



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20500
AUG - 1 1995

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THE PRESIDENT HAS SEEN
8/14/95

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MEMORANDUM FOR THE PRESIDENT

FROM: LEE P. BROWN

(Is this on long
awaited report to
The President?
Should we do it?)

SUBJECT: Advisory Commission on Adolescent Drug Use

I recommend that you appoint an Advisory Commission on Adolescent Drug Use to focus public attention on the dangers of such use and capture the public imagination toward building resistance among youth against such drug use. It is important that we take charge of the drug issue and the appointment of a commission is one means to show we are serious about the problem.

A Commission will bring together a group of experts and political leaders. They will reinforce the message that adolescent drug use is dangerous. They will also recommend a strategy for government, corporate America, families and communities that will raise public awareness of the effects of adolescent drug use and educate young people to the hazards of such use.

The Commission should recommend (1) additional steps the United States must take to reduce the increase in adolescent drug use and reverse the decrease in the perceived risk of drug use, as reported in the Monitoring the Future Survey of Drug Use conducted for the National Institute on Drug Abuse (NIDA); (2) private and public initiatives that can be taken to strengthen the message to America's youth that drug use is injurious to their health, growth and development; (3) private and public initiatives that will achieve and maintain the goal of reducing the level of casual drug use in the United States; and (4) private and public initiatives that will send positive messages in advertising and the media about drug use.

The Commission would have several meetings at which testimony could be taken from key public and private individuals. Within 60 days of its appointment, the Commission would report to you on its recommendations.

I also recommend that the announcement of the Commission be made in conjunction with your delivering a major speech to the nation on the drug problem in America.

Attached is a list of suggested members for the Commission, as well as a draft Executive Order creating the Commission.

DRAFT EXECUTIVE ORDER

Commission on Adolescent Drug Use

By authority invested in me as President by the Constitution and the laws of the United States, including the Federal Advisory Committee Act, as amended, (5 U.S.C. App.) (the "Act"), the National Narcotics Leadership Act of 1998, as amended, (21 U.S.C. 1501), and in order to establish a commission on adolescent drug use, it is hereby ordered as follows:

Section 1. Establishment. (a) There is established the Commission on Adolescent Drug Use ("the Commission"). The Commission shall be composed of sixteen (16) members appointed by the President. Members shall (1) be chosen from the private sector (health care, education, business, labor, academic institutions, and nonprofit corporations); or the public sector, and (2) have experience in or, be knowledgeable from their personal experience about, drug abuse prevention and education.

(b) The President shall designate a Chairperson and Vice-Chairperson of the Commission. The Director of the Office of National Drug Control Policy (ONDCP) shall serve as an ex-officio member of the Commission and fully participate in its deliberations.

Section 2. Functions. (a) On or before November 1, 1995 shall report to the President: (1) the steps the United States should take to reduce the increase in adolescent drug use, and reverse the decrease in the perceived risk of drug use, as reported in the Monitoring the Future Survey of Drug Use conducted for the National Institute on Drug Abuse (NIDA); (2) private and public initiatives that can be taken to strengthen the message to America's youth that drug use is injurious to their health, growth and development; (3) private and public initiatives that will achieve and maintain a goal of reducing the level of casual drug use in the United States; and (4) private and public initiatives that will send positive messages in advertising and the media about drug use.

(b) At the request of any Commission member, the report will include that Commission members's dissenting views or opinions.

(c) The Commission shall hold meetings at such times and places the Commission finds advisable and shall take testimony from public and private individuals.

Section 3. Administration. (a) To the extent permitted by law and subject to the availability of appropriations, ONDCP shall provide the Commission with administrative services, facilities, staff and other support services necessary for the performance of the Commission's functions.

(b) To the extent provided by law, the head of any Federal agency or department, shall provide appropriate statistics, studies, and reports pertaining to drug abuse control.

(c) Members of the Commission shall work without compensation for their work on the Commission. While engaged in the work of the Commission, members appointed from the private sector may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in Government service (5 U.S.C. 5701-5707) to the extent funds are available for such purposes.

(d) The Director, ONDCP, shall perform the functions of the President under the Act, except that of reporting to the Congress, in accordance with the guidelines and procedures established by the Administrator of General Services.

(e) The Commission shall adhere to the requirements set forth in the Act. All executive branch officials assigned duties by the Act shall comply with its requirements with respect to the Commission.

Section 4. General provision. The Commission shall terminate 30 days after submitting its final report.

WILLIAM J. CLINTON

THE WHITE HOUSE
AUGUST, 1995

**Commission on Adolescent Drug Use
Possible Members**

James Burke
Chairman, Partnership for a Drug Free America

Joseph A. Califano, Jr.
President, The Center on Addiction
and Substance Abuse (CASA), Columbia University

Orin Hatch
Senator, Utah

Joseph Biden
Senator, Delaware

Charles Rangel
Congressman, New York

Benjamin Gilman
Congressman, New York

Buddy Gleaton
Director, PRIDE

Felton May
Bishop, United Methodist Church, Harrisburg, PA.

Marian Wright Edelman
Children's Defense Fund, D.C.

Luceille Fleming
Director, National Association of State
Alcohol and Drug Abuse Directors (NASADAD) Ohio

William Campbell
Mayor, Atlanta

Matthew Rodriguez
Superintendent, Chicago Police Department

Grant Hill
Detroit Pistons Basketball Team

John Singleton
Producer, Actor, Los Angeles

Will Tiriq
Youth Leader, San Francisco

Aaron Shirley, MD
Pediatrician, Jackson, MS

Alternates

Richard Gelb
Chairman, Bristol Meyers Corp.

Juan Paz
Superintendent, El Paso School District

Norman Mineta
Congressman, California

David Walchak
Chief of Police, Concord, NH (IACP President-elect)

Spike Lee
Producer, Actor

Hakeem Olajuwon
Houston Rockets Basketball Team

Edward Olmos
Actor

Norman Rice
Mayor, Seattle

Jose Serrano
Congressman, New York

Misasha Suzuki
(Youth) Say No Youth Council, Los Angeles

Betty Ford
Former First Lady

THE PRESIDENT HAS SEEN
8-18-95

THE WHITE HOUSE
WASHINGTON

August 15, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TDS*

SUBJECT: Three Cisneros memos on urban strategy, message and budget

Presidential urban strategy. Secretary Cisneros argues that the cities are deteriorating fast, that we don't have enough to stand on (e.g., 12 Empowerment Zones isn't broad enough), that we need a larger Presidential strategy, and that the FY 97 budget is our last chance.

He proposes a number of policy ideas, including: a commercial revitalization tax credit to lure capital; spurring Community Development Banks; cleaning up major urban "brownfields" to make room for commercial developments or thousand-home subdivisions; expanding the "Bridges-to-Work" demonstration, designed to bring inner-city residents to jobs outside their communities; creating a network of "empowerment schools" to stimulate community-wide strategies for supporting parents and children, and "fresh-start academies" for troubled youth, offering four-years of education and vocational training in a 'character-building' atmosphere; turning public housing complexes into "campuses for learners."

Laura strongly disagrees that this is an appropriate time for new initiatives. I have attached a copy of her short memo behind Henry's urban strategy memo. The Vice President's office argues for a stronger White House message rather than major new initiatives.

Framing the message. Henry sets forth the four-part message he has been using lately: (1) the cities are important to the President; (2) you have an urban program that (a) links central city residents to work (EITC, minimum wage, reforming welfare, Head Start, Goals 2000, School-to-Work, direct loans, skill grants); (b) leverages private investment in our cities (reform of CRA, EZs and ECs); (c) is locally driven; (d) affirms traditional values (welfare reform, child support, family leave); (3) the cumulative effect of Congressional budget cuts do massive damage to cities and hurt people; (4) in this budget showdown, let us choose the right way to balance the budget, choosing the American spirit of creating possibilities. He also attaches a strong speech he gave along these lines on August 9 at Dartmouth.

House appropriation cuts. Henry outlines the drastic nature of the cuts and how they'll affect HUD, but the real thrust of this memo is the "cumulative story" of these cuts plus serious cuts in entitlement and other discretionary programs: *"We think the story of the cumulative impact, the 'piling on' effect is the story and that it can get through to people in such a way that they can see the effects on their lives and come to their own conclusions that the Congress is going too far."* He attaches a schedule of upcoming appearances by top HUD staff, some recent clips, and some one-pagers on the cumulative impact of House cuts on Chicago, Detroit, L.A., Miami, New York, and Philadelphia.

Exhibit
Right - think Henry is going to be - we need to take a meeting on this when we return
PC



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

August 9, 1995

95 AUG 11 AM 1:14

MEMORANDUM TO: President Bill Clinton

FROM: Secretary Henry G. Cisneros

A handwritten signature in dark ink, reading "Henry Cisneros", is written over the printed name of the Secretary.

SUBJECT: House Appropriation Cuts

The House Appropriations budget cuts hurt the people in American cities very badly.

HUD, for example, is cut from \$26.1 billion to \$19.4 billion, a cut of \$6.7 billion from this year to next. That is the deepest actual dollar cut of any Cabinet department and it means that:

- Homeless funds will be cut by 40 percent;
- Public housing rehabilitation, security and maintenance will be cut by \$3 billion;
- Public housing drug elimination funding will be completely eliminated;
- Economic development programs will be virtually eliminated;
- No new Section 8 certificates will be available for the first time in the 20 year history of the program; and
- There will be drastic reductions in the production of new affordable rental housing.

People will undoubtedly be hurt by these cuts of HUD programs. But the effect is immensely more serious when we take into account the cumulative impact of cuts in entitlement and discretionary programs on metropolitan areas.

On one hand, deep cuts in tax and entitlement programs -- EITC, AFDC, Medicaid, food stamps -- will severely reduce incomes and benefits for vulnerable populations. As you know, discretionary programs serving low-income families and metropolitan communities are facing deep reductions:

- The Summer Jobs program is being eliminated;
- Mass Transit operating subsidies are being reduced by 44 percent;
- Funding for safe and drug free schools is being cut by 57 percent; and
- The LIHEAP energy assistance program is being terminated.

This story of the cumulative cuts on the same constituencies and the same places is not being told. We at HUD are committed to telling it. I have been visiting key cities and Congressional Districts to take a two-part message. That message is the following:

- a. The President has an urban strategy (it is working) and a plan to balance the budget.
- b. The House budget will undermine that urban strategy and seriously hurt people in the cities and their surrounding suburbs. The House has gone too far.
(See the attached clips to see how well the message of the cumulative effect of the cuts resonates in communities across the nation.)

Your HUD team will be taking the message to the cities and their surrounding suburbs during the August break while Americans have time to assess the recent Congressional actions.

We want the people to know what the House has done so that they can understand for themselves that the House has gone too far. More importantly, we want to make clear the distinction between your policies and the House actions so that you will have public support in the Fall if you stand against their cuts.

The subsequent pages describe my assignments to our most effective HUD team members to visit successful HUD local partnerships to show where your program is working and then to explain with precision the damage the House cuts will do. Ours is a one-two punch: (1) Together we are making these local programs work but; (2) The House cuts will hurt cities, and counties, neighborhoods and families.

We believe the period of the August break is critical and can be used to explain the shortsightedness of the House action. This strategy may serve as a guide to what other Departments can do. We think the story of the cumulative impact, the "piling on" effect, is the story and that it can get

through to people in such a way that they can see the effects on their lives and come to their own conclusions that the Congress is going too far.

Attachments:

1. Assignments to key HUD staff
2. Clips of recent "message events"
3. Analysis of the cumulative effects of House cuts in key metropolitan areas

HUD ASSIGNMENTS FOR AUGUST, 1995

HENRY G. CISNEROS, Secretary

To date:

Pueblo, CO: July 28
Denver, CO: July 28
Charlotte, NC: July 31
Portland, ME: Aug. 4
Bangor, ME: Aug. 4
Burlington, VA: Aug. 5
Camden, NJ: Aug. 6
Wilmington, DE: Aug. 6
Manchester, NH: Aug. 9
Hanover, NH: Aug. 9
Chicago, IL: Aug. 10-11
East St. Louis: Aug. 11

Planned:

Los Angeles: Aug. 16
Long Beach: Aug. 16
San Francisco: Aug. 17
Salinas: Aug. 21
Seattle/Everett: Aug. 25-26
Tacoma, WA: Aug. 26
Portland, OR: Aug. 27
Spokane, WA: Aug. 27-28

DWIGHT ROBINSON, Acting Deputy Secretary and President, GNMA (Government National Mortgage Assn.)

Memphis, TN
Nashville, TN
Norfolk, VA
Richmond, VA
Ann Arbor, MI
Saginaw, MI
Flint, MI
Detroit, MI

ANDREW CUOMO, Assistant Secretary for Community Planning and Development

Bridgeport, CT
Waterbury, CT
New Britain, CT
Norwalk, CT
Paterson, NJ
Newark, NJ
Syracuse, NY
Buffalo, NY
Albany, NY
New York City
Middletown, NY
Worcester, MA
Springfield, MA
Lynn, MA
Cleveland, OH
Kansas City, MO

NIC RETSINAS, Assistant Secretary for Housing- Federal Housing Commissioner

Providence, RI
Columbus, OH
Ft. Wayne, IN
Indianapolis, IN
St. Louis, MO
Lincoln, NE

JOE SHULDINER, Assistant Secretary for Public and Indian Housing

Detroit, MI
Staten Island
Long Island: Babylon
Mineola
Islip
Allegheny County, PA
Pittsburgh, PA

NELSON DIAZ, General Counsel

Miami, FL
Mays Landing, NJ
Norristown, PA

NELSON DIAZ, General Counsel (cont'd)

Pittsburgh, PA (suburbs)
Erie, PA
York, PA
Harrisburg, PA
Youngstown, OH

MARILYNN DAVIS, Assistant Secretary for Administration

Savannah, GA
Albany, GA
Macon, GA
Atlanta, GA
Mobile, AL
Birmingham, AL
Jackson, MS
Shreveport, LA
Baton Rouge, LA
New Orleans, LA

GEORGE LATIMER, Director, Special Actions Projects

Des Moines, IA
Davenport, IA
Waterloo, IA
Rochester, MN
Bloomington, MN
Black Forest, WI
Topeka, KS
Wichita, KS

MIKE STEGMAN, Assistant Secretary for Policy Development and Research

Case Western Reserve
Cleveland State

Michigan State - Lansing

Syracuse - Ithaca, NY
Syracuse - Cornell

MIKE STEGMAN, Assistant Secretary for Policy Development and Research (cont'd)

University of Illinois - Chicago
University of Washington - Seattle

Portland State

Carnegie-Mellon - Pittsburgh
Temple - Philadelphia

Georgia State
Georgia Tech

Cisneros: Cities Need Federal Support

By KRISTINA EDDY
Valley News Staff Writer

HANOVER — The secretary of the U.S. Department of Housing and Urban Development told an audience on the Dartmouth College campus last night that the problems of inner cities affect all Americans and that budget cuts will flatten hope in the most vulnerable urban areas like a "100-car freight train."



Henry Cisneros

Henry G. Cisneros spoke for 90 minutes about his job, President Bill Clinton's plans for urban revitalization and the potential effects of proposed congressional budget cuts to an audience of about 100 in the Nel-

son A. Rockefeller Center for the Social Sciences. He acknowledged Hanover's distance from the urban fray, but argued that "as our central cities go ... so goes the nation."

Cities like Chicago, Los Angeles and Philadelphia face three central problems that have been decades in the making, Cisneros said.

The people living in the cities' cores struggle against poverty, high unemployment and social isolation, the former mayor of San Antonio, Texas, said.

Added to these burdens are guns, drugs, rampant crime, family dissolution and failing educational systems, Cisneros said. He traveled to campus after a day discussing urban problems with residents in Manchester and Nashua.

Cisneros cited Pittsburgh, Boston, Cleveland and Baltimore as cities where change for the better is happening. "Our challenge is to keep it

going," he said.

If the President's National Urban Policy can withstand budget cuts favored by the Republican controlled Congress, urban revitalization can continue, Cisneros said.

Clinton's policy calls for making work available and worthwhile to central city residents, enticing private capital to the cities, giving local leaders control over resources and inculcating a sense of responsibility in citizens.

Continuing the earned income tax credit and increasing the minimum wage are two ways to make work worthwhile to people, Cisneros said. If cities are given the money to clean up polluted pieces of land or abandoned industrial sites, they can create jobs during cleanup and salable land where businesses can build, he said.

Congress wants to cut 27 percent of the HUD budget, Cisneros said. He

urged members of the audience to consider how cuts in the money available to help the homeless, to provide vouchers for affordable housing and to fund security and maintenance work would affect individuals, children.

Cisneros believes that in their rush to balance the budget in the arbitrary time span of seven years, Republican lawmakers adhere to a philosophy that government should play a smaller role in people's lives and that society is driven by market forces.

"My feeling is there is a fundamental disaffection with these programs and this constituency," he said of the programs and people HUD helps.

Americans need to rededicate themselves to a "spirit of possibilities" and a "spirit of justice," to make the country's cities "brilliant beacons of hope for all the world," he said.

Cisneros: Cuts would hit suburbs

The administration gave projections on six metro areas. Philadelphia was included.

By Sonya Ross
ASSOCIATED PRESS

WASHINGTON — Deep budget cuts proposed by Congress would hit metropolitan areas hard, rippling from inner city to suburb, from bus fares to drinking-water quality, the Clinton administration said yesterday.

In an analysis of Philadelphia and five other major cities, administration officials argued that suburbs would feel the pinch as local and state governments raise taxes to make up for lost federal dollars and reduce services to cut costs.

"This is not just an inner-city problem," said Housing and Urban Development Secretary Henry G. Cisneros. "It increases the pressure on all of us to keep things from sliding into the abyss."

The House has passed appropriations bills for fiscal 1996 that would cut, among other things, \$1.3 billion for helping the poor and elderly pay utility bills during extreme heat or cold, despite the deaths of more than 500 people in Chicago in this summer's heat wave.

The bills also would cut \$6.7 billion from housing assistance and urban development, \$1 billion from crime and drug prevention, \$1.1 billion from education, \$871 million from summer jobs for youth, \$310 million from mass-transit operating money, and \$91.4 million from economic development money, according to the analysis, released by the Department of Housing and Urban Development.

That means a loss of \$3.9 billion for six cities — Chicago, Detroit, Los Angeles, Miami, New York and Philadelphia — and their surrounding counties, with the New York and Chicago metropolitan areas hurt the most, the analysis indicated.

New York's eight-county metropolitan area would lose \$750 million, with 557,000 poor families denied utility assistance, the researchers found. There would be \$76 million less available for treatment of drinking and waste water.

Chicago's nine-county area would lose \$323 million, costing 5,200 families rental assistance and eliminating 2,000 children from Head Start preschool programs, HUD found.

There would be \$90 million less for repairing Chicago's public housing projects, recently declared the nation's worst. The housing authority would lose an additional \$26.5 million for other expenses, such as security and maintenance.

Philadelphia would lose \$14.6 million for drug prevention, and would have to turn away 1,800 families seeking aid under the Women, Infants and Children nutritional program.

HUD secretary praises Camden, scorns GOP

Associated Press

CAMDEN — The federal housing secretary left the capital this weekend to tour New Jersey's poorest city, but he used the trip to lob criticism at Republicans back in Washington.

Henry Cisneros took a rainy tour of Camden yesterday, praising local officials and activists for their efforts to refurbish housing and revive business.

But he also came to criticize Republican plans to balance the federal budget in seven years, which he said threaten programs to revitalize Camden and other cities across the nation.

"I'm here to see with my own eyes how these initiatives can be stunted even as we are trying to launch them," said the head of the nation's Department of Housing and Urban Development.

"It's not just that these cuts are occurring, but that they will take so long to reverse. What we're seeing is an orgy of reduction and cuts that will hurt America for a long time."

Cisneros said the \$21 million that Camden will receive as part of the bistate empowerment zone designation it shares with Philadelphia is safe. But he said

the fringe benefits that were to come with it — such as getting a higher priority for federal grants — are not.

A proposed 20 percent cut in HUD's spending request for programs such as subsidized housing would negate some of the benefits of the empowerment zone, he said. The cities will not bear the sole burden, he said.

"No community will be held harmless when these cuts occur," he said.

"The Philadelphia metropolitan area cannot be strong while Philadelphia and Camden decline."

The budget cuts still must pass through the House, the Senate, then the president, he said.

"I'm not here to whine. I'm here with a wake-up call," Cisneros said. "Unless we get out of this seven-year plan, we're in for a long haul. Americans are going to wake up in a few years and we will have lost our children and our neighborhoods."

Twenty-four local dignitaries and community representatives joined the secretary on a one-hour bus tour of the city's empowerment zone.

The designation offers funds for housing, social services, safety and economic investment.

NEWARK



OFFICE

NEWS REPORT

The Inquirer

Monday, August 7, 1995



Secretary Henry Cisneros (second from left) is joined by, from left, City Council President James Mathes, Mayor Arnold Webster and general counsel Nelson Diaz. They toured Camden's part of a \$100 million federal empowerment zone, which it shares with Philadelphia.

The Philadelphia Inquirer / AKIRA BUWA

Cisneros brings Camden a warning

HUD secretary praised the city's "empowerment zone" but warned that Republican cuts could hurt.

By Dwight Ott
INQUIRER STAFF WRITER
CAMDEN — HUD Secretary Henry Cisneros brought a message of warning to Camden yesterday as he toured the city's empowerment zone. He also carried a warning for other cities.

After an enthusiastic 1½-hour tour of the city, the head of the U.S. Department of Housing and Urban Development declared Camden to be

"on a roll." But earlier, he told local officials and residents that Camden and other cities could suffer permanent damage from proposed Republican cuts now before Congress.

"No community will be held harmless when these cuts occur," he said. "The Philadelphia metropolitan area cannot be strong while Philadelphia and Camden decline."

Cisneros' tour was accompanied by a steady rain as he bumped along in a

shuttle bus with Mayor Arnold W. Webster, other local officials and several residents in the lead of a seven-vehicle caravan. The only stop was at the Camden waterfront, where Cisneros got out amid a thicket of umbrellas and took in a quick glimpse of the Waterfront Entertainment Centre, the New Jersey State Aquarium and the Camden marina — all within the empowerment zone. Along the route, the residents and local officials pointed out neighborhood revitalization projects, as well as the blighted areas that still need work under the \$21 million HUD grant.

The funds are Camden's portion of the \$100 million that Philadelphia and Camden share in the empowerment zone. The zone is one of six areas chosen by the Clinton administration in December as part of its strategy to fight poverty in urban areas. The designation offers funds for housing, social services, safety and economic investment.

Cisneros said that while the money for the six empowerment zones was safe from cutbacks for now, millions of dollars in other federal funding could be jeopardized.

"One message is that we need to see CISNEROS on S4

S4

THE PHILADELPHIA INQUIRER

Monday, August 7, 1995

Warning, hope from Cisneros

CISNEROS from S1
stand behind Camden," Cisneros said. "We should not abandon it. Camden has not given up and is fighting back. If they're fighting back, we should have the gumption to work with them."

Along the route, Cisneros listened to residents tell of the battles they were waging to bring back their city. "To the right is the beginning of Main Street," said North Camden resident Rod Sadler. "North Camden came together to fight another prison, and we decided to plot our own destiny. To do that, we decided we needed housing safety and economic development. We came up with the North Camden Plan."

That plan highlighted the economic and social needs of just one neighborhood, but it eventually became a key part of Camden's overall application to become part of an empowerment zone.

Councilman Angel Fuentes told of how North Camden residents were also attempting to create a "linear park" for biking and walking along the waterfront of the Delaware River.

As the mini-bus rolled through Lanning Square, resident Mangaliso Davis criticized the impact of nearby waterfront development on his neighborhood. "I'm a lifelong resident," he said. "One thing I'm critical of is that you can't have real development on the waterfront until you tie it in with neighborhoods. The neighborhoods have been virtually left out of the \$350 million of waterfront development. We plan to change that in our neighborhood. ... This is the year Lanning Square will soar!"

As the bus rumbled on, it also passed a drug corner that had been cleared, an old building slated to become offices and stores, a vacant lot targeted to become the home of a restaurant, rows of vacant houses slated for rehabilitation, and an industrial park soon to become the office of a hair-products business and a food-processing firm.

Cisneros — visibly impressed — turned to his fellow travelers at one point and praised their efforts. "Congratulations for trying ... and never giving up," he said. "One sure formula for failure is giving up. I think you have an excellent chance of bringing back the your community based on what I have seen."

Camden's empowerment zone includes more than 13,000 of the city's 87,000 residents and takes up a quarter of the city's acreage. It encompasses some of the city's poorest communities in North Camden, as well as the area that includes the New Jersey Aquarium and the new Waterfront Entertainment Centre.

The Philadelphia part of the empowerment zone, which has close to 40,000 residents, takes in a section of North Philadelphia, a neighborhood around American Street, and a patch along Parkside in West Philadelphia.

At the start of the tour yesterday, Cisneros sounded a somber note as he spoke to mostly Democratic officials and residents in Mayor Webster's office. "This is a difficult time for our country," he said. "On the one hand, [members of the Clinton administration] are attempting ... to send Congress a coherent urban strategy. ... But on the other hand is an orgy of reductions and cuts that are going to hurt America in the long run."

Cisneros said that under proposed GOP cuts soon to go before the U.S. Senate, HUD's budget would be cut by 27 percent.

Y, AUGUST 7, 1995

THE RECORD A-3

NEW JERSEY

HUD chief touts Camden's efforts

by DONNA MURPHY WESTON
The Associated Press

CAMDEN — The federal housing secretary took a rainy tour of New Jersey's poorest city on Sunday, praising local officials and activists for their efforts to refurbish housing and revive business.

But Henry Cisneros also came to criticize Republican plans to balance the federal budget in seven years, which he said threaten programs to revitalize Camden and other cities across the nation.

"I'm here to see with my own eyes how these initiatives can be stunted even as we are trying to launch them," said the head of the Department of Housing and Urban Development. "It's not just that these cuts are occurring, but that they will take so long to reverse. What we're seeing is an orgy of reduction and cuts that will hurt America for a long time."

Cisneros said the \$21 million that Camden will receive as part of the bi-state empowerment-zone designation it shares with Philadelphia is safe. But he said the fringe benefits that were to come with it — such as getting a higher priority for federal grants — are not.

A proposed 20 percent cut in HUD's

Criticizes GOP plans for reducing budget

spending request for programs such as subsidized housing would negate some of the benefits of the empowerment zone, he said. The cities will not bear the sole burden, he said.

"No community will be held harmless when these cuts occur," he said. "The Philadelphia metropolitan area cannot be strong while Philadelphia and Camden decline."

The budget cuts still must pass through the House, the Senate, then the president, he said.

"I'm not here to whine. I'm here with a wake-up call," Cisneros said. "Unless we get out of this seven-year plan, we're in for a long haul. Americans are going to wake up in a few years and we will have lost our children and our neighborhoods."

Twenty-four local dignitaries and community representatives joined the secretary on a one-hour bus tour of the city's empowerment zone.

The Philadelphia-Camden zone is one

of six in the nation. The designation offers funds for housing, social services, safety, and economic investment. In addition to federal money, the zone will receive special tax incentives, such as employer wage credits. The aggregate value is projected at \$100 million over 10 years.

The 4.4-square-mile zone encompasses 49,845 residents. The poverty rate within the zone is 51 percent in Philadelphia and 46.1 percent in Camden.

Until Sunday, Cisneros had visited only the Philadelphia portion of the zone.

As the bus wended its way through Camden's streets, officials took turns pointing out the projects — public and private — that have been spurred by the empowerment-zone designation.

Several abandoned lots and dilapidated homes slated for redevelopment stood as proof how far improvement efforts have come and have yet to go.

"My dominant impression is there's an intensity and a passion to do something about these problems," Cisneros said.

Camden's need to turn around is dire, said City Council President James R. Mathes Jr. "If we don't develop business and tax ratables, this town is done."

HUD boss serves food for thought

Cisneros fed up with effort to cut aid to the homeless

By MIKE BILLINGTON
Staff reporter

Henry Cisneros came to Wilmington Sunday afternoon to see where the money goes.

And as a chill rain swaggered down South Jackson Street, bullying people into running for shelter, Cisneros, the Secretary of the federal Department of Housing and Urban Development, ladled food onto plates at the Emmanuel Dining Room West and watched the men, women, and children who can afford to eat nowhere else get fed.

"This is a very impressive place," he said later. "I'm proud that we've been able to fund some of its activities."

Cisneros did not come only to look, however. He also came to fire a salvo in a battle aimed at overturning a proposed 27 percent cut in HUD's 1996 budget engineered by House Republicans.

"HUD will be cut \$6 billion — from \$26.1 billion last year to \$19.4 billion this year. That will cut our homeless program in half; eliminate the vouchers we give for new, affordable rental housing; hurt our ability to build affordable rental housing; and our economic development programs will be cut out," he said.

Other departments are being hit equally hard, Cisneros said. The result: a "layered or cumulative impact" on cities that will lead to budget shortfalls as they are forced to provide more services with fewer federal dollars. Local tax increases are all but inevitable.

"It's a tough picture," he said.

"No question. Delaware will be hit very hard. Those cuts are going to be very deep," said Brother Ronald Giannone, founder of the Ministry of Caring, which operates the dining hall.

After serving lunch, Cisneros sat down at a long table in the dining hall to eat with Gov. Carper, Rep. Mike Castle, R-Del.; Giannone; Wilmington Mayor James Sills and other officials to

talk about HUD's budget.

Castle, who bucked the GOP leadership and voted against the House cuts, said the conversation centered on the impact those cuts would have on the federal government's ability to deliver services to the elderly, children and other "vulnerable populations."

The consensus: many HUD programs will be crippled if the Senate does not restore at least some of the money the department will lose under the House plan. Delaware will lose about \$3 million.

"That doesn't seem like a lot at first, but that's a very significant amount to a small state like Delaware," Giannone said.

Carper said the conversation also touched on what states like Delaware are doing with HUD money. The Ministry of Caring recently got \$1.7 million from HUD to combat homelessness and poverty. Carper said the federal money to the state is being stretched by efforts to teach people how to use housing tax credits and other federal incentives.

The battle has now shifted to the Senate, Cisneros said, where the Clinton administration is trying to explain what these cuts will mean to the nation's cities.

"We tried to talk to the House leaders about that, but they didn't want to have that conversation," said Cisneros, a former San Antonio mayor.

Meanwhile, the HUD secretary's appearance at the dining room left some of its clients shaking their heads Sunday.

Chester Medley sat eating quietly while Cisneros and other dignitaries posed for cameras near the table where he ate his Sunday lunch. Cisneros later had a brief conversation with him.

"But I don't know what this is all supposed to mean to us," Medley said as he and a friend left the dining hall and dashed for cover.

"I mean, he didn't promise us anything and we sure don't expect to ever see him again," he said.

News Journal
Pg. A3
8/7/95



Mostly sunny.
Chelsea says
Details, Page 8A

128th Year No. 59 1995

The Pueblo Chieftain

Pueblo, Colorado, Saturday, July 29, 1995

Entertainment	4B
Funerals	8A
Lifestyle	1B
Local	5A
Sports	1C
TV logs	4B

25 Cents

Cisneros: GOP cuts going too deep

By JOHN NORTON

The Pueblo Chieftain

Republicans are "cutting too deep, going too far," with their accelerated plan to balance the federal budget, Henry Cisneros said Friday, warning "jobs will be lost, communities will be hurt, the most vulnerable of our citizens will be hurt the worst."

The secretary of housing and urban development was the speaker at the monthly meeting of the Latino Chamber of Commerce, a gathering that drew a crowd of 400 to the Union Depot.

Cisneros warned the cuts proposed in education, housing and other programs would threaten an

entire generation.

"The next time I walk into a meeting and somebody says, 'We need to focus on the pre-schoolers because we've already lost the 15-year-olds,' I'm going to scream."

"A society cannot give up on its 15-year-olds," he said, to a round of applause.

He also praised President Clinton's defense of affirmative action.

"We haven't come far enough," he said. "The average income for Hispanic households is \$22,000 while the national average is \$32,000."

He did say affirmative action could be reformed. "There needs

to be some sense of fairness," he said.

One idea would be to move from a "race-based to place-based strategy," focusing on areas.

"Pueblo is one of those places that needs to get behind the effort for place-based strategies," he said.

Cisneros, onetime mayor of San Antonio, praised Pueblo for its effort to develop its economy, especially the work of the Latino Chamber.

"The long-term economic success of Latinos in the United States depends on how they understand the rules of the game," he said.

Cisneros said the goal of U.S. Hispanics should be to "create a new middle class. This is not about just a few stars," he said, dismissing examples of a few people who have done well while the majority are still in poverty.

"Do we commit ourselves to get the very best education we can for our kids?" he asked, stressing the link between education and economic success.

"Are we going to make it in the American business reality? The rules are not going to change just because the number of Latinos is growing."



Chieftain photo by Sherry Brown

Henry Cisneros (center), Secretary of Housing and Urban Development, chats with Police Chief Ruben Archuleta (left) and City Councilman Al Gurule Friday before speaking to the Latino Chamber of Commerce.

Greater Denver

Deborah Goeken, Metro Editor — 892-5201



U.S. Housing and Urban Development Secretary Henry Cisneros tells listeners Friday at the Alma Recreation Center Denver that efforts by Congress to cut low-income housing funds are a "threat to national security." He said he intends to fight the cuts. Behind Cisneros is a mural, titled La Alma, by local artist Manuel Martinez.

Cyrus McCnmon /
Rocky Mountain News

HUD chief calls cuts in funding a menace

Secretary also delivers \$911,750 to fight drugs in housing projects

By Kris Newcomer

Rocky Mountain News Staff Writer

Henry Cisneros, U.S. secretary of Housing and Urban Development, on Friday brought nearly \$1 million to Denver along with an ominous warning: That money, and much more, is being threatened by Congress.

Cisneros spoke at the La Alma Recreation Center on the city's west side and handed Mayor Wellington Webb a symbolic check for \$911,750 — Denver's share of funding for HUD's Public Housing Drug Elimination Program.

Webb, who shared the grassy stage with Cisneros, said the money will be divided among law enforcement, drug prevention and treatment efforts and other programs for children.

Funding for that and other HUD programs — including low-income housing, which may be frozen next year for the first time in 20 years — is being targeted for congressional budget cuts that Cisneros said constitute "a threat to national security."

"The work HUD does is as important to this nation's security as any other," Cisneros said as

have multiyear waiting lists.

Cisneros said he believed the American people have not realized the impact that proposed budget cuts would have on their lives and the lives of those less fortunate.

He said the Clinton administration's goals for revitalizing American cities reflect the need to "literally flip the federal government

upside down," putting the needs of communities before the needs of federal bureaucrats.

He and Webb said they support balancing the federal budget.

But that does not have to be done, they said, by disproportionately cutting programs for the poor.

Cisneros praised Webb, saying

he had just been on the telephone with White House staff members who asked him to thank Webb for a recent mayoral visit that took Webb to Washington in the morning and back to Denver by mid-afternoon.

"There are very few mayors who will go that distance for that period of time," Cisneros said.

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July 29, 1995

SATURDAY

THE DENVER POST

Voice of the Rocky Mountain Empire

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The Denver Post / Kent Melreis

IN DENVER: Henry Cisneros speaks as Mayor Wellington Webb looks on.

Cisneros unveils Denver grant

Housing secretary rips GOP for 'orgy of cuts, reductions'

By Christopher Lopez
Denver Post Staff Writer

U.S. Housing Secretary Henry Cisneros announced a \$911,000 grant to the city and railed against proposed budget cuts for his agency during a stop in Denver yesterday.

Cisneros ripped Congress for proposing to reduce his budget at the U.S. Department of Housing and Urban Development to \$19 billion in 1996 from its current level of \$26 billion.

The net effect would be a reduction in federal aid to the homeless, the elderly, the disabled, and higher public housing rents for the poor, said Cisneros.

"What they're doing at HUD is only the tip

■ **INSIDE:** Environmentalists score a rare victory in Congress / 15A

of the iceberg," he said.

Congress is slashing funding to other key federal agencies as well, including the U.S. Department of Education and Health and Human Services, he said.

Cisneros called the proposed budget reductions, which he said are being ramrodded through by Republicans, "an orgy of cuts and reductions that are going to hurt people across America."

Cisneros was brought to Colorado to be the keynote speaker at a luncheon in Pueblo

hosted by that city's Latino Chamber of Commerce.

He drove to Denver to give an afternoon speech at La Alma-Lincoln Park.

The grant money he announced goes to the Denver Housing Authority for law enforcement programs for the city's public housing units. The money is part of a two-year grant, which also will pay for intervention and recreation programs for young people in public housing projects.

Cisneros was joined by Mayor Wellington Webb, who more frequently is being showcased by the Clinton administration as an ur-

Please see CISNEROS on 15A

Webb gaining stature with White House

CISNEROS from Page 1A

ban mayor who understands the fight Democrats are having with Republicans on the budget and how reductions in the federal budget can hurt cities like Denver.

Webb was among a handful of mayors who joined Clinton at the White House earlier in the week. He was invited by Clinton to discuss the proposed cuts and whether the federal government should dole out its money in block grants to states rather than in direct appropriations to municipalities.

It was the second trip to the White House for Webb since he was re-elected seven weeks ago. The political gain for Clinton is that Webb figures to stump for him in the president's effort to win the West during his reelection battle next year.

"The White House and the president respect and admire Wellington Webb for his tenure as mayor of Denver," Cisneros said in his opening remarks. "He's tireless in his advocacy for Denver."

Cisneros said there is a three- to four-year waiting list for public housing in cities across the country. With the proposed budget reductions, he said, those waiting lists will be frozen because there will be no additional money to help the poor get a home.

Cisneros was asked if he felt the majority of Americans care about cuts in his budget since his agency works mainly to assist the poor, the homeless and the handicapped.

"It is my job to explain to the American people that the work HUD does is important to them," said Cisneros. "What we deal with is the future of our young people who are most troubled."

He said that Americans are a "compassionate and tolerant people."

"The American people don't want people who are hurting cut off," he said.

8-5-95

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FROM: BRO-REG.-ADMIN.

Cisneros warns GOP cuts threaten social program

On a short visit to Portland, the HUD secretary backs the president's slower approach.

By STEVEN G. VEGH
Staff Writer

Henry G. Cisneros, secretary of the U.S. Department of Housing and Urban Development, touched down Friday in Portland to denounce Republican budget plans he said would gut human services. "It's not a question of balancing the budget," Cisneros said at a news conference at Portland International Airport. "Those folks insist on their own agenda of Draconian cuts." It was the second time this week at a Clinton administration official cited Portland to lobby against the House Republicans' budget plans. On Wednesday, Grace Crumigan, deputy administrator of the Federal Transit Administration, told local

"It's not a question of balancing the budget. Those folks insist on their own agenda of Draconian cuts."

Henry Cisneros,
HUD secretary

transit officials that Portland and other Maine cities would lose public transit aid under the Republican plan.

Both Cisneros and Crumigan said Clinton, like Republicans, wants to balance the federal budget. But the president wants to do it in nine years. Republicans want to balance the budget in seven years, which Cisneros said is too fast.

Cisneros said the House Republicans' plan would cost Maine:

- \$463,612 in funding to eliminate drugs in public housing.

- \$1,369,649 in Comprehensive Grant Program money used to modernize public housing and reduce crime. About half of that money goes to Portland.

- \$1,128,635 in public housing operating subsidies. About \$303,000 of that sum goes to Portland.

One consequence of the cuts would be elimination of four education centers in Portland's family-oriented public housing developments. The centers are sustained by \$90,000 in federal money.

The centers provide computers, reference books, tutors and study space for students who might otherwise not study or even attend school.

"We took kids missing 52 days of school before attending these centers, who now miss four days," said Peter Howe, Portland Housing Authority's executive director.

After visiting Portland, Cisneros flew to northern Maine to visit members of the Micmac and other Indian tribes.



Todd Hood II, 2, offers a snack to HUD Secretary Henry Cisneros. He discusses proposed housing cuts in the 1996 budget with members of the Portland Housing Authority.

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MidMaine/B5
The Coast/B5
Penobscot/B4

Bangor Daily News

Bangor Daily News SECTION B
SATURDAY/SUNDAY, AUGUST 5-6, 1995

HUD's Cisneros meets with Maine Indians

Housing funds
a top concern

By Dawn Gagnon
Of the NEWS Staff

INDIAN ISLAND — U.S. Department of Housing and Urban Development Secretary Henry Cisneros met Friday with representatives of Maine's American Indian population to assure them his staff will continue to work toward meeting their housing needs in a time of federal belt tightening.

Cisneros said that in spite of Congress' deep cuts in HUD's budget for the fiscal year beginning Oct. 1, he was working with some senators to increase the allocation for Indian housing programs.

Cisneros told officials from the Penobscot Nation and the Passamaquoddy, MicMac and Mallicite tribes that two of his main priorities are to increase access to affordable rental housing, a need he characterized as "very acute," and to put home ownership within the reach of more families.

He hopes to increase Indian access to the Community Development Block Grant Program — one of the few HUD programs that escaped the budget ax — and similar offerings.

Cisneros added that HUD proposed creating a Native American Finance Authority to help Indians secure financing for various projects.

According to some Maine tribal officials, Indians face particular



HUD Secretary Henry Cisneros (left) meets with Richard Mitchell, executive director of the Penobscot Tribal Reservation Housing Authority, and other American Indian officials Friday at Indian Island, near Old Town. (NEWS Photo by Bob DeLong)

challenges in securing private-sector funding because the bulk of the land they own is tied up in trusts.

Before Cisneros arrived, about an hour behind schedule because of weather-related flight delays out of Boston and Portland, Maine Indians cited some of their budget-related worries.

"It cripples us tremendously," said Richard Mitchell, executive director of the Penobscot Tribal Reservation Housing Authority, with headquarters on Indian Island.

The authority, which was host for Cisneros' first visit to Maine as HUD secretary, operates 123 hous-

ing units, including 10 units for the elderly that opened earlier this week.

Mitchell and his counterparts from other Maine native groups noted that the deep cuts in funding for Indian housing assistance will hurt their ability to modernize older units, and their chances of expanding to meet the growing need nationwide for new units.

For this fiscal year, which ends Sept. 30, Congress appropriated \$287 million for Indian housing programs, a HUD staffer out of Boston said this week.

The situation isn't expected to
See Cisneros, B2, Col. 4

Cisneros meets with Maine Indians

Cisneros, from B1
improve in the coming fiscal year. The new Republican-controlled Congress has slashed funding for native housing assistance to \$100 million — less than half of last year's funding level.

"What we have now doesn't provide for our needs," Mitchell said.

The new funding level, Mitchell noted, is better than what might have been. Earlier in the budget process, the entire program had been "zeroed out."

The \$100 million ultimately appropriated for Indian housing was put back in the budget by the Senate, Mitchell said, adding: "The Senate has been our friend."

Pamela Francis, executive director of the Passamaquoddy housing authority at Pleasant Point in Perry, was concerned about deep cuts in HUD's "resident initiative" programs that American Indians gained access to only in the last five years or so, including programs for youths, families and homeless people.

One plan discontinued was the Public Housing Drug Elimination Program, funded at \$200 million nationwide this year. Three housing developments in Maine, at

Portland, Pleasant Point and Indian Township, lost a total of \$463,612.

Passamaquoddy Tammy Sabat-

"This is a new dawn. We're faced with a Congress like the country has never seen before."

— Richard Mitchell

tis of Indian Township said the housing authority there depended on HUD subsidies for more than 90 percent of its operating costs.

"Right now, we're independent from the tribe," she said. If the

budget cuts persist, the authority may be required to draw upon tribal funds to cover some of its needs."

"This is a new dawn," Mitchell said. "We're faced with a Congress like the country has never seen before."

Many government programs established to address the needs of the poor, the elderly, and the homeless, among others, have come under the budget knife.

"We're not alone on this one. We're certainly not unique," Mitchell said.

The significance of receiving a member of President Clinton's Cabinet did not go unnoted by leaders of Maine's Indian population.

On behalf of the state's native people, Francis embraced Cisneros as "an honorary native brother," and presented him with a green jacket featuring embroidered peace pipes and an eagle on either shoulder, and a richly colored geometric design running across the chest. The fit was perfect.

HUD secretary hails Burlington

By Molly Walsh
Free Press Staff Writer

U.S. Housing and Urban Development Secretary Henry Cisneros toured the Old North End on Saturday and praised Burlington officials for putting a \$3 million federal Enterprise Community grant to work quickly.

"It's a pleasure to be drowned out by the sounds of working people," said Cisneros, as workers hammered away on a three-bedroom house being built with grant money at 102 Intervale Ave. "This is the most advanced Enterprise Community that I have been in."

The secretary chatted with the all-female construction crew was

building the house on a job training project and heard how federal dollars can make a difference in lives as he spoke with residents of the Thelma Maple Co-Op.

Before the federally subsidized residential cooperative opened in January on Archibald Street, Art Desmarais and his family struggled to find safe, affordable housing. "We really couldn't afford to rent something that we would consider decent in this housing market," he said.

Ninety-five communities across the country were awarded Enterprise Grants in December to pay for housing, social and economic programs.

Mayor Peter Clavelle, who

accompanied Cisneros along with U.S. Rep. Bernard Sanders, I-Vt., said Burlington's well-established non-profit groups helped speed grant money to the street.

By van and on foot, Cisneros toured about 20 sites in Burlington's Enterprise Zone, including H.O. Wheeler School, The Lake Champlain Basin Science Center and The Chittenden Emergency Food Shelf.

Cisneros defended HUD from a Congress that has slated the department for demolition. Without federal money, poor neighborhoods will decline further, Cisneros said. "It's in communities just like this that we are going to feel the pain."



U.S. Rep. Bernard Sanders (left) and Henry Cisneros, U.S. Housing and Urban Development, are shown photographing the construction by the Burlington Community Land Trust on Saturday.

**Overall Impact of Congressional Budget Actions
on America's Metropolitan Communities
August 8, 1995**

At a time when America's communities are coping with rapid economic change and increasing concentrations of poverty, Congress is proposing deep budget cuts that would disproportionately harm cities and their surrounding suburbs.

Congressional budget actions would:

- draw jobs, private investment, and income out of inner-city and surrounding suburban neighborhoods;
- shift costs from the federal government to state and local governments;
- target the deepest cuts to those programs that serve low-income families and distressed urban communities; and
- dramatically reduce assistance to low-income children and youth.

Congressional actions would severely curtail Federal assistance to metropolitan communities (from FY 1995 levels):

- HUD's funding would be cut by 26 percent.
- EPA funding would be reduced by one-third.
- Mass transit operating assistance would be reduced by \$310 million, or 44 percent.
- Title I educational service is cut by \$1.1 billion (or 17 percent).
- Summer jobs program would be completely eliminated (a loss of 600,000 jobs).
- Funding for safe and drug free schools would be cut by \$266 million, or 57 percent.
- LIHEAP would be completely eliminated.

The following chart demonstrates the impact of Congressional cuts in 33 major discretionary programs on the following six metropolitan areas.

Dollars in Millions

Metropolitan Area	Overall FY 1996 Reduction (from President's Plan)	Overall FY 1996- 2002 Cut (from President's Plan)
Chicago (includes 9 counties: Cook, Dekalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will)	\$ 323.4	\$ 2,609.8
Detroit (includes 6 counties: Lapeer, Macomb, Monroe, Oakland, St. Clair, and Wayne)	\$ 145.8	\$ 1,288.5
Los Angeles (includes Long Beach and Los Angeles County):	\$ 276.7	\$ 3,021.6
Miami (includes Dade County)	\$ 74.1	\$ 645.0
New York City (includes the 8 counties: Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester)	\$ 750.5	\$ 6,244.5
Philadelphia (includes the 9 NY and NJ counties: Burlington, Camden, Gloucester, Salem, Bucks, Chester, Delaware, Montgomery, and Philadelphia)	\$ 200.1	\$ 1,540.8

**COMPARISON OF PRESIDENT'S BUDGET PLAN WITH
CONGRESSIONAL BUDGET ACTIONS TO DATE: METROPOLITAN CHICAGO**
Highlights of Major Discretionary Programs
August 9, 1995

Dollars in Millions

Program	President's FY 1996 Proposal	Congress' FY 1996 Proposal	Difference	President's Total FY 1996-2002	Congress' Total FY 1996-2002	Difference
Environmental Protection						
Clean Water/Drinking Water State Revolving Fund (state-wide)	\$ 88.4	\$ 48.7	\$ (39.7)	\$ 455.3	\$ 322.3	\$ (133.0)
Education and Training						
Head Start	101.0	88.0	(1.3)	805.0	612.0	(193.0)
Title I (for disadvantaged children)	233.7	175.4	(58.3)	1,791.1	1,227.8	(563.3)
Summer Youth Jobs Program	12.7	0	(12.7)	88.9	0	(88.9)
Youth Training	2.3	1.0	(1.3)	16.1	7.1	(9.0)
Adult Training/Dislocated Workers	20.4	14.5	(5.9)	142.7	101.2	(41.5)
Transportation						
Mass Transit Operating Subsidies	32.0	25.0	(7.0)	207.0	74.0	(133.0)
Housing						
Public Housing Operating Subsidies	180.4	153.9	(26.5)	1,102.8	1,017.5	(103.3)
Public Housing Modernization	242.9	152.6	(90.3)	1,510.2	1,068.5	(441.7)
Homeless Assistance	48.3	29.2	(19.1)	320.6	204.4	(116.2)
Housing for Persons with HIV	3.5	2.7	(0.8)	23.6	19.4	(4.2)
Section 8 Rental Assistance	19.7	0	(19.7)	449.6	0	(449.6)
Health and Nutrition						
Women, Infants, and Children (WIC)	93.1	91.3	(1.8)	732.2	702.0	(30.2)
Low-Income Home Energy Assistance (LIHEAP)	36.0	0	(36.0)	234.7	0	(234.7)
Fighting Crime and Drugs						
Safe and Drug Free Schools	9.1	3.9	(5.2)	63.6	27.4	(36.2)
Drug Treatment	3.8	1.5	(2.3)	26.6	10.5	(16.1)
Public Housing Drug Elimination	11.6	0	(11.6)	70.9	0	(70.9)
Other	24.4	12.5	(11.9)	144.3	48.3	(96.0)
Total Discretionary *	\$ 1,074.9	\$ 751.5	\$ (323.4)	\$ 7,729.9	\$ 5,120.1	(\$ 2,609.8)

* Total does not include EPA's State Revolving Fund.

**COMPARISON OF PRESIDENT'S BUDGET PLAN WITH
CONGRESSIONAL BUDGET ACTIONS TO DATE: METROPOLITAN DETROIT**
Highlights of Major Discretionary Programs
August 9, 1995

Dollars in Millions

Program	President's FY 1996 Proposal	Congress' FY 1996 Proposal	Difference	President's Total FY 1996-2002	Congress' Total FY 1996-2002	Difference
Environmental Protection						
Clean Water/Drinking Water State Revolving Fund (state-wide)	\$ 93.9	\$ 41.7	(\$ 52.2)	\$ 525.9	\$ 301.5	(\$ 224.4)
Education and Training						
Head Start	66.0	57.0	(9.0)	531.0	401.0	(130.0)
Title I (for disadvantaged children)	160.8	122.9	(37.9)	1,232.4	860.6	(371.8)
Summer Youth Jobs Program	7.1	0	(7.1)	49.4	0	(49.4)
Youth Training	1.3	0.6	(0.7)	9.2	4.0	(5.2)
Adult Training/Dislocated Workers	9.7	7.0	(2.7)	68.2	49.6	(18.6)
Transportation						
Mass Transit Operating Subsidies	13.0	11.0	(2.0)	87.0	31.0	(56.0)
Housing						
Public Housing Operating Subsidies	38.2	32.6	(5.6)	233.9	228.5	(5.4)
Public Housing Modernization	56.5	35.5	(21.0)	351.4	248.6	(102.8)
Homeless Assistance	21.3	12.8	(8.5)	141.3	90.1	(51.2)
Housing for Persons with AIDS	1.3	1.0	(0.3)	8.6	7.1	(1.5)
Section 8 Rental Assistance	9.0	0	(9.0)	205.6	0	(205.6)
Health and Nutrition						
Women, Infants, and Children (WIC)	42.3	41.5	(0.8)	332.5	318.8	(13.7)
Low-Income Home Energy Assistance (LIHEAP)	24.9	0	(24.9)	162.6	0	(162.6)
Fighting Crime and Drugs						
Safe and Drug Free Schools	6.3	2.7	(3.6)	44.3	19.1	(25.2)
Drug Treatment	2.6	1.1	(1.5)	18.2	7.7	(10.5)
Public Housing Drug Elimination Program	3.8	0	(3.8)	23.3	0	(23.3)
Other	16.5	9.1	(7.4)	97.4	41.7	(55.7)
Total Discretionary *	\$ 480.6	\$ 334.8	(\$ 145.8)	\$3,596.3	\$ 2,307.8	(\$1,288.5)

* Total does not include EPA's State Revolving Fund.

**COMPARISON OF PRESIDENT'S BUDGET PLAN WITH
CONGRESSIONAL BUDGET ACTIONS TO DATE: METROPOLITAN LOS ANGELES**
Highlights of Major Discretionary Programs
August 9, 1995

Dollars in Millions

Program	President's FY 1996 Proposal	Congress' FY 1996 Proposal	Difference	President's Total FY 1996-2002	Congress' Total FY 1996-2002	Difference
Environmental Protection						
Clean Water/Drinking Water State Revolving Fund (state-wide)	\$ 146.3	\$ 73.8	(\$72.5)	\$ 782.7	\$ 505.8	(\$ 276.9)
Education and Training						
Head Start	152.0	130.0	(22.0)	1,218.0	911.0	(307.0)
Title I (for disadvantaged children)	160.8	122.9	(37.9)	1,232.4	860.6	(371.8)
Summer Youth Jobs Program	23.0	0	(23.0)	160.9	0	(160.9)
Youth Training	4.3	1.9	(2.4)	30.3	13.3	(17.0)
Adult Training/Dislocated Workers	37.6	26.7	(10.9)	262.7	186.9	(75.8)
Transportation						
Mass Transit Operating Subsidies	36.0	28.0	(8.0)	233.0	83.0	(150.0)
Housing						
Public Housing Operating Subsidies	40.9	34.9	(6.0)	250.3	244.6	(5.7)
Public Housing Modernization	56.0	35.2	(20.8)	348.6	246.7	(101.9)
Homeless Assistance	58.5	35.3	(23.2)	388.1	247.4	(140.7)
Housing for Persons with AIDS	9.7	7.5	(2.2)	64.4	52.9	(11.5)
Section 8 Rental Assistance	41.0	0	(41.0)	936.4	0	(936.4)
Health and Nutrition						
Women, Infants, and Children (WIC)	221.4	217.3	(4.1)	1,741.7	1,669.9	(71.8)
Low-Income Home Energy Assistance (LIHEAP)	6.7	0	(6.7)	43.7	0	(43.7)
Fighting Crime and Drugs						
Safe and Drug Free Schools	12.5	5.4	(7.1)	87.7	37.7	(50.0)
Drug Treatment	3.6	1.1	(2.5)	25.2	9.8	(15.4)
Public Housing Drug Elimination	3.2	0	(3.2)	19.3	0	(19.3)
Other	168.7	113.0	(55.7)	1,261.8	719.0	(542.8)
Total Discretionary *	\$ 1,035.9	\$ 759.2	(\$ 276.7)	\$ 8,304.5	\$ 5,282.9	(\$ 3,021.6)

* Total does not include EPA's State Revolving Fund.

**COMPARISON OF PRESIDENT'S BUDGET PLAN WITH
CONGRESSIONAL BUDGET ACTIONS TO DATE: METROPOLITAN MIAMI**
Highlights of Major Discretionary Programs
August 9, 1995

Dollars in Millions

Program	President's FY 1996 Proposal	Congress' FY 1996 Proposal	Difference	President's Total FY 1996-2002	Congress' Total FY 1996-2002	Difference
Environmental Protection						
Clean Water/Drinking Water State Revolving Fund (state-wide)	\$ 72.8	\$ 33.1	(\$39.7)	\$ 405.0	\$ 237.1	(\$167.9)
Education and Training						
Head Start	29.0	25.0	(4.0)	235.0	175.0	(60.0)
Title I (for disadvantaged children)	65.8	50.5	(15.3)	504.4	353.2	(151.2)
Summer Youth Jobs Program	8.3	0	(8.3)	57.9	0	(57.9)
Youth Training	.5	.2	(0.3)	3.4	1.5	(1.9)
Adult Training/Dislocated Workers	14.1	10.0	(4.1)	98.6	70.3	(28.3)
Transportation						
Mass Transit Operating Subsidies	5.0	4.0	(1.0)	34.0	12.0	(22.0)
Housing						
Public Housing Operating Subsidies	32.2	27.4	(4.8)	197.0	192.4	(4.6)
Public Housing Modernization	24.8	15.6	(9.2)	154.5	109.3	(45.2)
Homeless Assistance	15.6	9.4	(6.2)	103.5	66.0	(37.5)
Housing for Persons with AIDS	7.9	6.1	(3.8)	52.3	43.0	(9.3)
Section 8 Rental Assistance	5.4	0	(5.4)	124.3	0	(124.3)
Health and Nutrition						
Women, Infants, and Children (WIC)	25.0	24.5	(0.5)	196.3	188.2	(8.1)
Low-Income Home Energy Assistance (LIHEAP)	1.7	0	(1.7)	11.0	0	(11.0)
Fighting Crime and Drugs						
Safe and Drug Free Schools	2.8	1.2	(1.6)	19.6	8.4	(11.2)
Drug Treatment	3.5	1.4	(2.1)	24.5	9.8	(14.7)
Public Housing Drug Elimination	3.0	0	(3.0)	18.7	0	(18.7)
Other	24.9	20.1	(3.8)	175.3	136.2	(39.1)
Total Discretionary *	\$ 269.5	\$ 195.4	(\$ 74.1)	\$ 2,010.3	\$ 1,365.3	(\$ 645.0)

* Total does not include EPA's State Revolving Fund.

**COMPARISON OF PRESIDENT'S BUDGET PLAN WITH
CONGRESSIONAL BUDGET ACTIONS TO DATE: METROPOLITAN NEW YORK CITY**
Highlights of Major Discretionary Programs
August 9, 1995

Dollars in Millions

Program	President's FY 1996 Proposal	Congress' FY 1996 Proposal	Difference	President's Total FY 1996-2002	Congress' Total FY 1996-2002	Difference
Environmental Protection						
Clean Water/Drinking Water State Revolving Fund (state-wide)	\$ 201.4	\$ 125.0	(\$76.4)	\$ 977.6	\$ 792.2	(\$185.4)
Education and Training						
Head Start	145.0	125.0	(20.0)	1,161.0	877.0	(284.0)
Title I (for disadvantaged children)	454.8	343.9	(110.9)	3,484.6	2,407.2	(1,077.4)
Summer Youth Jobs Program	35.5	0	(35.5)	248.4	0	(248.4)
Youth Training	7.1	3.1	(4.0)	49.4	21.7	(27.7)
Adult Training/Dislocated Workers	51.3	37.0	(14.3)	359.1	258.9	(100.2)
Transportation						
Mass Transit Operating Subsidies	82.0	66.0	(16.0)	540.0	192.0	(348.0)
Housing						
Public Housing Operating Subsidies	544.5	484.6	(59.9)	3,328.5	3,252.2	(76.3)
Public Housing Modernization	662.2	416.1	(246.1)	4,117.1	2,913.0	(1,204.1)
Homeless Assistance	85.8	51.8	(34.0)	568.6	362.5	(206.1)
Housing for Persons with AIDS	41.6	32.4	(9.2)	276.2	227.1	(49.1)
Section 8 Rental Assistance	74.9	0	(74.9)	1,707.7	0	(1,707.7)
Health and Nutrition						
Women, Infants, and Children (WIC)	164.5	161.4	(3.1)	1,294.1	1,240.7	(53.4)
Low-Income Home Energy Assistance (LIHEAP)	52.5	0	(52.5)	342.3	0	(342.3)
Fighting Crime and Drugs						
Safe and Drug Free Schools	12.8	5.5	(7.3)	89.7	38.6	(51.1)
Drug Treatment	2.3	.9	(1.4)	16.1	6.3	(9.8)
Public Housing Drug Elimination	45.7	0	(45.7)	279.6	0	(279.6)
Other	32.8	17.1	(15.7)	223.6	44.3	(179.3)
Total Discretionary *	\$2,495.3	\$1,744.8	(\$ 750.5)	\$ 18,086.0	\$ 11,841.5	(\$6,244.5)

* Total does not include EPA's State Revolving Fund.

**COMPARISON OF PRESIDENT'S BUDGET PLAN WITH
CONGRESSIONAL BUDGET ACTIONS TO DATE: METROPOLITAN PHILADELPHIA**
Highlights of Major Discretionary Programs
August 9, 1995

Dollars in Millions

Program	President's FY 1996 Proposal	Congress' FY 1996 Proposal	Difference	President's Total FY 1996-2002	Congress' Total FY 1996-2002	Difference
Environmental Protection						
Clean Water/Drinking Water State Revolving Fund (state-wide)	\$ 85.7	\$ 38.8	(\$ 46.9)	\$ 477.4	\$ 278.2	(\$ 199.2)
Education and Training						
Head Start	57.0	49.0	(8.0)	452.0	343.0	(109.0)
Title I (for disadvantaged children)	132.9	104.0	(28.9)	1,018.3	727.8	(290.5)
Summer Youth Jobs Program	5.2	0	(5.2)	36.7	0	(36.7)
Youth Training	1.2	.5	(0.7)	8.4	3.7	(4.7)
Adult Training/Dislocated Workers	8.9	6.6	(2.3)	62.5	45.9	(16.6)
Transportation						
Mass Transit Operating Subsidies	20.0	16.0	(4.0)	130.0	46.0	(84.0)
Housing						
Public Housing Operating Subsidies	117.2	100.0	(17.2)	716.8	700.3	(16.5)
Public Housing Modernization	172.0	108.0	(64.0)	1,069.4	756.6	(312.8)
Homeless Assistance	33.5	20.2	(13.3)	222.4	141.8	(80.6)
Housing for Persons with AIDS	3.2	2.5	(0.7)	21.3	17.5	(3.8)
Section 8 Rental Assistance	11.3	0	(11.3)	258.2	0	(258.2)
Health and Nutrition						
Women, Infants, and Children (WIC)	48.4	47.5	(0.9)	381.0	365.3	(15.7)
Low-Income Home Energy Assistance (LIHEAP)	22.3	0	(22.3)	145.3	0	(145.3)
Fighting Crime and Drugs						
Safe and Drug Free Schools	6.0	2.6	(3.4)	42.1	18.1	(24.0)
Drug Treatment	5.6	2.2	(3.4)	39.2	15.4	(23.8)
Public Housing Drug Elimination	7.8	0	(7.8)	47.7	0	(47.7)
Other	35.6	28.9	(6.7)	234.5	163.6	(70.9)
Total Discretionary *	\$ 688.1	\$ 488.0	(\$ 200.1)	\$ 4,884.8	\$ 3,345.0	(\$ 1,540.8)

* Total does not include EPA's State Revolving Fund.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

25 AUG 11 11:13

August 10, 1995

MEMORANDUM FOR: President Clinton

FROM: Henry G. Cisneros

A handwritten signature in dark ink, reading "Henry Cisneros", is written over the printed name.

SUBJECT: Framing the Urban Message

As I mentioned in a recent memorandum to you, we at HUD have been working to present an urban message for the Administration. I believe we have found a message that works and it incorporates the following major themes:

1. The cities and metropolitan areas are important to America and to President Clinton.
2. The President has an urban program which weaves together his efforts of the last two years and which acknowledges the importance of metropolitan areas to the nation.
3. The cumulative effects of the Congressional budget cuts do massive damage to the cities and hurt people.
4. The nation is making profound decisions about its future in this budget showdown. Let us choose the American spirit of creating possibilities even as we act with justice.

When these themes are woven together with specific city examples and human stories the effect can be powerful. I have had good experiences in delivery and good responses from audiences. Attached is a sample of the approach from a speech I gave at a Dartmouth summer convocation on August 10th. I hope it is useful to you and to the speech writing team.

My hope is that you will find a forum to make the point about the cumulative effects of the budget cuts, including state cuts, on the city and metropolitan future. It is immensely helpful to us when you strengthen your urban message so that we can use it as a positive counter-balance to the Republican cuts.

Attachment



U. S. Department of Housing and Urban Development
Washington, D.C. 20410-4000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AFFAIRS

Dartmouth College
Hanover, N.H.
Aug. 9, 1995
Secretary Henry G. Cisneros

On this beautiful campus, amid the lush, green woods of New Hampshire, on a bright, warm summer day, the issues facing our urban areas may seem remote. But in 1995, the future of our large cities, and the greater metropolitan areas which they anchor, and really, our entire nation, depends in no small part on the ability of Americans in bucolic settings like Hanover to understand urban America's problems, and to understand how our destinies as Americans -- whether we live in town, in the suburbs or the countryside -- are truly interwoven.

Urban America stands at a crossroads in 1995. There is a tremendous debate today over how much we, as a nation, should do to repair the fabric of our urban centers, and especially of the communities and neighborhoods which have been left behind by the changes in our economy.

How much responsibility should we, as a nation, accept for housing the millions of poor and low-income working families who live in these places? How large a role should the federal government play -- in comparison to cities and states -- in helping these communities rebuild their economies? How much should the federal government be doing to help our most vulnerable fellow citizens?

These questions are being debated in Washington today. How we

answer them will determine the future of our cities, and indeed, our entire nation.

Make no mistake about it: The state of our cities is critical to the state of our country.

Our urban centers are the vital engines of our national economy -- providing job opportunities for young people entering the labor market for the first time, for lawful immigrants from other countries and for people moving from one part of America to another.

Urban America nurtures America's innovative genius. Science and technology, art and fashion, entertainment, banking, finance, research and higher education have all flourished in our metropolitan areas and made America the great nation it is today.

It is in our cities and surrounding metropolitan areas that people of different cultures and ethnic backgrounds meet, mix and work together in common enterprises -- and through their common efforts, bring America's democratic ideals to life.

Clearly, we all have a stake in the future of our cities and the greater metropolitan areas they anchor. And as stakeholders, we must be concerned about their problems.

The problems of our metropolitan communities begin at their cores -- in our central cities. They have been decades in the making. They are the result of a combination of unintended consequences of national transportation and housing policies, seismic shifts in the world economy beyond our control, and major migrations of people within our own borders.

The construction of the highway system led to the initial domestic dispersion of manufacturing from our cities. Later, the globalization of the world economy and increased competition from abroad shifted former U.S. manufacturing jobs to lower-wage foreign countries.

At the same time, America witnessed a huge migration of African Americans from the rural south to the urban north in search of better work and better wages. They were later joined by new immigrants from Mexico, Central America and Asia.

While this was happening, federal housing policies encouraged the concentration of low-income families in large, dense public housing developments in our central cities.

Today, because of these historical trends, America's cities face a threefold crisis. It is a crisis of severe poverty, high unemployment and social and economic isolation. Let me cite a few statistics:

- Poverty is growing in our cities and becoming ever more concentrated. Twenty-five years ago, 3.8 million people lived in the poorest neighborhoods in our largest 94 cities. Today 10.8 million people live in these very poor urban neighborhoods.
- Jobs for workers who live in our cities are scarcer than ever. In the country's 94 largest cities, the percentage of people employed in manufacturing jobs dropped from 22.1 percent in 1970 to 14 percent in 1990.
- Minorities account for a steadily growing percentage of

America's urban population. Again, in the 94 largest cities, in 1970, minorities accounted for 24.1 percent of the population. By 1990, they accounted for 40.1 percent.

In neighborhoods and communities where these numbers converge, the bottom line is economic and social devastation.

In Camden, New Jersey, where I was last weekend -- where a third of the people live below the poverty line -- you see block after block of deteriorating housing, graffiti-covered buildings and vacant lots. There is virtually no jobs base. The central business district is a ghost town; the only new construction there is government buildings. Lits Department Store -- which was once a major anchor for downtown Camden -- is out of business; it's a county building now. There are no major supermarkets in the neighborhoods, just small mom and pop grocery stores.

And in the neighborhoods, on the blocks of attached, two-story brick row houses, you see a truly unsettling sight. People have erected heavy wrought-iron fences with locked gates in front of their houses to keep out intruders. They have barricaded themselves in their own homes. They have turned their front porches into fortresses, because in a community like Camden, where the poverty rate is so high, where the chance of finding a decent-paying job is so low, crime is rampant and no one is safe.

Here in Hanover, on a warm summer night, people can sit out on their front porches and talk with their neighbors. In Camden, they bar their front gates against a hostile world.

In the two and a half years I have served as HUD secretary, I

have traveled to more than 120 cities, and I have seen similar sights in cities like East St. Louis, and Detroit, and Newark.

It is hard here in Hanover to visualize the conditions that exist today in the centers of our large cities, but we must try. Because however remote the problems of our central-city neighborhoods and their residents may seem to us here, they are inevitably our problems. As the central cities go, so go the suburbs, and so goes the nation.

When our cities decline, they take neighboring areas down with them.

When streets deteriorate into pot-holed obstacle courses, when buildings remain vacant and boarded up and become crack-cocaine hotels and drug marts; when police and fire protection and sanitation becomes over-extended; when schools fail and turn out graduates who cannot even fill out a job-application form; when crime soars in our central cities -- the ability of surrounding metropolitan regions to attract new business and capital investment is undermined.

And deterioration in our cities has a long reach. The pathologies spawned by concentrated urban poverty -- drugs, crime, violence -- inevitably spill over into close-in, older suburbs.

This alarming scenario must not become the story of America's future. It does not have to be; it is not written in stone that urban decline must be America's destiny.

Already, in urban communities across the nation, a different chapter is being written.

- It's being written in Pittsburgh. Thirty years ago, people literally had to change their shirts at mid-day, because of all the soot in the air. Today, Pittsburgh receives awards as one of America's "most livable cities."
- It's being written in Boston. In the late 1960s and early 1970s, Boston's core was dying. Today central Boston is a dynamic, exciting place with vibrant neighborhoods, and a wealth of entertainment and cultural activities.
- It's being written in Cleveland. A generation ago, Cleveland was the butt of late-night TV jokes. The Cuyahoga River was so polluted it caught fire. Today, Cleveland is a thriving business center and home to the third largest number of corporations of any American city.
- It's being written in Baltimore. Baltimore is coming alive. What was once an inaccessible waterway has become the most-visited waterfront project in America -- Inner Harbor -- and the city is reaping the benefits of a tourist boom.
- It's being written in Chicago. In the early 1970s, the Loop was fading. Today, it's a hub of business activity by day and a center of culture by night. People live in downtown Chicago. They work there; they shop there; they play there.

This new chapter in the history of urban America is being written by mayors and city councils, and enlightened, engaged business leaders, and community-based, nonprofit organizations, and church and synagogue congregations, and committed private citizens. Our challenge today is to keep it going. We must not let it be cut

short.

President Clinton understands that we must all come together to write this new, hopeful chapter for our cities and our nation. This is why he has put together an unprecedented National Urban Policy -- a new covenant with America's communities that empowers them to become strong, healthy and whole.

The President has been weaving the elements of the National Urban Policy together since the beginning of his administration. Many of the most important elements are now in place. Let me tell you just briefly how the elements of President Clinton's policy fit together.

- First, President Clinton's National Urban Policy helps people lift themselves by linking central city residents to work.

It rewards work and makes work pay by preserving the expanded Earned Income Tax Credit, increasing the minimum wage and reforming welfare. And it invests in education and training for high-skill, high-wage jobs through Head Start, the Goals 2000 Educate America Act; the School-to-Work Opportunities Act, the direct college loan program, and skills grants for unemployed low-income worker.

- Second, President Clinton's National Urban Policy leverages private investment in our cities.

It brings private capital back to central city communities through community development banks and regulatory reform under the Community Reinvestment Act.

It creates conditions that foster private investment in central city jobs and business development through such initiatives

as the Empowerment Zones and Enterprise Communities program and the Economic Development Administration's revolving loan and grant programs.

- Third, the President's National Urban Policy is truly locally driven. The days of made-in-Washington solutions are over.

The President's National Urban Policy promotes bottom-up collaboration through Empowerment Zones and Enterprise Communities, community policing and university-based centers for economic development. It supports community-based organizations and business development centers.

It puts results ahead of process by giving local communities increased flexibility to use federal resources to meet local needs. Instead of requiring cities to design programs to specifications set in Washington, we're saying: "Bring your community together; reach agreement on a comprehensive plan that truly meets your needs for housing, economic development and transportation, and we'll support you with federal resources. At the end of the day, what we want to see is results."

- Finally, the President's National Urban Policy affirms traditional values.

It requires work and responsibility in return for benefits, by imposing time limits on welfare and providing education benefits in return for National Service.

It requires parents to take financial responsibility for their children through strict child support enforcement and by supporting families through the Family Leave Act.

Help people lift themselves; spur increased private investment in central cities; support local initiatives; reinforce the values that have kept America's communities healthy and safe -- this is what President Clinton's National Urban Policy does. It's a policy that makes sense for America. It is a policy that is right for America.

But the progress we have made, and hopes for continued progress for America's cities and the great metropolitan regions they anchor are in jeopardy today, because of actions taken by the House of Representatives. The House has cut urban programs across the board, and they have cut them deeply.

- The House VA-HUD appropriations bill cuts HUD's resources 27 percent -- from \$26.1 billion this fiscal year to \$19.1 billion in fiscal 1996.
- The House Transportation appropriations bill cuts federal mass transit funding by 44 percent, from \$710 million to \$400 million.
- The House Labor and HHS appropriations bill cuts federal aid to public elementary and secondary schools by \$1.1 billion, reduces Head Start by \$135 million, eliminates the summer jobs program and cuts basic vocational education aid.
- The House Commerce, State and Justice Appropriations Committee cuts the Economic Development Administration jobs programs by \$91 million.

These cuts threaten to undercut what President Clinton has been doing to strengthen America's cities. Their cumulative impact

on urban areas and people who live in urban areas is devastating.

Look at the cumulative impact in just one metropolitan area -- Philadelphia.

In 1996 alone, the Philadelphia metropolitan area stands to lose more than \$200 million in federal funding for education, job training, transportation, housing, health and nutrition, and anti-crime and drug programs. Over the seven years covered by the Republican budget plan, the total loss could reach \$1.5 billion.

Job-training programs would be cut \$3 million in 1996 and \$21.3 million over seven years. The summer jobs program would be entirely eliminated -- a loss of \$5.2 million next year and \$36.7 million over seven years.

Try to visualize what this means for people. Picture a teenager trying to gain a foothold in the workforce, or a low-income wage earner, a young man or woman with a high school diploma, trying to move up to a good job, or a laid-off worker trying to move into a new industry. These cuts will constrict their horizons and wipe out their hopes.

The House actions would cut Head Start funding \$8 million in the Philadelphia area next year, and \$109 million over seven years. This means that by 2002, a total of 3,385 Philadelphia-area children will be dropped from Head Start. Meanwhile, federal elementary and secondary education funds would be cut off for nearly a quarter million Philadelphia-area children over the next seven years.

Imagine a little child, a preschooler who will be shut out of

Head Start because of these cuts. Try to picture the elementary school pupils and high school students whose education will be shortchanged.

Think about the boys and girls who resist the gangs and the quick-buck, easy-money drug culture of the streets and triumph over tremendous odds to finish high school. Think about these young people who accepted the promise that if you work hard and apply yourself you can get ahead in America. Think about them and how, nationwide, there will be 175,000 fewer federal Pell grants for low-income high school graduates because of these cuts. Think about the young people on the streets of Philadelphia whose hopes of going on to Temple University or the University of Pennsylvania will be crushed.

Funds for public housing and housing assistance in the Philadelphia area would be severely cut back. There would \$329 million less for public housing over the next seven years. There would be no new rental vouchers or certificates for families who are still on waiting lists for rental assistance.

Imagine a worker who's trying to make ends meet on a low-paying job in the service industry. They're just barely making it because they're in public housing or privately owned, federally subsidized housing. Imagine what it will be like when these cuts hit home and the rent goes up -- an average \$780 a year, for the average resident making \$6,300 a year. Imagine what it will be like to be a young low-income worker with children who's trying to find affordable rental housing in the private market, and they're

told that there will be no new vouchers or certificates for the first time in 20 years.

Picture a single mother with small children. Her welfare benefits are cut; her Medicaid and Food Stamps are cut. The rent for her apartment in public housing or in a privately owned, subsidized building goes up. She's forced to make choices no one should have to make: How much less can she and her children eat so she can pay the rent and avoid being thrown into the streets?

These cuts are bearing down on our most vulnerable people and their communities with the cumulative impact of a hundred-car freight train, flattening hope and destroying the future.

Imagine what they will mean to average, middle-class people: higher local taxes and fees, as cities try to raise new revenues to make up for cuts in federal welfare spending and for federal funding for hospital emergency room care; higher bus fares and reduced service as local transit authorities try to adjust for lost federal dollars; streets, parks and other public facilities and public spaces that deteriorate as cities cut back on maintenance to pay for other needs.

My friends, this simply does not have to be. It is true we must cut the federal deficit and we must balance the federal budget. But we must not do this at the expense of our cities and the people who live in our cities. That is absolutely the wrong way to cut the deficit and balance the budget, because the bottom line -- devastated cities and destroyed lives, and weaker regional economies -- eventually add to other deficits: education deficits,

social deficits, and eventually fiscal deficits as the bill for shortsightedness comes in.

President Clinton's plan is to balance the budget in 10 years instead of seven and to provide tax relief targeted to families who really need it. The President's budget plan preserves federal resources for America's cities, and the President's National Urban Policy offers real hope for our cities and for our entire nation.

This is the sensible course for our country. It is the smart course. It is the responsible course. Why, then is there so much resistance to it in Congress?

There are three reasons:

- One, because congressional leaders have made an arbitrary decision to balance the budget by 2002, regardless of how much human suffering this may cause;
- Two, because they insist on \$245 billion in tax cuts for the wealthiest people and the largest corporations in America. The House majority leader wants to give people who make more than \$500,000 a year a \$93,000 tax cut; and,
- Three, because they insist on appropriating more money for defense spending than the Pentagon wants. So, to pay for excess weapons systems, they cut summer jobs for urban youths; they cut Head Start, and low-income energy assistance.

The congressional leaders' priorities are clearly different from the President's.

But their opposition springs from a deeper source. It springs from a philosophy which holds that government has virtually no role

to play in our national life beyond limited functions from a simpler era. It springs from a philosophy of the market that erodes the obligations that bind us as a society to each other.

This outlook clashes with the President's just as surely as the House's budget priorities do. President Clinton believes we do have mutual obligations and responsibilities. He believes that when we pledge allegiance to the flag, we are pledging allegiance to the nation and its people -- the most well off among us and the least advantaged.

This great, discordant clash of governmental philosophies is really what lies at the heart of the current debate in Washington over the federal budget. And the time has come for all of us to ask ourselves where we stand.

Do you stand by as the economic lifeblood is drained from whole communities?

Do you stand by as hundreds of thousands of children receive inferior educations in chaotic, underfinanced schools?

Do you stand by as households are convulsed by tears -- torn by the funerals of 16-year-olds killed in drive-by shootings?

Do you stand by as more young people are lost to gangs, drugs and street violence?

Do you stand by, or do you take a stand?

I urge you: Take a stand.

Stand for justice and fairness. Stand for our communities. Stand with and for every man and woman in this country who wants to work and lift themselves and their families to a better life.

Stand with the late Senator Robert F. Kennedy, who 27 years ago, on the night of Martin Luther King's assassination, described his vision of a civil, compassionate society. Standing on a flatbed truck in Indianapolis, Senator Kennedy sought to ease the despair and quell the anger of that moment, and he spoke to Americans' fears for the future with these words. He said:

"What we need in the United States is not division; what we need in the United States is not violence or lawlessness, but love and compassion toward one another, and a feeling of justice towards those who still suffer within our country, whether they be white or they be black.

"So I shall ask you tonight to return home, to say a prayer for the family of Martin Luther King, that's true, but more importantly to say a prayer for our own country, which all of us love -- a prayer for understanding and that compassion of which I spoke.

"We can do well in this country. We will have difficult times. We've had difficult times in the past. We will have difficult times in the future. It is not the end of violence; it is not the end of lawlessness; it is not the end of disorder.

"But the vast majority of white people and the vast majority of black people in this country want to live together, want to improve the quality of our life, and want justice for all

human beings who abide in our land.

"Let us dedicate ourselves to what the Greeks wrote so many years ago: to tame the savageness of man and to make gentle the life of this world.

"Let us dedicate ourselves to that, and say a prayer for our country and our people."

In 1995, let us rededicate ourselves. And let us stand for an America whose greatness resides in its spirit of possibilities and its spirit of justice.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

August 9, 1995

95 AUG 10 4 8: 59

MEMORANDUM FOR: President Bill Clinton

FROM: Henry G. Cisneros

Henry Cisneros

SUBJECT: President's Urban Strategy

At our first Cabinet meeting, you said that if Cabinet Officers ever had an urgent message which we felt you should see that we should put it in a memo and you would review it. Knowing of the immense demands on your attentions I have tried not to abuse that privilege, but I want now to convey to you in the strongest terms that the time is now or never for a Presidential urban strategy.

I am not making a self-serving plea for budget or programs; this is not a call for a HUD urban strategy. I believe it is time for a Presidential strategy which either takes the form of a definable White House effort or which combines the urban initiatives of several Departments in a cohesive way. I am acutely aware of budget and Congressional barriers, but there are overarching reasons why a Presidential initiative is urgent:

1. The cities are hurting badly and the nation will pay the consequences for many years:

The effects of the Congressional budget cuts further erode urban conditions that were already dangerously deteriorated. Economic vitality and jobs have been sapped from city after city. Daily we lose more of our inner city children to drugs, gangs, and guns. We must draw deeply on our experiences and determine the two or three most important things that can make a difference. I have outlined some suggestions herein.

2. We are about to be flanked by the Speaker:

As hard as it may be to believe in light of the unconscionable House cuts, Speaker Gingrich, on the sheer strength of rhetorical flourish, publicity gymnastics, and the energy to start a dialogue with unlikely activists, is working to end run our agenda. What he has done in the District of Columbia is a foretaste of what he can do nationally and is in fact preparing to do.

His think tank, the Progress and Freedom Foundation, is now meeting with Democratic Mayors concerning a Contract with America's Cities. It will have attractive ideas and could capture the high ground of the public's imagination even as his Congressional allies decimate urban programs.

3. We are running out of time:

The 1997 budget you will prepare this Fall is the last one this term in which you can offer a credible urban package.

4. There is always room in the budget for Presidential priorities of reasonable size:

If you decide early in the budget process that an urban program is needed, it will be a factor throughout the entire budget process instead of an afterthought that cannot be accommodated because it would push out other spending late in the game.

5. We do not have enough to stand on in the cities:

Empowerment Zones in 12 cities are simply not a broad enough program to stand on. We have to have something cooking that is more broadly based and hopeful to more cities.

6. We can be caught flat-footed by the violent outbreaks which will stem from the anger in the cities:

There have been three contained outbreaks of civil unrest in recent weeks - Indianapolis, Coconut Grove outside Miami, and Los Angeles (see attached descriptions and a column from the Boston Globe.) Many local leaders are worried that it won't take much to set off wider disturbances. We do not want to be caught flat-footed if civil unrest occurs, which increasing numbers of local leaders feel is inevitable.

Mr. President, for all of these reasons I recommend that you consider one or a combination of the following kinds of urban initiatives as a centerpiece of the 1997 budget, with an announcement as soon as possible that you intend to do it. The central theme of these suggestions is that they expand economic opportunities for residents of distressed communities and put people to work:

A. Building Competitive Cities: Connecting People to Work

1. Draw private investment to the cities by lowering the business tax burden:

The challenge is to get the capital markets to respond to the cities. A commercial revitalization tax credit for distressed communities would replicate the success of the low-income housing tax credits. Tax credits could spur private investment to generate jobs as well as provide needed community amenities, such as neighborhood shopping districts.

One approach would be to pursue a second round of empowerment zones matched to tax strategies, such as:

- capital gains relief to businesses that reinvest gains in an EZ business asset;
- a portable tax credit, allowing businesses outside the zones credit for hiring residents who live in these communities; and
- a welfare-to-work credit for businesses who hire EZ residents who currently receive AFDC benefits.

The Vice President's involved leadership on the first round of zones has spurred an unprecedented level of community organization and strategic planning. The zones are proving their ability to leverage substantial private capital. (Lead Agency: Treasury)

OR

2. Prime the pump with smart public investment:

The most flexible and successful tools available to local officials for local economic development are HUD's Section 108 and Economic Development Initiative. In FY 1995 alone, the combination of these two programs has helped 70 communities create or retain over 70,000 jobs. The assistance has leveraged billions in public and private investment and has supported such key efforts as the creation of small business revolving funds and the location of inner-city supermarkets. The Mayors describe it as the most effective federal money to use for local economic development, though Commerce's EDA funds are also very effective.

The House Appropriations bill drastically curtails these programs, reducing the limitation on Section 108 loan guarantees from \$2.05 billion to \$1 billion and eliminating the \$350 million Economic Development Initiative completely. These were the kind of funds used to make possible the Los Angeles CD bank. A wide variety of local job generation strategies can be built on expansion of these programs. (Lead Agencies: HUD and Commerce)

OR

3. Spur Community Development Banks modeled on the Los Angeles Community Development Bank:

This initiative deals with a critical linkage connecting people to work -- increasing access to job-creating debt capital in the inner city through the creation of CD banks. It builds upon a successful model pioneered in Los Angeles by Mayor Riordan. Vice President Gore has called the Los Angeles community development bank "a model of innovation and creativity for the rest of the nation." If the CDFI appropriation remains mired (it was reduced to \$50 million as a result of the FY 1995 rescissions bill and receives no funding in the FY 1996 appropriations bill) it should be remembered that the Los Angeles bank was the result of HUD's Economic Development Initiative and Section 108 programs. They can be a vehicle for putting some banks in place now. (Lead Agency: Treasury and HUD)

OR

4. Reclaim environmentally unsafe central city land and provide training and jobs in clean-up and redevelopment:

One of the most challenging problems facing cities is the clean-up and clearance of old industrial sites that in their existing condition are barriers to redevelopment. Contaminated land represents more than 40 percent of Cleveland, more than 20 square miles of Philadelphia, and thousands of acres of Detroit.

Cities need land that is cleared and free of environmental hazards before they can begin to make businesses or housing strategies work. Capital grants to clean-up "brownfields" can be matched to training funds to employ central city residents in environmental clean-up activities. Available land and ready capital will form a powerful combination to help cities exploit their competitive economic advantages and attract back middle-income homeowners. The scale of this effort should be to clear sites of hundreds of acres so that large scale business developments and subdivisions of up to a

thousand homes for homeownership can be built. (Lead Agencies: EPA and Labor).

OR

5. Expand the Bridges-to-Work Demonstration to a National Scale:

"As I try to show in my own work, decades of poverty concentration and job suburbanization have isolated the poor residents of many inner cities from the areas of greatest employment opportunity in their metropolitan regions. While efforts to reduce poverty concentration and to reverse job suburbanization remain important national priorities (e.g. fair housing enforcement and empowerment zones, respectively), Bridges-to-Work would test a third and complementary approach: directly connecting inner city residents to job opportunities outside their local communities." (William Julius Wilson, in letter to Secretary Cisneros, June 15, 1995.)

The Bridges-to-Work demonstration (BtW) is an exciting initiative that directly connects inner-city residents to job opportunities outside their local communities. Five national foundations (Ford, Rockefeller, MacArthur, Casey and Pew) are supporting Public/Private Ventures (PP/V) to design this 8-site national demonstration. During the course of two years of intensive development work, PP/V has assembled an impressive set of eight potential sites including metropolitan Chicago, Philadelphia, St. Louis, Baltimore, Denver, Milwaukee, St. Paul and Newark. These eight partner sites have formed planning collaboratives representing interests from throughout their regions and have developed detailed Bridges-to-Work projects that are ready to be implemented.

William Julius Wilson calls Bridges-to-Work the "single most important anti-poverty R+D initiative underway in the Administration." FY 1997 is the time to expand Bridges-to-Work to a national scale by providing modest federal planning grants to metropolitan planning collaboratives across the country, enabling them to replicate the accomplishments of the demonstration sites. (Lead Agency: Labor)

B. Express Our Commitment to our Children and Youth

1. Create a Network of "Empowerment Schools" and "Fresh Start Academies"

Despite all our current efforts, we stand in jeopardy of losing a large proportion of inner-city youth to the streets. The statistics are grim and unrelenting. Drop-out rates in inner-city high schools typically approach 50 percent. One-half of all African-American male school dropouts under age 25 are now under criminal justice supervision. The employment rate of such dropouts is less than 40 percent.

If any urban strategy is to be successful, we need to address these problems head-on, building upon the lessons of the efforts to date. Two ideas have emerged which, I believe, hold great promise.

The first is to create a network of "empowerment schools" that would stimulate community-wide collaborations and comprehensive strategies for supporting parents, children and youth. As in the successful empowerment zones, communities (including private business) would be challenged to offer integrated solutions that cross agencies and disciplines. Communities would be given the latitude and flexibility to combine existing programs as well as compete for new funding. The possibilities for marrying what are now disparate and unconnected federal funding streams -- public housing, Head Start, school-to-work, summer jobs -- are endless.

The second idea, which is complementary, is to offer a fresh start to troubled youth by providing them with disciplined, structured environments. One approach is to support a network of "Fresh Start Academies" that could offer four years of quality education and vocational training in an environment of character-building discipline. Graduates could be guaranteed college scholarships. There is great potential for the use of retired military personnel in such an effort. (Lead Agency: Education)

C. Linking the Cities to the Momentum of the Information Age

1. Convert public housing complexes to campuses for learners:

Public housing complexes can be restructured as learning campuses, as universities for the residents, as homes to communities of learners. The housing units become dormitories which support the classrooms and computer rooms nearby for residents of all ages - developmental day care for children, public schools adjacent to the campus for youth, training and college curricula for adults, and self-improvement classes for seniors.

Classes are held everyday on-campus, given by faculty who commute there or live there.

Every residential apartment can be wired to offer the computer connections necessary to make self-paced learning possible at all hours. The information highway need not bypass distressed neighborhoods or poor people.

The psychological difference between public housing as it is and this concept of communities of learners is that, like at a university, residents at the "learning campus" is not viewed as permanent but for as long as the educational program takes. The ever-present expectation is self-improvement and the quest for eventual self-sufficiency. For all but seniors, residential tenure is limited to no more than four years, consistent with the duration of the curriculum. (Lead Agency: HUD)

OR

2. Seed inner cities with a network of "electronic villages":

In the same way that the interstate highway system bypassed poor and disadvantaged communities accelerating their economic and social decline, the information superhighway could bypass and further isolate distressed communities and their residents from the social and economic mainstream.

The theory behind this initiative is that by providing residents of lower income neighborhoods with the primary tools of access to today's information economy, barriers will fall and positive economic results will begin to accrue. This initiative will help fund a network of learning-oriented inner-city neighborhood centers which connect residents, businesses, service providers, and government in a community network. It would build upon and expand FHA's current initiative in the Edgewood community in NE Washington, and upon efforts to train residents in computer literacy and create resident-owned businesses based upon computer technology. Tremendous economic gains would result, for example, by amending CRA to give leaders CRA credit for subcontracting a small fraction of their back-office data processing operations to resident-owned firms.

Pushing the envelope on electronic villages and the broader concept of electronic community development would require the close coordination of HUD, Commerce, Education and Labor -- each of which is experimenting with how to bring the benefits of 21st century technology to inner cities. This initiative builds on the Vice-President's interests in the information super highway and is a win-win initiative for all concerned. (Lead Agencies: Labor, Education, Commerce, HUD)

CONCLUSION

Mr. President, it is obvious that government alone cannot solve the problem of the cities. We will change the course of inner city life only if the nation commits both private and public energies, talent and resources. Churches, family, involved adults, volunteerism, boys and girls clubs - these are the real means for reweaving the social fabric in our distressed communities.

This issue offers you an opportunity to have a sober conversation with the nation on the American future and potential. It places you in a position above party and above individual gain. You are at your best - national service, the Memphis speech, the Affirmative Action decisions - when you lift the national dialogue to a higher, even spiritual, level where you encourage and exhort individuals and communities to fulfill a higher purpose.

Again, I am not advocating for any one of these proposals individually so much as making the case that you and the nation need an urban message. I would like to back-up this case with the opportunity to speak to you and expand upon the urgency of the nation's urban condition.

Indianapolis, Indiana

A protest against alleged police brutality turned into a four square block "mini-riot" as termed by Indianapolis, Indiana Mayor Stephen Goldsmith on July 26, 1995. The incident involved approximately 90-100 protestors and more than 100 police. Twelve people were arrested on this first night of problems and eleven people were injured including one police officer and a television cameraman. At least a dozen police cars were damaged by rocks and bottles.

The incident stemmed from arrest by a white Indianapolis Police Department (IPD) Sergeant of a black individual as a part of a narcotics investigation. The Subject sustained injuries some of which were alleged to have been inflicted by the police officer during the arrest. According to the Police Sergeant, the Subject ran from police and was later located and arrested. The Subject allegedly ran again and was then knocked to the ground by the officer. The Subject was charged with resisting and fleeing arrest. After being released, the subject was joined by several neighborhood residents in an "informal protest" regarding his arrest outside the Northside District station of the Indianapolis Police Department. As a disturbance developed, IPD called in available officers to manage the disturbance. Over a three hour period, approximately 100 police officers used tear gas, K-9 units, and armored riot vehicles to disperse the crowd.

On the following day, July 28, 1995, another disturbance occurred in the same vicinity resulting in the looting of a drug store and the attempted looting of a pawn shop. This rally began as a protest of IPD's handling of the recent arrest and the previous night's confrontation with protestors. At least 100 police officers used tear gas and arrested 27 people for disorderly and other unlawful behavior. Approximately two to three dozen cars were attacked with stones, bricks, and glass bottles.

Police agencies involved include IPD, Marion County Sheriff's Department, and the Indiana State Police.

Indianapolis Police Chief James Toler has ordered an internal investigation into allegations the IPD officer beat the Subject while handcuffed. Toler also requested a separate U.S. Justice Department investigation. No problems have occurred in the following days since the two consecutive nights of disturbances noted above.

The disturbances did not involve Public Housing property or occur in close proximity to such property. The neighborhood involved is the near North side of Indianapolis, and economically poor neighborhood. Residents of this neighborhood have recently requested additional police help to combat drug trafficking problems.

Coconut Grove, Florida

On the night of July 27, 1995, in Coconut Grove, Florida, police responded at 10:15 p.m. to a large crowd gathered for a block party at Douglas Road and Day Avenue. The police told the Disc Jockey he needed a permit for the party which was broken up. Dozens of young people, as a group, began breaking windows, setting fires, attacking motorists and flipping dumpsters. One hour later white police officers arrested two black robbery suspects in the 3500 block of Day Avenue and at that time, two blocks away, the first rocks and bottles were thrown.

In Coconut Grove on July 18, 1995, a white police officer stopped Torrey Jacobs, a black male, for questioning. Jacobs was wearing a ski mask and had a replica pistol. Jacobs tried to flee and dropped the replica pistol. When Jacobs tried to pick up the replica pistol the police officer shot and killed him. The individuals in the disturbance on July 27, 1995, were wearing pillow cases and t-shirts over their faces with the eyes cut out, similar to what Jacobs was wearing.

That was the second disturbance in Coconut grove since May 1995 when white police officers arrested 17 year old Jimmy Tucker, a black male, on charges that he threw a rock through the window of a car. Witnesses claimed the police roughed up Tucker and people took to the streets to protest. That disturbance was larger than the one on July 27, 1995.

The residents have requested police sweeps of drug dealers and a police substation at the corner of Douglas and Grand. There is a history of drug activity in this area of Coconut Grove based on conversations with Metro Dade Police Department. These incidents occurred near public housing developments.

Los Angeles, CA

On Saturday, July 29, 1995, two uniformed Los Angeles Police, assigned to "gang" investigations, responded to a call in the Lincoln Heights area, and spotted Antonio Gutierrez, 14, crossing the street with a pistol. When officers confronted the youth, at Eastlake Avenue and George Street in the Lincoln Heights area of Los Angeles, he allegedly turned his weapon upon the officers. Before the youth had an opportunity to fire, the officers fired, killing the youth. Allegedly, officers recovered a TEC-9, (9mm semiautomatic pistol) from the body. Friends of Gutierrez, who witnessed the shooting, contend that he was carrying a flashlight, or was in fact carrying the weapon but tossed it away when confronted by the officers. Within an hour of the incident, a crowd, demanding "justice", gathered and became unruly.

Approximately 100 officers were called in to control the crowd, with three men subsequently being arrested. There were no subsequent injuries.

On Sunday, July 30, friends of Gutierrez confronted police to show that they believed the shooting incident was wrong. Police and Gutierrez's friends reached an agreement in order that a "carwash" could be held in order to raise funds for his funeral. However, at about 5 p.m., police returned after local motorists complained that youths were disrupting traffic and throwing rocks at passing cars. Police responded and arrested about 10 teenagers who were sitting on curbs awaiting transport when a crowd began to grow. The crowd became unruly, throwing bottles and setting fires while shouting at police.

Approximately 100 officers were dispatched to the area and began to chase down protesters, who kept running into local stores and returning to throw bottles. A total of about 25 people were arrested on assault and disturbing the peace charges.

The area of disturbance was North Broadway Street and Eastlake Avenue. None of the locations of the violence are in or close to any public housing development.

Los Angeles Police are investigating the incidents, including the shooting of Antonio Gutierrez.

Program-gutting Congress tosses fuel on inner-city fires

DERRICK Z. JACKSON

The smoke of rage was all too visible last week. Three cities had disturbances. All started with a charge of police brutality.

In Indianapolis, 39 people were arrested in two nights of unrest. At one point, police fired tear gas into a crowd to stop some minor looting. The trouble began, witnesses said, after a handcuffed Danny Sales, 21, an African-American, was knocked to the ground and had a racial epithet shouted at him by a white narcotics officer as he was being dragged into custody. Sales was charged with resisting and fleeing arrest.

In the Coconut Grove section of Miami, a band of about 30 youths wearing pillowcases over their heads threw rocks and bottles at cars. There were no arrests or major injuries. The incident came a week and a half after Torrey Dovan Jacobs, 17, was shot and killed by police. Police said Jacobs ran when he was approached by an officer, who said Jacobs was acting suspiciously. Jacobs

dropped a chrome-plated object.

When Jacobs tried to pick it up, Officer Chris Griffin opened fire. Jacobs was fatally wounded in the chest. The object was a cigarette lighter shaped like a gun. Police said Jacobs wore a ski mask and carried marijuana. Neighbors described him as a church-going junior deacon. At a candlelight vigil for Jacobs, Rev. Willie Sims, assistant director of the Metro-Dade office of black affairs, said he saw young men crying and fainting.

"They're hurt," Rev. Sims said. "I've never seen young men act like that before. I perceive a sense of hopelessness that's starting to build."

In Los Angeles, youths and young adults threw bottles for two nights in Lincoln Heights. The disturbance was triggered by the fatal police shooting of 14-year-old Antonio Gutierrez. The police said they fired six shots at Gutierrez when the boy pointed a gun at them. Police said they recovered a Tec-9 semiautomatic pistol at the scene.

Gutierrez, according to an 18-year-old friend, had earlier agreed to carry the Tec-9 to another teen-ager. "He didn't even know how to use it," the teen said. "Yet."

But the friend said Gutierrez threw away the gun when he saw police. At the moment of the shooting, friends and relatives said Gutierrez was only carrying a flashlight.

"The police should be around to protect us, not to shoot us," said resident Mario Sanchez, 21. "They're always pointing guns at

With this gasoline, the only question is which city will be lit up next.

us. They want this kind of thing to happen."

Julie Noriega, 23, said, "It takes one shot in the leg, maybe two shots, to get a little boy down. It doesn't take nine shots.... They didn't even say 'Freeze.'"

It is hard to say "Freeze" when the streets are hot. These are the streets created by two decades of noninvestment and being squashed even further by an education-cutting, social-program-gutting Republican majority and a go-along White House. While

the white youth unemployment rate is 17.1 percent, African-American youth unemployment is the same as it was when Martin Luther King was marching: about 40 percent. The Latino youth unemployment rate is 27.5 percent.

Then add the illegal drug trade, which the United States has never seriously tried to stop. Then add guns, which, thanks to our gun-loving popular culture, flood our streets. With this gasoline, the only question to ponder is which city will be lit up next.

Since most education and job proposals in peaceful political channels have been rejected as too costly, the discouraged appear to be desperate enough to once again risk their lives in costly, attention-seeking behavior. Anyone will tell you that the daily riot of black folks killing black folks claims far more lives than the cops do. But rebellions against police brutality remain important to the restless because they are the only time the white world asks why they are so restless.

No one wants to see a rebellion. They do not do much to beautify the neighborhood. But neither does the inner city deserve the assault on its aspirations by our politics and

economy. For young people to be so thoughtless as to provoke police fire by reaching for objects of any kind indicates the ultimate hopelessness of having nothing to lose.

In Miami, Police Chief Donald Warshaw tried to downplay the connection of the bottle-throwing to the Jacobs shooting. "They probably did it because they had nothing better to do," he said. That is precisely the problem. Miami social worker Sylvia Jordan, who may face cuts for her federally funded crime prevention program, said, "Kids here feel pretty shafted."

The smoke is rising up the shaft. The kids of the inner city cry for water. They get only gasoline. The only time the nation pays attention to them is when there is a fire. Three separate disturbances, all within a week, ought to tell you that they are tired of being ignored. Think about it. They were nice this time. They threw only bottles and rocks. They did not spray passing motorists with a Tec-9. Yet.

Derrick Z. Jackson is a Globe columnist.

THE WHITE HOUSE
WASHINGTON

95 AUG 15 P12:23

August 15, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA TYSON *LAURA TYSON*

RE: MEMO ON URBAN STRATEGY FROM STRATEGY HENRY CISNEROS

In the attached memo, Secretary Cisneros argues that now is the time for a Presidential urban strategy. He then goes on to suggest a number of initiatives that could comprise such a strategy.

Although the Secretary's arguments are compelling, his suggested course of action needs further thought for a number of reasons:

1. We just issued an urban report to the Congress outlining the vision and policies that comprise our urban strategy. This report was based on four basic principles advocated by the Secretary, including the principles of empowerment and economic growth.
2. Many of the policies suggested by the Secretary, including community development banks and HUD's Section 108 and Economic Redevelopment Initiative, have already been proposed by the administration in its balanced budget plan. It would be an inappropriate time to request additional funding for FY 1996.
3. Some of the policies suggested by the Secretary, such as tax changes to encourage private investment in urban areas and expansion of the bridges-to-work demonstration project, would require both new policies and new monies and are more appropriate for consideration for possible inclusion in our FY 1997 budget proposal.

It seems to me, and to others at the NEC who have worked with Secretary Cisneros on our urban strategy during the past year, that at this point in time he may be most concerned that urban issues are not getting the priority they deserve in our 1996 budget tactics and message process. Certainly, most if not all of the NEC core economic team believes, as the Secretary does, that our urban problems are severe and that our urban strategy of empowerment and economic development is a new democratic approach we can be proud of. But some of your political advisers are worried that emphasizing urban

problems may raise the specter of traditional liberal approaches that focus on redistribution between rich and poor, black and white, urban and suburban communities. In addition, our message strategy on the budget revolves mostly around Medicare, education, taxes and the environment. Some might feel adding urban problems as another priority at this point in time could confuse the message.

The NEC message team led by Erskine Bowles and myself, working through Gene Sperling, is however designing a plan to demonstrate the stake that metropolitan areas do have in this fall's debate on the budget. Please advise us if you want us to emphasize urban issues more in our current budget strategy.

We could also focus on executive action and Presidential leadership to implement what we have the authority to do, including the empowerment actions proposed in your affirmative action speech. If you are interested, the NEC, working with the Vice President, could also establish an interagency group to begin to analyze the new urban policy proposals suggested by Secretary Cisneros in the attached memo.

Finally, if you are interested, you could consider the degree that key urban investments should be given higher priority in negotiating a final budget deal.

Please let me know how you would like to proceed to address the urban policy proposals suggested by Secretary Cisneros in the attached memo.

THE PRESIDENT HAS SEEN

8-18-95

THE WHITE HOUSE

WASHINGTON

August 15, 1995

95 AUG 15 AID: 53

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA D'ANDREA TYSON *Laura D. Tyson*

SUBJECT: STATUS OF THE NORTH AMERICAN DEVELOPMENT BANK

The attached memorandum from Secretary Rubin responds to your recent request for an update on the status of the North American Development Bank (NADBank). In particular, you wanted to know about efforts underway to implement NADBank's U.S. Community Adjustment and Investment Program. These efforts are described in Secretary Rubin's memo.

Please let me know if there additional questions you would like us to pursue.

Attachment

Enghin
We need to get
back to the members
of the Argentine Council
on this day tomorrow!
it's a big deal to them



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

MEMORANDUM FOR THE PRESIDENT

THRU: LAURA TYSON
NATIONAL ECONOMIC ADVISOR TO THE PRESIDENT

FROM: Robert E. Rubin R.E.R.

SUBJECT: Status of the North American Development Bank (NADBank)
Community Adjustment and Investment Program

NADBank's U.S. Community Adjustment and Investment Program will be up and running this fall. This note provides a brief overview of the Program, and outlines the remaining steps necessary before it is underway. I will make sure that we move this process forward as expeditiously as possible.

Background

As you know, negotiation of the North American Free Trade Agreement resulted in a side agreement creating the NADBank. One of NADBank's functions is to provide financing nationwide for community adjustment and investment projects endorsed by the United States Government and which support NAFTA's purposes.

✓ The NADBank will have a separate branch office in Los Angeles that will be dedicated to assisting the U.S. in carrying out the Community Adjustment and Investment Program. The Program will draw on up to 10 percent of the U.S. capital in the NADBank (10 percent of the U.S. paid-in capital is \$22.5 million) to accomplish its mission. The U.S. paid-in capital will be used to cover the subsidy cost of federal loan guarantees administered by potential federal partners including the Small Business Administration's Section 7(a) Loan Guarantee Program, and the Department of Agriculture's Business and Industrial Loan Guarantee Program. That capital should support approximately \$200-500 million in federal loans.

A Presidential Advisory Committee of non-government individuals has also been established in support of the Program. The Advisory Committee will provide advice on lending guidelines, identify areas for needed investment and adjustment, and review the Program's operations generally. In addition, Congress has appropriated \$1.6 million to a consortium representing UCLA's School of Public Policy and Social Research, the National Council of La Raza, the Southwest Voters Research Institute, and a community development corporation (the Consortium). The Consortium will conduct research, perform evaluation, and provide technical assistance to those who may undergo adjustment as a result of the NAFTA.

In May 1994 an Executive Order delegated responsibilities for the Community Adjustment and Investment Program to an interagency Finance Committee consisting of USDA, HUD, and SBA, and chaired by Treasury. Treasury is therefore responsible for leading the U.S. Government's effort in establishing the Program.

Current Status of the Community Adjustment and Investment Program

Treasury, on behalf of the Finance Committee, has completed much of the groundwork for establishment of the Program. This has included drafting the Memorandum of Understanding governing funding and other relationships among NADBank headquarters in San Antonio, the Los Angeles office, and the Finance Committee, drafting required documents for compliance with the Federal Advisory Committee Act, evaluation of potential office space, consideration of mechanisms for selection of a Program Office Director, and participation in the drafting of guidelines for Program lending. Treasury has worked with Congressional staff and Consortium members throughout this process. Treasury has also had extensive contacts with USDA and SBA officials to discuss Program lending through their own loan guarantee programs.

The Advisory Committee is nearly in place. The President has appointed eight of the Committee's nine members. The ninth member should be announced within a week.

The remaining steps necessary to get the Community Adjustment and Investment Program up and running should all take place over the next few weeks, as follows:

- **Approval of Funding:** The NADBank is expected to meet to approve the MOU on August 14, 1995. The Finance Committee should meet on August 16 to ratify the MOU.
- **Establishment of an Office:** Once the MOU is approved, the Finance Committee, under Treasury's leadership, can select an office site for the Program for recommendation to NADBank. This should be done within 6 weeks.
- **Selection of a Program Office Director:** Approval of the MOU will also allow the Finance Committee to advertise in The Los Angeles Times and certain community banking trade papers for applicants for the Program Office Director position. We anticipate a rapid interview and selection process, and hope to recommend a candidate to NADBank management within 6 weeks.

The Program should be able to move rapidly into operation once the Office Director has been selected. The Consortium will meet in Los Angeles on August 14 and 15 to lay its work plans. Treasury will participate by conference call. The Advisory Committee should hold its first meeting this autumn. The Program should be up and running at that point.

cc: Erskine Bowles

Merrill Lynch

THE PRESIDENT HAS SEEN

8-18-95

Telecom Services

Their Time Has Come: Upgrading RBOCs/GTE on Brightening Legislative Outlook

18 July 1995

INVESTMENT HIGHLIGHTS:

- We are upgrading our ratings on the shares of the seven RBOCs and GTE (and downgrading our intermediate term rating on AT&T [T, A-3-2-7, \$54 3/8] from above average to neutral — see separate note) as a result of a significant increase in the likelihood of decidedly pro-RBOC Federal telecom legislation. (See Table 1 for opinion changes.)
- With significant momentum toward a very deregulatory bill, we believe RBOC/GTE shares will trade up 10-15% over the next 6 months as the bill progresses through the House, Conference Committee and the President's desk. We also believe a sustainable upward revaluation of the group is possible as sooner-than-expected opportunities in the long distance market, price caps, delayed intra-LATA toll risks and thus better-than-expected growth prospects and declining risks gain recognition and acceptance among investors.
- We believe there is a 70% chance of passage of legislation during the current Congress (1995-96). On the 30% chance that legislation fails this year, we believe prospects are extremely high for an even more pro-RBOC bill early in 1997, especially if the Republicans maintain majorities in both Houses. Thus, we have concluded that the vast majority of possible outcomes will be positive for RBOC/GTE shares and negative for those of facilities-based long distance companies.
- We are raising our group average 5-year growth forecasts for EPS to 9-10% (from 6-7%) and dividends to 5% (from 0-3%) despite some dilution from LD startup costs based upon our new 10 year "simultaneous entry" model (see accompanying report for assumptions, etc). Gains in LD will fuel sufficient growth to eliminate the "dividend straight jacket" problem, freeing management to re-accelerate dividend growth after 4 years of stagnation.
- Our 12-month price objectives reflect a group average P/E set at a modest 3% discount to the 1996 S&P 500 multiple — achievable, we believe, given the group's potential for above-market EPS growth, dividend yields (currently 5.2%) twice the market's, dividend growth of 4-6%/yr assuming 60% payout by 2000 and less cyclicality than the overall market. Similarly justifying a market multiple or slightly better, our theoretical total return (dividend-growth-plus-yield) calculations now suggest return potential in the range of 11% (6% growth + 5% yield) — substantially above our previous calculations (which assumed a greater delay for LD entry) and substantially above the market's 10% range and the 30-year Treasury Bond's current 6.6% yield.

WHAT HAS CHANGED?

We have long argued that competitive risks were under-recognized in the shares of the RBOCs and GTE. However, one of our core assumptions — the sequencing of local competition BEFORE RBOC entry into LD — needs to be turned upside down as a result of recent and pending activity in Congress. More specifically, we envision the following:

1. **High Probability of Legislation With Simultaneous Entry:** In contrast to our earlier expectations, it now appears that Federal telecom legislation has a very high (we estimate 70%) chance of passage this year and that very little competitive inroads into the local market will be required as a precondition for RBOC entry into long distance — i.e., it now appears the final legislation will be much closer to simultaneous rather than sequential entry, the former allowing RBOC entry into LD BEFORE a good degree of local competition has developed in any given local area. The Senate bill already fits the

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435200/435197/435100/435000

BC - Ray Marshall gave me this - He strongly opposes telecom bill & is quite knowledgeable about it w/ AT&T

RBOCs will suffer from lower entry costs & more competition

will achieve simultaneous entry under new & Sen. bills

simultaneous entry definition as it has neither an actual competitor nor antitrust test, just an open interconnection checklist.

2. **Deletion of Key Phrase ("Comparable Price, Features and Scope") May Be Imminent in House:** In the House, we understand the move from sequential to simultaneous entry is imminent and will be reflected in the deletion of a requirement that RBOC entry into long distance be delayed until an RBOC faces an actual competitor offering service "comparable in price, features and scope" to that offered by the RBOC.
3. **Leading to Our New Estimate of Two Years Until RBOC Entry vs Our Prior 4-5 Year Prognosis:** The absence of the "comparable price, features and scope" test in a final bill would mean RBOC entry into long distance would occur as soon as 2 years from now — or as soon as the checklist can be met. This contrasts with our prior view that legislation, when and if passed, would include an actual competition precondition strong enough to delay (including in court) RBOC entry for at least four to five years.
4. **Which Means Faster Entry and Bigger Benefits in LD Market:** Given this legislative scenario and despite a likely one and one half to three year separate subsidiary requirement, we now believe the RBOCs will get higher margin and earlier share gains in the long distance market than we had previously anticipated. GTE, incidentally, would be freed from the separate subsidiary rule and thus could benefit from joint marketing and bundling of LD and local services.
5. **Legislation Also Will Replace ROR (rate of return regulation) with Price Caps, Boosting EPS Prospects:** Price caps (regulatory scheme whereby prices, not profits are regulated) allow the gains from long distance and any productivity gains to flow 100% to the bottom line. Thus, even though the RBOCs' share losses to competitors will continue to weigh in as negatives, our models suggest earlier entry into long distance combined with price caps and delayed intra-LATA toll competition (see below) will easily outweigh those losses and lead to improved EPS and dividend growth.
6. **Defensiveness and Laggard Performance Are An Added Attraction:** The RBOCs have outperformed the market in the six months prior to 5 of the past 8 recessions, suggesting the local telephone business is more recession-resistant than the overall market. And the group has under performed the S&P 500 index by 21 percentage points (up an average of 2.6% vs 23.6% for the S&P) over the past 12 months and 22.5 pct. points (up 5.1% vs S&P's 27.6% over the past 2 1/4 years). Without LD entry over the near term, the RBOCs had looked like protracted share losers and thus not safe hiding places. If our legislative outlook is correct, investors in RBOC/GTE shares could benefit from defensiveness in a slowing economy and/or peaking stock market while also participating in the offensive, accelerating growth generated by entry into the LD market.

ADDITIONAL CONSIDERATIONS:

- **Economics of RBOC provision of long distance are terrific and share gains should be rapid:** We believe EBITDA margins of 45-50% can be earned on net (of access) revenues and that incremental capital investments will be minuscule. Indeed, we believe entry into LD is less capital intensive, less time intensive and less risky than almost any other new market opportunity facing the RBOCs. This is because they have significant "starting gate" advantages including an existing customer base that accounts for over 95% — perhaps as high as 99% — of the long distance market.
- **We have assumed in our models that each RBOC gains 10-12% share of the LD market in the first year (1998 in our models), another 6% in 1999, 5% in 2000 and tapering off to 1% share gain in 2004 such that 33% share has been achieved by 2004.** (In just the past year, SNET has captured 10% of the Connecticut customer base.) At the same time, we have assumed the RBOCs/GTE lose local market share beginning in 1998 and accumulating from 3% of addressable homes/businesses in 1998 to 20% (residential) and 25% (business) by 2004.
- **In addition, the RBOCs will benefit from the fact that in-region calls can be carried over a pre-existing network with minor software and billing system upgrades (and thus low, if any, incremental cost) and delivery of calls to out-of-region destinations can be accomplished via volume purchases of capacity from the four major LD networks at discounted rates — discounts that we expect to grow over time as**

(Continued)

will no longer require "comparable price" test
RBOCs in LD w/ i 2 yrs.
GTE could get it much earlier
LD services

w/ cap legis 100% of profit & gains will flow to the bottom line
will hold loc. mkt share - gain rapid ahead of LD

Earnings of 45-50% expected on revenues
10-12% of LD
1-2% of yr.
35-40 by 2004
in-region calls over existing networks marginal calls.

LD easy to enter - ex RBOC with force at least 3 facilities needed LD
LD to face only 1 facilities based local co.
RBOCs in have enormous power - grant - discount

RBOC LD share and thus negotiating leverage grows. After all, with LD share of as little as 5%, each RBOC will be by far the largest customer of the long distance industry in any given metropolitan area.

- RBOCs can ensure simultaneity by delaying each checklist item until all items are ready and also will be able to target checklist implementation to geographic areas offering highest LD potential. There appears to be nothing in any of the pending bills that prevents an RBOC from choosing which areas are implemented first nor is there any provision that prevents an RBOC from, say, delaying local loop unbundling until number portability is ready. In effect, the rules of the game give the RBOCs control over the timing and geography of competitive entry while at the same time giving them the incentive to meet the full checklist as soon as possible in those areas offering an attractive LD opportunity.
- Faster elimination of ROR regulation and replacement with price caps will lead to better cost control and higher earnings. Key here are provisions in both the Senate and (pending) House bills that would provide for the replacement of current state-level regulatory rules (the majority of which put limits on telephone companies' rates of returns and thus net income) with price-regulatory plans that limit prices but not net income. We believe the continuation of 4-5% annual productivity gains is achievable with 100% flow-through to net income rather than the 50% or less that flows under most incentive regulation plans now in effect.

- Delayed risk of market share loss in intra-LATA toll (short haul or medium distance calls) market. Key here are provisions in both the Senate and House bills that, with the exception of 18 grandfathered states comprising 20% of the intra-LATA toll market, would forestall the implementation of dialing parity rules until an RBOC has been given approval to provide LD.

- RBOC mergers will be incented, further enhancing earnings growth. Two factors will eventually drive several RBOCs to merge, in our view. One is price cap regulation which allows (and thus incents) merger synergies to flow to the bottom line untouched. Second is the fact that mergers will create a larger region with a larger percentage of long distance calls terminating in-region (i.e., on-network) with payments to long distance carriers for off-net delivery shrinking substantially. At some point (we have predicted the year 2000 in previous reports), enough RBOCs will have merged that an extension overseas becomes logical perhaps via a merger with British Telecom and its partner, MCI (MCIC, B-3-2-7, \$21 5/8).

- Broadband video capital investments could be cut, enhancing prospects for cash flows, EPS, dividends, stock buybacks. With very high returns and growth available in LD and thus less fear of their business shrinking, RBOC managements may be more willing to slow-roll broadband video investments. We believe investors would react quite positively as capital expenditures could decrease (we roughly estimate around 25% or \$750 million annually) thereby lowering depreciation charges and freeing cash for dividends and/or stock buybacks. In addition, multiples could rise as investors' risk perception would decline since less of a bet would be placed on new technology and on the emergence of consumer demand for new multimedia services. Indeed, our ten-year discounted cash flow analyses conclude that the RBOCs' broadband investments yield less than a breakeven result (i.e., below 0% IRRs). We have assumed 3 sources of broadband returns: Maintenance savings of \$50/line; 30% share of the existing cable market; and 50% share of the new video market (including multichannel and interactive video services). If our models are in any way a depiction of the future, reallocation of investment dollars from broadband to long distance initiatives will look quite compelling — with obvious positive ramifications for share performance.

Compustat L.O.
cos will go public,
we forced to merge -

will double the %
of prod. gains flowing
to the bottom line.
50% to 100%.

mergers would
accelerate the
demise of L.O.
cos.

states
(a) force ability
to control monopolies
or (b) promote
opening of local
markets to competition.

RBOC's
control
the pace
& complete
- delay ex.
checklist
item until
they have
them all.
where the
first
attractive
LD
opportunities

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Table 1
Opinion Changes*

Company	New CRQ Rating	Old CRQ	Price @ 7/18/95
Ameritech (AIT)	B-2-1-7	B-3-3-7	\$45.50
Bell Atlantic (BEL)	B-2-2-7	B-2-2-7	\$54.88
BellSouth (BLS)	B-2-1-7	B-3-3-7	\$62.50
Nynex (NYN)	B-2-2-7	B-3-3-7	\$40.63
Pacific Telesis (PAC)	B-2-2-7	B-3-3-7	\$25.88
SBC Comm. (SBC)	B-2-1-7	B-2-2-7	\$46.00
US West (USW)	B-2-1-7	B-2-2-7	\$41.25
GTE	B-2-2-7	B-3-2-7	\$34.75

* For details of estimate changes see accompanying comment "RBOCs/GTE Rating Upgrades Summarized"

Table 2
On-Network Long Distance Revenue Opportunity

(\$ Millions)

	LD Revenue Originating In-Region	% Orig & Term. On Net	On Net Revenue Opportunity
Ameritech	\$8000	50%	\$4000
Bell Atlantic	11400	50%	5700
BellSouth	10200	50%	5100
NYNEX	8000	18%	1520
Pacific Telesis	5000	43%	2150
SBC	7000	60%	4200
US West	6500	38%	2470
GTE	NA	15%	NA

Source: Merrill Lynch estimates.

Table 3
**Implied Dividend Growth Rates,
Assuming Achievement of 5-Year EPS Growth Forecast and 60 % Payout
Ratio by 2000**

Company	EPS			Dividends		Implied CAGR
	1995E	2000E	5-year CAGR	1995E	2000E	
Ameritech	3.37	5.43	10.0%	2.00	3.26	10.2%
Bell Atlantic	3.85	6.20	10.0%	2.80	3.72	5.8%
BellSouth	4.45	7.17	10.0%	2.76	4.30	9.3%
NYNEX	3.20	4.70	8.0%	2.36	2.82	3.6%
PacTel	2.40	3.06	5.0%	2.18	1.84	-3.4%
SBC	3.05	5.14	11.0%	1.65	3.08	13.3%
US West	2.50	3.85	9.0%	2.14	2.31	1.5%
RBOC Avg.			9.0%			5.8%
GTE	2.55	3.92	9.0%	1.88	2.35	4.6%

* Assumes achievement of 5-year EPS growth forecast and 60% payout ratio



Telecom Services

18 July 1995

RBOCs/GTE Rating Upgrades Summarized

INVESTMENT HIGHLIGHTS:

The following summarizes the changes we have made in ratings for each of the seven RBOCs and GTE. See our note, also today, "Their Time Has Come: Upgrading RBOCs on Brightening Legislative Outlook" for details on our upgrade of the RBOC/GTE group. See Tables for price and valuation objectives and revised EPS and dividend growth rates:

FROM B-2-2-7 TO B-2-1-7:

- **SBC (SBC)** because it has achieved more than 10% EPS growth even before long distance entry, the lowest payout ratio of the group, low competitive risk (new Texas law, few large cities), very high percent (80%) of long distance traffic that remains (originating and terminating) in-region, and low likelihood of rapid broadband video build-out.
- **US West (USW)** because of its very low competitive risk and upcoming split into two target stocks: Local telephone and media (the latter to include cable TV, cellular and international properties). The split, though not full, should help to make the hidden values inherent in US West's non-telephone properties more visible.

FROM B-3-3-7 TO B-2-1-7:

- **BellSouth (BLS)** because of its below average competitive risks, low likelihood of large broadband investments, 1996 P/E 14% below S&P 500's 15.1x, and below (RBOC) average 1996 EBITDA multiple.
- **Ameritech (AIT)** because its valuation appears very attractive (P/E 19% below the S&P 500 and 4% below the average RBOC), it is achieving 10% EPS growth before long distance entry, it has already obtained price cap regulation throughout its states, its payout ratio is second lowest of the group, it has aggressive plans for entry into long distance as evidenced by an already-established long distance subsidiary (comprising perhaps 300 employees) and business plan, and Judge Greene's approval is likely for its proposed long distance trial which should bring positive attention to the long distance opportunity we are highlighting.

FROM B-3-3-7 TO B-2-2-7:

- **NYNEX (NYN)** share should participate in the upside with the overall group though we expect less outperformance since its markets will receive greater and earlier attention from new local competitors, the NYPSC has ordered one of the most pro-competition regulatory plans in the country (including intra-LATA dialing parity and presubscription), the Senate Bill grandfather (i.e., does not override) New York's intra-LATA dialing parity plan, and NYNEX has only 20% (the lowest -of-the-RBOCs) of its region's originating long distance traffic also terminating with its region.
- **Pacific Telesis (PAC)** should also participate with the group but with less upside because of its increasing competitive risks (as evidenced by recent negative surprises in its competitive intra-LATA toll market, though without dialing parity and presubscription) and dilution from its PCS buildout, the bulk of which is being capitalized and will not hit the income statement until late 1996/early 1997 — hence likely to offset and thus mask the contribution from long distance entry just when it should begin to kick in (i.e., in two years).

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435200/435197/435100/435000

RCR30256509

FROM B-3-2-7 TO B-2-2-7:

- GTE (GTE) should participate with the group to some extent because of its improved long distance entry situation (unlike the RBOCs, a separate subsidiary will no longer be required and entry would be immediate, i.e., no lag for meeting the checklist), its low relative competitive risk, and its low regulatory visibility and thus lower regulatory risk. However, its wide geographic dispersion means only 15% of its long distance traffic terminates in-region, its relatively high payout ratio (74%) and the group's lowest self-financing ratio may dampen investor enthusiasm relative to many of its RBOC peer group. GTE shares have an above average dividend yield (5.4% vs group average of 5.2%).

RATINGS UNCHANGED AT B-2-2-7:

- Bell Atlantic's (BEL) rating remains unchanged at above average given its superior regulatory environment and aggressive strategic leadership. No doubt Bell Atlantic will be the first to take advantage of mergers to achieve synergies, increased earnings and competitive advantages of an expanded geographic coverage area. On the other hand, we suspect its aggressive and vocal approach to broadband video construction may keep some investors away.

Table 1
Valuation Comparisons

Company	New		Price @ 7/18/95	EPS			P/E Ratio			5-year		35E Div Payout	% Internally Financed	1996E EBITDA Mult.
	ORQ Rating	Old ORQ		1994A	1995E	1996E	1994A	1995E	1996E	EPS Growth	Div Yield			
Ameritech (AIT)	B-2-1-7	B-3-3-7	\$45.50	\$3.07	\$3.37	\$3.70	14.8	13.5	12.3	10%	4.4%	59%	117%	5.6
Bell Atlantic (BEL)	B-2-2-7	B-2-2-7	\$54.88	\$3.53	\$3.85	\$4.15	15.5	14.3	13.2	10%	5.0%	73%	119%	5.3
BellSouth (BLS)*	B-2-1-7	B-3-3-7	\$62.50	\$4.13	\$4.45	\$4.80	15.1	14.0	13.0	10%	4.4%	62%	115%	4.8
Nynex (NYN)	B-2-2-7	B-3-3-7	\$40.63	\$3.01	\$3.20	\$3.40	13.4	12.7	11.9	8%	5.8%	74%	105%	4.8
Pacific Telesis (PAC)**	B-2-2-7	B-3-3-7	\$25.88	\$2.76	\$2.40	\$2.50	9.4	10.8	10.4	5%	8.3%	91%	102%	3.9
SBC Comm. (SBC)	B-2-1-7	B-2-2-7	\$46.00	\$2.80	\$3.05	\$3.35	16.4	15.1	13.7	11%	3.6%	54%	126%	6.1
US West (USW)	B-2-1-7	B-2-2-7	\$41.25	\$2.72	\$2.50	\$2.75	15.2	16.5	15.0	9%	5.1%	86%	102%	5.2
RBOC Average							14.3	13.9	12.8	9%	5.2%	71%	112%	5.1
GTE	B-2-2-7	B-3-2-7	\$34.75	\$2.38	\$2.55	\$2.75	14.6	13.6	12.6	9%	5.4%	74%	96%	4.9
S&P 500			\$58	\$32.75	\$33.50	\$37.00	17.1	16.7	15.1	7%	2.6%	37%		

Table 2
Targeted 1996 Earnings Multiple and Price Objectives

	Current Price	1996E EPS	Current Multiple	Targeted Multiple	Relative to S&P	Price Objective	Upside Potential
Ameritech	\$45.50	\$3.70	12.3	15.3	1.08	\$60.33	33%
Bell Atlantic	\$54.88	\$4.15	13.2	15.4	1.02	\$63.89	16%
BellSouth	\$62.50	\$4.80	13.0	16.3	1.08	\$78.24	25%
NYNEX	\$40.63	\$3.40	11.9	13.6	0.90	\$46.19	14%
Pacific Telesis	\$25.88	\$2.50	10.4	12.1	0.80	\$30.19	17%
SBC Comm.	\$46.00	\$3.35	13.7	16.9	1.12	\$56.63	23%
US West [1]	\$41.25	\$2.75	15.0	12.1	0.80	\$54.66	33%
GTE	\$34.75	\$2.75	12.6	14.5	0.96	\$39.85	15%
Average			12.8	14.6	0.97		21%
S&P	\$55.8	\$37.00	15.1				

[1] US West target price assumes 20% discount on S&P 500 for Telco Group earnings plus sum-of-the-parts value of \$23.50/share for Media Group

(Continued)

Table 3
Price Performance

Company	Price @ 12 Month		Price Appreciation Since:									
	7/18/93 Price	Perf	12/31/92	12/31/91	12/31/90	12/31/89	12/31/88	4/8/88	3/31/84	6/30/84	9/30/84	3/31/85
Ameritech	\$45.50	16.7%	38.3%	49.3%	27.7%	18.6%	12.7%	16.1%	18.3%	18.3%	13.0%	10.3%
Bell Atlantic	\$54.88	-1.3%	2.3%	13.7%	7.1%	-7.4%	10.3%	-0.5%	6.0%	-2.0%	3.5%	3.8%
BellSouth	\$62.50	2.5%	14.2%	30.0%	21.7%	7.8%	15.5%	10.6%	8.0%	1.2%	12.1%	6.0%
NYNEX	\$40.83	6.8%	14.2%	0.6%	-3.1%	1.2%	10.5%	-10.6%	16.9%	7.3%	5.5%	2.8%
Pacific Telec	\$25.88	-18.9%	NA	NA	NA	NA	-9.2%	NA	NA	-15.9%	-15.9%	-14.5%
SBC Comm.	\$46.00	4.5%	64.3%	42.4%	24.3%	10.8%	13.8%	17.9%	13.9%	8.7%	13.6%	9.5%
US West	\$41.25	1.5%	8.1%	8.8%	7.5%	-10.1%	18.8%	-6.7%	1.2%	-1.5%	8.5%	2.8%
RBOC Average		2.2%	22.9%	21.6%	14.2%	3.5%	9.8%	4.7%	10.9%	2.0%	5.5%	2.8%
GTE	\$34.75	15.4%	18.6%	0.4%	0.4%	-0.7%	14.4%	-7.0%	12.1%	12.1%	14.4%	4.5%
S&P 500	\$68	22.7%	68.1%	33.8%	28.2%	18.7%	21.6%	26.6%	25.3%	25.7%	20.7%	11.5%
30-Yr Treas. Index Value	121	8.8%	12.0%	3.8%	4.9%	-8.0%	14.7%	0.3%	3.6%	10.2%	14.0%	9.7%

Table 4
Summary of 5-Year EPS Growth Rate Changes

	Old 5-yr Growth Forecast	New 5-yr Growth Forecast
Ameritech	6%	10%
Bell Atlantic	6%	10%
BellSouth	6%	10%
NYNEX	6%	8%
Pacific Telec	3%	5%
SBC	9%	11%
US West	6%	9%
RBOC Average	6%	9%
GTE	8%	9%

Industry: Telecommunications/Services - Local
Investment Strategy Industry Weighting: INCOME(+), GROWTH(-), CAPITAL APPRECIATION(-)
Technical Analysis Industry Rating: AA

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[BEL, BLS, PAC, SBC] MLPF&S was a manager of the most recent public offering of securities of this company within the last three years.


Opinion Lowered
AT&T Corp.
Rising Risk of Earlier RBOC Entry, IT Rating Lowered to Neutral

18 July 1995

Country: United States				Currency: US\$		
Price (T-NYSE):	\$54 7/8	EPS (Dec)*	P/E	Cash Flow/Sh	P/CF	
52-Week Range:	\$55 7/8 -47 1/4	1995E: \$3.87	14.2x	\$6.19	8.9	
		1995E: \$3.52	15.6x	\$5.82	9.4	
		1994A: \$3.13	17.5x	\$5.84	9.4	
Book Value/Share (3/95)	\$12.28					
ROE 1995E Average:	28.7%					
Shares Outstanding (mil.):	1,580.0					
Market Capital (mil.):	\$86,702.5					
LT Liability % of Capital:	39.7%					
Est. 5 Year EPS Growth:	10%	Indicated	Investment Opinion			
Options:	CBOE	Dividend	Intermediate Term:		Neutral (3)	
Inst. Ownership-Spectrum:	28%	Rate Yield	Long Term:		Above Average (2)	
Brokers Covering (Nelson):	30	\$1.32 2.4%	Income:		Same/Higher (7)	
			Investment Risk:		Low (A)	

*EPS figures are on a recurring basis and thus do not reflect one-time items.

INVESTMENT HIGHLIGHTS:

- We are lowering our intermediate term rating on shares of AT&T (T) from above average (2) to neutral (3). Our new rating is A-3-2-7.
- As outlined in our note issued today on the RBOCs/GTE, "Their Time Has Come: Upgrading RBOCs/GTE on Brightening Legislative Outlook", we believe that the legislative debate in Washington is unfolding in a way that significantly increases the likelihood of RBOC entry into the long distance (LD) business within (roughly) the next 2 years ("simultaneous" entry), rather than the 4-5 year scenario ("sequential" entry) we had been envisioning.
- As a result, we believe investors will increasingly shy away from AT&T shares on the fear that AT&T's (and other facilities-based long distance carriers') main revenue stream will fall victim to the RBOCs taking share and negotiating for increasing levels of volume discounts on resold LD transmission capacity. In effect, the fear of commoditization - perhaps exaggerated, perhaps not - inevitably will increase as the day of RBOC entry approaches.
- We are making no change to our 1995 and 1996 EPS estimates of \$3.52 and \$3.87, respectively because the impacts of RBOC entry will not be felt until 1998, in our view. However, we are lowering our 5-year EPS growth rate to 10% from 12% given the market share and price pressures likely to develop when RBOC entry commences (1998 in our share reallocation models).

DISCUSSION:

WHAT HAS CHANGED? The catalyst for our changed view is that one of our core assumptions -- the sequencing of local competition BEFORE RBOC entry into LD -- has been nearly turned upside down as a result of recent and upcoming activity in Congress. In June, the Senate passed a bill that does not include a requirement that the RBOCs pass an antitrust or actual competition test BEFORE allowed to offer long distance service to in-region customers. In the House -- where floor debate may occur in the next few weeks -- an amendment is currently gaining momentum that would delete a key requirement that RBOC entry into long distance be delayed until an RBOC faces an actual competitor offering service

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"comparable in price, features and scope" to that offered by the RBOC. The absence of the "comparable price, features and scope" test in a final bill would mean *RBOC entry into long distance could occur as soon as 2 years from now* -- or as soon as the checklist can be met. *This contrasts with our prior view that legislation, when and if passed, would include an actual competition precondition strong enough to delay (including in court) RBOC entry for at least 4-5 years.*

In addition, AT&T's (and other LD carriers') opportunity to gain share and profits in the intra-LATA toll market will be delayed as a result of provisions in both the Senate bill and the pending House bill that, with the exception of 18 states comprising approximately 20% of the intra-LATA toll market, would forestall the implementation of dialing parity rules until an RBOC has been given approval to provide LD.

IMPLICATIONS FOR OTHER FACILITIES-BASED LONG DISTANCE CARRIERS:

In view of these trends in Washington and the consequent shift in market opportunities and buying power from the long distance companies to the RBOCs, we believe it is prudent to reduce our rating on AT&T to the same intermediate-term neutral rating we have on the other 3 facilities-based long distance carriers, MCI (MCIC, B-3-2-7, \$21 11/16), Sprint (FON, C-3-2-7, \$33 3/8) and WorldCom (WCOM, D-3-2-9, \$29 3/4).

The basic problem for the facilities-based long distance carriers is that accelerating access charge reductions -- which we still expect will occur as a result of the bills' pro-competition interconnection/unbundling "checklist" -- are offset by share losses and commoditization of LD prices. Our prior assumption was that RBOC entry into LD (the commoditization phase) would not occur for another 4-5 years and thus significant access charge reductions would provide the LD carriers with big gains before facing the pressure of RBOC encroachment into the LD market. Under the new scenario, as a result of a decided political turn in favor of the RBOC perspective, we now believe the commoditization phase could begin as soon as 18-30 months from now -- in which case LD carrier gains (access charge savings) will occur at the same time as revenue losses, dampening long-term growth prospects.

And, unfortunately, the losses could very well exceed the gains. It is the losses (particularly the prospect of earlier-than-expected losses) that is not yet adequately factored into investor thinking about the share value of these companies. Conversely, much of the gains are already factored in -- for example, our LD models have long assumed annual 6-7% declines in per minute access rates, as evidenced by our AT&T 5-year forecast having interconnection expenses declining as a % of revenues despite continuous declines in rate per minute (RPM).

All this said, of the 4 facilities-based LD players, we continue to believe AT&T has the strongest chance of success given the power of its scale, brand and purchase volumes. We also believe AT&T has many options to achieve marketing advantages through bundled services (e.g., cellular + LD) and further accelerate access charge reductions via use of its wireless capacity for selective bypass and a possible alliance with Time Warner Cable, other cable companies and/or CAPs for their wired bypass potential. Nevertheless, with the pendulum of legislation having turned sharply against the LD perspective and investors just beginning to think about the possibility of an RBOC, upon entry into LD, gaining LD share and then exercising its buying power as a reseller of LD transmission capacity, now is not the time to be heavily weighted in shares of AT&T or the other facilities-based LD companies.



Merrill Lynch

Daily Research Analysis

Telecom Services: Long Distance

2nd Tier LD: Implications of RBOC/GTE Upgrade, AT&T Downgrade

18 July 1995

INVESTMENT HIGHLIGHTS:

- This morning we upgraded our opinion on the RBOCs/GTE while downgrading AT&T (see our notes entitled "Their Time Has Come: Upgrading RBOCs/GTE On Brightening Legislative Outlook" and "AT&T Corp: Rising Risk of Earlier RBOC Entry, Intermediate Term Rating Lowered to Neutral"). Our move was prompted by recent RBOC successes in Washington regarding pending telecom legislation that has now increased the likelihood of competitive entry (by the RBOCs/GTE) into the long distance business within the next two years or so ("simultaneous entry"), rather than the 4-5 year scenario ("sequential" entry) we had been envisioning.
- Our opinion changes beg the question as to the impact on the second tier long distance companies.
- Given our anticipation of further consolidation activity in the second tier as well as their small relative size, strong management teams and focused business strategy (small/medium-sized businesses) and low dependence on the highly competitive residential market, we reiterate our Above Average ratings for both the intermediate and long term on both LCI International (LCI, D-2-2-9, \$32 1/8) and Frontier Corp. (FRO, B-2-2-7, \$24 5/8).
- We reiterate our Neutral intermediate term and Above Average long term rating on WorldCom (WCOM, D-3-2-9, \$29 3/4). Compared to its second tier peers, we think WorldCom's fundamental risk profile is much higher due to large relative size and heavier reliance on the reseller market. In addition, selling at only a modest discount to our 1995 takeover value estimate of \$32, we think these shares are fully valued and appear to have baked in a good deal of takeover speculation.

IMPLICATIONS FOR SECOND TIER RESELLERS:

Accelerated timetable for RBOC entry into the LD business presents both enhanced opportunities and risks for second tier LD players.

1. Consolidation, Consolidation, Consolidation: Earlier RBOC entry into LD raises the intermediate term probability of takeover for second tier players as both existing IXCs look to quickly bulk up customer bases/share to offset the competitive threat (accelerated consolidation) and/or RBOCs look to quickly bootstrap themselves into the business via the purchase of management expertise, back office systems, existing products and in-place sales force.
2. Competition, Competition, Competition: Given the natural advantages that RBOCs bring to the LD industry (financial strength, access to customers, strong regional brand presence and in many cases a high degree of intra-region long distance traffic), we think a fair amount of market share capture is almost assured and could accumulate to the 35% range in some markets within 10 years. The second tier will be insulated to some extent (vs. their larger brethren) given their small/medium-sized business customer focus, lesser dependence on the residential market (where we expect RBOC share gains to be easiest), relatively small size and a proven ability to successfully target under-served market segments.
3. Economics of reseller business will change. As IXC capacity commoditizes, resellers benefit with lower line/transmission costs and thus as RBOCs grow LD share, network cost for non-facilities-based second tier players should decline. The offset, however, is declining retail prices as RBOCs use their size and buying clout to quickly grab share. The challenge for existing second tier players will be to quickly adapt their organizations and cost structures to this new environment.
4. Net Net: We continue to adhere to our theory that LCI and Frontier will be under the most scrutiny by

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possible acquirers (both IXC and RBOC) and offer investors attractive near term upside if a deal were to be announced. At multiples similar to what Frontier is paying for ALC Communications (ALC, no opinion, \$48 1/2) - 1.9x '96E revenues and 8.7x '96E EBITDA - we arrive at estimated takeout values for LCI of \$40/\$32 and \$27/\$29 for Frontier, respectively. Although both will face some competitive pressure, their small relative size, strong management teams and focused business strategy should allow them to prosper in the new competitive environment we envision.

For WorldCom which is no longer a pure long distance reseller by virtue of its recent WITel acquisition, large relative size (approximate 5% long distance market share) and heavy reliance on the reseller market (WITel's core customer base) leaves them open for the largest amount of fundamental risk in the second tier peer group. Granted, earlier RBOC entry into LD increases the likelihood of a bid for the company over the intermediate term, but the current slim discount (6%) to our estimated takeout value of \$32 (at 2x '96E revenues) and the sheer size (approximately \$6 billion) of such a transaction (which eliminates a number of possible bidders) leaves little room for error or delay.

Besides, WorldCom is apt to be the first to bid for LCI or Frontier, or both, and we'd rather own the acquiree than the acquirer. Hence our preference for LCI and Frontier.

① This is great
revenue -

THE WHITE HOUSE
WASHINGTON

August 14, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: ERSKINE BOWLES
LAURA TYSON
GENE SPERLING

SUBJECT: Budget Working Group

Over the last four weeks we have jointly directed a Budget Working Group whose mission is to promote your balanced budget and point out the differences between your budget priorities and the Republican proposals.

Each White House office has loaned a senior staff member to this effort, as have several of the Cabinet Agencies. The Working Group as a whole meets daily, as do sub-groups on Medicare, Education and Training, the Environment, Technology, and Taxes.

The Budget Working Group has been responsible for marketing your budget priorities on the local, regional, and national level. This effort includes: rapid response to the appropriations votes, issuing daily talking points, mobilizing outside groups and validators, providing information to friendly Members of Congress, saturating the media markets of pivotal Members, and planning events and media for yourself, the Vice-President, Mrs. Clinton, and Cabinet officials.

The net result has been a series of positive news stories at the national and local level, highlighting the impact of the extreme GOP cuts, in sharp contrast with your more reasonable approach.

This document summarizes some of the major accomplishments of the Budget Working Group to date.

THE PRESIDENT HAS SEEN
8-18-95

②

As I have said for 2 yrs.
I strongly disagree w/ marketing
this stuff only to top 150 ED. Bonds
was 1st. Dem. time LBJ to get
a majority of newspaper endorsements.
It doesn't feel like Nixon did.
And even for to call at least all the
papers that to call at least all the
the smaller ones in approx. is all
a difference maker
BC

I. MEDICARE

- **Medicare Vouchers:** Realizing that Republicans had left themselves highly vulnerable on Medicare plans, the Budget Working Group began its activities in mid-July with an attack on the Republican Medicare voucher proposals. We prepared and distributed materials to Members of Congress and the press, arguing that under the GOP voucher proposal, beneficiaries face a simple, cruel choice: choose to pay more or choose to get less.

Strategy. Following the Robert Pear story in the *New York Times* on Monday, July 17, which suggested that the GOP Medicare proposal would raise costs for millions of beneficiaries, we built a strategy around Judy Feder's July 18 testimony before the House Commerce Committee and HCFA Administrator Bruce Vladeck's July 20 testimony before the House Ways and Means Health Subcommittee. Both were very critical of Republican voucher proposals, focusing on: (1) how the Republicans would constrain spending far below the private sector; and (2) how much more beneficiaries would pay under the Republican plan to stay in a plan that allowed them to choose their own doctor.

Amplification. Democratic Senators held a press conference following Administrator Vladeck's testimony and talking points were widely distributed to Democrats on the hill. Members of the Cabinet and Sub-Cabinet conducted print and radio interviews into 50 targeted markets. Secretary Shalala, Dr. Tyson, Alice Rivlin, and Gene Sperling interviewed with the major national newspapers.

Media Coverage. Our attack received significant positive press coverage, including: the *New York Times*, the *Washington Post*, the *Wall Street Journal*, *USA Today*, and *AP*. On Friday, July 21, *CNN* aired a story in their hourly news-reel on the heat the Republicans are feeling over Medicare cuts.

- **Medicare 30th Anniversary Event.** This event was designed to show Democrats on the Hill that we would stand with them in the coming weeks and make Medicare a major issue in the Budget battle. This event also provided a major forum for you to highlight the Republican increases in Medicare premiums and out-of-pocket costs to seniors on the 30th anniversary of the bill.

Media Coverage. Your speech received extensive positive coverage on the evening newscasts on *NBC*, *ABC*, *CBS*, *CNN*, and *CNBC*. Two of the three networks quoted you saying, "we cannot afford to bankrupt older Americans in the name of tax cuts for the wealthiest Americans."

The *New York Times* printed an op-ed the day of your speech, warning that on the 30th anniversary of Medicare, the Republican plan to cut \$270 billion over seven years by giving vouchers to beneficiaries "could cause serious damage."

Amplification. Cabinet and senior White House staff were booked into targeted radio in more than 40 local media markets. Cabinet and senior White House staff also conducted press calls to national press, focusing attention on your message about the Republican movement from the 30 year common ground of protecting the health security of older Americans. Your speech was mailed to 150 editorial boards and older American and health care trade press.

- **Medicare 30th Anniversary Radio Address (taped Friday, July 28).** Realizing that a "news hook" was needed for the radio address, we acted on an idea suggested by Alan Cohen at Treasury and directed HHS and Treasury to compute the number of Americans who would be forced into poverty under the latest draft of the Republican Medicare proposal.

The 500,000 poverty number was inserted into your remarks and your radio address with the First Lady received extensive press coverage, leading *CNN* news all day Saturday, and producing favorable stories in both the *Washington Post* and the *New York Times*] -- the 500,000 number was featured prominently in each of the stories.

Amplification.

Your radio address was mailed to top 150 editorial boards, African-American, Hispanic, women's and older American press. We issued a press paper detailing the number of seniors who will be forced into poverty under the Republican plan. Regional radio and print interviews were conducted with the seniors attending the radio address, into their hometowns.

- **State-by-State Data on Medicare:** State-by-State analyses of the Republican Medicare and Medicaid cuts were released on Friday, July 28, coinciding with your radio address.

Amplification. Chief of Staff Panetta briefed reporters on the state-by-state data, Friday afternoon, July 28. Analyses were sent to radio stations, ed. boards, and television outlets in all 50 states. Cabinet and sub-Cabinet officials conducted numerous radio and print interviews into targeted markets.

Press releases/statements were released by: State Democratic Legislative Leadership in CA, FL, IL, Iowa, MI, MO, NB, NJ, NY, PA, OR; the governors in: WVA, MD, FL, DE, CO, and Lt. Governors in CA, MO, RI.

- **Medicare Education:** Seeing the need to provide reporters with basic education on the status of the Medicare Trust Fund, Administration actions, and the Republican plan, we organized a series of reporter briefings by Dr. Tyson and Judy Feder (HHS) with assistance from Chris Jennings, and Gene Sperling.

These briefings, based on the "White House Medicare Briefing Document," which you have read, explains:

- (1) What the Part A Trust Fund is and how it differs from the Part B Trust Fund;
- (2) The history of the solvency of the Part A Trust Fund;
- (3) What you have done to improve the solvency of the Trust Fund; and
- (4) How the proposed Republican cuts are not necessary to extend the solvency of the Trust Fund.

- **To date, we have conducted 17 Medicare briefings -- 5 for national media and 12 for regional reporters --** using the county-by-county data as a hook for regional reporters. Lorrie McHugh, April Mellody, Peggy Lewis, Josh Silverman and Laura Schwartz from the Press Office played an instrumental role in putting these briefings together.

Network Correspondents
 Bureau Chiefs
 National Newspaper Writers (Toner, Pearl, Oliphant, Dowd, etc.)
 Pundits (Clift, Broder, etc)
 Rustbelt Tong
 Big East Tong
 Business Writers Tong
 Banking, Finance, and taxes Tong
 Economic Tong
 Shanahan Tong
 Loubsdorf Tong
 Radio Tong
 CNN Bureau

- **County-by-County Data:** County-by-county data on Medicare was released on Monday, August 7 to coincide with the series of Medicare education briefings for reporters, and the Gingrich Medicare event in Atlanta, also held that day. The county-by-county data has exceeded all of our expectations in terms of media coverage -- each of the state-wide AP wires broadcasted the county data and stories were printed in literally hundreds of local papers.

Amplification. Press releases on the county numbers by county executives in the following states: Ohio, Iowa, Wisconsin, Michigan, Florida, Virginia, Washington, Illinois, CA, Minn., MD, Kentucky, Georgia, Delaware, PA, Oregon.

- **Regional Media.** We have also set up a recess regional media strategy focusing primarily on Medicare. The attached grid indicates the hundreds of media calls being placed.
- **Trustees Op-Ed:** Jennifer Klein from the First Lady's office pieced together an excellent op-ed by Secretaries Rubin, Shalala, and Reich for placement later this week.

II. EDUCATION

- **State-by-State Data on GOP Education Cuts:** With significant coordination by Ken Apfel at OMB, and help from NEC, DoEd, and DOL, a state-by-state analysis was prepared for release Friday, July 21, 1995. Over 50 reporters were targeted for calls by Cabinet and Senior White House Staff. 50 Separate press releases were prepared for each state. When the Committee did not finish within the news cycle, we decided to hold this report for release Monday, July 24, in conjunction with your Boys' Nation Speech.

Waiting for your Monday speech proved to be a major positive. While national media coverage of the speech centered mostly on your re-engagement in the budget debate, (Your threat, "I will continue to act, alone if necessary," was heavily reported), regional coverage paid significant attention to the education numbers.

Amplification. We released a press document highlighting the Republican movement from the common ground on the issues of Education, Health Care For Seniors, Helping Working Families, and Environment/Public Safety. George Stephanopoulos and Dr. Tyson hosted a breakfast with Network Correspondents the morning of the speech. Director Rivlin, Dr. Tyson, and George Stephanopoulos briefed columnists. Director Rivlin and Dr. Tyson briefed business journalists. Your speech was mailed to top 150 editorial boards, African-American, Hispanic, women's and older American press.

Nearly 2000 copies of the report were distributed to education groups, members of Congress, state and local officials and regional media. Over 50 calls by senior Administration officials were made to regional media and editorial boards. Statements were issued by elected officials in nearly 25 states. Regional media conference calls were conducted by Secretaries Reich and Riley and by White House staff. The following Governors issued releases on how the Education/Labor/HHS appropriations bill will impact their state: Caperton, Nelson, Bob Miller, Romer, Glendening, Carper, Knowles, Carnahan, Gray David (Lt. Gov. CA), Lt. Gov. of VA--Beyer

Education Committee Chairs in the state legislatures from the following states sent out press releases on how the Education/Labor/HHS appropriations bill will impact their state: Arkansas, Kentucky, Louisiana, Mississippi, Missouri, New York, Oklahoma, California, Massachusetts, and Oregon.

The Democratic Legislative Leadership in the following states issued releases: Ohio, Minnesota, and Michigan, Vermont, Connecticut.

Media Coverage. The state reports received good press coverage -- the data was picked up by the AP Newswire and stories appeared in several regional papers.

- **American Federation of Teachers (Friday, July 28)** The Republicans handed us a gift, by choosing to call for the elimination of Direct Lending on the same day as your speech. Your quotes on Direct Lending were picked up by the news wires and the inside-Washington press (*Post, Congress Today, Hotline, etc.*)

Amplification. Your speech was mailed to 150 editorial boards. The Department of Education issued several press releases on Direct Lending and Deputy Secretary Kunin held several conference calls with reporters. A dozen African American college presidents wrote op-eds blasting the GOP cuts. OMB Director Rivlin released a letter blasting the Republicans for trying to repeal Direct Lending.

- **Meeting with Congressional Democrats and Education Practitioners.** Your meeting in the Cabinet Room on August 3 with Congressional Democrats and 10 education practitioners on the day of the House vote on Labor/HHS/Education appropriations served to reinforce your commitment to education and your concerns regarding the bill approved by the House later that day.

Amplification. The people chosen to participate were so strategically to pressure on key Members of Congress as they cast their votes on Labor/HHS. Media Affairs set-up print, TV and radio interviews in targeted congressional markets (Buffalo, Cleveland, Pittsburgh, Worcester, Madison and Baltimore) with the participants.

Media Coverage. This event received heavy coverage from *CNN* all day as a lead-in to stories on the House vote. Newspaper and television stories appeared in all of participants' home media markets. Your quotes from the pool stay were in the *New York Times* and *Washington Post*.

Impact. While the bill was eventually approved, it should be noted that none of the targeted Members representing individuals we invited to the event ended up voting in favor of final passage.

III. ENVIRONMENT

- **GOP Anti-Environment Riders (Rapid Response -- Part 1).** On Friday, July 29, the House considered the VA/HUD Appropriations bill. An amendment to retain the Environmental Protection Agency's jurisdiction to enforce clean air and clean water rules was passed (212-206).

Following the floor vote, the Budget Working Group mobilized and had the Vice President brief reporters on the GOP Environmental cuts. The Vice President did a White House briefing and was quoted in a very positive *ABC News* story. His quotes also appeared in the first few paragraphs of stories in the *Washington Post* and *New York Times*.

- **GOP Anti-Environment Riders (Quick Response -- Part 2).** On Tuesday evening, August 2, the House voted to restore the anti-environment riders to the Va/HUD appropriations bill. The Budget Working Group mobilized quickly, and prepared a hard hitting statement for you to read to reporters in the White House briefing room the following morning.

✓ You statement was picked up by all CNN, ABC, NBC, and CBS, and the Washington Post, New York Times, Los Angeles Times, Boston Herald, Chicago Tribune, and numerous local and regional newspapers.

- **Environment Speech and Issuance of Executive Order.** After two weeks of planning by the Budget Working Group (and negotiations with the various offices involved), an Executive order was prepared for you to deliver a strong rebuttal to the GOP environmental roll-back.

✓ Your health, safety, and environment event in Baltimore on August 8, was by all accounts a success, receiving very positive coverage on NBC, CBS, CNN, FOX, and in hundreds of major daily newspapers and regional print and radio.

✓ NBC news ran a 5 minute story describing how the Republican cuts would drastically rollback years of environmental progress. Regional clips are attached.

Prior to the event, we put Carol Browner in the press briefing room to explain the affect of the Executive Order. Carol and her Communications Director Loretta Ucelli played an exceptional role developing and implementing our Environemtal message.

Time, *Business Week*, and the *Washington Post* are expected to run articles in the next two weeks on the influence of special interests on the Republican budget cuts.

In conjunction with your event, Governors and Legislative Leaders and Committee Chairs put out press releases on the environmental impact of the Republican cuts.

We released Environmental State-by-State impact numbers.

IV. COMPREHENSIVE STATE-BY-STATE ANALYSES

- We prepared a booklet for the House Recess highlighting the state-by-state impact of the Republican cuts on Older Americans, Students, and Working Families. As of 8/14/95, this book has been distributed to more than 10,000 persons and media outlets from the White House. The DNC has also reproduced the book and sent it to thousands of local supporters on the ground in states across the country. Groups are also using the book daily in their attacks on the GOP cuts. Book is available via the internet and through various forms of electronic media.

V. PEROT

In preparation for Perot's United We Stand convention in Dallas, we released a report to the press comparing the Administration's record with Perot's campaign promises.

VI. MEDICAID

We are preparing a Medicaid document similar to the White House Medicare Briefing Document that we have been using to educate the press.

VII. CITY-BY-CITY DATA

Analysis of impact of GOP cuts on 50 major cities should be completed this week. We are looking at several options for timing the release (possibly in conjunction with the Mayors' meetings in Seattle on August 28, or as part of the back to school rollout.

VIII. BACK TO SCHOOL

A memo was sent to you on Monday, August 14, outlining our back to school plans, including two weeks of ramp up activity by Cabinet and groups, and 1 week of White House events (September 11). **A sub-group met today to finalize plans and begin implementation.**

IX. GOP MEDICARE PLAN

Planning continues for the last two weeks of September. We are working on strategy to counter GOP release of Medicare plan set for September 21.

X. VALIDATORS

Attached is a comprehensive grid indicating our strategy for validation outreach on Medicare. This grid, the product of the tireless efforts of Susan Brophy (Legislative Affairs), Emily Bromberg (Intergovernmental Affairs), Marilyn Yager (Public Liaison), Kris Balderston (Cabinet), and Leslie Thornton (Validators), we have laid out a plan for massive regional media outreach over the next few weeks on Medicare.

This plan includes: Cabinet, Sub-Cabinet, Regional Administrators, Groups, and Intergovernmental Officials.

THE WHITE HOUSE

WASHINGTON

AUGUST 16, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: LEON E. PANETTA
Chief of Staff

SUBJECT: WEDNESDAY ACTIVITIES

POLITICAL ISSUES

Senator Bradley

As you know, Senator Bradley announced that he would not seek reelection in 1996. A copy of his statement is attached.

Senator Bradley has scheduled a news conference for tomorrow to discuss his future plans. As you can see from the attached statement, you should not expect him to contest the Democratic Primary, but he has left the door very open to a third party candidacy.

GOP Medicare Ads

The Republicans have countered our Medicare ads with 60 second radio ads in targeted Congressional districts. They have not released figures on the buy, but it is believed to be light. There may be a heavier saturation in the upcoming weeks now that the Republicans have an indication of our media plans. A copy of the press release by the Missouri Republican Party and a transcript of the radio ad targeted against Dick Gephardt is attached.

The following Democratic Members have been targeted: Bonior, George Brown, DeLauro, Fazio, Frost, Gejdenson, Gephardt, Gibbons, Hamilton, Ward, and Pat Williams.

Tobacco -- California

The Field Institute prepared a report that found that 7 in 10 people polled in California would support a ban on cigarette advertising on billboards, and 3 in 4 people polled supported a ban on cigarette vending machines. 88 percent of those polled said retailers who sell cigarettes to minors should receive higher penalties.

The PRESIDENT HAS SEEN
8-18-95Immigration -- Border Control

A class of 47 new agents will graduate from basic training at the Border Patrol Academy in Glynco, GA, on August 14. The graduates are headed for duty stations in the Laredo, TX sector.

Immigration -- Interior Enforcement

The INS reported removals were up 13% in June over the same month a year ago.

A special 21-day operation in El Paso involving the Border Patrol resulted in the seizure of smuggled drugs and the arrest of 7,800 deportable aliens.

Reproductive Health

we need to discuss

In consultation with Legislative Affairs, OMB, Media Affairs, the Counsel's Office and other White House agencies, Karen Guss is drafting a brief article contrasting the Administration's record on reproductive health with the rollback the Republicans are trying to accomplish through the budget process. The article will be produced in camera-ready form and distributed to a wide range of local and national groups so that it can be inserted in their newsletters, mailings and other publications.

Housing Starts

Total housing starts increased by 7 percent in July, to a seasonally adjusted annual rate of 1.38 million units. Market analysts had expected a more moderate increase. This is the largest increase since March 1994, and shows that housing construction is finally reacting to lower mortgage rates. Building permits also increased a healthy 5 percent to an annual rate of 1.34 million in July units, slightly lower than their level a year ago.

Human Radiation Experiments Investigation

The report released tomorrow by Secretary O'Leary is simply a step in the process of the entire investigation; it is the fourth installment of a series published by DOE that lists the experiments the agency conducted. This report is based on your directive last year to all agencies to search their files and turn over records to

the independent Advisory Committee on Human Radiation experiments -- the investigative Committee you appointed last year. The Advisory Committee has seen these records and their final report will take them into account. THE PRESIDENT HAS SEEN 8-18-95

DOE is making the records public, as has been the practice. You are scheduled to receive the Advisory Committee's final report on September 22. The event on the 22nd will mark the culmination of their 18 months of investigative work. Their report covers all of the experiments sponsored by the government (not just DOE's) and will include recommendations about compensating the victims, toughening human research guidelines, and ensuring such experiments do not happen again. There is an interagency staff group at work on responding to the Committee's recommendations.

*OK the
Nuclear War
Group to target
w/ info*

TRADE ISSUES

Central Bank Intervention In Foreign Exchange Markets

Yesterday, the Federal Reserve, Bundesbank, Bank of Japan, and Swiss National Bank aggressively purchased dollars on the foreign exchange markets. The central banks' intervention prompted the biggest one-day surge in the U.S. dollar in three years, moving the dollar to its highest level in nearly six months against the D-Mark and the yen. In New York, the dollar jumped from 1.44 DM and 93.6 yen on Monday to 1.47 DM and 96.7 yen yesterday. At noon today, the dollar was trading at 1.48 DM and 97.8 yen. (At the beginning of the month, the dollar traded at 1.38 DM and 88.4 yen. It reached a low of 81 yen in April.) Press reports attribute yesterday's 19-point fall in the Dow Jones Industrial Average to concerns that a stronger dollar will reduce exporters' earnings.

Japan's Trade Surplus

Japan's overall trade surplus fell to \$9.43 billion, from \$12.25 billion a year earlier, as the higher yen boosted imports and restrained exports. In yen terms, the decline in the surplus was even more dramatic (some of the decline in the yen-denominated surplus was offset by the depreciation of the dollar against the yen). At the same time, Japan's dollar-denominated surplus with the United States fell by over 30%, to \$3.87 billion. Imports from the U.S. rose by 29% and exports to the U.S. fell by 3%.

BUDGET UPDATE

Guidance to Agencies for FY '96

As noted yesterday, OMB has completed written guidance to agencies on how to plan for FY 1996 activities in light of final appropriations actions, and will soon send it to agencies.

We're expecting an opinion in the coming days from the Attorney General, telling us what difference, if any, the 1990 amendments to the Anti-Deficiency Act had on the subject of the severity of a government shutdown. This has to do with the definition of "essential" activities. When we get this opinion, we plan to ask agencies to update their shutdown plans and send them to OMB.

Constituency Outreach On The Budget

This week, conference calls with the disability groups and national law enforcement leadership on budget with state and local information will be completed. In addition, the Office of Public Liaison is coordinating a medicare event with Laura Tyson in Delaware.

DISASTER RELIEF

Hurricane Felix Update

Since 11:00 am, the hurricane has not moved significantly. The general direction of the storm is west northwest. The wind speed has not changed, however, the pressure at the eye has gone up slightly, indicating that the storm may be weakening slightly (963 mb - 970 mb). However, the eye of the storm remains within 50 miles of the warm gulf stream waters. If and when it reaches the gulf stream, the storm is expected to re-gain strength. James Lee Witt continues to prepare for possible major damage from the hurricane.

FOREIGN AFFAIRS

Developments on Iraqi-Jordanian Situation

The Principals Committee met on Tuesday to determine how best to use the defectors in Amman to further our policy goals. A State-headed team is departing tonight for Amman to coordinate with King Hussein and probe as to his intentions and plans. The military movements inside Iraq appear to be defensive and not threatening to Jordan.

Ambassador Albright and her French and British counterparts are making a demarche to Amb. Hamdun warning against any provocative acts toward Iraq's neighbors or UN personnel.

REMARKS
U.S. SENATOR BILL BRADLEY
August 16, 1995

I have always preferred moving to standing still. As a small forward with the Knicks and then as a U.S. Senator from New Jersey, I've had two of the best jobs in the world. Each kept me on the move, each offered unique perspective on America, and in each there came a time to go. So today I announce that I am leaving the U.S. Senate at the end of my term and I will not run for re-election.

It's possible to lead from the Senate and to make a difference in people's lives; I've tried to do that. But I've concluded that the U.S. Senate is not the only place to do either of those two things.

I want to thank the people of New Jersey who gave me their votes and their trust. Each of my three senatorial races drew me closer to them and forced me to grow in new and different ways. Election day is democracy's most intimate and important ritual. For all the polling, media and political strategy, I believe there is an essence in any campaign that conveys the bond between the candidate and the electorate on a particular election day, and ultimately, it is the bond that determines the outcome.

For nearly seventeen years my most memorable moments have come from the people I have met. I want to thank those New Jerseyans who told me their stories through their letters and during our encounters along the shore, at commuter terminals, in diners and town meetings, and in countless other settings. It's through the stories of people's lives that I have been moved and that I gained hesitancy about universal solutions. It's from their stories that I saw what a small role government plays in most people's lives and paradoxically it's where I felt the impact of decisions taken in Washington. I have received much more inspiration, insight, and good cheer from them than I could ever say. They reminded me daily of the resilience and power of the human spirit. Their New Jersey stories gave substance and emotion to abstractions about democracy, and each of their stories has now become a part of my story.

I've tried to listen to those I serve while using the judgement that I believe they elected me to exercise. Sometimes they vented their anger and frustration and, just by my listening, they seemed to feel better. I have included young New Jerseyans in my activities as a Senator because democratic participation must burst forth anew in each generation, like flowers in the spring. Unless the seeds are watered there will be no blossoms. I have paid attention to the religious community because I believe the right policy always starts with the right values. I have respected those who disagreed with me, especially when they took the time to write long letters detailing their disagreement.

Flying north from Washington in a small plane as the sun is setting, you reach a point where the sunlight on the Delaware River turns it into a metallic-looking band extending all the way from Trenton to the Water Gap. There lying before you is the New Jersey Peninsula bordered on the west by the Delaware and on the east by the Atlantic. New Jersey offers unexpected beauty, gives surprising economic opportunity and reveals vital human diversity. I have

achieved a greater understanding of the world with all its mixtures of religions and ethnicities by simply representing New Jersey. I have become deeply attached to the Jersey shore, to the mountains of the northwest, the flat farmland of South Jersey and even to certain places on the Garden State Parkway and the Turnpike. These New Jersey places have rooted me and given my life a sense of permanence. It has been an honor to represent our state in the United States Senate.

Over the years, I have been lucky to be assisted by competent staff who took public service seriously and believed they could make a positive difference in the life of our state and our nation. I believe we have.

During my time in the Senate I have tried to balance the private interests and the public interests; the rights of property owners and the needs of society; the big players and the forgotten players. I haven't always pleased everyone but I've tried to be consistent on the big issues such as the economy, race, and America's role in the world. I've also tried to take the long view, often passing up a headline to make sure that when I spoke I knew what I was talking about. Questions of structure, whether on taxes, trade or the environment, always interested me more than issues of marginal gain or questions of blame or strategies for partisan political advantage.

We live in a time when, on a basic level, politics is broken. In growing numbers, people have lost faith in the political process and don't see how it can help their threatened economic circumstances. The political debate has settled into two familiar ruts. The Republicans are infatuated with the "magic" of the private sector and reflexively criticize government as the enemy of freedom, and the Democrats distrust the market, preach government as the answer to our problems, and prefer the bureaucrat they know to the consumer they can't control. Neither party speaks to people where they live their lives. Both have moved away from my own concept of service and my own vision of what America can be. I am saddened on occasion when the media, and politicians themselves, convey that politics is mean, cheap and dirty; that what we hold in common as Americans is somehow less than what we harbor in our hearts and minds for ourselves as individuals. I have never believed that.

As I listen to our current political debate, I feel that among the things missing are the big ambitions that have always guided Americans who settled this continent, ended slavery, won two world wars and saw our liberal democratic ideals triumph around the globe.

I am leaving the U.S. Senate but I am not leaving public life. The quest for a decent life and good wages for all Americans is shaped by many influences that work on many levels. The imperative to engage the world flows through many channels. The fight for justice occurs in many places.

I will expand my dialogue with the American people. I will continue to speak out and call it like I see it on race; on America's role in the world; on the economic plight of the middle class and the poor; and on the need for thorough-going reform that will remove special interests from elections and reduce their influence on government.

In the coming months, I will not lessen my efforts. To the contrary. I will increase them. As I leave the familiar surroundings of the U.S. Senate, I don't know where the future will lead. But, I recall the words of Robert Frost: "The woods are lonely, dark and deep, but I have promises to keep, and miles to go before I sleep; and miles to go before I sleep."

* * * *

DRAFT TALKING POINTS FOR BB SUPPORTERS

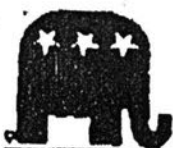
* Senator Bradley has decided against running for reelection to the United States Senate in 1996 but he plans to remain an active voice in the national debate about the problems our country faces and the shape of our future.

* He will work to shape and focus national discussion on issues such as the economic problems of the middle class, a fairer tax system, the importance of honest dialogue around race, and what America's role in the world should be in the future.

* Bradley made his decision because he believes all the answers aren't in Washington, and all the solutions aren't in government.

* Our political system and the two political parties aren't addressing the real problems of the country - what families care about and what they worry about.

* Bill Bradley will work to fix the broken political system and make our government and society more responsive and accountable to the people of the country.



Missouri Republican Party

... making history!

August 15, 1995
For Immediate Release

Contact: Tom Fowler

GOP BEGINS RUNNING RADIO ADS IN MISSOURI SUPPORTING REPUBLICAN EFFORTS TO SAVE MEDICARE

Missouri Republican Party Chairman Tom Fowler announced today that radio ads will begin running this week warning St. Louis area citizens that Democrats are refusing to confront the crisis of Medicare's impending bankruptcy. The ad urges listeners to call Congressman Dick Gephardt directly to "tell him to stop playing politics with Medicare."

The ad focuses on the issue of Medicare's looming insolvency. The announcer points out that it is not only politicians who say that Medicare is going bankrupt. He introduces economist Nancy Mitchell and health care expert Robert Belz. Mitchell says, "Millions of seniors depend on Medicare, but few of them know just how much trouble the system is in. Only Congress can deal with this Medicare crisis."

Robert Belz adds, "Medicare will be bankrupt in seven years. That is not just my opinion, that's what the Medicare Board of Trustees said recently. And three of President Clinton's own cabinet members sit on this board."

Last April, the Medicare Trustees issued a report warning Medicare will go bankrupt in seven years if nothing is done. Since that time, Congressional Democrats have failed to offer any solution to the Medicare crisis. In fact, Gephardt said the Democrats would offer no alternative to Republican plans to put Medicare on a path to solvency (The Washington Times, August 4, 1995). Gephardt even voted against a motion that would have required the Medicare Trustees to make specific recommendations on how to address the Medicare crisis (CQ House Vote, HR 1590).

Missouri Republican Party Chairman Fowler said, "These ads are designed to help inform the public of the Democrats' biggest secret: that Medicare is going bankrupt in 2002. The Democrats not only have proposed nothing to avert the crisis, they are fighting with all their might against Republican plans to preserve, protect and strengthen Medicare. It's time for Congressman Gephardt and the rest of the Democrats to be held accountable for their inaction," Fowler said.

The radio ads will begin running Wednesday, August 16, and will continue running for one week. The Republican National Committee and the National Republican Congressional Committee are paying for the ads.

- 30 -

TRANSCRIPT (MEDICARE SPOT)

ANNOUNCER: ATTENTION ST. LOUIS AREA CITIZENS. THE U-S CONGRESS IS IN A GRE
DEBATE ABOUT MEDICARE. SOME POLITICIANS, LIKE CONGRESSMAN RICHARD GEPHARDT
ARE IGNORNING MEDICARE'S LOOMING BANKRUPTCY. BUT THE EXPERTS, WHO AREN'T
POLITICIANS, SAY THERE'S BIG TROUBLE AHEAD. LIKE ECONOMIST NANCY MITCHELL.

MITCHELL: MILLIONS OF SENIORS DEPEND ON MEDICARE. BUT FEW OF THEM KNOW JUS
HOW MUCH TROUBLE THE SYSTEM IS IN. ONLY CONGRESS CAN DEAL WITH THIS MEDICA
CRISIS.

ANNOUNCER: ROBERT BELZ, HEALTH CARE EXPERT.

BELZ: MEDICARE WILL BE BANKRUPT IN SEVEN YEARS. THAT'S NOT JUST MY OPINION
THAT'S WHAT THE MEDICARE BOARD OF TRUSTEES SAID RECENTLY. AND THREE OF
PRESIDENT CLINTON'S OWN CABINET MEMBERS SIT ON THIS BOARD.

ANNOUNCER: MEDICARE'S SURVIVAL IS AT STAKE, AND CONGRESSMAN GEPHARDT REFUSE
TO FACE THIS DANGER. CONGRESS IS TAKING A BREAK AND RICHARD GEPHARDT IS HOM
CALL HIM NOW AT HIS LOCAL DISTRICT OFFICE. TELL HIM TO STOP PLAYING POLITIC
WITH MEDICARE. IF WE DON'T DO SOMETHING NOW, MEDICARE WILL BE GONE.

PAID FOR BY THE REPUBLICAN NATIONAL COMMITTEE AND THE REPUBLICAN NATIONAL
CONGRESSIONAL COMMITTEE.

THE PRESIDENT HAS SEEN
8-18-95

THE WHITE HOUSE
WASHINGTON

August 15, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TDS*
PHIL CAPLAN *PC*

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- (A) **Mikva/Kagan memo on federal law enforcement.** Discusses three subjects: violent threats to law enforcement from right-wing extremist groups; the "Good Ol' Boys Roundup"; and Ruby Ridge. Note that hearings on both militias and Ruby Ridge are planned for September. Ab and Elena suggest that our the broader message linking these three subjects should be emphatic support for our law enforcement agents, but also insistence that they live up to their own high standards -- a message of reciprocal responsibility between law enforcement and the broader community. Several policy suggestions are offered, including: continued advocacy of counterterrorism legislation; support of legislation to ban paramilitary training; withholding monies from communities that deny federal authority over lands; issuance of directives relating to the way Justice handles cases involving threats or assaults on federal agents.
- (B) **Senator Ford press release on tobacco announcement.** From Leon. Calls your action disappointing. Says his farmers lost out to the zealots. "No one...was attempting to block the President's position of reducing underage smoking. We were offering a fair and enforceable way to get there. Mr. Kessler wanted a scalp on his belt and the White House was determined to give it to him." He says he will not be vindictive and will introduce a bill after recess that he thinks we can accept.
- (C) **Pena memo on air traffic control outages.** Secretary Pena outlines a multi-part plan to address recent outage problems, including: 1) expert teams from FAA will visit each air traffic control center starting August 21 to review emergency and backup procedures and report by November 15; 2) within 60 days, an outside expert in power systems and backup procedures will complete a review of systems in each center; 3) new training courses will begin in October to better train technicians on the maintenance of 30 year-old systems; 4) 116 new technicians will be hired by September 30. Also, the FAA last week moved forward with a \$65 million plan to replace the computers in five key facilities -- Chicago, Cleveland, Dallas-Ft. Worth, New York and Washington -- 16 months ahead of schedule.

*Walter's
the Black AG?*

THE PRESIDENT HAS SEEN
8/18/95

THE WHITE HOUSE

WASHINGTON

August 14, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: ABNER J. MIKVA
Counsel to the President

ELENA KAGAN
Associate Counsel to the President

SUBJECT: SUMMARY OF MEMO ON FEDERAL LAW ENFORCEMENT

This is a summary of the memo on federal law enforcement that Leon has forwarded to your attention. That memo addresses three subjects: (1) threats to federal law enforcement officials, especially from militia members; (2) the "Good Ol' Boys Roundup"; and (3) Ruby Ridge.

The memo provides factual background on threats and resistance to law enforcement agents from right-wing extremist groups hostile to government. Challenges to law enforcement authority take a variety of forms, including bombings; specific threats of violence; the use of "common law courts" and "common law liens"; the filing of frivolous suits; the brazen violation of federal regulations, especially relating to land use; and the enactment of ordinances asserting control over federal lands. These activities have inspired new precautionary measures and probably have inhibited some enforcement efforts. Legislative hearings on militias and the threat they pose to federal agents began this summer; more will occur in September.

The memo also offers a brief description of the "Good Ol' Boys Roundup," the extent of participation in the event by federal agents, the status of ongoing agency investigations, and the recent hearing on the issue by the Senate Judiciary Committee. Senators at that hearing demanded that the agencies discipline not only agents who attended the Roundup, but also any supervisors who knew of their attendance. Several Senators hinted that they would use the findings of the investigations as a predicate for legislation disbanding the ATF and/or modifying the current system of federal employment protections.

The memo last discusses Ruby Ridge -- both the incident and the subsequent investigation of it. An ongoing Justice Department review has found credible evidence of a cover-up by FBI agents, involving perjury and document destruction, which occurred during the investigatory proceedings that began in late 1992 and continued into this administration. Sen. Specter will hold hearings on the issue in early September.

Included within the discussion of each of these subjects are suggestions as to both message and policy. The overarching

message is emphatically supportive of law enforcement agents, but also insistent that such agents live up to their own high standards; it is a message of reciprocal responsibility and respect as between law enforcement and the broader community. The policy proposals, summarized at the end of the memo, include the continued advocacy of the counterterrorism bill; the support of legislation banning paramilitary training, strengthening certain federal criminal laws, and withholding monies from communities that deny federal authority over lands; and the issuance of directives relating to the way in which the Justice Department handles cases involving threats or assaults against federal agents.

To The President

THE WHITE HOUSE

WASHINGTON

August 9, 1995

95 AUG 14 AM 11:41

MEMORANDUM FOR THE CHIEF OF STAFF

FROM:

ABNER J. MIKVA *AM*
Counsel to the President

ELENA KAGAN

Associate Counsel to the President

SUBJECT:

FEDERAL LAW ENFORCEMENT

The POTUS recently has noted interest in newspaper articles on the Ruby Ridge shooting; the "Good Ol' Boys Roundup"; and threats to federal law enforcement officials, especially from militia members. These articles all address federal law enforcement, but do so from different (if ultimately complementary) directions. The militia issue highlights what a community owes to its law enforcement officials; the Roundup highlights what law enforcement officials owe to their community; and Ruby Ridge highlights both. Together, the articles the POTUS has noted might be said to call attention to the reciprocal responsibilities of the protectors and the protected within a civil society.

The POTUS might use this broad issue to advantage in the next year. Coming off the Waco hearings, where the Democrats used their alignment with law enforcement to such great effect, he can come down foursquare behind law enforcement agents and against militias and other groups that would threaten or thwart them. This pro-law enforcement, anti-militia message should mesh well with continuing reminders of the Administration's efforts to gain a counterterrorism bill, now seemingly thwarted, and its success in gaining a crime bill. At the same time, the POTUS can insist that agents live up to their own high standards, by providing good, honest, impartial justice. Ruby Ridge and Roundup will in any event become issues in the fall; the POTUS can deal with these issues most effectively by placing them in a broader context. This memo addresses the three issues the POTUS has raised within this broader context, involving the creation of an ideal, mutually respectful relationship between a community and its law enforcers. The memo closes with a summary of suggested actions.

1. Threats to federal law enforcement.

Factual background. In recent months, partly because of the Oklahoma City bombing, attention has begun to focus on threats to and harassment of federal (and also state and local) law enforcement and land management officials. The problem comes

in many guises. Employees have received specific threats of death or injury to themselves or their family. A Forest Service office and Bureau of Land Management office recently were bombed, though with no injury. So-called common law courts, having no rightful authority, issue decrees against federal officials. Those who assert the legitimacy of such courts attempt to file bogus "common law liens" against officials (especially IRS agents), which until removed can cause inconvenience. They also resort to "paper terrorism," filing numerous harassing complaints and suits.

Available statistics, though incomplete, suggest some recent increase in threats against federal officials. The FBI reports that the number of cases opened involving threats or assaults against federal officials, other than Department of Treasury personnel, jumped from 639 in 1993 to 665 in 1994 to 361 in the first three months of 1995. (The 1991 and 1992 figures are closest to the 1994 figure.) The ATF, which retains investigative jurisdiction over threats and assaults against its own employees, reports a dramatic increase in threats against agents and other employees in 1993 (probably due to Waco), but a decline since then: the numbers are 31 in 1991, 36 in 1992, 69 in 1993, 43 in 1994, and 8 in the first quarter of 1995. Statistics from the Forest Service, Bureau of Land Management, Fish and Wildlife Service, and National Park Service are scanty, but these agencies believe that in the last year cases of harassment and of specific threats have increased.

Side by side with the increase in actual threats to law enforcement officials is the increase in resistance to their authority. Such resistance also takes many forms. Individuals may tear up their driver's licenses and other official papers. They may refuse to acknowledge the authority of courts, state or federal. Some persons, including county officials, brazenly violate federal land use regulations, for example by bulldozing open a forest road previously closed by federal officials or erecting fences on federally owned land or refusing to pay grazing or mining fees. Some counties (even states) have considered or passed ordinances (known as Catron County ordinances) claiming title to, or otherwise asserting authority over, federal lands. Under these ordinances, several county officials have arrested or threatened to arrest federal land management officials. (Actions in defiance of federal control over land are associated particularly with the county supremacy movement, noted below.) Other counties or states have considered enacting laws requiring all federal agents to obtain permission from sheriffs before carrying out official duties.

The widespread perception within the law enforcement community is that the increased risk and resistance to federal officials is attributable to the recent growth of right-wing extremist groups hostile to government: the militia, white supremacist,

tax protestor, and county supremacy movements (all of which overlap with each other). (Just a few months ago, two members of the Minnesota Patriots Council were convicted of conspiring to poison federal law enforcement agents.) The Anti-Defamation League estimates that active militias exist in 40 states, with 15,000 members. (Other estimates range up to 100,000.) The ADL claims that the movement has grown since the Oklahoma City bombing, but also has gone further underground, breaking up into ever smaller units, which are less prone to detection. Members of such groups, of course, often harbor special hatred of gun control laws and maintain large caches of firearms, which increases further the danger to law enforcement agents.

The rise of this anti-government movement has led to the use of new precautionary measures and also, perhaps, to the inhibition of some enforcement activity. The Director of the BLM in Idaho issued a "County Supremacy Movement Safety Guidance" memorandum instructing employees prior to leaving for the field, to notify a supervisor of destination, route, and expected time of return; to identify alternative routes; and to maintain constant radio contact. Other BLM supervisors have told field employees always to travel in unmarked vehicles. The Forest Service in Montana has declined to conduct fire prevention flyovers across parts of the state for fear of being shot at by militia members. Stories abound of individual federal officers so intimidated as to turn a blind eye to law violators.

Legislative action. Legislative hearings on this subject have occurred, and more will occur in the fall. Senator Specter's Judiciary Subcommittee on Terrorism held a hearing in June on the militia movement, at which both militia members and high-level officials of federal law enforcement agencies testified. Specter intends to hold at least one more hearing in the fall. Charles Schumer led a Democrats-only hearing in July on militia activities -- attended by threatened government workers and members of watchdog groups -- after Republicans on the House Judiciary Committee refused his request for formal hearings. Chairman William McCollum now has agreed to hold official hearings sometime in the Fall. The content of these hearings is still uncertain. Over the next few weeks, we should work with Rep. Schumer's staff to devise a hearing strategy.

Several legislative proposals addressing these issues are currently under discussion. The ADL has drafted a model paramilitary training law, introduced by Rep. Nadler in the House, which probably would pass constitutional muster. This bill, versions of which are on the books in about 40 states, would make it a federal crime (assuming a connection to interstate commerce) to train with firearms with the intent of using them in furtherance of a "civil disorder." (The Federal Civil Obedience Act of 1968 already makes it a crime to teach the use of firearms with such an intent.) Another, broader

version of the bill would remove the strict intent requirement; such a law would make it easier to prosecute those who participate in paramilitary training, but would raise severe constitutional (and perhaps political) problems. The pending Counterterrorism Act would expand federal jurisdiction over threats and assaults against both current and former federal officials. Other possible approaches would be to increase penalties for threats and assaults and also to cover threats and assaults against members of an official's family.

On another track entirely, the government might respond to so-called Catron County ordinances by withdrawing or escrowing all payments to counties based on federal land tenure (e.g., payments in lieu of taxes and shared proceeds from public land uses). (Trying to do this by executive action would be a stretch as a legal matter, but may be worth looking into).

Executive action. The most obvious response to these dangers is strictly to enforce existing laws against threats and violence. While federal law enforcement agencies insist this is what they are doing, some watchdog groups contend that federal officials shy away from confrontational situations. For example, these groups note, the Justice Department brings civil suits, but not criminal prosecutions, against persons who challenge federal ownership of lands by bulldozing roads, erecting fences, etc.

Thought might be given to restructuring, or at least reviewing, the way in which the government currently handles prosecutions against those who threaten or assault federal officials. The Justice Department recently has made increased efforts to coordinate and systematize its response to the kind of problems discussed in this memo. But further steps might be considered. For example, the FBI currently has investigative jurisdiction in cases involving threats or assaults against federal officials, but perhaps it also should have a special unit devoted to them. Similarly, prosecutions usually are handled by local US Attorneys' offices; perhaps the Criminal Division of the Justice Department should exercise greater control over these cases or provide some kind of centralized coordination. A Justice Department review of this subject might be in order. More dramatically, the President might issue a set of directives relating to the way in which such cases are handled.

2. Good Ol' Boys Roundup.

If the above discussion suggests something about what a community owes to its law enforcement officials, discussion of the Roundup suggests something about what officials owe to the community. The Roundup, of course, is an annual social event, largely for law enforcement agents and their families, with a racist tone: few non-whites have been invited, and racist incidents have occurred (e.g., the sale of "nigger hunting

licenses," the display of racist signs, the production of racist skits). The facts relating to federal law enforcement participation are incomplete; each agency is now undertaking an investigation. Of the agencies, ATF seems to have the greatest involvement with the Roundup: a now-retired ATF agent helped organize the event each year (probably using agency resources), and approximately 12 ATF agents (active and retired) attended in most years. The number of other federal agents who attended the event is smaller: 1 or 2 a year from the FBI, for example.

Chairman Hatch recently held a Judiciary Committee hearing on the Roundup. At that hearing, Senators from both parties urged a panel of enforcement officials (Freeh, Magaw, Constantine, Noble, Lau, and Gorelick) to discover not only the identity of employees who attended the event, but also the identity of any supervisors who knew that employees attended. This is a special concern at ATF, because knowledge of the Roundup was most widespread there and because the Roundup was specifically mentioned in a deposition, attended by ATF's counsel, last year. (The deposition was part of an ongoing race discrimination suit brought against ATF by African-American employees, who allege pervasive racism within the agency.)

We should anticipate two different kinds of legislative responses following the close of the agency investigations. First, some Senators might use the Roundup to strengthen the case for disbanding the ATF and transferring its functions to the FBI. Several Senators discussed this possibility at the Roundup hearing, and several Congressmen proposed it during the House hearing on Waco. The NRA seems to be pushing this proposal, but it is unclear whether such a move would harm gun law enforcement. The ATF is an agency in trouble: although there have been some recent improvements, all reports suggest that ATF agents suffer from poor morale and bad training; more, the precarious situation of the agency has caused it to shy away from certain kinds of investigations, including probes of licensed gun dealers. (The number of firearms ATF has taken into custody dropped considerably between 1992 and 1995.) In 1980, the NRA also pushed to dismantle the ATF; then, when Reagan announced he would shift its functions to the Secret Service, the NRA realized its mistake and reversed its position. The NRA might now be making the same error. Support of the ATF, as against proposals to transfer its functions to another agency, will not necessarily best serve the interest of gun law enforcement. It is, however, an attractive political position, given that the NRA is the ATF's principal enemy.

Second, some Senators may use the Roundup hearing as a predicate for legislation stripping federal employees of certain kinds of employment protection. A constant refrain of the Roundup hearings was the difficulty of disciplining federal employees for infractions of agency rules, given the current

Merit System Protection Board (MSPB) system. (This subject also came up at the Waco hearings: after the failed raid, the ATF reinstated two agents whom it initially had fired for fear that the MSPB would do so anyway, on terms even more favorable to the agents.) Reforms in the system may well be warranted from the standpoint of effective personnel management. Such a stance may provoke flak from unions. But supporting or even advancing a balanced proposal would enable the POTUS to respond to the Roundup in an activist way that allows him to note the "public trust" aspect of law enforcement and the need to remove the few agents who fail to understand responsibility.

3. Ruby Ridge. Sen. Specter is scheduled to hold hearings on Ruby Ridge beginning September 6. Those hearings probably will focus both on the incident at Ruby Ridge and on the subsequent investigation of that incident. The incident occurred during the Bush administration; the investigatory proceedings began in 1992, but continued into this administration.

The incident began in January 1991, when ATF agents arrested Randy Weaver, a white supremacist with violently anti-government views, for having sold sawed-off shotguns to an ATF agent. When Weaver failed to appear in court as scheduled in August of the following year, a deputy US Marshal went to his retreat to arrest him. A gunfight ensued in which the deputy marshal and Weaver's son were killed. The FBI then took over the scene, under rules of engagement that everyone agrees were improper: the rules allowed -- indeed, instructed -- agents to use deadly force not only in self-defense or defense of others, but whenever a person within the retreat was observed with a weapon. At some point, an FBI sniper shot and killed Weaver's wife. Freeh has insisted that the sniper was not following the improper rules of engagement, but instead was acting in accord with usual FBI policy on deadly force. That position is controversial. Those critical of law enforcement's performance at Ruby Ridge argue both that the rules of engagement were improper and that those rules caused the death of Mrs. Weaver.

The second issue concerns the adequacy and honesty of the subsequent investigation of Ruby Ridge. The FBI review resulted in a letter of censure to Larry Potts, who supervised the operation from Washington; Eugene Glenn, the field agent in charge, received a 15-day suspension. In May, Glenn wrote to the Justice Department's Office of Professional Responsibility, complaining that the FBI review had been distorted to protect Potts. Glenn alleged that Potts himself issued the faulty rules of engagement (Potts has disputed this); Glenn further alleged that documents shedding light on this matter had been purposely destroyed. OPR recently submitted a preliminary report to Deputy Attorney General Jamie Gorelick. The exact content of that report is unknown, but it appears to indicate that some agents engaged in activities obstructing justice. As

a result of that report, on August 11 Freeh suspended four senior FBI officials, including Potts. (A fifth official, Michael Kahoe, was suspended a few weeks earlier, when he admitted shredding certain documents relating to Ruby Ridge.) In addition, Gorelick referred the preliminary report to U.S. Attorney Eric Holder for criminal investigation. OPR's review is ongoing; the latest information is that the review will not be completed by the date the Senate hearings open.

The Ruby Ridge story highlights the way responsibilities between law enforcement and the broader community run in both directions. On the one hand, the incident would never have occurred had Weaver submitted to lawful authority (shades of David Koresh); too, the incident is being used by those who wish to undermine law enforcement (again, shades of Waco). On the other hand, the actions of agents at Ruby Ridge were, at the least, ill-considered; and a cover-up in the review process would violate every conceivable norm of law enforcement. The POTUS, in addressing this issue (should he have to do so later this Fall), might use this kind of two-pronged message.

Summary of suggested actions

This memo has suggested a series of actions to deal with issues of federal law enforcement, including the protection of federal agents from right-wing extremists, the Roundup, and Ruby Ridge. Within the context of discussing the mutual respect and obligation that ought to mark the relationship between law enforcement and the broader community, the Administration should, in summary:

- Continue to push counterterrorism legislation, blaming the failure to pass it on the Republicans;
- In consultation with members of Congress, develop a strategy for the hearings on militias and Ruby Ridge;
- Support anti-paramilitary training legislation and advance legislation strengthening federal criminal provisions relating to threats and assaults against federal agents;
- Advance legislation responding to Catron County ordinances by withholding certain federal monies, and consider ways to accomplish this object through executive action;
- Issue directives relating to the prosecution of cases involving threats or assaults against federal agents, either specifying specific changes in prosecution policy or instigating a general review by the Justice Department;
- Reform the MSPB system, to enable law enforcement agencies to remove more easily agents who violate codes of conduct.

THE WHITE HOUSE
WASHINGTON

August 18, 1995

TO: Jamie Williams
FROM: Carol Cleveland *Carol*
Staff Secretary's Office

Would you please handle the
attached for Betty Currie? Thank
you.



RICHARD FIEBER
UNITED STATES OF AMERICA

August 15, 1995

To: Personal Secretary to the → Betty CURRIE W. W
President of the United States of America, President Bill Clinton

In an effort to correspond sensitive matters of extreme and important significance to President Bill Clinton; it is essential that I communicate with you as expeditiously as possible.

Consequently, I am faxing said request to you in the hope that you will assist me with same.

My fax number is 305-969-1649; my personal phone number, in the event you need it to communicate with me, is 305-974-6666.

Thanking you in advance for your help in my request, as well as the splendid job I am sure you are doing to support our great President, I await communication back from you--at your earliest convenience--and, remain

Sincerely,

Richard J. Fieber, Ch.T., P.A.

RJF/g

THE WHITE HOUSE
WASHINGTON

August 16, 1995

Betty:

Two Options:

1. You can throw out or
2. You can sent to Jamie Williams
and have the Comments Office
handle for you.

Carol

8.15.95

Carolyn —

what to

do?

— Betty

DATE: 8/17/95

TO: Billy Webster (original)
Dan Burkhardt
FROM: Staff Secretary

8-17-95

Todd -

Should we send to
Doug Sosnik for appropriate
action?

Yes —

No ☒

B. Webster
+ Dan Burkhardt

THE WHITE HOUSE

Carol H. Rasco

Nancy -

These were sent to
me by Wlem. Party
Officials in Tenn..
I guess since I
spoke. At a
luncheon they held
recently.

C Rasco



Planned Parenthood
OF MIDDLE TENNESSEE
HEALTH SERVICES

*Sherry Winn
to Hank*

95 White Bridge Road, Ste. 312
Nashville, Tennessee 37205
615-353-0755 Administration
615-356-5326 Education
615-356-6616 Fax

95 AUG 17

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August 3, 1995

The President and Mrs. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President and Mrs. Clinton:

On November 30th, 1995, we will host a tribute dinner to honor Dr. Henry Foster and benefit Planned Parenthood of Middle Tennessee, with whom he has been associated since 1974, first as a board member and later as a member of the Advisory Council.

We would be most honored if you could be a part of our tribute in some way. We are appreciative for your support of Hank, and would like to include your name on the invitation along with other dignitaries as a member of our "Advisory Committee". Of course, you will receive an invitation but in your absence a video taped message from you would be an exceptional gift.

We all abhor the attacks on Hank. We are seeing continued attacks on domestic and international family planning programs as part of the continuing effort to discredit and defund the accomplishments of Planned Parenthood. And this is the same important preventive work to which Hank's career has been dedicated.

His work is a reason we put our full resources behind his confirmation. We produced a video for the Senate with real stories of how Hank has changed lives here in Tennessee. We also secured funding and provided local coordination for the Washington trip of the terrific teens from the I Have A Future program. We know how their stories touched us, and you, as they personalized his commitment to the health of our young people.

So, for many reasons November 30th will be a very special evening for all of us. The event will honor Hank with PPMT's highest award, named for founder Evelyn Ames Davis, and will also feature guest speaker Ellen Goodman.

I know your involvement would underscore the importance of the preventive work which we all support, and hope to hear from you before our typesetting deadline of August 31. Thank you for your consideration, and the very best of regards and warm wishes from Tennessee.

Most respectfully,

Sherry Winn

Sherry Winn, Tribute Chair

SHELBY TABELING

3903 Wayland Drive
Nashville, Tennessee 37215
R (615) 665-2004 B(615) 353-0755

August 3, 1995

The President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

For nearly a year now I have wanted to tell you how deeply I appreciate your leadership during this tumultuous time. I missed my chance to tell you so in person when unable to join the 'I Have A Future' group visit with you due to another commitment, but benefited from the experience of passing along the idea of the trip for them, hooking them up with PPFA resources, working with some of your staff, and coordinating it here locally. So you know my heart has been here working on what it feels.

What I have wanted to say for so long is a very real thank you for defending the values so many of us hold dear. Please know there are millions of us for whom you speak when you address issues with a respect for human dignity and a commitment to 'do the right thing'. I'd like to share but a few of the experiences that have shaped my appreciation for your challenges, and for the way you have responded to them.

In the fall of 1994 I attended a Christian Coalition meeting here and felt for the first time the real power of their strength and the fear of their message. A national religious right spokesperson, George Grant, communicated a goal of world-wide power with references to bearing arms. I saw the precinct maps, heard the candidates who had come to court, and saw what truly effective grass roots organizing was about. I left somehow frantic, knowing that the Democratic party must go to the trenches and get out the votes.

Soon after, as part of my work, I spent three hours face to face in a small group with Randall Terry as he held a small rally focusing almost entirely upon you, and occasionally upon me. While the rally itself was ineffectual, his 'Hitleresque' speaking skill is not. The messages were dangerous, filled with hate and skillfully presented.

Then in late October, 1994, I was traveling the interstate heading towards Knoxville for my son's basketball tournament. Lost in deep thought about what the creed of the radical right could mean for our future, a huge black Lincoln with a bright red sticker calling for your impeachment passed me. My reaction was involuntary - I burst into tears.

I know I am just one of many who react with emotion and anger at the demonization you and your wife have had to endure. When people use you as the target of their venom, they are attacking not only you but all of us who still believe it is possible to build a better nation and world. My family provided me role models of positive public service, and your work has affirmed the commitment of myself and so many others to continue in that tradition.

We here in Tennessee are particularly appreciative for your solid support of Dr. Henry Foster throughout the fiery confirmation process. When Mrs. Clinton referred to him as a "real profile in courage" at the NAACP convention, I could not help but think that description applies equally as well to the two of you.

Again, thank you so very much. I know your faith is important to you so hold it dear, and God Bless.

Most respectfully,



Florence Shelby Tabeling

THE WHITE HOUSE

WASHINGTON

August 17, 1995

Carol --

I had a rather emphatic talk with Erskine this morning to the effect that the President does not want anything sent to him other than urgent material and the daily memo. Thus, while I think your plan to do a separate daily DPC note is a fine idea in concept, we can't send it out. DPC submissions for the daily memo will of course go to the President, but not the separate memo. Incidentally, we aren't sending anything like this from other offices either. I have also discussed this with John Angell, who previously wasn't aware of the President's desires in this regard, but now agrees that it would be inappropriate to send this memo. Sorry.



Ruth
Todd

THE WHITE HOUSE

WASHINGTON

TO: President Clinton
FROM: Carol H. Rasco
SUBJ: DPC Staff Vacation Briefing Series
DATE: August 17, 1995

During this vacation period the DPC staff will submit with your daily bulletin a series of one page briefing papers on topics we are currently studying, monitoring, etc. These are strictly FYI; we felt this summer vacation time was a good opportunity to bring these items to your attention away from the glare and noise of pressing Congressional business.

I hope you find them helpful. We start today with an update on aging issues.

Hope you are having a good, meaningful restful, vacation!

WHITE HOUSE CONFERENCE ON AGING FOLLOW UP

A unique facet of the 1995 White House Conference on Aging (WHCoA) is the series of follow up events that have been planned to develop and recommend implementation steps for the resolutions adopted by the Conference delegates.

- More than 160 post WHCoA conferences have been organized by national, state and local organizations across the country. These events will be held between June and November of this year.
- Bob Blancato, Executive Director of the WHCoA, will participate in and address about one-third of these events. Assistant Secretary Fernando Torres-Gil will address about a dozen events as well. WHCoA staff have worked successfully with the press to get good local coverage of many of these events.
- The DPC drafted a statement from the President which is being read at each of the 160 follow up events. The statement thanks participants for their efforts; acknowledges the historical importance of the timing of the WHCoA and these events--during a year of anniversaries of key programs for the elderly and during historical debate in Washington on the role of government and individual responsibility; and urges participants to help develop a common ground as they contribute to an aging policy designed to lead us into the 21st century.

The final outcome of the WHCoA will be a report submitted to the President and members of Congress in early 1996. A draft report was developed by the WHCoA Advisory Committee and is being reviewed by the nation's governors. Comments from the governors will be merged with recommendations from the follow up conferences in December.

OLDER AMERICANS ACT

The Administration's proposal for reauthorizing the Older Americans Act (OAA) -- the major vehicle for the organization and delivery of social services to the elderly, such as Meals on Wheels, transportation, and anti-elder abuse programs -- was introduced by Rep. Martinez last month. The proposal streamlines and consolidates in some areas, but preserves the core principles of the program.

Our OAA proposal would also reauthorize Title V of the Act, the Senior Community Employment Program, and move it from the Department of Labor to the Administration on Aging. While the senior groups, particularly the Title V contractors, hoped to have the program remain at Labor, they are very happy the Administration has (a) proposed reauthorization of this program and (b) gone on record against the House proposal to cut the program by \$46 million (11.6%).

Prepared by: Molly Brostrom, DPC
August 17, 1995

Leon (Graham) → summer: This

THE PRESIDENT HAS SEEN
8-15-95

BK

- **Pacific Northwest Economic Adjustment Initiative/Forest Plan:** Three Intermediary Relending Program loans were recently approved for the Pacific Northwest Economic Adjustment Initiative: Lane Council of Governments, Oregon, \$2 million; Port of Bandon Economic Development Fund, Oregon, \$1 million; Del Norte Economic Development Corporation, California, \$500,000. A Rural Business Enterprise Grant was approved for this Presidential Initiative: Del Norte Economic Development Corporation, Crescent City, California, \$200,000, to provide technical assistance and a revolving loan fund to Eco-Nutrients Inc. to process fish waste into marketable by-products that will foster growth of the fishing industry in the timber and fishing-dependent economy, creating/saving approximately 30 jobs.
- **National Service/AmeriCorps:** Recruitment is beginning for USDA's 1996 AmeriCorps program, which will again feature three National Service models: an anti-hunger team; a public lands and environment team; and a rural development team. The number of AmeriCorps members that USDA will sponsor in 1996 has not yet been determined. During 1995, USDA had the largest program (1,200 AmeriCorps members) among federal agencies participating in the Administration's National Service program. The Rogue River National Forest in Oregon lists several major accomplishments by AmeriCorps in 1995, including the rehabilitation of over 200 campsites, maintenance and rebuilding of 200 miles of trail, construction of eight bridges, transplanting of 720,000 seedlings, and wildfire reduction on several sites.
- **Jill Long Nomination:** On August 8, the Senate Agriculture Committee voted to confirm the nomination of Jill Long of Indiana to be USDA Under Secretary for Rural Economic and Community Development and to be a member of the board of directors of the Commodity Credit Corporation. The full Senate may vote on the nomination by the end of the week.
- **New Zealand Market Opens For California Peaches/Nectarines:** On August 7, USDA announced the opening of New Zealand as a market for California peach and nectarine exports. New Zealand represents a promising new market for California stone fruit producers with near-term market potential projected at \$1 million annually.

DEPARTMENT OF ENERGY

- **Release of Additional Radiation Tests:** The report of your Advisory Committee on Human Radiation Experiments is nearly completed. During the records search of our files, additional radiation tests on humans were discovered. On August 17, Secretary O'Leary will release a list of 435 human radiation studies involving an estimated 16,000 subjects conducted by DOE and its predecessors, the Manhattan Project and the Atomic Energy Commission, from World War II through 1974. This list supplements previously released material and was done pursuant to your direction to Federal agencies of January 19, 1994, to search for records of human radiation experiments and as part of the Department of Energy's Openness Initiative. While much of the research included contributed to medical advancement, some of the experiments will be controversial due to the nature of the study population (children, prisoners, destitute patients), the amount of ionizing radiation involved, or the involvement of pregnant women and fetuses.

THE WHITE HOUSE
WASHINGTON

August 15, 1995

TO: LEON PANETTA
ERSKINE BOWLES

FR: PHIL CAPLAN 

Subject: Response to the President's note on the August 12 Cabinet Report re:
Human Radiation experiments:

An event is scheduled for the afternoon of September 22 where the President would publicly receive the report of the independent Advisory Committee on Human Radiation Experiments. He appointed this committee, and the event on the 22nd will mark the culmination of their 18 months of work. Their report covers all of the experiments conducted by the government from 1944-1974 and will include recommendations about compensating the victims, toughening human research guidelines, and ensuring such experiments do not happen again. There is an interagency staff group at work on responding to the Committee's recommendations.

The report released tomorrow by Secretary O'Leary (and the one referenced in the Cabinet report) is the fourth installment of a series published by DOE that lists the experiments the agency conducted. This report is based on the President's directive of last year to all agencies to search their files and turn over records to the Advisory Committee. The Advisory Committee has already seen these records, and their final report will take these records into account; DOE is making them public, as has been their practice.

There will be some new news in the release including some experiments done on prisoners, aborted fetuses, etc. I have asked Rich Rosenzeig, Secretary O'Leary's chief of staff, to low-key it as much as possible. One point to emphasize...it's not a bad idea to get the "bad stuff" out now, as far away from the President's event as possible.

(FYI - I brought the human radiation portfolio with me from Cabinet Affairs to the Staff Secretary's office.)

cc: Kitty Higgins