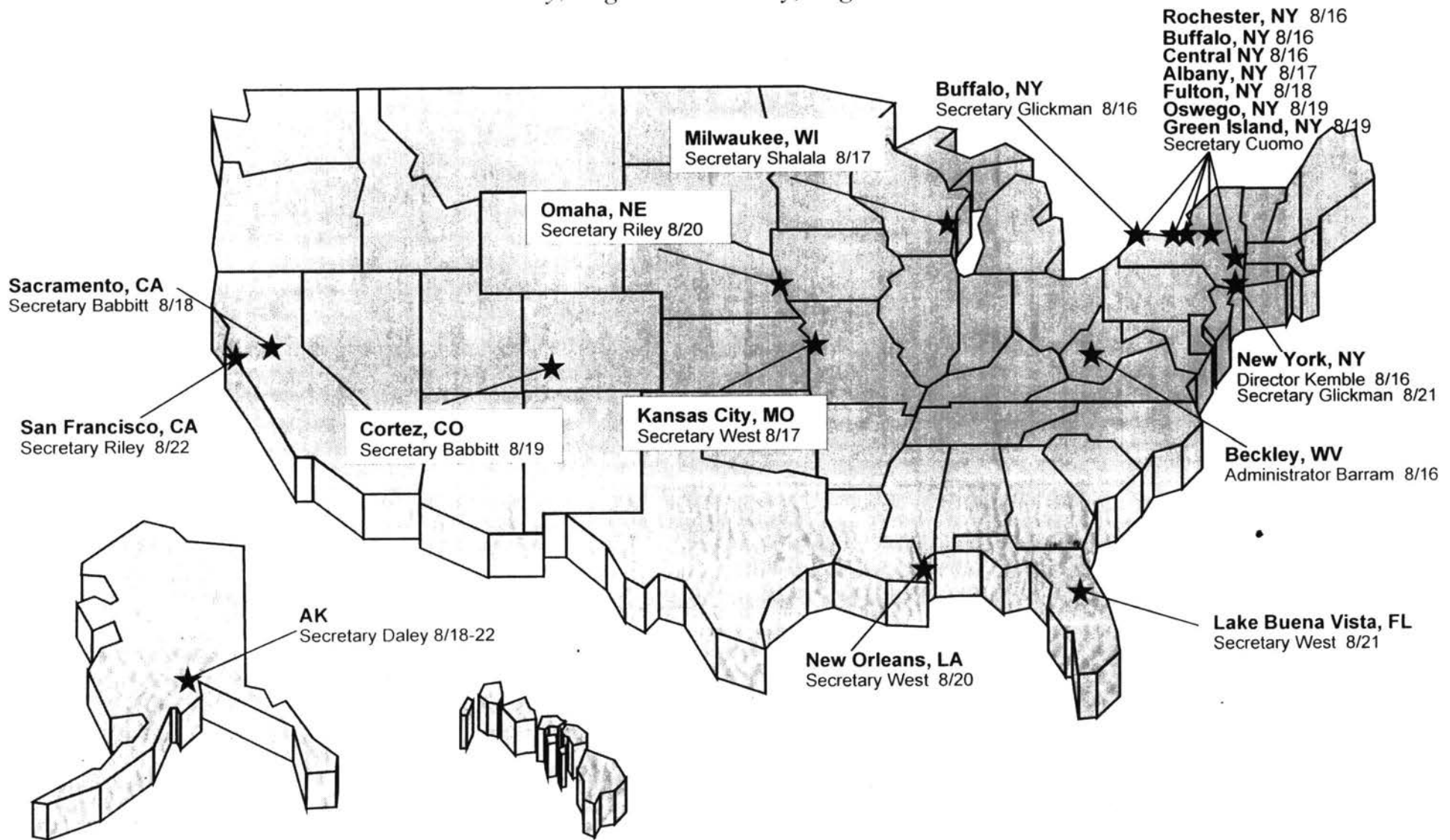
- **Water Conservation Program:** Because of drought conditions GSA's regions 1, 2, 3, and 4 have followed local guidelines and turned off decorative fountains and stopped the use of building water for irrigation (watering) purposes and tried to conserve water in other ways. In the DC area, GSA instituted conservation measures before MD did. GSA measures include refraining from washing sidewalks and steps, providing minimum water needed to maintain new plantings and major landscape projects, and reducing irrigation of GSA-maintained grounds to twice weekly. GSA has also been working with local power companies to reduce power usage during peak times.

SOCIAL SECURITY ADMINISTRATION

- **Hearings Process Improvement Plan:** On August 5, SSA issued a Hearings Process Improvement (HPI) plan that is designed to make the Agency's hearings process more timely, efficient and customer focused. The goals are to reduce processing times, increase productivity, and enhance the quality of service to SSA's customers.

Cabinet Travel

Monday, August 16 - Sunday, August 22, 1999



South Africa
Secretary Shalala 8/16

Turkey
Secretary Richardson 8/16

Azerbaijan
Secretary Richardson 8/17-18

Turkmenistan
Secretary Richardson 8/19-20

Puerto Rico
Secretary West 8/18

cc:

The Vice President

John Podesta

Sandy Berger

Sidney Blumenthal

Mary Beth Cahill

Maria Echaveste

George Frampton

Mickey Ibarra

Ben Johnson

Joel Johnson

Janis Kearney

Ron Klain

Neal Lane

Jack Lew

Ann Lewis

Joe Lockhart

Buddy MacKay

Sean Maloney

Minyon Moore

Bruce Reed

Steve Ricchetti

Doug Sosnik

Gene Sperling

Larry Stein

Loretta Ucelli

Melanne Verveer

8-17-99

THE WHITE HOUSE
WASHINGTON

Copied:
Cahill
Podesta

99 AUG 13 PM5:47

August 13, 1999

MEMORANDUM FOR THE PRESIDENT AND THE

FROM: MARY BETH CAHILL
DIRECTOR, OFFICE OF PUBLIC LIAISON

SUBJECT: WEEKLY REPORT (August 7 to August 13)

Must do
highly visible
publicity

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

NEW MARKETS INITIATIVE

OPL Convenes Meeting to Discuss Next Steps for New Markets. On Wednesday, I convened a meeting with twenty business representatives to discuss the next steps for the New Markets Initiatives. Enthusiasm remains high among key supporters. Representatives of Bank of America, Aetna, Enron, Citigroup, Entergy and other Fortune 200 companies at the meeting emphasized that the New Markets Initiative is a legislative priority, and that they are organizing to develop bipartisan support. They strongly encouraged us to maintain a high profile on the initiative; so far, the coverage has been very positive.

Wall Street Journal Publishes Op-Ed Critical of Initiative. On Thursday, Harvard economist Edward Glaeser's editorial criticized the underlying assumptions of the New Markets Initiative. We are working with Dick Huber, CEO of Aetna, to publish a rebuttal next week.

MEDICARE

AFL-CIO Assumes Leadership of the Medicare Coalition. During the August recess, the Coalition is mobilizing grassroots participation in the town hall meetings being held by Republicans and Democrats. They will deliver a message opposing the Republican tax cuts and supporting our Medicare proposal. Today, Citizens for Tax Justice released a study on corporate tax breaks included in the Republican bill: "Corporate Welfare Rides Again: Business Giveaways in the 1999 Tax Bill."

CHILDREN'S HEALTH INITIATIVE PLAN (CHIP)

OPL Coordinates Conference Call with OPD and Key Children's Health Groups. Children's health representatives hailed your NGA message as strong and on target. We must continue to encourage the children's health groups to work on behalf of CHIP in addition to their TANF and Medicaid priorities.

II. Constituent Outreach And Other Issues:

YOUTH OUTREACH

Research Shows Young Americans Choose Strengthening Social Security Over Tax Cuts, Guaranteed Benefits Over Investment Gamble. Today, representatives of the 2030 Center met with staff from OPL, OMB, DPC, & SSA to share the poll's results. The new survey research, conducted by Peter Hart Research Associates, shows that 81% of young Americans support the current Social Security program. The poll further indicates that those surveyed prefer that Congress dedicate the budget surplus to strengthening Social Security (59%) and Medicare (67%) instead of a tax cut. "67% say Social Security can work for young people, too, if Congress will act to strengthen the system's finances," states the 2030 Center. "69% of young people also strongly support a guaranteed benefits plan that would use the budget surplus to strengthen the Social Security trust funds."

GAY/LESBIAN OUTREACH

Gay Rights Groups Call for Disciplinary Action Against Fort Campbell Officers. In the wake of extensive media attention about the death of Private Barry Winchell, gay activists are beginning to question when Secretary Cohen will issue a statement about the case. Meanwhile, the new "don't ask, don't tell" guidelines, which were scheduled for release this afternoon, received positive coverage in today's *New York Times*.

RELIGIOUS OUTREACH

First American Muslim Ambassador to be Sworn In. The American Muslim community is very pleased that M. Osman Siddique, the first American Muslim ambassador, will be sworn in Tuesday, August 17, at the State Department. We are working with State and USIA to ensure maximum coverage in the Muslim press.

8-17-99

THE WHITE HOUSE
WASHINGTON

Copied:
Johnson
Podesta
p.1 to Podesta

August 13, 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

ACTIONS

Outreach Meeting with Jewish Leaders: Prior to your meeting with Jewish leaders, I met with them to discuss how we could work together to prevent similar incidents like the tragic shootings in Los Angeles. We agreed to collaborate on issues of race, ethnicity, and justice. They indicated that they would redouble their efforts in support of stronger gun control measures and hate crimes legislation. The office is currently working to place tolerance and diversity messages on all hate sites on the internet.

Incidentally, I understand that you got an opportunity hear about the Anti-Defamation League's (ADL) hate filter. September would be a great time for you to demonstrate how the filter works. We could set something up around the time you will be communicating your tolerance message to millions of teenagers via Scholastic Magazine and grade school children through the Weekly Reader.

Black Farmers: As you are aware, the National Black Farmers Association (NBFA) demonstrated against the Department of Agriculture (USDA). They claim that the Department is moving too slowly in processing the claims of black farmers who had opted out of the Pigford Class and in changing procedures for distributing land in inventory. The farmers also feel that the Department is failing to adequately finance the outreach programs for black farmers. According to USDA, only 15 of the 185 farmers who opted out had pending claims that could be processed. Offers are being made or will be made to them within the next 30-45 days.

On the day of the demonstration, the USDA Civil Rights Director met with 30 representatives of the farmers and advised them that no changes had been made relative to land in inventory. She then met individually with 11 farmers who had complaints or wanted to discuss implementation of their settlement agreements. Additionally, several members of the CBC, including Congressman Clyburn, are lobbying for Rev. Joe Lowery to be appointed to the position of Monitor. This position was established by the class action settlement agreement.

Cleveland Police Protest: Over 300 rank-and-file members of the Cleveland Police Department protested what they termed an "irresponsible" decision by Mayor Michael White to allow the Ku Klux Klan to hold a rally in that city on August 21st. They called on the Mayor to cancel the permit for the rally because it coincides with the first preseason home game for the returning Cleveland Browns and a Black Family Expo, which will take place at the Cleveland Convention Center.

CONSTITUENT OUTREACH

Asian American Student Leaders: We met with over 120 Asian American student leaders from across the country to discuss negative racial stereotyping and other issues affecting minorities in the US. We also discussed the shooting of the Asian American postal worker in Los Angeles and discussed the need for stronger hate crimes legislation.

CABINET RACE INITIATIVE WEEKLY

Department of Agriculture

Farm Credit Help for Native American Borrowers: USDA recently distributed 2 notices to county offices, reiterating guidelines on servicing delinquent loans, to provide consistent nationwide guidance for Native American borrowers whose real estate security is located within Federally Recognized Indian Reservations. Native American borrowers may choose to assign their loan to the Tribe or to the Secretary of Interior in lieu of facing foreclosure by Farm Services Agency.

Department of Education

Judge Denies Bid to Rush Boston's New Race-Neutral Policy: On August 10, a U.S. District Court judge ruled that race will continue to be a factor in Boston Public School admissions for the upcoming school year. Earlier, in light of a lawsuit filed by parents of white students, the Boston School Committee had decided to eliminate consideration of race from student assignments starting in 2000. The plaintiffs' lawyers sought to force quicker implementation of the race-neutral policy, but the judge stated that changing the policy immediately would be "entirely inappropriate."

General Services Administration

More Race Discussions: GSA's National Capital Region just completed two sessions of discussions on race. Chief of Staff Johnson has just completed a sessions in San Francisco and New York. New sessions are starting in DC, CA, and Philadelphia.

Department of Interior

Historic Agreement Signed with Yakama Nation: On August 12, in Yakima, WA, Bureau of Reclamation, the WA Department of Ecology, and the Yakama Nation will sign a landmark agreement pledging to work as partners when making water management decisions in the Yakima River Basin. As a result, the three water managers agreed to launch a \$6M study to better describe the link between groundwater and surface water.

Hopi Request to Take Eaglet Denied: National Park Service (NPS) recently sent a letter to the Hopi Tribal Chairman upholding the denial of a special use permit to take a golden eaglet from Wupatki National Monument for religious purposes. The Hopi, and other American Indians, may get permits from Fish and Wildlife Service (FWS) to possess and transport eagles and eagle parts for religious purposes and had such a permit which is authorized by the Eagle Protection Act and the Migratory Bird Treaty Act. NPS denied the special use permit, stating that the FWS permit did not supersede its Organic Act or its regulations prohibiting the taking of wildlife.

Judge Orders U.S. to Pay Indians: A federal judge ordered the Administration to pay \$625K in legal bills accrued by the Indians in the Cobell class action lawsuit, saying the failure to obey orders to produce records caused the Indians' attorneys to waste thousands of hours seeking documents.

Small Business Administration

Small Business Innovative Research (SBIR) Reauthorization: SBA met with representatives of the EPA and the Scientific Engineering Alliance to discuss the next Historically Black Colleges & Universities seminar to be held in September, 1999. The focus of the seminar will be EPA's SBIR solicitation, to open August 11 and close on October 21. SBA is working to ensure the participation of 8(a) companies in the SBIR program. The EPA's SBIR program officials have set a goal to increase local minority business participation in its SBIR program.

Department of Transportation

Ku Klux Klan and Adopt-a-Highway Program: The Klan submitted an application to the Missouri Department of Transportation to adopt a segment of highway in St. Louis. The application was denied. The District Court found that the denial violated the Klan's First Amendment rights, and ordered the Missouri Department of Transportation to allow the Klan to adopt a stretch of highway under the program. The Klan submitted a new application to adopt another stretch of highway in St. Louis County.

The Missouri Department of Transportation returned the application because it was not properly completed. However, once the Klan's application is correctly submitted, the Missouri Department of Transportation believes that it may have no choice but to grant the application. The State Department of Transportation intends to appeal the District Court's decision.

The U.S. Department of Transportation requested that the Department of Justice participate as amicus in support of the State Department of Transportation's position. On August 4, the Justice Department agreed to participate as amicus in this case. The Justice Department will be asking the Eighth Circuit for more time to draft its brief.)

8-17-99

THE WHITE HOUSE
WASHINGTON

August 13, 1999

'99 AUG 13 PM5:27

MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER *lyn*

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY

*Copied:
Cutler
Podesta*

*good - need to follow up w/ many manufactured home manufacturers
of this - could we get more manufactured homes?*

Geraldine Bluebird Gets Her Home!!

- On September 20, 1999, delivery will be made of a new doublewide manufactured home to Geraldine Bluebird and her family. The plan is to locate it on her land, so that she can continue to keep an eye on the neighborhood and all of the children she cares for.
- Ron Dozoretz really came through! In order to be certain that Geraldine's benefits will be protected, the title will be held by the Dozoretz's private foundation.

The Small Business Administration Fixes the HUB Zone Problem for Indian Country

- One of the big issues in our meeting in the Roosevelt Room was that tribes were excluded from full participation in the HUB Zone program because it had been decided that a business owned by a tribe did not qualify as a "small business." SBA ruled this week that tribe-owned business are eligible to participate in the program and will accept HUB Zone applications from the tribes. They are making every effort to get the word out to all of Indian Country. This is a big deal and opens great opportunities, since almost every reservation qualifies as a HUB Zone.

X Great

White Mountain Apache

- Director James Lee Witt called the Chairman of the White Mountain Apache when I passed on the word that the Chairman had asked you for help out at the Pine Ridge event. It seems that the fires that devastated much of the housing on the reservation were not included in the request by Governor Hull in June for disaster

8-17-99

MEMORANDUM FOR THE PRESIDENT
PAGE TWO

relief. Director Witt also called the Governor and asked her to request assistance. She has done that and he is now helping the tribe. The ongoing problem here is that the tribes have to go through the state to request designation, per the legislation that governs Federal Emergency Management Agency. The Department of the Interior has wanted to eliminate this requirement so that the relationship between the tribes and FEMA will be direct government to government.

How many
regulations?

Budget Concerns

- I am very concerned about what is happening to the budget increases you requested for many Indian Country programs. The Tribal Colleges are not slotted for any increase, which will create terrible problems in this important and successful effort. Similarly, there is no money for the ongoing Tribal Law Enforcement effort, and our new initiative on Indian teachers is dead so far. I would like to propose that in addition to the Statements of Administration Policy that are sent by the Office of Management and Budget, that you make a statement in September about the importance of the needs facing Indian Country. We will never be able to make a difference in next year's budget if we can't do better this year.

C. Podesta
Need to
try hard

Good News

- I am attaching an article from Indian Country Today on very hopeful developments in information technology opportunities in Indian Country. I am continuing to work on these efforts--this is clearly the best hope for economic growth in these remote areas.

Copied:
Podesta
pg. 2

Narrowing the digital divide

Report: Funds abundant for Native American computer projects

By K. Marie Porterfield
Today correspondent

WASHINGTON, D.C. — On the San Carlos Reservation in Arizona 83.9 percent of the people do not have a phone in their home. For them and residents of many other rural Indian reservations across the U.S., the prospect of surfing the Internet is remote.

Based on 1990 census figures, 53 percent of American Indian households have no telephones, while only 5 percent of the total U.S. households are without a phone. At the same time that split-second global communication creates previously unimagined educational and economic opportunities for many Americans, a number of American Indians remain without access.

It's a situation telecommunications policy makers call the digital divide. That gap is narrowing according to "Native Networking: Telecommunications and Information Technology in Indian Country," a report released by the Benton Foundation in April and posted on the non-profit organization's web site this summer. Randy Ross, a Nebraska Ponca and Otoe Missouria; James Casey, a Cherokee and Marcia Warren, a Santa

Clara Pueblo, wrote the report.

The Benton Foundation is a Washington, D.C., non-profit organization that seeks to shape the emerging communications environment and to demonstrate the value of communications for solving social problems.

"Our goal was to do something to help close the digital divide," said Rachel Anderson, a Benton Foundation associate who worked with the project. "We want to bring all Americans into a place where they can use telecommunications." As technology becomes an integral part of society and the economy we wanted to identify resources and help American Indians get connected to the Internet.

According to the 64-page report, the use of computers to access the Internet has increased dramatically since four years ago when the con-

gressional Office of Technology Assessment commissioned the trailblazing Telecommunications Technology and Native Americans Report.

Currently 76 of the 185 BIA schools are connected to the Department of Interior's Internet Service. Indian Health Service has a closed network system connecting more than 550 "nodes," so that patient information can be transferred across the country. More than 100 American Indian tribes now have official web sites following the lead of the Oneida Nation who posted the first such tribal site on the Internet.

Even so, the distance between cyber haves and have nots will not vanish overnight. The good news is that funding for American Indian

Please see Narrowing C3

Narrowing: Donors, options listed

From C1

computer projects is abundant. "Funding for technology has exploded," said Warren. "We found quite a bit of activity out there as well as funding. What surprised me was how often the two don't meet."

Native Networking lists 20 pages of government, corporate and private donors which have funded telecommunications, technology or networking projects in schools and communities.

"The projects that I knew about were mostly programs that were funded by grants from the National Telecommunications and Information Administration," Warren said. "The people who aren't aware of the resources are because most of them are doing one, two or even three jobs. Seeking out funding sources takes a lot of work."

One of the report's goals was to make the task easier by gathering telecommunications funding into one publication. "There were no such resources out there," she said of the project. "We wanted it to be a tool."

"The options are overwhelming," she said. "You need to specify what the tribe and the community want," said Marcia Warren, one of the report authors.

Another goal was to briefly profile more than 60 past and current American Indian telecommunications projects in order to alert organizations and tribal officials to the possibilities telecommunications can offer to American Indians.

se projects range from the American Indian Higher Education Consortium Distance Learning Network to the Oglala Sioux Tribe's development of a digital

Native Networking: Telecommunications and Information Technology in Indian Country

Report reduces work: Telecommunications fund sources listed.

wireless network for home healthcare and the Tribal Connections Project created by the Regional Medical Library at the University of Washington which provides health information to remote tribes and villages in Alaska, Idaho, Montana, Oregon and Washington.

When tribes approach givers, they need to have a plan, according to Warren. "You need to narrow down the field. The options are overwhelming," she said. "You need to specify what the tribe and the community want."

Connecting with successful programs is essential in order to be able to discover the options, she said. "The important thing is to communicate among one another. When you see a project that interests you ask how did you do it. Form mentoring relationships. The amount of money available is enormous, so tribes don't have to compete for it."

Warren, deputy director of global diversity and training at the U.S. Department of Commerce U.S. and Foreign Commercial Services Division, believes that this homework is critical. "Technology is sometimes seen as solving big problems instantly and then tribes get into a big rush," she said. "Programs have purchased systems and limited their use to

word processing. "I know of one instance the computers weren't networked properly," she said. "A trainer came in and the training couldn't be done. There was no one available to tangle with the computers and they just sat there."

Forming a network of peers can avoid those problems. Native Networking provides a list of American Indian telecommunications organizations that can help as well as a glossary of

computer terms to help get started. American Indian owned telecommunications businesses are also listed.

"Computers are a tool in a larger plan, not an end in themselves," Warren cautioned. "People need a personal investment in telecommunications programs. When you dump a program on people they don't care. The projects are more organic than the hardware. You can use computers for language preservation. You can form a virtual community. There are no quick fixes with computers, but at the same time, anything is possible," she said.

The report which took a year and a half to complete, has proven such a success, it may be the first of many, she said. "We want to do it on an annual basis. We're projecting that the funding resource section will explode."

The print version of the report is available at \$12.50 plus shipping and handling by calling the Benton Foundation at 1-877-223-6866 or downloaded in PDF version from their web site <HYPERLINK <http://www.benton.org/Library/Native>>

Narrowing: Donors, options listed

From C1

computer projects is abundant. "Funding for technology has exploded," said Warren. "We found quite a bit of activity out there as well as funding. What surprised me was how often the two don't meet."

Native Networking lists 20 pages of government, corporate and private donors which have funded telecommunications, technology or networking projects in schools and communities.

"The projects that I knew about were mostly programs that were funded by grants from the National Telecommunications and Information Administration," Warren said. "The people who run them aren't aware of the resources because most of them are doing one, two or even three jobs. Seeking out funding sources takes a lot of work."

One of the report's goals was to make the task easier by gathering telecommunications funding into one publication. "There were no such resources out there," she said of the project. "We wanted it to be a tool."

"The options are overwhelming," she said. "You need to specify what the tribe and the community want," said Marcia Warren, one of the report authors.

Another goal was to briefly profile more than 60 past and current American Indian telecommunications projects in order to alert organizations and tribal officials to the possibilities telecommunications can offer American Indians.

These projects range from the American Indian Higher Education Consortium Distance Learning Network to the Oglala Sioux Tribe's development of a health

Native Networking: Telecommunications and Information Technology in Indian Country

Report reduces work: Telecommunications fund sources listed.

wireless network for home healthcare and the Tribal Connections Project created by the Regional Medical Library at the University of Washington which provides health information to remote tribes and villages in Alaska, Idaho, Montana, Oregon and Washington.

When tribes approach givers, they need to have a plan, according to Warren. "The options are overwhelming," she said. "You need to specify what the tribe and the community want."

Connecting with successful programs is essential in order to be able to discover the options, she said. "The important thing is to communicate among one another. When you see a project that interests you ask how did you do it."

Form mentoring relationships. The amount of money available is enormous, so tribes don't have to compete for it.

Warren, deputy director of the U.S. Department of Commerce's Office of Indian Affairs, believes that this home work is critical. Technology

is sometimes seen as solving big problems instantly and then tribes get into a big rush, she said. "Programs have purchased systems and limited in their use to

computer terms to help get started. American Indian owned telecommunications businesses are also listed.

"Computers are a tool in a larger plan, not an end in themselves," Warren cautioned. "People need a personal investment in telecommunications programs. When you dump a program on people they don't care. The projects are more organic than the hardware. You can use computers for language preservation. You can form a virtual community. There are no quick fixes with computers, but at the same time anything is possible," she said.

The report which took a year and a half to complete, has proven such a success, it may be the first of many, she said. "We want to do it on an annual basis. I know of one instance where computers weren't networked properly," she said. "A trainer came in and the training couldn't be done. There was no one available to tangle with the computers and they just sat there."

The print version of the report is available at \$12.50 plus shipping and handling by calling the Benton Foundation at 1-877-

223-6866 or downloaded in PDF version from their web site. Native Networking provides a HYPERLINK <http://www.benton.org/Library/Native> list of American Indian telecommunications organizations that can help as well as a glossary of

AS BEE

8-17-99

Sandy
- What about Tim?
- ~~pp. 4~~
- What about Puller & Puer?
BY

✓
Copied
Berger
w/ desk
Podestri

Interesting
piece coming
from within

817-99

Policies at War

By Scott Ritter

BHASTINGS-ON-HUDSON, N.Y. Bipartisan moments are increasingly rare in Congress, but last week we had one. On Wednesday, eight senior Senators and Representatives from both parties delivered a letter to President Clinton that decried the "continued drift in U.S. policy toward Iraq."

The letter expressed concern that despite rhetoric from the Administration about the imminent danger posed by Iraqi weapons of mass destruction, no progress has been made toward getting meaningful inspections back on track or, in their absence, quantifying and dealing with the Iraqi threat.

Scott Ritter, the author of "Endgame," was a United Nations weapons inspector in Iraq. He resigned last year to protest American policy there.

The Congressmen also pointed out the considerable shortfalls in carrying out the Iraqi Liberation Act, which Congress passed last year to finance groups bent on overthrowing President Saddam Hussein.

Our approach to Iraq is self-contradictory.

The lawmakers are rightly critical of the current policy toward Iraq. Unfortunately, they fail to propose a clear alternative. For example, how do they define the "appropriate security measures" that they advocate providing to the Iraqi opposition? What exactly do they mean by the creation of a "no-drive zone" in terms of the commitment of American mili-

tary power? How many combat aircraft will be required, and at what cost? What are the contingency plans if the Iraqi opposition fails to achieve success on the battlefield or, worse, suffers defeat at the hands of the Iraqi Army? Will American ground troops be committed? If so, under what circumstances and in what numbers?

These questions should be answered before the United States expands its military role. We are already engaged in a warlike situation, to use language the Pentagon might use. So far in 1999, the United States has flown more than 115 bombing missions against targets in the northern and southern parts of the country.

This war of attrition is intended to weaken Iraqi Government control of these areas, and it represents an alternative to the strategy of the past: there would be an American military buildup whenever Iraq acted up, then a retreat when it backed down. Such cycles were expensive and, because they could be turned on and off at the whim of Iraq, ultimately ineffective.

But at least that approach was in response to something tangible: supporting the United Nations Security Council resolutions mandating Iraqi disarmament. The current military campaign lacks any such focus.

The problem with both the Clinton Administration's Iraq policy and the bipartisan Congressional approach is that we can't demand compliance with Security Council resolutions while simultaneously shunning the Security Council by pursuing a unilateral campaign to remove Saddam from power. Until the United States recognizes that its policy is inherently contradictory, we won't achieve either disarmament or Saddam's removal. Disarmament requires fashioning a consensus that is acceptable to all Security Council members; ousting Saddam entails the commitment of American combat power. Neither option is ideal, but neither stands a chance if they're attempted in tandem.

Future American policies toward disarmament, nonproliferation, humanitarian intervention, the handling of rogue states, the role of the United Nations and the commitment of American military power are all tied to the situation in Iraq.

The United States should pursue a diplomatic solution to this problem. We should support the lifting of economic sanctions in exchange for the resumption of meaningful weapons inspections. Such a course would take a step toward reuniting and reinvigorating the Security Council. It would also bring credibility to our foreign policy in ways that the current military intervention never can. □

Op-Art

JULES FEIFFER



The New York Times

MONDAY, AUGUST 16, 1999

THE PRESIDENT HAS SET
8 17-99

Don't ignore Iraq

While the attention of the State and Defense departments has been focused on Kosovo since our glorious war this spring, a remarkable silence has descended on another front — Iraq. Not so long ago, toppling Saddam Hussein and eliminating his weapons of mass destruction was a national security priority to the point of obsession. Now, we hear nary a peep about the Middle East dictator and his dark plots.

This is all the more remarkable given that last October, the Clinton administration signed onto the Iraq Liberation Act. Furthermore, the president promised Nov. 15 to work with Congress to achieve Saddam Hussein's demise, finishing the unfinished business of the Gulf War. It all sounded quite promising. Then, of course, we had the bombing of Iraq on the eve of the House impeachment vote. Operation Desert Fox, as it was called, was a worthy military action, though the timing was extraordinary and highly suspect. It effectively ended any Iraqi cooperation with the U.N. arms inspections regime, which is now a thing of the past. Whatever else one might think of our policy at the time, at least someone was paying attention to the problem.

Since the beginning of this year, however, Iraq has fallen off the political radar. Preoccupied with bringing another dictator to heel, this time in the Balkans, the administration has clearly allowed our policy to drift even further out to sea. Rather startlingly, an article in Friday's New York Times puts the number of American and British missile strikes against Iraqi targets over the past eight months at a stunning 1,100, and reports that pilots have flown two-thirds of the number of sorties flown in the Kosovo war to much greater fanfare. It could, of course, be that the bombing raids are no more successful than they were in destroying the Serbian army and that this accounts for the lack of publicity. At least, it seems that the Iraqis are shooting back at our planes undaunted by return fire. On Wednesday, a bipartisan group of prominent senators, including Majority Leader Trent Lott, Senate Foreign Relations Chairman Jesse Helms, Sen. Joseph Lieberman and Sen. Bob Ker-

rey, dispatched a letter to President Clinton to confront him about the drift in U.S. policy towards Iraq. "In particular we are dismayed by the following," the senators wrote:

■ "International Inspections no longer constrain Saddam's Weapons of Mass Destruction (WMD) programs... there is considerable evidence that Iraq continues to seek to develop and acquire weapons of mass destruction. The whole point of Operation Desert Fox was that we could not wait until Saddam reconstituted his WMD capabilities."

■ "The Administration is not giving the Iraqi opposition the political support it needs to seriously challenge Saddam. While Administration spokesmen sometimes have expressed support for the Iraq Liberation Act, all too often they have distanced themselves from, if not ridiculed, the policy you endorsed on Nov. 15th."

■ "The Administration is not giving the Iraqi opposition the material support it needs to seriously challenge Saddam. ... To date, of the \$8 million appropriated in last year's omnibus appropriations act to assist the opposition, less than \$500,000 has been used to support activities carried out by the opposition."

■ "The Administration is not willing to deliver assistance to the opposition inside Iraq. In addition to withholding from the opposition the most useful forms of assistance, the Administration has ruled out delivering assistance to the opposition inside Iraq. Delivering such assistance inside Iraq might violate U.N. sanctions, we are told."

■ "The Administration is not willing to give appropriate security assurances to anti-Saddam Iraqis, including the Kurds and the Shi'a."

"We are dismayed by these developments," the senators write, and they should be. The senators propose immediate steps to remedy the situation, which ought to be heeded. These include instituting a new weapons-inspections regime, providing security for anti-Saddam forces, such as the Iraqi National Congress, as well as training and materiel for them. As the senators note, we have a lot of lost ground to make up for.

The Washington Times

MONDAY, AUGUST 16, 1999

8 17-99

~~Scandy~~
~~Interim~~
PB

copied
Berger
Boester

8-17-99

The Washington Times

MONDAY, AUGUST 16, 1999

GEORGIE ANNE GEYER

A reconciliation chimera

What exactly is happening in Kosovo?

In Zitinje, despite the active presence of NATO soldiers, the town has been effectively purged of Serbs. All left for Serbia proper. In the northern mining town of Kosovska Mitrovica, every day recently has seen near-riots as Albanian Kosovars have attempted to cross over into Serbian areas, only to be stopped by French peacekeepers.

Some of the comments should go down in the history books.

In Zitinje, the commander of the American platoon, 1st Lt. Ryan Leigh, was quoted as saying of the NATO troops' inability to keep the Serbs there: "Yes, it felt like a defeat, and it was perceived as a defeat by all the higher command. We did all we could to get the Serbs to stay, but they really wanted to go."

In Mitrovica, there was the occasional rare light moment, as when officers of the Kosovo Liberation Army angrily called the French troops "arrogant," as though they had discovered something.

Meanwhile, on the organizational level, there was even more chaos.

The U.N. officials who are supposed to be running the civil administration — and who are supposed to have power, unlike in Bosnia — immediately started out demanding that all public and state jobs must be apportioned "equally," which means between Albanians and Serbs, although the province now is 95 percent Albanian and although the Serbs just massacred tens of thousands of Albanians.



In short, on every level and at every turn, two peoples who passionately despise each other are being expected to start living together peacefully, to reconcile

without justice first being done, and to thus prove false every philosophical and religious and common-sensical lesson we should have learned from centuries of history.

And here is what is going wrong in Kosovo, exactly as it went wrong in Bosnia, Somalia, Haiti and Rwanda: We are again insisting that our excellent troops carry out poli-

cies that are totally against human nature. These policies won't work because they can't work. Worse, they are standing in the way of desperately needed progress in this mission.

The danger comes when policies that could never possibly have been implemented are then perceived of and described as "failures" and "defeats." Thus, the policy becomes self-defeating because it has buried within itself the inevitable kernels of failure. Instead of doing what we thought we were doing — teaching people to live together — we are accomplishing the opposite. Instead of cauterizing the wounds, this approach only traps the poison inside.

The question from the beginning in these cases of muddled sovereignty has been the question of authority. The war itself was a half-war, waged by a coalition of 19 countries. But the war was only half-won, and now we are facing the next step, where authority is so diffused, confused and convoluted that it is virtually impossible to get anything done.

A question for the future: Does this kind of NATO coalition warfare guarantee haplessness, ineffectiveness and continued strife? At the moment, we have to say "yes."

Bosnia, for instance, which went through a similar pattern of Serbian aggression, half Western liberation and, now, of half a solution, illustrates what happens. Bosnia shows what can't be done under these kinds of foolish Western and U.N. expectations that after years of massacres, everyone can live

together and (favorite word) "reconcile," and build a new world without hard feelings. And all this, with no one having the authority to really carry anything through.

Bosnia today lives on donor aid and the attendant possibilities for corruption (30 percent of GDP). Smothering bureaucracies, high taxes, no legal system and virtually no intermingling of Muslims and Serbs: All these characterize Bosnia four years after the Dayton Accords.

At the same time, the international organizations, well-meaning all, have had spectacular success in rebuilding the destroyed physical assets and infrastructure of Bosnia. But what is needed is not primarily rebuilding but to use common sense in hammering out realistic policies, aiming at the possible and not banking everything on the impossible.

A little awareness of human nature would not hurt, either.

What these post-communist wars need is a MacArthur, a strong and authoritative presence who can reassemble the parts in some new, workable whole. That would mean acknowledging that one side must lose. We must give up such juvenile ideas as that all these folks must live together — the world as Iowa City.

Instead we have coalition warfare and coalition thinking and, now, coalition peace. We're already seeing what that means.

Georgie Anne Geyer is a nationally syndicated columnist.

HEITUNG AS SEE
8 17-99

The United States – unintentional warrior

By Joshua Muravchik

China is making threatening military gestures to back its warning that Taiwan is "playing with fire" by abandoning a "one China" position. But Beijing should realize that it is playing with fire, too. The fact that they have a friend in the White House may lull Chinese leaders into believing that America would stand by while they attacked Taiwan. But a president's predilections count for less than they may think.

Kosovo offers a timely reminder that it is hard to predict when America will get into a war. While Beijing could not bring itself to believe that the bombing of its embassy in Belgrade was unintentional, the truth is that the entire war was unintended. Strange though it may seem, that is the way America usually gets into its wars. This is a lesson which the conspiracy-minded rulers of China will find hard to grasp. But they should consider the record.

In 1914, when World War I broke out, America promptly declared its neutrality. President Woodrow Wilson pronounced it "a war with which we have nothing to do, whose causes cannot touch us." In 1916, he campaigned for re-election, promising to continue to uphold our neutrality. But a year and numerous U-boat attacks later, Wilson discovered that America needed to enter the fray in order to "make the world safe for democracy."

When Adolf Hitler and Hideki Tojo launched World War II, America again proclaimed its neutrality.

Joshua Muravchik is a resident scholar at the American Enterprise Institute in Washington.

ty. And when President Franklin Roosevelt sought re-election in 1940 he declared: "Your President says this country is not going to war." But America was too much of an obstacle to the ambitions of the Axis powers. On December 7, 1941, Japan attacked Pearl Harbor and days later, Germany and Italy declared war on the United States.

In January 1950, U.S. Secretary of State Dean Acheson sketched out America's view of its global "defense perimeter," and South Korea fell outside of it. Months

greater tragedy for America than to get heavily involved now in an all-out war in [Indochina]," he said. A decade later, the French were gone, and half a million American soldiers were fighting in Vietnam.

In 1990, the U.S. ambassador to Iraq told Saddam Hussein that Washington had "no opinion on inter-Arab disputes, such as your border disagreement with Kuwait." This reinforced Saddam's conviction that he would get away with invading his small neighbor, but once he attacked, America's response was "Operation Desert Storm."

Most recently, we have the case of Yugoslavia. When that country began to fly apart early in the 1990s, Secretary of State James Baker declared: "we have no dog

responded to the first NATO bombs with wholesale "ethnic cleansing," America found itself at war again.

In sum, virtually every war that America has fought in this century was a war that it had intended to stay out of. What can explain this strange pattern? America is a non-imperial power, but it wields great might, and it has far-flung interests. Beyond interests, Americans have strong ideals and a certain sense of responsibility for world order. No mantra comes quicker to the lips of American politicians than "we cannot be the world's policeman." But this assertion should be placed alongside the pledges of Wilson and Roosevelt, and the assertions of Eisenhower, Acheson, Baker and Christopher that America would not or should involve itself here or

there. In some sense, America is the world's policeman. Americans never want to fight, but once mayhem begins, they have a hard time remaining aloof from it.

This is the main lesson that Chinese leaders should take from Kosovo. It is a place where American interests pale to insignificance compared to Taiwan. Chinese intelligence has recently proven its deftness at infiltrating agents into sensitive positions in America. But even if Beijing had a man sitting at the right hand of an American president, and even if he knew that that president was determined not to fight

over Taiwan, this would count for little. Once Beijing's missiles started falling on Taiwan, only a fool or someone ignorant of U.S. history would gamble that America would not join the battle.

Instead, wise statesmen in Beijing could take a great step toward assuring the security of China and Asia for the coming century and of heading off a new Cold War by forswearing once and for all the use of force to reunite the two sides of the Taiwan Strait.



later, North Korean forces swept down the peninsula, and within two days of the surprise attack, American warships and aircraft went into action against Pyongyang's forces.

Just a few years later, French forces fighting to hold Indochina against communist insurgents were facing imminent defeat at Dien Bien Phu. Paris appealed for American support, but President Dwight Eisenhower turned them down flat. "I cannot conceive of a

in that fight." His successor, Warren Christopher, called Bosnia "a humanitarian crisis a long way from home" that "does not involve our vital interests." But by 1995, America was bombing the Bosnian Serbs. And then, this year, when the "Rambouillet plan" for Kosovo was formulated, Washington believed that the mere threat of air strikes, or at most a few demonstration cruise missile hits, would suffice to compel Serb acceptance. But when, instead, the Serbs

The Washington Times

MONDAY, AUGUST 16, 1999

8-17-99

The Washington Times
MONDAY, AUGUST 16, 1999

ARNOLD BEICHMAN

The ghost that hovers over communist China is that of Mikhail Gorbachev. He may be the forgotten man of Soviet communism, but he is not forgotten by Jiang Zemin and the other Chinese communist leaders. They saw what happened in 1985 when he took over the rulership of the Soviet Union and opened the door a little. They are fearful that reform of the system may be the road to political suicide.

Milovan Djilas, the Yugoslav dissident who had been a faithful communist ally of Marshal Tito, wrote about Mr. Gorbachev in 1987: "Gorbachev's reforms are reforms within the framework of the system, not reforms of the system."

Jiang & Co. are faced with a terrible dilemma. They see before them what the Chinese people, when relieved of some of the burden of dictatorship, have been able to accomplish — economically — in a decade. The color of the cat doesn't matter, said the reformer Deng Xiaoping, so long as it catches mice. And in North Korea, Jiang & Co. also see what can happen to a country where totalitarianism becomes a pathology incapable of reform.

It was never Mr. Gorbachev's intention to destroy communism or to bring down the Soviet Union. As Mr. Djilas put it:

"A part from generic declarations about the need for democracy, [Mr. Gorbachev] has never made any reference to democracy as ideological and political pluralism. His campaign represents a new phase in the development of the Soviet system; it is important for the world, but particularly for the Soviet peoples, insofar as it opens up new possibilities for Soviet society. We are, however, still far from . . . substantial changes."

Those "substantial changes" climaxed four years later in 1991

A glasnost haunting of China

They see before them what the Chinese people, when relieved of some of the burden of dictatorship, have been able to accomplish — economically — in a decade.

when suddenly Mr. Gorbachev was out of a job. He had forgotten Lenin's maxim: He who says "A" must say "B." Little did Mr. Gorbachev realize that when he said "glasnost" and "perestroika" he would be unleashing socio-political forces beyond his control. But Jiang & Co. know better. To stay in power they dare not lift the burden of dictatorship, which means they cannot respect a rule of law. Jiang & Co. have said "A" — enrich yourselves — but they will resist to the end having to say "B" even if it means more Tiananmen Square bloodbaths.

But the Chinese people today cannot be isolated from the world as the Chinese empire was over the centuries. Jiang & Co. could try to isolate the Chinese people but only by emulating North Korea, an Orwellian land with "Beloved Leader" as "Big Brother," and by becoming a land without an economy, without fax machines, e-mail, web sites, cell phones — let alone ordinary phones, modern medical care or available higher education; a land without food, clothing and



shelter but, like North Korea, possessing missiles and launchers. It's a useful strategy: frighten the industrial countries with space weapons and then collect food shipments and American dollars, which help maintain the black-mailing dictatorship. That may be

fine for North Korea but not for China.

Taiwan's "declaration of independence" could not have come at a worse time for Jiang & Co. Fearful of any thing or person who moves and thinks freely, Jiang & Co. have panicked, as seen in the crackdown on Falung Gong. For Jiang & Co., Falung Gong is a potential Trojan horse. In fact, to a totalitarian leadership, everything is a Trojan horse.

Going to war over Taiwan means that everything that Jiang & Co. have carefully built, including the brilliant espionage system against the United States, could be destroyed in the flash of a missile blastoff. Taiwan is not the Falung Gong. If the Chinese people were asked whether they wanted to grow their economy or go to war over Taiwan and lose the American market, their answer would be — forget Taiwan.

Minxin Pei, a long-time student of China at the Carnegie Endowment, believes that "if no significant institutional change is undertaken, China will experience rising tensions that its current political system will be incapable of handling." Failure to reform will have three fatal consequences: (1) It will reduce economic efficiency and reduce the growth rate; (2) corruption will worsen; (3) it will increase divisions between those "Gorbachevist" party elites who want swifter reform and those who fear reform.

And now there's Taiwan.

Arnold Beichman, a research fellow at the Hoover Institution, is a columnist for The Washington Times.

8-17-99

Sandy
Hs. him in had
a serious discussion
about Tim's case

Copied
Berger
w/ desk
Podesty

Blind to narco-terrorism

By Rachel Ehrenfeld

Decades after Colombia's leftist guerrillas abandoned their social and political agenda in favor of what has been called "narco-terrorism," they continue to benefit from a strange case of willful blindness among U.S. policy-makers.

Despite a general agreement articulated by "drug czar" Gen. Barry McCaffrey while testifying in Congress last week that Colombia's problem has reached "emergency" proportions, the Clinton administration and Congress seem unable to deal with the situation. Secretary of State Madeleine Albright's offered solutions to the war raging in Colombia would be suitable for a political conflict, but the struggle in Colombia is not about politics, it is about drugs. And it is waged by a ruthless international criminal organization.

Indeed, the powerful tentacles of Colombia's narco-terrorists threaten to turn South America's oldest democracy into its first drug-ruled state — posing a security threat to the whole continent. Yet, instead of unconditional war to rid Colombia of this menace, peace talks have been chosen to resolve a criminal conflict and to appease dangerous criminals. Not surprisingly, previous U.S. attempts to help with the negotiations have failed. And there is little expectation that last week's visit to Bogota by a high-ranking U.S. diplomatic delegation would be able to change the situation.

Narco-terrorism has claimed the lives of tens of thousands of innocent Colombians, including judges, law-enforcement officials, politicians, reporters — anybody who stood in the way of the drug lords. It has also claimed the lives of many U.S. citizens who went to help fight this scourge — not to mention the thousands of Americans who died from drug-related causes — and the millions whose lives have been ruined by their addiction.

Illegal drugs provide the narco-terrorists with revenue of about \$750 million to \$1 billion annually. Not surprisingly, they deny their involvement in the drug trade. But it is surprising that Colombian President Andres Pastrana supports their claim. He stated that "there is no evidence that the FARC [one of the major guerrilla organizations] are drug traffickers" in a recent interview in the Argentine newspa-

per Clarin. On the contrary, says Mr. Pastrana, "The FARC have always said they are interested in eradicating illegal crops." And Gen. McCaffrey, though noting the linkage between the drug traffickers and the guerrillas, claims that only "two-thirds [of the terrorists] benefit financially from this association."

Why these outrageous statements that fly in the face of evidence and common sense? In whose interest is this fiction advanced? Why keep alive the myth that there is a distinction between the terrorists and the drug traffickers in Colombia? Why provide them with respectability and legitimacy by maintaining the fiction that these greedy criminals have a "social and political agenda?"

Many acknowledge that U.S. foreign policy in Latin America has often failed. The post-Cold War era dictates that Washington must above all else main-

the primary source for the Eastern United States, will rise by as much as 50 percent in the next two years. And the 165 tons of cocaine which ended up on the streets of America in 1998 will swell to at least 250 tons by the year 2001.

The amalgamation of drug trafficking and terrorism started back in the early 1980s as a marriage of political convenience. The economic incentive for the leftist guerrillas was clear: drug money provided them with the resources to carry out their revolution. In exchange the drug traffickers received guerrilla protection and trained assassins to carry out acts of intimidation. While the motives of the two pariahs were different, their common goal was to destabilize and undermine the government. But the so-called "Marxist rebels," had long since replaced their "social" agenda with the lucrative drug business. Denial of the changes that have taken place has helped the narco-terrorists to take control of more than 40 percent of Colombia's territory. But this loss, we are told, was a "gesture of good will" by Pastrana to the rebels.

And according to Secretary Albright, the extensive growth in the supply of drugs is caused not by the narco-terrorist, but by "our [America's] demand for drugs." Such denials help the narco-terrorist in their savage destruction of the country.

Nor is any relief in sight. Off-on negotiations between the Colombian government and the FARC were never significant because the rebels have no real agenda — except to continue their profiteering. The geopolitical reality is that drug trafficking increasingly knows no national boundaries. (On July 30th, Colombian guerrillas threatened retaliation in neighboring countries willing to help the United States to combat drug trafficking. The next day they downed a plane in neighboring Venezuela.)

This is a war the United States has spent many millions fighting all over the world. Stopping massive killings, human-rights abuses and other atrocities was good enough reason to go to war in Kosovo. But apparently similar and even worse conditions do not justify putting an end to a prolonged and vicious war that has claimed tens of thousands of lives over the last decade and which is posing a growing threat to the stability of the region.

A U.S.-led coalition, as Secretary Albright suggested, should be assembled — not to negotiate with the criminals — but to stop narco-terrorism and the Colombianization of the neighboring countries.



MADELINE ALBRIGHT

tain the appearance of not meddling in other countries' internal affairs, domestic terrorism included. At least, that will be the policy until some unpredictable cataclysmic crisis forces Washington to grapple with the ongoing destruction of civil society by criminal organizations in a country as important as Colombia.

That may be coming sooner rather than later. According to a recent report from the General Accounting Office (GAO), the Marxist Revolutionary Armed Forces (FARC) and the National Liberation Army (ELN), Colombia's two major narco-terrorist guerrilla organizations, are largely responsible for the expansion of Colombia's heroin and cocaine production. The GAO projects that Colombian heroin, already

Rachel Ehrenfeld is the author of "Narco-Terrorism."

817.99

Sandy / CL Bled
can we fix this?
BR

✓
Copied
Berger
wwdesk
Reed
Podesta

Report Outlines Problems With Donated Drugs Sent Overseas

By REED ABELSON

Public health officials have long suspected that many drugs donated to aid groups to be sent overseas do not meet local medical needs or are likely to expire before they can be used. A new study by the Harvard School of Public Health concludes that concerns over the quality of donated drugs are well founded.

The study, to be released today, is the first to look closely at drug donations from the United States — a byzantine process that is rarely made public by drug manufacturers or relief agencies. The study focused on two major American relief agencies, which cooperated on the condition that they not be identified, and used field studies in three countries, Armenia, Haiti and Tanzania.

Most drugs donated and sent over the two to three years of the study — between 1994 and 1997 — were considered useful and helped those in need. And the study cited many examples of how the donations improved the quality of life in various countries.

But a significant amount of donations — anywhere from 10 percent to 42 percent, looking at the figures from the two agencies in each of the three countries — were not listed by the recipient country or the World Health Organization as high-priority drugs.

The study also found that, looking at worldwide data from the aid agencies, about 30 percent of the drugs had a year or less until expiration, and 6 percent had less than 100 days.

In the study, local health organizations in Haiti, for example, reported that they received many drugs that did not meet their needs and many that had expired.

World Health Organization guidelines say drugs should be given at least a year before the expiration date because of the time it takes to distribute them, and most drugs have a much longer shelf life. Expired drugs can lose their effectiveness, and many relief workers feel that donated drugs should meet the same standards as those used at home.

"There are problems and issues at all levels," said Michael R. Reich, a professor of international health policy at Harvard who conducted the study.

He pointed out that relief organizations, drug companies, charities, local governments and the hospitals and clinics all share responsibility for making sure that donations are handled in a way that will determine whether the drugs meet local medical needs, and all bear some responsibility for the large amount of waste.

Relief workers concerned about the problem say that as long as pharmaceutical companies can expect valuable tax breaks and a way to rid themselves of excess inventory when they donate goods, the stream of unwanted donations is likely to continue. Charities, too, benefit by handling these gifts, since they can be used to magnify the size of their programs.

The study did not address American tax law but focused instead on actions the relief agencies and companies could take.

If anything, Mr. Reich said, the study may paint too bright a picture for having relied on the cooperation of charities whose data and practices may have been better than average. "There is a real need for all these organizations to think hard about their practices," he said.

The study was sponsored by the Partnership for Quality Medical Donations, a group formed by drug companies and relief agencies to try to improve their donations. Mr. Reich emphasized that the study was conducted independently and not reviewed by the sponsors before being sent to press for publication today in the Bulletin of the World Health Organization.

Mr. Reich's work "suggests there is a good deal that is useful about these donations, but that there is a lot of work to be done," said Jim Russo,

the executive director of the partnership. "Now we know where we stand."

Beyond its analysis, the study also provided fresh anecdotal evidence about shipments of unwanted drugs — drugs that did not meet the specific needs of the country or were likely to expire before they could be used.

In Haiti, for example, individuals who hand-carried medicine into the country in response to local requests were seen as a better source of needed drugs than the American relief agencies, which deal in bulk. Those agencies were viewed as having "a container ready to go" and eager to send the drugs whether or not they addressed the specific needs of the local hospital or clinic, according to the study.

Two of the nine health organizations surveyed reported that half of the drugs reaching them had already expired.

And in Armenia, despite the Government's strong role in screening donations, many health organizations were given large supplies of combination remedies that contained both a painkiller and a decon-

gestant. Combination drugs are less useful because patients might not need both. "Unpacked boxes of the product were observed, stacked on floors and on top of shelves up to the ceilings," the study noted.

The study was not conducted during periods of particular crisis in each of the three countries, when the quality of donations might worsen, Mr. Reich said. The reports of relief workers in Albania and Macedonia earlier this year suggested that much of the aid streaming into the region during the Kosovo crisis was inappropriate.

Although Albania itself could supply only about a fifth of the drugs and medical supplies needed by its hospitals, according to the World Health Organization, many of the drugs that arrived had expired or were unfamiliar to local health professionals.

The cost to local hospitals or clinics of inappropriate or unusable drugs is significant. Not only is safe disposal expensive because of various local regulations, but in some countries recipients must also pay to transport the drugs or pay fees to the government based on the value of the donations. If the donations are no good, that is money that could have been spent on more useful drugs.

In surveying various companies and relief agencies, the Harvard

group found a wide range of drug-donation policies. Mr. Reich called for more uniform standards among both donor companies and the aid agencies and more discussion of whether donations are appropriate.

"Everyone agrees that there is a need for better definitions of best practices," he said. The World Health Organization's guidelines on what drugs should be donated have helped to raise overall awareness, he said.

The partnership, which is currently composed of seven drug companies and six charities, plans to meet this fall with the World Health Organization to try to improve the process of drug donations, Mr. Russo said.

Mexico Drug Czar Shot At

MEXICO CITY, Aug. 15 (AP) — Mexico's top anti-drug prosecutor escaped uninjured today when two men fired at his car. Two people were wounded.

The prosecutor, Mariano Herrán Salvatti, and his wife were riding in a four-wheel-drive vehicle on a main street in Mexico City early this afternoon when they were fired on by two gunmen riding on the backs of motorcycles, he told reporters. Mr. Herrán Salvatti's bodyguards exchanged fire with the gunmen.

One bodyguard and one of the gunmen were wounded.

Mr. Herrán Salvatti was appointed drug czar in March 1997 after his predecessor, Gen. Jesús Gutiérrez Rebollo, was arrested on charges that he took payoffs from a major drug trafficker. He had previously been Mexico City's chief prosecutor.

8-17-99

Sandy
Do we have
this in hand
now? *Yes*

copied
Berger
wing desk
Pedesta

8-17-99

MONDAY, AUGUST 16, 1999
The New York Times

Author of Computer Surveillance Plan Tries to Ease Fears

By TIM WEINER

WASHINGTON, Aug. 15 — Congress has blocked money for a planned system to safeguard Government computers, a prominent Republican has denounced the system as "Orwellian" and some civil libertarians are calling it a potential threat.

But the plan's author, a senior National Security Council official, says those are only temporary setbacks to a critically needed system that will be built if President Clinton wants it.

The proposed system, called Fidnet, is intended to protect Government computers from hackers, whether they be precocious teenagers or potential terrorists, Administration officials say. It represents "the first attempt by any nation to develop a plan to defend its cyberspace," a draft plan by the security council says. The White House is seeking \$1.5 billion in new spending for the program.

Although Fidnet has been in the works for more than a year, many in Congress learned about it on July 28, when The New York Times published details of the draft proposal.

The reaction was swift. Two days later, the House Appropriations Committee deleted \$2 million in start-up money requested by the Federal Bureau of Investigation to develop the system.

Then the House majority leader, Dick Armey, Republican of Texas, denounced Fidnet, saying it raised "the Orwellian possibility that unscrupulous Government bureaucrats could one day use such a system to read our personal E-mail."

But the principal author of the plan, Richard A. Clarke, the National Security Council's counterterrorism czar, said Congress would assuredly finance the system once lawmakers understood it and Mr. Clinton gave it the go-ahead. "If the President approves Fidnet, there'll be funding for it," he said in an interview.

Mr. Clarke, whose formal title is National Coordinator for Security, Infrastructure Protection and Counterterrorism, has been warning for years about the threat of an "electronic Pearl Harbor" in the form of an attack on Government computers. He said that a cyberspace assault would be "as bad as being attacked by bombs," and that "an attack on American cyberspace is an attack on the United States" that should trigger a military response.

These fears led last year to a new initiative, called Presidential Decision Directive 63. Fidnet is one of the first major computer-security programs to grow out of the directive. It would cover civilian agencies, like the State Department and the Internal Revenue Service, and would be modeled on and linked to an existing

A call to prepare for cyberspace assaults on Government systems.

Pentagon security system. Ultimately, the plan calls for private companies to create security links to the Government's systems.

Mr. Clarke acknowledged that no one in Congress had been briefed on Fidnet, which has not yet been given a go-ahead by President Clinton, and that the draft plan had raised questions among civil libertarians who say it has a potential power to monitor innocent citizens. But he said Congress and the system's critics had the wrong idea about the planned surveillance network.

The critics among the civil libertarians question the F.B.I.'s role in the computer monitoring scheme. The bureau already has a centralized security operation called the National Infrastructure Protection Center, based in its headquarters, that has received technical support from the National Security Agency, the intelligence service that eavesdrops on the rest of the world, and from the Central Intelligence Agency.

The New York Times reported that the Fidnet system, too, would be overseen by the F.B.I. Mr. Clarke's draft plan calls for the National Infrastructure Protection Center to play a role in analyzing and responding to any signs of intrusion. But Mr. Clarke said in the interview that while some funds requested for Fidnet were earmarked for the Justice Department and the bureau, the system "would not be run by the F.B.I."

Instead, he said, it would be established by the General Services Administration, an independent agency better known for furnishing Government offices than for law enforcement. "It would not be monitoring privately owned and operated systems, only Government computers," Mr. Clarke said. "And it would not violate people's privacy rights."

He conceded that failing to brief Congress was a mistake.

Because Congress already has a system to detect unauthorized intrusions into its information systems, it should realize that "all that Fidnet would be would be the same kind of thing for sensitive Government computers," Mr. Clarke said.

"Congress has concerns about Justice being the funding source to pay for intrusion detection mechanisms," he said. "That's a legitimate concern. When they get the briefing they'll see there's a requirement to have something like Fidnet."