

THE WHITE HOUSE
WASHINGTON

95 OCT 27 P 7: 26

sent

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: L. LADER

Fax Number: 638-4141

Phone Number:

FROM: TODD STERN

SUBJECT: PRESIDENTIAL NOTE

DATE: 10-27-95

NUMBER OF PAGES (including cover sheet): 3

MESSAGE:

If all pages are not received, please call 202/456-2702

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited.



Alexu/Lader

Interacting

BK

se as ever more
were pushed to
ter and shorter

Windows 95 has
start of a new era
ing, but I see it
chapter. What
nally bring Apple
old Macintosh ap-
a computer to
IBM-compatible

re in ease of use,
require a funda-



Nurit Karlin

f the concept of
tion that it must
ameleon device
ne minute and a
ol the next. This
flexibility, has
the computer's
ade it seem like
mise has never

s moved into the
technical users
e has grown
ous and com-
ds that these
advertised have
toting home a
er be sure it will
n't conflict with
least without a
phone calls f

Tackling Workplace Problems With Prayer

By MATT MURRAY

Staff Reporter of THE WALL STREET JOURNAL

Over breakfast on a weekday morning, Dick Horn quietly unburdens himself to a half-dozen acquaintances in a downtown Pittsburgh restaurant.

His workload is too heavy, he says. Two friends have cancer. Busy weekends with his family are getting overscheduled. "How do I deal with that but still maintain a balance?" asks Mr. Horn, a thin, fortyish vice president and general counsel at HealthAmerica

RELIGION

Pennsylvania Inc., a managed-care company.

His tablemates offer no answers, but all agree to pray for him. They pray, too, as they finish their meal and prepare to head to work: "Lord, thank you for this time this morning."

Welcome to a weekly meeting of the Pittsburgh Experiment, a 40-year-old Christian ministry whose mission field is the workplace. This breakfast group is one of about 40 groups of Pittsburgh workers that meet regularly in restaurants, conference rooms or living rooms. Under the direction of a layperson drawn from their own ranks, they discuss their jobs and personal concerns at sessions that are part prayer meeting, part support group.

"It is an opportunity to be yourself and to share the weekly joys and struggles of your life in an open and confidential setting that you certainly don't find in the workplace—and often you don't at church," says Kerry Fraas, a lawyer who has been attending a Thursday lunch group since 1978.

Members say the need for organizations like the Experiment has become greater in an age when corporate compassion seems to be drying up and job insecurity is rising. Layoffs, takeovers and ever-increasing workloads frequently dominate the discussions. Over the years, members have included steel executives downsized out, laid-off bank employees and people relocated by their firms.

"Paternalism is absent in corporate America today," says the Rev. Gregory S. Hammond, executive director of the Experiment and a former small-business man. "With the gap that exists between employees and management, where does one turn? One has to turn outside the corporation."

But perennial concerns—office politics, marriage, aging parents—also have been a staple of the groups since the early days. Sometimes members come not because of a crisis at work, but because they have found something hollow at the core of success. Mr. Hammond says, "The classic Experimenter is a person in his middle



Sally Wern Comport

40s who is asking the question at the end of the day, 'Am I happy with my life where it is now?'"

The Experiment grew out of lectures that Samuel Moor Shoemaker, the pastor of Pittsburgh's Calvary Episcopal Church in the 1950s, used to deliver at the Pittsburgh Golf Club. He founded the group with Ben Moreell, then the chairman of Jones & Laughlin Steel Corp. (now LTV Corp.). Though downsizing wasn't even on the horizon and steel was still going strong, the two men were worried that the young businessmen they had met were drifting away from church as they found success. The organization's goal: "To make Pittsburgh as famous for God as it is for steel."

PRESIDENT HAS SEEN

10/27/95

Over the years, the Experiment hasn't been the only ministry to tie Christianity to the workplace. In Richmond, Va., Needle's Eye Ministries Inc. holds monthly luncheons, seminars and retreats for working Christians. Its executive director, the Rev. Buddy Childress, founded Needle's Eye in 1977, shortly after quitting his salesman's job to attend a seminary.

Fellowship of Companies for Christ International Inc., based in Atlanta, supports only chairmen and chief executive officers, on the theory that they can talk most freely to one another. And the oldest such group, the Christian Business Men's Committee, of Chattanooga, Tenn., started during the Depression. Today it has some 16,000 members and is still growing.

"Businessmen are very pragmatic and practical, but what they're finding with downsizing is change in the corporate world is nonstop and it's escalating," says Robert J. Tamasy, director of publications for the CBMC. "This has helped many people say, 'If I can't trust in business, where can I find an anchor?'"

Unlike some groups, the Experiment does no proselytizing and takes an ecumenical approach: Its ranks have included Jews, Hindus, even atheists. Workplace groups sometimes use company space for their meetings, but they meet quietly, without posting notices. Members say the light touch is part of its appeal. "It's not a Bible study any more than it's a hymn sing," says Mr. Fraas.

Mr. Hammond and his secretary, the only paid staff, work out of a cramped, five-room office in downtown Pittsburgh. The nonprofit ministry raises all its money from contributions, mainly from individuals, a handful of local churches and several foundations. Advertising is simply word-of-mouth.

Over the years, groups have been formed to meet special needs. One consists of corporate women, another solely of workers at Westinghouse Electric Corp. That group has written a "Prayer for the Workplace," which thanks God "for this workplace and the livelihood it provides to our many associates and families."

Though the Experiment is meant only to supplement its members' churchgoing, many longtime Experimenters see it as a key component of their religious lives. James D. Roy, who joined in 1965 at his father-in-law's urging, credits his group with seeing him through a crisis in 1987, when he was fired from a senior-level post at Mellon Bank Corp. by new management. Members' constant calls, prayers and advice proved essential, says Mr. Roy.

Please Turn to Page B13, Column 3

THE PRESIDENT HAS SEEN

10.27.95

Shoro

Rahim tu

immigration
office

Be

(~~Rahim~~)

10.27.95

ARTICLE

Immigrants, Jobs, and Wages

Concerns about the effects of immigration on jobs and wages in part are driving the push in Congress for legislation to reduce legal immigration, particularly of unskilled workers. These concerns stand in sharp contrast to claims by employers that restricting immigration will exacerbate skill shortages.

Although immigrants accounted for a large share—38 percent—of the increase in the U.S. population over the 1980s, evidence provides little support for negative effects from increased immigration on wages and employment, even for the least-skilled. Nevertheless, any reevaluation of immigration policy should include consideration of favoring skilled immigrants because such individuals contribute valuable information and know-how to the U.S. economy.

Evidence provides little support for conventional wisdom. A majority of Americans—nearly two thirds, according to one poll—believe that new immigrants take jobs away from American workers and drive down wages. Indeed, economic theory asserts that an increase in the supply of labor, unmatched by an increase in demand, should reduce wages or raise unemployment. Numerous recent studies, however, reveal no significant negative impact of increased immigration on the wages and employment of U.S.-born workers at the local level.

A typical study finds that a 10 percent increase in the number of immigrants causes wages in the local area to fall only one to two tenths of a percent. In one particularly striking example, the 1980 Mariel boatlift increased Miami's labor force by 7 percent. Yet employment, unemployment, and wage trends in Miami were no different from those in Los Angeles, Houston, and Atlanta, despite the large influx of mostly-unskilled Cuban workers.

Even if increased immigration does not depress average wages, it might depress the wages of the least-skilled. Immigrants account for roughly 21 percent of the population with less than a high-school education, much higher than their share of the total population. Nevertheless, most evidence at the local level suggests that the wages of less-skilled U.S.-born workers are little affected by recent increases in immigration.

What explains the lack of evidence? A variety of explanations may account for the discrepancy between theory and evidence:

- Established residents may move away from local areas in response to large influxes of immigrants, mitigating downward pressures on local wages and limiting any rise in unemployment. "Although the 1980 Census showed substantial outmigration, more recent evidence is mixed. Of course, if resident outmigration explained the absence of local labor-market effects,

we might expect to see an impact on national employment and wages. (Although one study suggests that immigration has contributed to the widening of the wage gap between skilled and unskilled workers at the national level, the evidence here remains inconclusive.)

- Immigrants and natives may work in separate segments of the labor market. Studies in Florida show that even 6 years after arriving, 40 percent of Cuban immigrants are employed by Cuban Americans. The segments may be sufficiently different so that rather than competing for jobs, U.S.-born workers and immigrants actually may perform complementary work. Immigrant scientists may specialize in unique technologies and immigrant doctors may specialize in particular diseases, employing knowledge that is specific to their country of origin.
- The absence of adverse effects on employment and wages may reflect an expanding economy, with immigrants contributing to increased demand for goods and services as well as to increased supply of labor. Such an offsetting expansion of demand is completely consistent with economic theory.

Targeting skills to boost competitiveness. Even if immigration has little effect on the wages and employment of low-skilled U.S.-born workers, it may be beneficial to favor high-skilled immigrants because they bring abilities and knowledge that contribute to the growth of the U.S. economy. Indeed, some economists and employers contend that the United States is competing in an international market for immigrants, and our policies should be designed to attract immigrants with high levels of human capital to the U.S. economy.

- The average skill level of immigrants can be increased by favoring employment-based as opposed to family-based or refugee categories of immigrants. In 1980, 60 percent of employed immigrants admitted under employment preferences worked as professionals or managers, compared to 21 percent of employed immigrants admitted under family preferences.
- The skill mix also can be influenced by targeting particular education levels or professions within the employment preference category. Since 1967, Canada has used a point system to allocate immigration in favor of skill and educational attainment. Since Canada implemented this policy, the educational attainment and post-immigration earnings of Canadian immigrants have been higher relative to Canadian natives than have been the education and earnings of U.S. immigrants relative to U.S. natives.

Summary. Although evidence suggests immigrants have little, if any, negative effect on employment and wages of U.S.-born workers, pressure to reassess our immigration policy may persist. In that case, favoring higher-skilled immigrants may be a way to retain the major economic advantages of immigration.

THE WHITE HOUSE THE PRESIDENT HAS SEEN
WASHINGTON 10/27/95

October 24, 1995

MR. PRESIDENT:

Ab Mikva and Chris Cerf have prepared a letter to David Robertson addressing his serious concerns about the habeas provisions in the Senate counter-terrorism bill.

The letter acknowledges that the Senate bill passed with your support, but expresses the hope that the habeas provisions will be modified in conference (assuming the House takes up the bill) to retain the bill's limitations on the *duration* and *number* of habeas appeals, but to eliminate the bill's restrictions on the *scope* of review.


Todd Stern

THE PRESIDENT HAS SEEN
10/27/95

THE WHITE HOUSE

WASHINGTON

October 16, 1995

95 OCT 18 P12:24

MEMORANDUM TO THE PRESIDENT

FROM: ABNER J. MIKVA *ad m*
CHRISTOPHER D. CERF *cpe*

RE: Habeas Corpus

Attached for your consideration is a draft response to a letter from David Robertson that contains some highly critical comments about your position on habeas corpus. As Mr. Robertson's comments reflect, this is an issue that has generated very powerful feelings in the civil rights community. Anthony Lewis's tough editorial in the New York Times last summer (also attached) typifies the strength of these views.

There is no dispute among these communities that habeas is in need of significant reform. In particular, there is little opposition to reforms that limit the duration and number of habeas proceedings for any given criminal conviction. They are deeply concerned, however, about a provision that requires federal habeas courts to defer to even concededly erroneous state court findings on such issues as the voluntariness of a confession. The NAACP Legal Defense Fund has estimated that 89% of the cases in which relief was granted over the past few years would have come out differently under this provision. The proposed letter to Robertson would make clear that you do not favor this kind of dramatic curtailment of the scope of habeas review.

As a practical matter, if the House passes the Counterterrorism bill, we will not be in a position to moderate its habeas provisions. If, contrary to your repeated urgings, the bill languishes in the House, you may very well be confronted with a free standing habeas bill some time down the road. (Conceivably, it could also come packaged as a component of an omnibus Republican crime bill). In that event, we urge that you give serious consideration to supporting Senator Biden's and other's efforts to moderate the deference provision described above.

We recommend that you sign the attached letter.

Agree ☒

Disagree _____

Let's Discuss _____

BILL CLINTON

October 27, 1995

Mr. David G. Robertson, Jr.
One Rider Lane
Mill Valley, California 94941

Dear David:

Bob Raymar let me know that you were upset by my position on habeas corpus reform, and I wanted to personally respond to your concerns.

I understand and appreciate your strong views about preserving habeas corpus. Like you, I recognize that habeas corpus has been a cornerstone of our freedoms. At the same time, I have long believed that habeas corpus has been subject to abuse and is badly in need of reform. I am sure you would agree that it makes no sense for courts to take over a decade to review criminal convictions, a phenomenon that occurs frequently under the current system. Such delays justly undermine the public's confidence in a swift -- but fair -- judicial system.

I respect how passionately you feel about this issue. It is not the case, however, that I have "signed legislation that gutted" habeas rights. With my support, the Senate has now passed a counterterrorism bill that includes various habeas reform provisions. The House has yet to take up counterterrorism, despite my repeated urgings. When it does, it is my hope that the conferees will send me a bill that shortens the duration and number of habeas reviews for each criminal conviction. It is my equally strong hope, however, that the bill I receive preserves the full scope of habeas review so that it can continue to serve its historic function as the last protection against wrongful convictions.

In the future, I hope we have more agreements than disagreements. Hillary sends her best, and we hope to see both you and Maggie before too long.

Sincerely,

Bill Clinton

DAVID ROBERTSON
ONE RIDER LANE
MILL VALLEY, CALIFORNIA 94941

TELEPHONE 415 388 6272
FAX 415 388 6273
DATA 415 388 6274

June 9, 1995

Robert Ramar, Esq.
Hillring Lindeman Goldstein & Siegel
One Gateway Center, 8th Floor
Newark, NJ 07102

Dear Bob:

This summer, with President Clinton's approval of the Senate anti-terrorism legislation, I snapped.

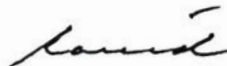
In 1994, for eight months, I worked to save a Salvadoran political refugee from California's death penalty. As I tried the Marin County case, I had one consolation. I knew that federal habeas corpus would provide some measure of protection if I failed to convince the judge to be fair or the jury to vote for life. This summer, however, our President sabotaged congressional Democrats' efforts and signed Republican legislation that gutted capital defendants' habeas rights and appeal rights.

In 1994, for eight months, I worked closely with Salvadoran political refugees and their immigration lawyers. I watched the Salvadorans attempt to navigate through our federal immigration laws in their efforts to reunite their families. This summer, our President's decisions about immigration, in general, and El Salvador, in particular, have substantially worsened the lives of my clients and friends.

I think I understand the President. I think I understand politics. Of course, President Clinton, not Senator Dole, not Ross Perot, will get my vote.

But, I have limited funds and limited time. At the moment, I do not want to contribute to, or solicit funds for, the President. I plan to give those funds and time to those who support federal habeas corpus and to those who support immigrants.

Sincerely,



David Robertson

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT

5/23/95

FROM:

ABNER J. MIKVA

CHRISTOPHER D. CERF

RE:

Habeas Corpus Reform

While the Administration is, and should be, a strong proponent of habeas corpus reform, three provisions of the Hatch/Dole bill are unacceptable. ~~Most significantly, Section~~ 704(d) would eviscerate the writ by requiring deference to even concededly erroneous state court rulings (ending 206 years of de novo review.) The NAACP Legal Defense Fund has estimated that 89% of the cases in which relief was granted over the past few years would have come out differently under this provision.

Accepting Hatch/Dole "as is" also would have political consequences among communities we care about. We are informed that all of the following are passionately opposed: The NAACP (Ben Chavis was released from prison years ago on a habeas petition), the ABA, the LDF, the Leadership Conference on Civil Rights, the Urban League, the SCLC, etc. Recognizing political reality, however, the LDF has conveyed that these groups would be deeply grateful for even a modest softening of the bill.

Recommendation: Suggest to Senators Hatch and Dole that if they are prepared to make three small changes, this would be a bipartisan bill that would have the Administration's enthusiastic support. Indeed, if these changes are made, we would go even further, e.g., eliminate successive petitions entirely. The changes we should insist on are as follows:

1. Modify Sec. 704(d) to make clear that (consistent with more than a dozen Supreme Court opinions) federal courts give de novo review to "mixed questions," such as the voluntariness of a confession.

2. Modify or delete Sec. 704(h) to clarify that indigent prisoners under a sentence of death still have a right to appointed counsel in their first habeas application. (Existing law already confers that right.)

3. Modify Sec. 704(e) to provide that a petitioner has a right to an evidentiary hearing only if there was "cause" for failure to develop the facts previously and convincing evidence that "the verdict would have been different" if the facts were proven. The current bill requires proof of actual innocence.

Agree ☒ _____

Disagree _____

Let's Discuss _____

Abroad at Home

ANTHONY LEWIS

Mr. Clinton's Betrayal

BOSTON

For Bill Clinton's natural supporters, the most painful realization of his Presidency is that he is a man without a bottom line. He may abandon any seeming belief, any principle. You cannot rely on him.

There is a telling example to hand. As the Senate debated a counterterrorism bill last month, Mr. Clinton changed his position on the power of Federal courts to issue writs of habeas corpus. The Senate then approved a provision that may effectively eliminate that power.

The issue may sound legalistic, but habeas corpus has been the great historic remedy for injustice. By the Great Writ, as it is called, Federal courts have set aside the convictions of state prisoners because they were tortured into confessing or convicted by other unconstitutional means.

In recent years conservatives in Congress have attacked the habeas corpus process because it delays the execution of state prisoners on death row. Some prisoners do file frivolous petitions. But in other cases conservative Federal judges have found

habeas corpus reform so long as it preserved "the historic right to meaningful Federal review." The issue should be addressed later, he said, not in the counterterrorism bill.

Then, on June 5, Mr. Clinton appeared on television on CNN's "Larry King Live." Asked about habeas corpus, he said reform "ought to be done in the context of this terrorism legislation."

It was a complete switch from his position of less than two weeks before. And it had the effect of undermining Senate supporters of habeas corpus.

Two days later the Senate approved the Republican measure. The House has also passed stringent restrictions on habeas corpus, so almost certainly there will be legislation putting a drastic crimp on the historic writ.

The Senate bill says that no Federal court may grant habeas corpus to a state prisoner if state courts had decided his or her claim on the merits — unless the state decision was "contrary to, or involved an unreasonable application of" Federal constitutional law as determined by the Supreme Court.

That language seems to mean that Federal judges must overlook even incorrect state rulings on constitutional claims, so long as they are not "unreasonably" incorrect. It is a new and remarkable concept in law: that mere wrongness in a constitutional decision is not to be noticed.

Experts in the field say the provision may effectively eliminate Federal habeas corpus. It signals Federal judges to stay their hands. And what Federal judge will want to say that his state colleagues have been not just wrong but "unreasonable"?

The President explained to Larry King that attaching the habeas corpus provision to the counterterrorism bill would speed proceedings in the prosecutions brought over the Oklahoma bombing. But those are Federal prosecutions, not covered by this bill.

No, the reason for President Clinton's turnabout is clear enough. He thinks there is political mileage in looking tough on crime. Compared with that, the Great Writ is unimportant.

In 1953 Justice Hugo L. Black wrote: "It is never too late for courts in habeas corpus proceedings ... to prevent forfeiture of life or liberty in flagrant defiance of the Constitution." Now, thanks to Bill Clinton and the Republicans in Congress, it may be.

A reversal on habeas corpus.

grave violations of constitutional rights — ones not found in state courts, often because the defendants had such incompetent lawyers.

After the Oklahoma City bombing, Senate Republicans decided to attach a crippling habeas provision to the counterterrorism bill. On May 23 four former Attorneys General, Democrats and Republicans — Benjamin Civiletti, Nicholas deB. Katzenbach, Edward H. Levi and Elliot L. Richardson — wrote President Clinton urging him to oppose it.

"It is vital," they wrote, "to insure that habeas corpus — the means by which all civil liberties are enforced — is not substantively diminished. ... It has a proud history of guarding against injustices born of racial prejudice and intolerance, of saving the innocent from imprisonment or execution and in the process insuring the rights of all law-abiding citizens."

Two days later President Clinton wrote the Senate majority leader, Bob Dole, to say that he favored

A. M. Rosenthal is on vacation.

copies to
Lake - original to Lake
Mikva & Griffin

HE PRESIDENT HAS SEEN
10/27/95

THE WHITE HOUSE
WASHINGTON

October 24, 1995

P: Can we
get any changes
in habeas?
PC

MR. PRESIDENT:

The attached Lake-Mikva-Griffin memo discusses problems with the counterterrorism bill and recommends that we agree to delete two provisions if we can't get them fixed.

Posse Comitatus. Your bill was designed to broaden the military's authority to assist police in the event of an attack using biological or chemical weapons. But the provision in House and Senate bills would do more to restrict existing authorities (re nuclear weapons) than add to new authority. An amendment stating explicitly that the new provision does *not* restrict existing authorities would fix the problem. But if we can't get such an amendment added, Justice recommends deleting the whole provision. The downside is that the posse comitatus provision is strongly associated with your initiative. But in the interest of passing an acceptable overall bill, Tony, Ab and Pat concur in DOJ's view. Leon and George concur.

Agree ☒

Disagree ☐

Discuss ☐

Fundraising. Your bill barred fundraising for terrorist organizations. The Senate version of this provision is unworkable and the House version needs major revision. Once again, Tony, Ab and Pat favor no provision to a flawed one, especially since we can fall back on existing authority under IEEPA (the International Emergency Economic Powers Act). Leon and George concur.

Agree ☒

Disagree ☐

Discuss ☐

Todd Stern

THE PRESIDENT HAS SEEN
10/27/95

THE WHITE HOUSE

WASHINGTON

October 2, 1995

95001 2 17:35

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

ANTHONY LAKE
ABNER MIKVA
PAT GRIFFIN

SUBJECT: Counter-Terrorism Bill

Purpose

To decide how to deal with two problematic provisions in the Senate's counter-terrorism bill.

Background

The Senate has passed a counter-terrorism bill. The House Judiciary Committee has since reported its own version. It is not clear when the full House will take it up, but we will keep the pressure on.

While both versions include many provisions we sought, a few seriously flawed provisions remain which could, if enacted, actually set us back in the fight against terrorism.

We believe most of these problematic provisions can be fixed before the House version is brought to the floor. One exception is the posse comitatus provision; another may be the fundraising provision.

On posse comitatus, we sought to broaden existing authority for the military to provide assistance to law enforcement in the event of terrorist attacks involving biological or chemical weapons. (A waiver is already permitted for contingencies involving nuclear weapons.) The provision became controversial with both the left and right; and, as it has emerged in both the Senate and House, it does more to restrict existing authorities than to add new authority. This is probably inadvertent, but upon review, the Justice Department has advised that if the provision (which is identical in the Senate and House versions) cannot be amended to state explicitly that the provision does not

cc: Vice President
Chief of Staff

restrict existing authorities, it would be better from a substantive standpoint to delete it.

Initial House consultations suggest we can get such a "savings clause" added on the House side. If not, however, we agree that we should drop the provision altogether. We do not want to restrict existing, broad authority for the military to assist civilian authorities. The downside to deletion is that it could be seen as a political defeat. You have emphasized the importance of this provision and the media have associated it with your initiative. However, we believe the Administration will be judged on the overall terrorism bill, and that we should not accept a posse comitatus provision that substantively sets us back.

We face a similar situation with respect to the provision we sought to make it illegal to raise funds for terrorist-designated organizations. The provision that emerged from the Senate is completely unworkable and the House version needs significant revision. While legislation clarifying our authority in the fundraising area would have been preferable, we can fall back on existing authority under IEEPA if needed. (The Executive Order you issued under IEEPA to block fundraising for Hamas and other Middle East terrorist organizations is working well and has not been challenged in court.) Therefore, as with posse comitatus, we would favor deletion of the fundraising prohibition altogether to a flawed provision. We see this as less of a political issue since, unlike posse comitatus, the fundraising provision has not been perceived as so important to your terrorism initiative.

RECOMMENDATION

That you concur that we can agree to delete the posse comitatus and fundraising provisions altogether from the terrorism bill if it appears that they cannot be amended to remove serious flaws.

Approve: _____

Disapprove: _____

CC W/ incoming
Bob Nash

THE WHITE HOUSE
WASHINGTON

Bob Nash
can see
re: Bill
all
Mr
Hill

October 25, 1995

Page Hooper
458-D South Rexford Drive
Beverly Hills, California 90212

Dear Page:

Thanks for your letter of October 14. I'm glad that you, Barbara, and Paul were able to make it here for the Circle of Friends meeting, but I'm so sorry to have missed you.

I appreciate your letting me know about your interest in serving as the Assistant Secretary of Defense for Economic Security. I have shared your letter with Bob Nash, the Director of Presidential Personnel, for his consideration.

Hillary sends her best, and we hope to see you and Barbara soon.

Sincerely,

Bill

*Thanks for your
interest in serving—*

Mail
11/1/95

Page
Hoeper

October 14, 1995

Dear Bill:

As you may know from Hillary, I was in town a few weeks ago for an HRC Circle of Friends get-together. After the working meeting, Barbara, Paul (our 26 year old son) and I had a chance to talk with Hillary for a few minutes. This is always fun for us - and Paul was completely thrilled.

Paul had never been to Washington before, so we went to Arlington Cemetery and to the monuments. I am convinced that if more Americans read the words on the monuments to our great leaders, there would be less cynicism about government. And if more members of Congress read them, there might be less cause for the cynicism.

Hillary told me about her trout fishing adventure. I have probably been feeding you propaganda about the joys of flyfishing for at least fifteen years. Some of the overspray must have hit Hillary, because she told me she had a good time and plans to try it again.

After encouragement from some of your staff and from colleagues on the Defense Science Board, I have applied (if that is the word) for the post Josh Gotbaum is leaving, ASD for Economic Security. Sometimes there is a job that everything you have ever done points to. For you it was the Presidency; this seems to be the one for me.

I do not know how these things work, but I think it must be right let you know that I am going after the post. I guess I would be hoping that Bill Perry and John White would agree that I am right for the job, pass my name to you, and that you would be delighted.

Best regards,

Page

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
10/27/95

October 19, 1995

MR. ~~PRESIDENT~~:

In the attached note, Laura explains the process underway for dealing with the urban policy issues raised in Secretary Cisneros' most recent memorandum, which I sent up to you October 13. (Another copy is attached for your information.)


Todd Stern

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
10/21/95

October 17, 1995

95 OCT 18 AM 1:30

MEMORANDUM FOR THE PRESIDENT

FROM:

LAURA TYSON *LT*

SUBJECT:

SECRETARY CISNEROS' MEMO ON THE CITIES

Attached is a second memorandum from Secretary Cisneros on urban issues. With Secretary Cisneros and the other Principals, we are reviewing these issues in two phases:

- **Budget Reconciliation.** For the past three weeks, we have been actively engaged in a series of discussions within the Administration and with the mayors and their representatives on urban policy. We are focussing initially on developing possible options for a package of urban economic development tax incentives that you may wish to consider in any final Budget Reconciliation negotiations. We are prepared to meet with you to discuss these options at your convenience. A memorandum outlining our progress and summarizing the issues for you is under preparation.
- **FY97 Budget and Urban Strategy for 1996.** Secretary Cisneros' memo also raises a number of possible additional strategies that merit consideration. The Secretary's discussion of options ranges well beyond the boundaries of any particular agency or any particular budget. We have initiated a process to garner recommendations from all of the relevant Principals about these issues -- in the context of the FY97 Budget, your record of achievement to date, and the policies that you may wish to present to the nation in 1996 looking toward a second term. I believe that we will be in a position within two to three weeks to discuss this larger set of issues with you.

*OK - but
Pls stay on top
Th. Out
Re*



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY

WASHINGTON, D.C. 20410-0001

October 11, 1995

MEMORANDUM FOR: President Clinton
Vice President Gore

FROM: Henry G. Cisneros

SUBJECT: Observations on Conditions in America's Cities
and Recommendations

In a recent meeting sponsored by the Department of Housing and Urban Development, Professor Walt Rostow, former National Security Advisor to President Lyndon Johnson, commented on America's national security and the nation's urban challenge:

"When I am asked how I would rate the urban problem on the agenda of national security problems, I reply it is our number one national security problem. If we succeed in mastering the current urban problem of our country we shall strengthen our hand on the world scene. We shall demonstrate that we can be a truly multi-racial society, which is at the same time true to the international ideals to which we as a nation have long been committed. Nothing constructive can be accomplished in this dynamic, contentious, aspiring world without the active participation of the United States.

But, if we fail to master the urban problem, we shall, I fear, turn inward, away from the world. We shall be unable to play our part at the critical margin. And we shall risk a world environment of chaos."

Considering the stakes for our country in Professor Rostow's observation, I am saddened to report that in distressed community after community the Federal government is viewed as moving down the scale of relevance as a problem solver. I have been to more than 130 cities in 47 states as your Secretary of Housing and Urban Development and I am finding that life for moderate-to-low income folks is very tough and getting worse because of the loss of jobs and buying power, because of fears of crime and street tensions, and because of increasing racial and income isolation and the resulting suspicion and paranoia.

Your domestic initiatives of the last three years constitute a covenant with America's communities.

[Outline of the President's Urban Policy]
[Sent to Congress: August 3, 1995]

PRESIDENT CLINTON'S NEW COVENANT WITH AMERICA'S COMMUNITIES

The Clinton Urban Policy is grounded in four principles:

1. **Link Families to Work & Makes Work Pay:**
 - Preserves the Earned Income Tax Credit
 - Increases the minimum wage
 - Work-centered welfare reform
 - Invests in education and training through:

Head Start	School-to-Work
Goals 2000	Direct College Loans
Charter Schools	Skill Grants
Title I	
 - Connects urban poor to jobs in metro economy:

One-Stop Career Centers
Bridges-to-Work Initiative
Housing Certificates
2. **Leverages Private Investment:**
 - Brings capital back to cities through:

Community Development Banks
CRA reform
Oversight of secondary mortgage market
Strong fair housing and fair lending laws
National Homeownership Strategy
 - Creates conditions that foster private investment:

Empowerment Zones/Enterprise Communities
EDA revolving loan and grant programs
SBA One-Stop Capital Shops
DOT Livable Communities Initiative
HUD Community Opportunity Fund
Empowerment Contracting System
3. **Locally Driven:**
 - Empowerment Zone strategic planning process
 - Community policing
 - Project PACT
 - Consolidated planning
 - Performance partnerships
4. **Affirms Traditional Values of Work, Family, Self-reliance:**
 - Supports families through the Family Leave Act
 - Time limits on welfare
 - Strict child support enforcement
 - Provides education benefits for National Service
 - Tough penalties for violent crimes:

Boot camps	Drug courts
------------	-------------
 - Preserves Brady Bill & assault weapons ban

But as I stated in my August 9th memorandum to you, I believe a reaffirmed and re-emphasized community empowerment strategy (broader than "urban") can be an effective framework for children, schools, and jobs and can focus our battle over tax choices in Reconciliation and provide overarching themes for the 1996 and for the 1997 Budget. Now, as we approach mid-October, I want to strengthen my arguments because:

1. We can see that the Congress has gone too far in cutting programs for the most vulnerable Americans. We now know that the present appropriations bills will cut an estimated \$380 billion over seven years from income, Medicaid, health, housing, child nutrition, education, food and job training benefits for low-income Americans.

Not only will program dollars be reduced, but it is now clear that immense damage will be done to jobs and wages in cities and distressed communities. The huge Medicare cuts - now estimated to exceed \$189 billion in the cities alone over seven years - will cause the loss of tens of thousands of jobs in urban hospitals and health centers; cuts in the EITC will significantly reduce the purchasing power of working poor in the inner cities as will the reduced benefits from AFDC and food stamps; and Title I cuts will cause teacher lay-offs as well as reduced educational benefits to inner city children. All of these income losses will be setbacks for neighborhood retail and service establishments and for housing.

2. A broad spectrum of American opinion now concurs that the Congress has gone too far. The polls reflect it and personal soundings reflect it. I was surprised last week at a Wichita, Kansas meeting of the League of Kansas Municipalities how many Republican, small town and suburban city officials volunteered to me that the Congressional human services cuts are "too severe". Those cuts of programs for vulnerable people and distressed communities are the weak spot in the Republican juggernaut of tax cuts and stringent budget balancing deadlines.
3. America's urban leaders, particularly the mayors, can see that not only are their communities hurt badly by the cuts, but the governors and states are the whole focus of the discussion about devolution. Yet there is a new generation of mayors in the nation who in background and political philosophy are quite distinct from their predecessors. They are an entrepreneurial and innovative group who are highly focused on what works and are less partisan and less ideological in their governing style. Their capabilities, priorities, and constituencies deserve Federal attention.

Critics of the mayors' case argue that Federal initiatives should be overarching and general, not community specific or place-based. I argue that the cities with their present boundaries, leaders, and constituencies exist and are not going away. We didn't create them; we are not going to undo them. They are a major fact of life on the national landscape and we have to speak directly to them as a part of your larger, national message.

4. Conditions in many cities are worse than I can describe to you in words. In North Philadelphia are blocks of empty, burned out buildings. In Detroit are completely vacant and littered lots as far as the eye can see. In Los Angeles, entire neighborhoods are so under the control of gangs and drive-by shooters that children cannot play in their front yards. In Chicago, racial attitudes typify the increasing racial tensions in the nation at large. This is the way people live in America's greatest cities. But the sense of loss reaches far beyond the cities to the nation's attitudes and sense of its future.

Some would counsel that the Administration should not embark on an urban strategy because it will mark us as Old Democrats and identify us with the cities/minorities constituency and that in any event we should wait for your second term. I argue that the American people know things are profoundly wrong. They know how bad things are. They will respect you for practical action on those things which you know can work and that have strong "values" content. I am impressed by the number of communities in which such conservative groups as Chambers of Commerce and regional planning organizations have assembled forums to work through issues of urban decline and inter-racial dialogue.

The words "we can do this" are important to the national sense of optimism. People want these profoundly complex problems addressed by strong leadership, based upon your values of work, responsibility, and opportunity.



As you consider whether a community empowerment framework for children, schools, and jobs is appropriate, I have done my best to give you, first, some capsule observations about what I have learned over the last months and, second, some principles upon which to construct a broader community empowerment strategy. They are observations and principles that walk the middle ground between what needs to be done in communities and what is possible; that is, what is possible from existing initiatives and what is possible in

the present fiscal and legislative environment:

I. Observations About What Works

A. Let Community Leaders Lead

There is a tremendous amount of heartfelt trying in communities. Community leaders are trying new ways, they are working smarter, they are making sense. We can never approach their energy and concern for their communities by positioning Federal agencies in a lead posture. Yet they do need dollars as the critical glue to fill a capital gap, to push a marginal project to feasibility, to put in place public amenities or to achieve public goals in an economic strategy. That is the basis for a partnership, but it can be a workable partnership only if our role is entrepreneurial, respectful of their vision, and as focused on results as they are.

That is the lesson of the Empowerment Zones. Whatever we do in urban policy should build on the spirit of teamwork and local leadership we have seen in the Zones.

B. Stand by the People Doing the Grassroots Work

It is clear that the human problems in urban areas require focused civic and personal moral commitment. Work in transforming schools, strengthening policing practices, and reforming health systems is endless and exhausting. In its efforts to transform the Sandtown-Winchester neighborhood of Baltimore, the Enterprise Foundation confronted human systems that simply don't work, including neighborhood elementary schools that are the three worst performing schools in Maryland.

There is no progress possible without grassroots organizations that tie neighborhood networks to individuals. Federal assistance must be based upon existing social groupings and institutions and must respect peoples' deep desire to have a say in their own communities and lives.

In communities like Sandtown-Winchester, neighborhood leaders need the anchoring support of the major institutions that have no choice but to stay. As major businesses have left to answer the competitive imperatives of the global economy, other powerful institutions have become the new mainstays of civic, economic and moral commitment to the cities. They are medical centers, urban universities, utility companies, churches, community colleges, and schools. They are the building blocks for jobs and the best hope for civic

staying power; they need our support.

C. Urban Residents Can Handle Renewed Stress on Responsibilities

The public in inner city communities understands and endorses the balancing of rights and responsibilities. For example, they believe that children have a right to a good education but also recognize the responsibility of those same children to study and do homework and the responsibility of their parents to turn off the television sets and to meet their children's teachers. They believe in a right to safe and peaceful streets but recognize a responsibility to help police keep the community safe.

This acknowledgement of reciprocity in acceptance of society's benefits has led to a readiness to accept stricter personal and moral conditions on program benefits. For example, a successful fatherhood program in Baltimore focuses on unemployed, unmarried fathers, leading to good skills and jobs in a HUD lead-paint abatement program. In return, the fathers accept the responsibility to attend pre-natal appointments with their child's mother, to attend pediatric appointments, to complete a curriculum on fatherhood, and to participate in a fatherhood support group. The program's managers tell me that the men will do things - such as take a job or stop selling drugs - for their children that they will not do for any other reason.

At Miracle Village in Cleveland, an addiction recovery program for mothers in public housing, mothers must pledge to stay away from addictive substances and then demonstrate that they can give attention to their children, keep their apartments spotless, do without television sets, and help their children with homework. The key has proven to be to keep families intact. The old way was a Catch-22: you admit you are an addict, you lose your children, you go away to a treatment center that you can't stay at because you need to see your children. The bond, the motivation, at Miracle Village, is the love of mother and children.

It is clear that our public initiatives must address the very personal and moral challenges of urban life. As I have sat in hundreds of meetings with central city residents, I have been struck by the heart-wrenching courage of single mothers, but I have also been unnerved by the immensity of the mountains they must climb alone. They tell me of the exhausting work of protecting their little boys from the dangers of the streets and

protecting their daughters on their walk home from school, of making shrunken family budgets meet their children's needs, and of keeping their own spirits from falling so that they can motivate their children. It is always moving to me how many of the women draw their strength from their faith in God and it always impresses me how different is their deep spirituality from the American stereotype of the welfare mother. They struggle and struggle but they can't do it alone and their collective story is the national dilemma which David Rusk, the former Mayor of Albuquerque and now urban analyst, describes with numbers: *"In metro Baltimore, 98% of white, married-couple families with children are not poor, and 94% of black married-couple families with children are not poor. By contrast, 24% of white single mothers are poor, and 47% of black single mothers are poor. As a society we know that the surest anti-poverty strategy is the married-couple family!"*

Baltimore City has 33 census tracts where the poverty rate exceeds 40%. There are large public housing projects in or near almost all of these tracts; the projects' residents are 90 plus percent black single mothers and their children. In these 33 census tracts in 1990 were 3,008 two-parent families and 12,669 single mothers - one married couple family for every four single mother families! By contrast, in all the rest of metro Baltimore outside these 33 high poverty census tracts, there are 221,290 married-couple families with children and 68,706 single mother families - more than three married-couple families for every single mother family. That is a massive swing between a supportive family environment and the environment which public policies have helped to create in the poorest inner city neighborhoods."

The society - especially central city residents - is prepared to go a good deal further than is believed in accepting the structure and discipline of work and community service, of guideposts for responsibility, of conditionality in the most personal and even spiritual ways.

D. In Devolution, Don't Forget the Mayors and the Cities

A great deal of the design of devolution has included the governors but not the mayors. The mayors' frustration is directed at more than simply being left out of the debate; they have massive problems in their cities and have no confidence that the governors and state bureaucracies can or will help them solve urban problems. But steps can be taken to involve the mayors. For example, Mayor Nordquist of Milwaukee and Mayor Goldsmith

of Indianapolis are negotiating with their respective states to carry out the jobs component of welfare reform in their cities, assuring that welfare resources will be made available to the mayors for flexible wage supplements. Early reports are that the mayors will use the private industry councils, that job preparation will be worked out by the business people who do the employing, that they will include screening by community groups and churches and will insist on performance outcomes for all parties involved.

Effective roles for the cities and mayors can be designed even out of the most regressive devolution proposals. It is our job to make sure the mayors and city constituents emerge with a say over their destinies from the block grant and devolution blitzkrieg.

II. Recommendations of Principles for a Broader Community Empowerment Effort

A. JOBS, JOBS, JOBS!:

We must link inner city residents both to new jobs in their communities and to where the jobs are in the larger metropolitan economy.

The crisis of the cities is a crisis of economic function. Cities, including many younger cities such as Dallas and Los Angeles, prospered when manufacturing was the nation's economic engine and about 25% of their jobs base was manufacturing. No neighborhoods in America have been harder hit by the restructuring of America's manufacturing base than the inner cities. The loss of jobs and the stagnation of wages so effectively described by Secretary Robert Reich are most acute in the cities where the result is simply that there is insufficient money to sustain the urban economy. When asked their highest priorities, 99 of 100 mayors will predictably say, "Jobs, jobs, jobs!"

You are on record proposing the right measures to focus investment in jobs and incentives to work in distressed areas: community development banks, CRA reform, Empowerment Zones, EITC and others. You have mentioned expanding on tax incentives for urban areas if the opportunity presents itself in Reconciliation.

One idea that might have some potential in the Reconciliation negotiations with the Congress would be to use capital gains tax relief to attract capital for "community revitalization" activities, which could be

defined as equity or debt investments in financial intermediaries whose purpose it would be to provide capital to qualified businesses located in distressed areas. The incentive would take the form of a reduced capital gains tax rate for those taxpayers who invest in a "community revitalization" investment.

But even as we work at job creation in distressed areas, we must acknowledge that many urban experts believe that it is not realistic to expect large scale job creation in inner cities. So beyond efforts to rebuild the jobs base in the cities, there is a parallel strategy needed: linking people to jobs where they are growing. It is more important than ever to link families to work in the growing job generators of the suburbs, airport complexes, industrial parks, office centers, beltways and loops, research parks, and "edge cities." Approximately 60% of all the new jobs in the nation between 1980 and 1990 were created in the suburbs of metropolitan areas, but unaffordable housing prices and outright racial discrimination make it very difficult for many central city residents to live near those jobs.

The reduction of white urban poverty is more promising because 55% of poor whites live in suburbs, where jobs are growing. But, minorities and particularly African-Americans are largely denied that field of metropolitan opportunity. The populations of the central cities of Chicago, Detroit, Baltimore, Atlanta, and Newark average more than 70% minority, while the populations in the suburbs of those metropolitan areas, where jobs are growing, are only 17% minority.

Housing mobility programs, reverse commute efforts, fair housing programs, alliances with suburban employers, and special training partnerships can be strengthened to link people to the new jobs in practical ways. This approach can make the national prosperity, which the President's economic program has created, reach Americans in distressed communities. It is a way to connect poor urban residents to the rising tide of economic growth.

B. Without A Tax Base the Cities Can't Make It:

As long as city boundaries are so tightly limited (and nothing is happening or likely can happen to change them) the narrow tax base of the cities is a crushing obstacle. Again the measures you have proposed would help and federal tax incentives would be positive. But we have not put enough emphasis on clearing up "brownfields" and environmental hazards in order to free up the precious asset that Mayor Mike White is assembling in Cleveland:

developable land which can be reclaimed, renewed, and can regenerate the city's tax base.

As the nation's economy has shifted away from traditional heavy manufacturing to other forms of production, many communities have experienced wrenching plant downsizing and shutdowns, leaving in their wake unused or abandoned -- and almost always contaminated -- sites, commonly called "brownfields." The issue of brownfield cleanup and redevelopment has emerged as the central issue where environmental protection and economic revitalization overlap. Unless these buildings and sites are restored to useful life, continued deterioration will only weaken the economic base of the cities. EPA has mounted a brownfields pilot initiative that could be brought to national scale as part of the Administration's community empowerment strategy. In addition to the critical regulatory, liability and other technical aspects of the brownfields problem, which the EPA pilot addresses, left untouched is the problem of the high cost of cleanup. Without attention to the costs of clean-up, the Federal rules concerning the clean-up of abandoned city industrial sites create a terribly imbalanced playing field in favor of pristine suburban "greenfields" which are much cheaper to develop. The Administration could address this part of the problem through the creation of a tax credit for part of the costs of remediation.

We can also borrow from successes in Cleveland, Buffalo, and the Bronx in building entire neighborhoods of moderately priced single family homes which have attracted middle-class homeowners to dramatically revived neighborhoods of those cities. What those cities have concluded is that the working families they keep and those they can attract are their best hope for a tax base over any reasonable time frame. Cleveland churches are rebuilding congregations by working with the city to create neighborhoods of middle-class housing. Jim Johnson of Fannie Mae believes that most of the money for city problem-solving will come from taxes paid on the wages of workers who live there and therefore that housing and homeownership must go hand in hand with jobs.

We can do more with our own Federal initiatives to build up the positive and eliminate the negative. For example, Dick Moe of the National Trust for Historic Preservation urges that we take a positive step by reaffirming the 1976 Executive Order encouraging Federal agencies to use adapted historic properties in the cities when they seek office space. In terms of eliminating a negative, HUD's efforts to convert traditional public housing into "campuses of learners" would address conditions such as

those in Atlanta, where of the 22 poorest census tracts in the city, 16 are dominated by public housing developments.

C. "There Are ~~No~~ Children Here":

Virtually all urban observers concur that getting children off to a good start, beginning with children ages 0-3, is critical to improving conditions in communities. Then working in home, community, school, and workplace, the steps to adulthood can be made secure. Secretary Shalala describes this strategy as "a commitment to investing in Strong Foundations - the building blocks of success for children and families - and Safe Passages - the tools for navigating the transition from childhood to adulthood." In FY 97, HHS will seek nearly \$54 billion in investment in high priority areas such as Head Start, pre-school immunizations, child care, and maternal and child programs. It is particularly important to pursue Secretary Shalala's theme of Safe Passages on a cross-cutting, cross-departmental basis. You have spoken frequently and eloquently of the need to give young people something to say "yes" to, to give them positive choices and "good gangs" to belong to. This is an area that is ripe for public-private partnership and cooperation. You convened an exciting meeting of private sector leaders recently to discuss a private sector initiative to prevent teen pregnancy. I agree with those who say that a combination of hope and opportunity is the best contraceptive and suggest that the idea of a private-sector initiative can be broadened to challenge employers in communities all over America to provide more jobs and college opportunities for disadvantaged young people and to participate in making sure that the preparatory and support pathways and passages to those jobs and educational opportunities are provided in every community.

We can also pursue public sector strategies for Safe Passages. One possibility, for example, would be to create incentives for states and localities and school districts to pool portions of existing block grant funding streams to create safe passages structures and involvements for young people growing up in distressed neighborhoods. Funds that could be tapped for this purpose, even in the absence of any statutory change, exist in my own Department, and in HHS, Education, Labor, Justice, and the Corporation for National Service. What needs to happen is to create a bonus fund and streamlined audit procedures so as to give states and localities an incentive to pool parts of what are otherwise separate

funding streams.

D. As Go the Schools, So Go the Cities:

Myron Orfield, a Minnesota author, urban analyst and state legislator, concludes that it is conditions in city schools more than any other factor, including housing patterns, race, or job loss which determine the destiny of urban areas. My experience has been that families of all races and ethnic groups leave city neighborhoods for the suburbs as soon as they can afford to when they can no longer tolerate conditions in city schools. Secretary Riley has been tremendous in his emphasis on Title I funding for underfinanced urban schools.

A pre-condition for creating a learning environment is to establish order and safety in the schools. The leaders of Hope in Youth in Los Angeles tell of 50% absentee rates in East Los Angeles middle and high schools when gangs are the most threatening in their recruitment activities. On other days, children who don't want to be in gangs must leave before their last class to start home early because the walk from school is the most dangerous time. Serious learning is not even on the agenda, when children are afraid to go to school.

But solutions do exist. In Middlesex County, Massachusetts, District Attorney Tom Reilly meets four mornings each week with officials from schools, juvenile justice, police and youth programs in towns like Malden. As a result, they are successfully extending community policing tactics to school settings.

Across the nation, charter schools are providing innovative learning opportunities for students of all ages. More than two hundred of these privately run but publicly financed schools -- organized by parents, teachers, and even businesses -- are up and running in 19 states across the nation. Many of these schools are small in size, feature individual learning plans for every student, and place a heavy emphasis on community involvement and innovation.

Describing a Boston charter schools initiative, USA Today recently reported: *"More than 2,000 youngsters entered the lottery for the newly opened Renaissance Charter School in downtown Boston; 640 were accepted. It's already the nation's largest and growth is predicted. In an effort to retain students and their enrollment dollars, Boston public schools are set to create five 'pilot' schools; like charter schools, they'll use themes and new curriculum."*

The District of Columbia is forging a charter schools initiative with the Congress to focus on high-quality curriculum, teacher professional development, safety and discipline, parent involvement, and accountability for performance. Under discussion is a proposal to allow major public universities, as well as selected Federal institutions - the National Science Foundation, the Library of Congress, and the Smithsonian - to establish charter schools.

Also in the District, a Congressional task force on the D. C. schools proposes a scholarship program to sidestep the controversial issue of school vouchers: *"We propose an innovative approach to the long-standing debate over school choice and vouchers for private schools. Low and moderate-income families will be able to apply for scholarships that cover tuition at most local private schools or the costs of choice options in public schools. With a foundation of federal funds (over and above the D.C. budget), and such additional funding as choice advocates can raise privately, this new public-private scholarship program is designed to serve just one constituency: the students of the District."*

And will the public schools lose funds? Under the separate per capita funding formula that the mayor has agreed to use to fund public education, the budget will decrease only if total enrollment declines. If through public charter schools and improvements in other public schools enrollment increases, then the budget for public education will increase as well."

E. The Scourge of Drugs:

While crime statistics indicate that progress is being made, fear of crime remains a dominant fact of life in virtually every urban neighborhood and youth violence continues at alarming rates. Much of the impetus for urban crime is drugs. I don't believe we can make lasting community improvements with the utterly destructive effects of drugs so pervasive.

In Los Angeles, community groups estimate that street gangs control one-third of the drug trade in the metro area. Their control is based on turf and that leads to endless gang warfare, including drive-by shootings that kill innocent people. One weekend this August, there were 27 shootings in the Los Angeles area. In one area, Lincoln Heights, home turf to 50 different gangs, children are afraid to be outside their homes and dare not walk around the corner to another drug gang's marked territory. A walk to school may require crossing the

territory of two or three gangs whose erratic and arbitrary violence is exacerbated by their own drug use. Children cannot be children when neighborhoods are under such extreme siege.

A survey conducted in the Los Angeles area in September evidenced the public's feel for the inter-play of factors leading to increased crime. Poverty and employment were cited by 32% of the respondents as the primary reason crime has increased in the community in which they live, followed by gangs (28%), breakdown of the family (25%) and drugs (21%). Fully 36% of the respondents indicated they have considered moving out of their communities because of crime.

F. Focusing on the Center Cities Alone is No Longer Enough:

Too many cities are not only entrapped by tightly drawn city boundaries, but they are less important within their own metropolitan areas by virtually every measure and handicapped by a haphazard pattern of overlapping and competing jurisdictions. It is as if a formula for certain failure had been consciously designed. Worse yet, hardening racial segregation and isolation are a functional consequence of such false jurisdictional and political lines. While this boundary and jurisdictional framework is almost impossible to change locally and is certainly beyond the realm of plausible federal action, there are measures that are worth considering:

- ♦ The Federal government can create positive incentives to regional sharing of responsibilities such as mass transit, housing and limited tax sharing. When Federal funding is tied to a unified regional budget as under the Intermodal Surface Transportation Efficiency Act (ISTEA), regional intergovernmental compacts are effective.
- ♦ We can work with states to encourage regional cooperation. The Hartford region, for example, organized a voluntary fair share housing program for 29 towns which has not accomplished a great deal, but which is now strengthened by a state-created appeals process.
- ♦ Counties can be a very important focal point for action beyond the city limits. The County Executive of Wayne County, MI, Ed McNamara, recognizes the massive interdependence of Detroit and Wayne County and has pulled together the inner ring suburbs to work with Mayor Archer. More and

more inner ring suburbs - such as Evanston, IL; Yonkers, NY; and Cambridge, MA - have the same challenges as the central cities. County and regional forums can provide them the structure to work together on common problems instead of exacerbating tensions by being pitted against each other out of fear and competition.

Moreover, county governments may actually take the hardest hit from devolution because they traditionally carry the local burden of health and welfare, not the cities. On a more positive note, counties can make a tremendous difference through their housing policies, as has Montgomery County, MD and its nationally renowned inclusion of affordable housing in new developments throughout the county.

- ◆ The true economic organism which participates in the national economy and competes globally is the urban region. City boundaries and suburban jurisdictional lines have no relationship to the unique role that Boston or Miami play in the world economy. Every successful metropolitan area has a unique niche in which it excels: Boston and education-based technologies, Cleveland and machinery, Seattle and Pacific Rim trade, Dallas and Southwestern distribution.

Rosabeth Kanter, commenting on her new book, World Class: Thinking Locally in the Global Economy, said: *"In fact, what has made many communities and regions strong is what I call an infrastructure for collaboration between private and public interest associations that work together to set an agenda for the region."* If we want our cities to make the maximum contribution to national productivity and to carry their own load economically, then the Federal government can encourage regional governance structures which includes the central city mayors to strengthen the area's basic economic function and competitiveness.

III.

Restructuring the Federal Role in Communities from the Ground Up

We must do a much better job of bringing Federal programs to ground in places. The problems are place-based, the local leaders are place-based, the jurisdictions are place-based; but the Federal agencies are still slaves to traditional organizations, to specialization, and to hierarchy. For example, in East Palo Alto, California,

a poor and racially-isolated community in the midst of Silicon Valley's prosperity, community leaders need help from EPA to solve hazardous materials problems so they can transform junkyards into an industrial park; they need help from Interior to convert an unkept waterfront along the East Bay into an attractive public amenity; they need help from HUD to relocate families for a promising regional retail center; they need help from Education to counter the fragmentation of their schools, and they need help from Justice with policing. But the Federal programs do not come together.

The communities and computer technologies exist today to do much better than we presently are. The organization of Federal agencies has not kept pace with what the technology makes possible. Peter Edelman of HHS advocates helping "people in places". The Vice President is working with the mayors to set up a way to respond to a city's needs across Federal departments, a kind of "virtual organization" across cabinet agencies. They are absolutely right, but we need a dramatic push to get to scale.

The mechanism you and the Vice President set up - the Community Enterprise Board (CEB) - is a major asset. No previous administration has coordinated that way and certainly none has had the intensity of involvement from the Vice President. But the CEB needs to be more of a working group, more informal, with deadlines, more focused on actual collaborative partnerships in specific cities, and frankly, tougher on the Secretaries to produce, to make the Cabinet departments cooperate in places.

We also need a basic new approach to pulling together our existing regional and local Federal offices on the ground. That coordination cannot occur from Washington, even from a vehicle as powerful as the CEB or from the top-down follow-up of Cabinet secretaries through the levels of their departments. Your legacy could be to put in place a fundamentally altered Federal structure, to set up effective cooperation from the ground up. It will require setting up collaborative local networks of Federal officials who are involved, acknowledged, heeded, rewarded, trained and promoted for their community effectiveness. It might also be possible to turn over some local Federal functions to a local governance structure or to contract them to local governments. The next step in reinvention of Federal agencies should be from the ground up, not from the top down.

The Federal relationship with local governments can also

be fundamentally restructured. Federal programs -- even after significant streamlining and consolidation -- continue to be designed and implemented with rigid prescriptions and requirements; the ability of localities to use funds creatively and tailor them to local needs is highly limited. Mayors Abramson of Louisville, Rice of Seattle and others have persuasively argued that the way the Federal agencies' are organized too often undermines those agencies ability to be part of community problem solving even when local solutions are possible and when local leaders have good plans.

The Federal government can give mayors the power to make decisions about funding allocations and priorities that better reflect the unique circumstances of their communities. With respect to formula funds, mayors could be given the authority to "flex" funding between disparate federal programs (e.g., education, housing, community development, transportation, job training) to enable a laser focus on local priorities. Such flexibility could trigger immense innovation at the local level. For competitive Federal programs, one idea would be for Cabinet departments to meld their funding streams to create a sum of locally flexible funding, as our joint task forces did with the Empowerment Zones. For example, HUD and HHS could jointly select and jointly fund homeless housing and mental illness projects so that communities can effectively serve the addicted and mentally ill homeless. Another example might be EPA and DOL jointly selecting environmental clean-up and employment projects, so that communities can have the latitude to use the funds across departmental lines and train residents for the skilled environmental jobs demanded in the cities.

◆◆◆

I have felt that it is important to put what I believe to be the essential elements of community empowerment in one statement for you. This memo is intended to do that. Clearly there is much more that can be done, just as there are arguments against doing any of these things. My best judgement is that the time is right to move. This fall's Reconciliation, November's 1997 budget process, the State of the Union, Administration management themes in the new year, and the national dialogue you will lead in 1996: All of these are chances to use your voice and your initiatives to help Americans build communities of opportunity and to cement your legacy of an effective Federal government for the new century.

THE PRESIDENT HAS SEEN
10/27/95

THE WHITE HOUSE
WASHINGTON

95 OCT 20 P5:59

October 20, 1995

MEMORANDUM FOR THE PRESIDENT AND
THE CHIEF OF STAFF

FROM: RAHM EMANUEL *RE*

SUBJECT: WEEKLY MEMO

1006 Jan

Immigration:

We received very good coverage over the weekend in the Los Angeles area around the one year anniversary of Gatekeeper. The announcement of the Southwest Border Czar was on the front page of the L.A. Times and the San Diego Union. Also, the L.A. Times just wrote an editorial praising our selection of Alan Bersin and the Administration's entire immigration policy.

The next two weeks we will focus on the workplace agenda. The Commissioner will announce 200 companies that will participate in the computer verification program in Santa Ana. She has also agreed to announce a new Operation Jobs sweep in either Georgia, DC area, or Northern California. Finally, we will be honoring here at the White House the person who helped create Operation Jobs and the agency is producing a report on its success for release.

The goal is to create controversy on a program which is very popular and brings nothing but praise from the Republicans.

Welfare:

This week the Senate announced their conferees. We expect the conference to start meeting either Tuesday or Friday. Bruce and HHS continue to meet with the Hill staff on the Administration's priorities.

I am working with Robert Pear from the New York Times on a set-up piece for the Conference. I sent him a copy of our SAP which would be the basis of the story.

It is our firm belief that welfare reform can become the counter-point to the meltdown over reconciliation. As I said last week in my weekly report, the politics around reconciliation work inverse to the politics around welfare. At the right time we need to contact Senator Dole, who is desperate for a deal, to communicate that while we fight on the budget we can

agree on welfare.

Crime:

I am beginning to believe that this story concerning youth violence will never run in the Times. However, Fox Butterfield promises that the story will run soon, he is just not sure of the timing. I have sent him additional information this week on the COPS program.

When, and if, it runs, the story should provide us with the context to announce the success of our guns in school program, our new juvenile offender legislation, and drug testing for inmates.

It has been a while since we have appeared in front of police and I believe we should use the legislation on youthful offenders to give a speech to a police academy.

Drugs:

This week we finally made some progress in the Administration's visibility on fighting drugs. We were able to get Lee Brown on the NBC Evening News with his attack on legalization as advocated by Hollywood. In addition to this announcement, we had Dr. Brown bring together area high school coaches to push our policy of drug testing. Dr. Brown will get regional media with this announcement. He is scheduled to speak to the national association in December.

We worked with the L.A. Times on a follow-up story on the Zedillo visit and the arrest of the 'Erasure' in Mexico. (see attached story). I am working with Time magazine on a follow-up. We need to point to the break-up of the Cali cartel and the crackdown in Mexico as signs of our leadership in the International area. They are also good follow-ups to the UN speech.

I am working with Michael Kramer from Time Magazine concerning a column on the Monday speech. I am also working with Safire for a Monday story on the UN speech.

Presidential Scheduling Request

TODAY'S DATE: 10/20/95

☐ ACCEPT	☐ REGRET	☐ PENDING
TO:	Billy Webster Director of Scheduling & Advance	
FROM:	Rahm Emanuel ^{Rh} Director of Special Projects	
REQUEST:	Make announcement on Youth Violence legislation at Police swearing-in.	
PURPOSE:	To highlight the President's ongoing commitment to fighting crime and his leadership on tackling the specific problems of youth violence. The President should make the announcement at a Police swearing-in. It has been a while since he has been to a police academy and we have several Clinton Cops that will be graduating over the next month. (see attached list of upcoming COP Graduations.)	
BACKGROUND:	The President would propose the "Enhanced Prosecution of Dangerous Juvenile Offenders Act." The legislation is part of the Challenge to Reduce Youth Violence and contains significant reforms of the juvenile justice system which would facilitate the vigorous prosecution of serious juvenile offenders.	
DATE & TIME:	November, 1995	
DURATION:	1 hour	
LOCATION:	Police Academy where Clinton COPS are graduating.	
PARTICIPANTS:	POTUS AG State Representatives Graduating Clinton Cops and Chief	
OUTLINE OF EVENTS:	tbd	
REMARKS REQUIRED:	Yes	
MEDIA COVERAGE:	Yes	

FIRST LADY'S ATTENDANCE: No

VP'S ATTENDANCE: No

RECOMMENDED BY: Rahm Emanuel
Bruce Reed

CONTACT: Rahm Emanuel

ORIGIN OF THIS PROPOSAL: Rahm Emanuel

DRAFT

"The Enhanced Prosecution of Dangerous Juvenile Offenders Act"

X The legislation is proposed as part of the Challenge to Reduce Youth Violence and contains significant reforms of the juvenile justice system which would facilitate the vigorous prosecution of serious juvenile offenders.

Principal Changes from Current Law

Under current law, the decision to charge a juvenile as an adult for specified crimes is made by the United States district court as a result of a motion by the United States to transfer the juvenile for criminal prosecution. The offenses subject to this transfer authority are limited. In no event can a juvenile under 15 years of age be transferred except for a handful of violent offenses added by the 1994 Crime Act. Juveniles less than 13 years of age cannot be transferred.

There is virtually universal agreement among prosecutors that the present system is cumbersome, and has frequently inhibited federal prosecutors from seeking adult prosecution. The amendments we propose have three primary objectives: to simplify the juvenile justice system, to facilitate the prosecution of certain juveniles as adults, where appropriate, and to ensure that the most violent juvenile criminal offenders are detained and incarcerated separate from other juveniles. The approach we recommend to accomplish these objectives is described below.

Trial of Serious Juvenile Offenders as Adults

The proposed amendments would greatly simplify the process for prosecuting juveniles in federal court. The legislation would bring federal law into conformity with that of many states by giving prosecutors, rather than the courts, the discretion to charge a juvenile alleged to have committed certain serious felonies as an adult or as a juvenile. Thus, the cumbersome process of filing transfer motions, as well as judicial review of prosecutorial decisions, would be eliminated.

The proposal would also do away with the age restrictions, inevitably somewhat arbitrary, on adult prosecution found in current law. Thus a juvenile of any age could be prosecuted as an adult if the offense is of the requisite type (i.e., a serious violent or drug felony). Half of the states have similar statutes.

The proposed statute would generally expand the list of serious felonies for which a juvenile can be prosecuted as an adult to add certain firearms and drug offenses. A juvenile tried as an adult for one of the designated offenses could also be prosecuted as an adult for any other offenses properly joined under the Federal Rules of Criminal Procedure. With this amendment, juveniles convicted as adults could receive

DRAFT

substantially higher sentences than under current law, commensurate with their crimes and criminal histories.

Delinquency Proceedings and Disposition Hearings

The proposed statute would change the requirements governing juveniles in custody. A juvenile delinquency proceeding would begin for a juvenile in custody within 45 days, rather than the current 30 days. Exclusions within the Speedy Trial Act would also apply in juvenile delinquency proceedings. This extension of time is necessary, particularly in cases involving both adult and juvenile defendants such as in the prosecution of gangs, to protect witnesses and critical evidence by ensuring that the trial of a juvenile does not proceed before the case against the adults. The time within which a disposition hearing must be held after an adjudication of delinquency would be increased from 20 to 40 days. Within the 40 days, the probation office would prepare a predisposition report which would include victim impact information.

Disposition Hearing for Adjudicated Delinquents

The legislation would make fines and supervised release -- not presently sentencing options -- available for adjudicated delinquents in addition to probation and detention. The maximum period of official detention would be increased to 10 years to give judges increased sentencing flexibility for juveniles who are adjudicated delinquent. The maximum period for probation would be increased to the same period applicable to an adult. To strengthen the accountability of juveniles to victims, mandatory restitution would also apply to adjudicated delinquents.

Detention and Commitment of Juveniles

The legislation would give the Attorney General discretion to confine the serious juvenile offender 16 years of age or older charged as an adult with adults both before and after trial, and juveniles less than 16 years of age charged as adults could be confined with adult prisoners after conviction.

The bill specifies that juvenile offenders less than 16 years of age being prosecuted as adults but not yet convicted would be placed in a suitable juvenile facility located within, or a reasonable distance from, the district in which the juvenile is being prosecuted. If such a suitable juvenile facility is not available, the juvenile would be placed in any other suitable facility located within, or a reasonable distance from, the district in which the juvenile is being prosecuted. Only if neither of these types of facilities is available would a juvenile less than 16 years old be placed in some other suitable facility. In order to protect the safety of these younger

Draft

offenders, the bill would require that, to the maximum extent feasible, juveniles not be detained in any institution in which they have regular contact with adult prisoners.

The requirement in the current statute that a juvenile less than 21 years of age charged with juvenile delinquency or adjudicated delinquent may not be detained in any institution in which the juvenile has regular contact with adult prisoners would be retained in the proposed legislation. The bill would permit juveniles adjudicated delinquent to be placed with adults in community-based facilities, in most cases to provide transition services for juveniles moving from incarceration to the community.

Use of Juvenile Records

The information which could be provided to victims of juvenile offenses would be expanded in a manner consistent with the Victim's Rights and Restitution Act of 1990. Fingerprints and photographs of adjudicated delinquents found to have committed the equivalent of an adult felony offense or a violation of possession of a handgun would be sent to the FBI and made available in the manner applicable to adult defendants. This will make it possible for the court to take into account a juvenile's criminal history when imposing sentence.

Disclosure of records relating to a juvenile or a delinquency proceeding would also be authorized if it would be permitted under the law of the state in which the delinquency proceeding took place. The records could also be used for analysis by the Department if so requested by the Attorney General.

Delinquency Adjudications as Armed Career Criminal Predicates

The Armed Career Criminal Act would be amended to permit use of an adjudication of juvenile delinquency based on a serious drug trafficking offense as a predicate offense under that Act.

 EDITORIALS of THE TIMES

A Promising Choice for 'Border Czar'

Bersin brings a fine record to a new post created to confront tough problems

In a move that should lead to better management of the nation's 2,000-mile-long border with Mexico, Atty. Gen. Janet Reno recently appointed Alan Bersin, the U.S. attorney in San Diego, to the newly created position of "border czar." Bersin joins an experienced team of officials that includes U.S. Immigration Commissioner Doris Meissner, who has helped repair a national immigration policy that was seen as consistently inconsistent.

Under the Clinton Administration, the budget of the Immigration and Naturalization Service has almost doubled, enabling it to purchase more and better equipment, hire more officers and generally function better.

Bersin's record indicates he is a good choice for the border czar post. A lawyer, he studied at Yale and Oxford with President Clinton and at Harvard with Vice President Al Gore, established a practice in Los Angeles and taught law in San Diego. There he was named U.S. attorney late in



Better equipment: U.S. Border Patrol truck topped by an infrared scope scans river levee across from Tijuana.

1993 and quickly won praise as the unofficial point man at the busiest spot along the border.

Bersin has been credited with planning and executing successful programs that have slowed illegal immi-

gration and cracked down on the smuggling of drugs and human beings. He has also made progress toward a productive dialogue with Mexican officials on border issues.

The new post will be very useful, even if it does nothing more than help better coordinate the tasks of the INS, the Customs Service, the Drug Enforcement Administration, the FBI and several lesser-known agencies that have border responsibilities in four U.S. states.

Of course, U.S.-Mexican border issues—illegal immigration prominent among them—are complex and generations old, so no miracles should be expected from Bersin. Expectations must also be tempered by the knowledge that some past federal "czars" have been less than successful in trying to solve longstanding problems, such as drug abuse. Still, this appointment is encouraging. Bersin at least looks to be the right person for the job. He will have plenty of work to keep him busy.

The San Diego Union-Tribune

A Copley Newspaper

W. JEFF GATEWOOD
Founder, Oct. 10, 1868

JOHN D. SPRECKELS
Publisher, 1890-1926

COL. IRA C. COPLEY
Publisher, 1928-1947

JAMES S. COPLEY
Publisher, 1947-1973



"The Ring of Truth"

HELEN K. COPLEY
Chairman and Publisher

KARIN E. WINNER
Editor

ROBERT A. KITTLE
Editor of the Editorial Page

Thursday, October 19, 1995

A good start

Bersin appointment boosts border control

The appointment of local U.S. Attorney Alan Bersin as the Justice Department's border czar shows a continued federal commitment to solving illegal immigration problems.

In the past, Congress and the executive branch have ignored border problems, while immigration agencies were treated in Washington like unwanted children. Under the Clinton administration, that has changed.

The change followed a huge public outcry over the flood of illegal immigrants across our southern border. But under Attorney General Janet Reno and Immigration and Naturalization Service Commissioner Doris Meissner, the federal government has taken a reasonable, step-by-step approach to illegal immigration. What's more, it looks like it will be successful. The appointment of Bersin is but another step in the battle to control our border.

Bersin's role will be to lead the fight in court and coordinate federal law-enforcement agencies along the border. He already has increased prosecutions of criminal aliens and will charge more illegal immigrants for repeated attempts to cross the border.

Other promising new enforcement efforts by the Justice Department include immigration courtrooms located at the Otay Mesa Port of Entry that will speed the prosecution of criminal illegal immigrants and a pilot project for deep repatria-

use of the Navy's Miramar brig for up to 380 illegals who are awaiting federal prosecution; and the addition of 143 more Border Patrol agents early next year.

Also, a new program called Operation Jobs has begun. It will focus on arresting illegal immigrants in the workplace and replacing them with authorized workers. And Southern California will be the location for a pilot telephone-verification system for employers so they can easily check a worker's immigration status.

These new enforcement efforts complement Operation Gatekeeper, the continuing Border Patrol crackdown in San Diego County.

Some East County residents and politicians have criticized the federal effort because it has pushed illegal immigration into their back yards. But county law-enforcement and criminal-justice agencies overwhelmingly support Operation Gatekeeper. In Chula Vista, police credit Gatekeeper in part for a 65 percent drop in auto thefts from last year to this year.

While illegal immigration has become an increasing problem in East County, it should be only temporary, as Gatekeeper slowly moves east to choke off the flow. Most of the new Border Patrol agents hired for next year will be stationed in the eastern section of the county.

So far, the Justice Department has done a good job in its crackdown on the border. The only place it has fallen somewhat short is on employer sanctions.

While Gatekeeper and other enforcement will decrease the flow of illegals, we also must cut off the magnet that brings them here — jobs.

Bersin is a good man for the job of border czar. He needs to tackle employ-



Alan Bersin

Tuesday, October 17, 1995

THE SAN DIEGO UNION-TRIBUNE

OPINION

Solution to housing federal prisoners

By ALAN D. BERSIN

Attorney General Janet Reno's solution for San Diego's jail overcrowding emergency is bold and innovative. It marks an important milestone during Operation Gatekeeper toward ensuring a border that is controlled, secure, lawful and reliable.

Border regions are inherently volatile. We are subject not only to the vagaries of our own political and social climate, but those of a neighboring country as well. Mexico during the past year has faced enormous financial problems — including the precipitous devaluation of the peso. Inevitably, this has led to an increasing number of its citizens to seek entrance illegally into the United States.

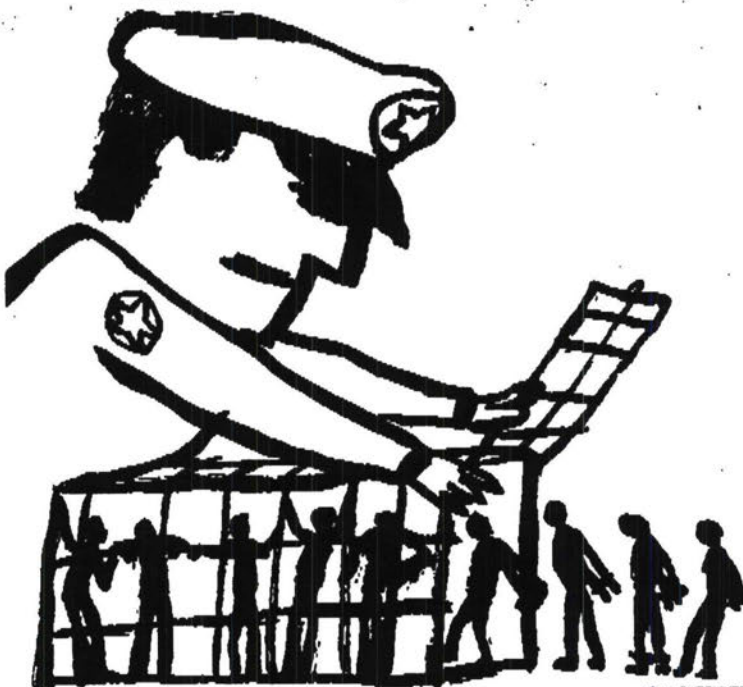
The vast majority of those entering illegally are economic migrants — desperate to find work in this country to support their families. Some small proportion (an estimated 2 percent or less), however, are criminals. It is this group, under the attorney general's direction, that has been targeted for felony prosecution in federal courts. The rationale for this new policy is to incarcerate for a substantial period of time those undocumented aliens who, because they have a serious record of crime in the United States, pose a danger to our community.

Border was neglected for decades

The jail crisis has come to a head at this time because of the unprecedented number of these prosecutions. For decades since the Mexican Revolution and the mid-19th century war with Mexico before that, the border in Southern California has been ignored. Generations of bipartisan neglect has produced a border marked by violence, owned by smugglers, overrun by illegal immigrants and flooded by counterfeit documents. The men and women in federal service charged with border law enforcement were starved of resources to do their job. The rule of law, accordingly, was little in evidence.

That has changed dramatically with the advent of Operation Gatekeeper. We have gone from a border that was unmarked, dark, violent and porous to one that is clearly identified, brightly lit, basically peaceful and professionally patrolled. The administration has provided the personnel resources and the technology to apprehend large numbers of undocumented aliens and, for the first time, to identify, rapidly and accurately, those with substantial criminal records.

Under newly designed guidelines, almost all who are now prosecuted have a history of violence and/or substance abuse. Federal authorities last week filed the 1,000th case this year charging a criminal illegal alien in this district with felony illegal re-entry after deportation. This contrasts with 241 such cases filed in all of last year and only 650 during the eight-year period of 1985-1993. The 1,000th defendant is typical of many: He has been convicted of possession for sale



of cocaine, robbery and forcible rape.

I am confident that these prosecutions have had a dramatic impact on the safety of our neighborhoods. A variety of factors has contributed to reduction of crime statewide, including the impact of both community policing and three-strike prosecutions. It is telling, however, that two of the three California cities with the largest reduction this year — Chula Vista and San Diego — are on the front lines of Operation Gatekeeper.

There is a cost to this increased safety: We must provide detention space to house those we prosecute.

During the last 20 years, while San Diego has moved from the 14th-largest city in the country to the sixth-largest, we have built no new detention facility for federal prisoners. The Metropolitan Correctional Center has an inmate capacity of 607. During the past year, the average monthly population has been 1,224. In mid-August, the Bureau of Prisons properly mandated that the population be reduced, in stages, to 1,000 by mid-October. An extraordinary effort, led by Chief U.S. District Judge Judith N. Keep and carried out by the various law enforcement agencies, notably the U.S. Marshals Service, has gone into meeting the new requirement.

Because of court-mandated caps on various county jails, there has been no additional space available to house federal prisoners in San Diego. As a result, the U.S. marshals have had to transport defendants to and from jail facilities in Imperial and Kern counties for court appearances in San Diego. To accomplish this, deputies have been reassigned from other critical duties, including work on the highly successful Violent Crime Task Force Fugitive Group, which apprehended more than 2,300 felons since its formation in May 1994.

to permit a limited number of federal inmates to be incarcerated at the Miramar brig for a period not to exceed 18 months. Meanwhile, the federal government is negotiating with the county to develop a historic county-federal partnership for construction and operation of a new detention facility in San Diego County.

The temporary use of facilities at Miramar Naval Air Station has been negotiated with sensitivity to the understandable concerns of the military community. There will be no disruption or endangerment of Navy personnel or families. Specifically, all prisoners will be given a medical examination before assignment; no prisoners with a serious infectious or communicable disease will be housed at Miramar.

Housing prisoners at Miramar brig

Naval prisoners at the brig will be kept entirely separate from those in the custody of the U.S. marshal. Dining and exercise schedules will be designed to avoid any interaction between the groups. Moreover, in deference to community issues on the base, those with a history of violence will not be assigned to the brig.

We will minimize the impact of the additional inmates by arranging for the prisoners, and their visitors, to access the brig through the back gate to Miramar. The presence of additional prisoners at the Miramar brig will be as inconsequential to life on the base as is the presence of the correctional center to residents who live within its shadow in downtown San Diego.

Resolution of the immediate detention problem is a significant step forward. But much remains to be done all along the Southwest border. However, the border here is no longer a revolving door. We are denying our streets — by apprehension, prosecution, conviction and imprisonment — to those who would commit crimes in

TIMES TOPIC: FIGHT AGAINST ILLEGAL IMMIGRATION

Illegal-crossing arrests up 39%

'Border czar' appointment stirs optimism

By Leticia Zamarripa
El Paso Times

The number of undocumented immigrants arrested by El Paso Border Patrol agents in the past year jumped by 39 percent, and officials are blaming Mexico's moribund economy.

"The good news is that (Operation Hold the Line) is still being dramatically effective in decreasing illegal immigration; the bad news is that the peso devaluation has had an impact on the number of people coming across," El Paso Border Patrol Chief Silvestre Reyes said.

Reyes said Attorney General Janet Reno's decision to appoint a "border czar" to oversee federal law-enforcement efforts in the region would help focus efforts to reduce illegal immigration.

Officials said 110,971 undocumented immigrants were arrested by the Border Patrol in the El Paso region in fiscal year 1995, which ended Sept. 30. That's 39.3 percent more than the 79,688 arrests in fiscal year 1994, but still far below the number of arrests recorded in years before the beginning of the Border Patrol's Operation Hold the Line.

Operation Hold the Line has been credited for a substantial decrease in arrests of undocumented immigrants from 1993 to 1995. Under the policy, the Border Patrol places agents and vehicles directly on the El Paso-Juárez border in an effort to deter illegal immigration.

"Arrests are down 61 percent from pre-Hold the Line figures," Reyes said, adding that El Paso Border Patrol agents arrested 285,781 people in fiscal year 1993, the year before the operation began.



Associated Press

The appointment of U.S. Attorney Alan Bersin as a "border czar" will help in the war against illegal immigration, El Paso Border Patrol Chief Silvestre Reyes says.

■ Training school: Fort Bliss back in the running / 1B

there is no more pressure for people to head north now than at any other time, and that people are simply finding new ways to get around the Border Patrol.

"Hold the Line ... is a shell game, that's exactly what it is," she said.

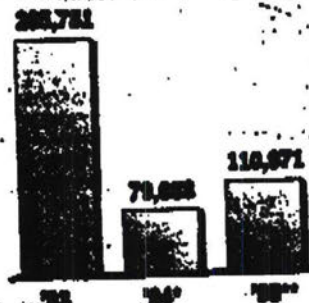
Reyes scoffed at that suggestion: "If people are finding ways around, why are they getting apprehended?"

He said the bulk of apprehensions are being made in the Sunland Park area, just outside the Hold the Line perimeter. Most are caught soon after entering the United States.

Albert Armendaris Jr., an El Paso immigration lawyer, said Mexico's economy always is a

Holding the line

Arrests of undocumented border crossers dropped dramatically in the first half year of Operation Hold the Line, but have crept back up. Such programs are among the federal operations that now will be coordinated by the border czar.



*First full year of Operation Hold the Line
**Fiscal year ended Sept. 30
Source: Border Patrol

Arrests

Continued from 1A

key reason for illegal immigration.

"It is a constant incentive for people to try to find a way to make a decent living, which is not possible over there for many of them. Undoubtedly, they come over out of necessity," he said.

Border czar may help

Reno said the appointment of San Diego U.S. Attorney Alan Bersin as a "border czar" would help strengthen efforts to combat illegal immigration. He said Bersin visited El Paso last year to view Operation Hold the Line.

"One thing I think will result as a consequence of his appointment is better coordination among federal agencies along the border. One person will speak to all border operations," Reno said. "Everything that affects this border will be of interest to (Bersin)."

Bersin will oversee federal law enforcement efforts along a 2,000-mile Southwestern border of the United States, from Imperial Beach, Calif., to Brownsville, Texas.

The appointment was announced Saturday, and although none of the area's top federal officials had received official communication of the appointment or details of Bersin's new role,

they all expressed optimism about the impact his participation will have in curbing illegal immigration.

Criticism of the czar

But others were critical of Reno's decision to create the border czar position.

Chihuahua Gov. Francisco Barrio blasted the United States for its policy against undocumented immigrants and the new czar appointment.

"Almost everything the United States does in this area is unfortunate and displays a great deal of insensitivity toward the reality in Mexico," Barrio said.

"These (anti-illegal immigration) measures will no doubt have a serious affect in relations between the two countries," he said, referring to Reno's appointment and plan to jail people arrested more than once for crossing illegally.

"The people are going to continue to cross and they are going to create overcrowding conditions in U.S. jails," said Barrio, who has said in the past that the solution lies in Mexico creating more jobs for its people.

Kern of the Border Rights Coalition said she has a problem with Bersin's appointment because at a recent meeting of a citizens advisory panel, he attacked a report and the credibility of Human Rights Watch — a civil rights watchdog group that is respected worldwide.

"That tells me that his first

priority is not going to be human rights," she said. "I'm afraid he is going to concentrate solely on enforcement and that concerns me."

Benefits of coordination

Rising arrests of undocumented immigrants is just one issue Bersin will face as border czar. Al Cruz, spokesman for the El Paso FBI office, said his agency would primarily work with Bersin on drug trafficking cases.

"We've always been able to work with other federal agencies hand-in-hand, and we'll work to coordinate all efforts now with (Bersin)," he said.

Gurdit Dhillon, El Paso district director for the U.S. Customs Service, spoke highly of Bersin and said he worked closely with him in San Diego when Gurdit was assigned there.

"Bersin is well aware of what customs is doing on the border. He knows how all the entities work together, and has a tremendous knowledge of border issues. His knowledge can only be an asset for all federal agencies," he said.

Jose Luis Sanchez, spokesman for U.S. Rep. Ron Coleman, D-Texas, said the idea of a border czar has potential, and could possibly be expanded. "Coleman has been an advocate for unified port management and he thinks that coordinating the efforts of federal agencies would be a good idea in the area of commerce and trade too."



Bill Haines

Border Patrol agents trained on all-terrain vehicles Tuesday morning in the desert near Sunland Park. Officials said the number of undocumented immigrants arrested in the El Paso area jumped last year.

Los Angeles Times

SATURDAY, OCTOBER 14, 1995

COPYRIGHT 1995/THE TIMES MIRROR COMPANY/CC1/102PAGES

Reno Names Prosecutor as 'Border Czar'

By SEBASTIAN ROTELLA
TIMES STAFF WRITER

SAN DIEGO—Atty. Gen. Janet Reno has appointed U.S. Atty. Alan Bersin to a newly created post of "border czar," which will oversee the far-flung array of law enforcement agencies at the U.S.-Mexico line, Justice Department officials said Friday.

The designation of Bersin as the attorney general's special representative on border issues represents an unprecedented effort to improve the fight against drug and immigrant smuggling and overhaul a bureaucracy that suffers from internal conflicts, corruption and inefficiency. It also recognizes that the traditional federal approach—dividing the border into geographical and jurisdictional fiefdoms—falls short of the complex reality of the almost 2,000-mile-long boundary, which requires a comprehensive strategy, officials said.

"The border is a continuous region," said Doris Meissner, commissioner of the Immigration and Naturalization Service. "You have four states, a series of federal agencies. And we need to look at the border as one entity."

While remaining the top U.S. prosecutor in San Diego, Bersin will report directly to Reno and coordinate multi-agency projects, such as using the FBI to target immigrant smuggling as organized crime and reorganizing inspections by the INS and the Customs Service, officials said. Bersin also will represent the attorney general in discussions with the Mexican government on immigration, drugs and other binational issues. The relationship between the two countries on border affairs has improved over the past several years but remains fraught with tension.

Bersin, 48, attended Yale and Oxford with President Clinton and Harvard with Vice President Al Gore. He worked in private practice in Los Angeles and taught law in San Diego before being named U.S. attorney in November, 1993. He quickly became the Justice Department's unofficial point man at the border, embodying a Clinton Administration enforcement campaign that has combined substantive progress with aggressive public relations.

A22

SATURDAY, OCTOBER 14, 1995 ★

APPOINT: 'Border Czar' Named

Continued from A1

Reno, who will make the official announcement in San Diego today, chose Bersin because of a series of innovations he has instituted, officials said. The well-connected Bersin has walked a political tightrope at the border with some success. He has tried to crack down on illegal immigration and smuggling while stressing dialogue with Mexico and humane treatment of immigrants.

Bersin created the Imperial Valley Project, a 17-agency drug interdiction drive in the cocaine-smuggling corridor in the desert east of San Diego, and oversees a task force investigating the spread of official corruption in federal agencies guarding the international boundary.

Federal prosecutors also have stepped up prosecutions of immigrants with criminal records and of immigration-related crimes as part of an INS buildup known as Operation Gatekeeper. There were 1,039 prosecutions for felonious illegal entry into the United States this year alone, equaling the totals for the previous nine years, angering criminal defense attorneys and overwhelming federal jail space.

The Navy has agreed to house the overflow of inmates in the 300-bed brig of the Miramar Naval Air Station, Justice Department officials said.

"He will be the attorney general's eyes and ears," Justice Department spokeswoman Carol Florman said. "The importance that the southwest border has taken on needs a more coordinated approach than a normal governmental structure will allow. This is reinventing government, to some extent."

The creation of a "border czar" addresses some of the problems identified by critics who complain that agencies such as Customs and the INS have redundant missions and are mired in inefficiency and infighting. Although stopping well short of coalescing into a single border agency, as some critics suggest, federal law enforcement agencies here increasingly work together—the DEA and FBI run a joint unit investigating Tijuana drug mobs, for example.

"What this is really saying is that things that have worked in California can work in other parts of the border," a high-ranking Justice Department official said. "Alan Bersin as chief law enforcement official here has been very innovative and is a natural choice."

In an interview earlier this week, Bersin said the campaign against illegal immigration and smuggling requires innovative

thinking and stiffer deterrents.

"This is a region that is crucial to the national agenda," Bersin said. "It is the principal corridor for immigration and drugs. . . . It has got to be taken on in a regional context. We have to make the border a lawful place."

In new measures to be announced today, the Justice Department plans to build on innovations launched in San Diego. Bersin said the INS will open two immigration courtrooms at the Otay Mesa port of entry, the first such facility at the international boundary. The "port court" will make deportations faster and more efficient and help realize an estimated 1,800 additional prosecutions of repeat crossers next year.

This number accounts for only a fraction of the half-million arrests at the San Diego line each year. But the crackdown indicates an increased willingness to prosecute repeat border-crossers, who have traditionally been allowed to return voluntarily to Tijuana. Migrant advocates and defense attorneys fear that non-criminals could be wrongly targeted. "Just about everybody is a repeat crosser," said Claudia Smith, regional counsel for California Rural Legal Assistance. "It's one thing to go after the people who have criminal records; it's another to criminalize poverty."

Bersin insists that he wants to focus on suspected smugglers and people with criminal histories. Once identified and deported, these suspects can be charged with a felony if they return. He said he has no interest in prosecuting "economic migrants."

"I am still firm that I don't want to blur that distinction," Bersin said. "Constant repeat crossers can be presumed to be coyotes," or smugglers, he said.

In another ambitious plan to slow down the revolving door at the border, U.S. officials are scrambling to work out details of a recent agreement with Mexico to fly captured immigrants back to the Mexican interior rather than releasing them into Tijuana. Described by both countries as voluntary, the \$4.5-million pilot program is intended for repeat crossers, who will essentially face a choice between prosecution and being flown home at U.S. expense, INS Commissioner Meissner said.

"We are getting people to where they came from so they are not stranded," Meissner said. "We are talking about people to whom we say 'You are not going to cross

The program poses numerous logistical problems that are still being resolved, officials said. The concept of interior repatriation has been urged by immigration-control activists and politicians, but it remains a topic of internal debate. Some officials disagree with the decision to make participation voluntary; others doubt that the plan will work, predicting that immigrants will take advantage of it to get a free trip home.

Today's visit by Commissioner Meissner and Atty. Gen. Reno is intended to announce new programs and review the results of Operation Gatekeeper, but it also occurs amid concern in Baja California about alleged vigilante activity against suspected illegal immigrants. In the rural hills east of San Diego, homeowners and ranchers are upset about an influx of immigrants trying to circumvent the defenses in San Diego.

In an Oct. 2 incident documented by the state human rights ombudsman's office in Tecate, a group of migrants said they were abducted at gunpoint and beaten by citizens who then turned them over to Border Patrol agents. There has also been talk of self-styled militia groups offering to guard the border, officials said.

The Border Patrol and the San Diego County Sheriff's Department are investigating the incidents, Bersin said.

CITY & COUNTY

San Diego

THE SAN DIEGO UNION-TRIBUNE • SUNDAY, OCTOBER 15, 1995

Reno presses war on border

*She details plans for
Otay Mesa port court*

By LEONEL SANCHEZ
and VALERIE ALVORD
Staff Writers

U.S. Attorney General Janet Reno yesterday announced the creation of two immigration courtrooms at the Otay Mesa Port of Entry to increase prosecution and speed removal of illegal immigrants, primarily those involved in other criminal activity, who are arrested at the border.

Reno — in San Diego for a one-year anniversary briefing on Operation Gatekeeper — has also announced the appointment of U.S. Attorney Alan Bersin as her special representative on the Southwest border, a position described by some as "border czar."

In a lengthy presentation at the downtown federal building, local immigration officials and police and Sheriff's Department heads told Reno that the federal border crackdown was working and was helping reduce crime in some border communities.

But while it may be more difficult to cross the border illegally, Reno said the Clinton administration is not satisfied.

"We have much to do," said the Justice Department chief. "Based on my review of Operation Gatekeeper, I would like to make clear we are moving forward."



Inside talk: U.S. Attorney General Janet Reno confers with her new "border czar," Alan Bersin, during a briefing yesterday at the downtown federal building.

Reno

2 Immigration judges to be assigned at border

Continued from B-1

The so-called "port court" program, which has been operating on an experimental basis since July, was among several initiatives Reno announced yesterday. Two immigration judges will be assigned to the court.

The pilot project so far has resulted in the formal deportation of 2,600 illegal immigrants. If they

are arrested again trying to enter the United States, they could be prosecuted and sentenced to prison, Reno said.

The court will concentrate on some of the most frequent border violators, including illegal immigrants with criminal records, phony immigration document users, low-level drug smugglers and those who illegally cross the border often enough to be suspected of participating in smuggling, Reno said.

The court is expected to deport as many as 12,000 illegal immigrants during the next year, she said.

Other measures Reno officially confirmed are:

- The use of Miramar Naval Air Station to hold as many as 380 nonviolent illegal immigrants awaiting federal prosecution. The brig will be used for 18 months while officials secure additional jail space.

- A \$5 million experimental deep repatriation project. Mexico has agreed in principle to allow the United States to fly as many as 10,000 illegal immigrants to the interior of Mexico.

- The addition of 143 permanent U.S. Border Patrol agents to the San Diego sector by early next year. Many will go to the three stations in East County where apprehensions have increased dramatically during the past year.

Bersin's appointment to the new federal position is significant because he will now lead efforts to prosecute certain illegal immigrants across the Southwest.

Bersin will continue as U.S. attorney for San Diego and Imperial counties. He said recently that in his new position he would initially focus his attention on multiagency efforts along the California-Mexico border.

As chairman of an attorney general's subcommittee on law enforcement, Bersin has essentially been filling the role for the past two years — but now he will officially coordinate all joint Justice Department law-enforcement efforts. Justice agencies include the Immigration and Naturalization Service, the FBI, the Drug Enforcement Administration and the Border Patrol.

prosecutions of illegal border crossers to send a deterrent message.

Bersin has come under fire for clogging the system with border-related prosecutions that, in the past, targeted only illegal immigrants with violent criminal histories who have been deported before. So far this year, about 1,000 such people have been sentenced to federal prison, a fact Bersin says has contributed to the drop in San Diego's crime rate.

Stepped-up prosecutions led to overcrowded conditions at the federal prison in downtown San Diego, so the Bureau of Prisons imposed a cap on the number of people it could hold. To lower prison population here, the U.S. Marshal's Service has been transporting prisoners to federal prisons all over the country.

Temporary use of the brig at Miramar, with 380 beds, is designed to alleviate the overcrowding.

Bersin, however, contended yesterday that the newly available beds will allow him to expand prosecutions to include repeat border crossers with otherwise clean criminal records. By providing jail space at Miramar, he said, "the attorney general has given us the ability to increase prosecutions."

Reno spent the better part of her two-hour meeting listening to immigration officials and Border Patrol supervisors brief her on the situation at the border.

Immigration officials who spoke said Gatekeeper, as expected, has pushed the illegal immigration traffic away from the usual crossing routes near Imperial Beach and toward the rural and mountainous areas of East County, where crossings are more difficult. Because it then takes illegal crossers longer to reach urban areas where they have access to freeways, border patrol agents have more time to make arrests.

"It's more difficult than ever to breach the border," said Gustavo De La Viza, Immigration and Naturalization Service Western Regional Director.

Reno said plans are under way to crack down harder on employers who hire illegal immigrants, and

Agents abound far from border

By **MARCUS STERN**

Copley News Service

WASHINGTON — At a time when some Border Patrol stations along the U.S.-Mexican frontier operate less than 24 hours a day because of a lack of agents, hundreds are stationed far from the border in places such as Little Rock, Ark., Miami, Okla., and San Luis Obispo, according to a congressional study.

More agents were stationed in Tucson, 57 miles from Mexico, than in the border-crossing city of Nogales during the 1994 fiscal year, according to the report.

In New Mexico, none of the seven Border Patrol stations was within 25 miles

of the border. The **U.S. Attorney Alan Bersin to be 205 agents named "border stationed in czar"—A-19** the state

spent little of their time patrolling the border, except for those in Deming, according to the study.

The report by the General Accounting Office (GAO), which is to be released in several weeks, comes at a time when some in Congress want to put more of these interior agents on the border. But the Border Patrol, its parent agen-

Border

Inland deployment of patrol questioned

Continued from A-1

cy, the Immigration and Naturalization Service (INS), and the Border Patrol union are resisting.

"It's foolhardy to think you can stop (all) aliens at the border," said T.J. Bonner, president of the National Border Patrol Council of the American Federation of Government Employees. "I think this is really just about politics. It's a smoke screen to say, 'Oh yeah, we're putting more people on the border' under the assumption that they can actually do some good there."

The INS and the Border Patrol argue that the interior enforcement activities should be maintained to complement efforts at the border.

The GAO report was based on 1994 personnel data. It found that almost 25 percent of the Border Patrol agents were stationed 26 or more miles from the border and spent little time patrolling it. Most of these agents, 4,000 at the time, were monitoring traffic on highways in border states or patrolling city streets in places like Little Rock and Boulder City, Nev.

This practice appears to be at odds with the policy of Attorney General Janet Reno, who has made a priority of beefing up enforcement along the border where most of the illegal migration occurs.

And under Commissioner Doris Meissner, the INS adopted a border control strategy based on discouraging illegal entry. She told Con-

gress that "our Border Patrol needs to be first and foremost devoted to border enforcement at the border."

Rep. Harold Rogers, R-Ky., chairman of the House Appropriations subcommittee that oversees the INS budget, has put language in the agency's funding bill requiring the INS to reassign 300 agents to the border. There is no corresponding language in a companion Senate bill.

A House-Senate committee may meet as early as next week to decide whether the provision should be retained. The INS has said it could not reassign more than about 100 from inland stations.

"If we have to redeploy 300 people to the immediate border, it's going to have a very serious negative impact on our ability to enforce immigration laws" in the interior, said Bonner, the Border Patrol union's president. "We're just outnumbered."

He has been on Capitol Hill this week lobbying against the transfers.

At a time when Congress seeks large cuts in other federal programs, lawmakers are poised to finance the hiring of thousands of new Border Patrol agents over the next five years. The study found that the cost of transferring an agent to the border is about half the cost of hiring, training and equipping a new agent.

Several small stations, such as those in the Texas border towns of Fabens and Presidio, don't operate 24 hours a day. Agents there are on call overnight.

The preliminary GAO report suggested that more than 1,000 agents — about one in four — were not engaged in patrolling the northern, southern or coastal borders to prevent illegal entry in fiscal year

1994, which ended 12 months ago.

Nationwide, the report said, "The Border Patrol spent 63 percent of its enforcement time patrolling the border to prevent illegal entry."

The remainder of the time was spent arresting people residing in the country unlawfully, according to the draft report, obtained by Copley News Service from INS and congressional sources.

The job of rooting out immigrants residing illegally in the United States normally belongs to INS investigators, not Border Patrol agents. Other agents were assigned to check the nationality documents of ships' crews, a job that is also supposed to be done by INS inspectors.

Other findings in the preliminary report:

■ The Border Patrol had 122 agents at 19 stations more than 100 miles from the border or in coastal areas as of Oct. 1, 1994. They include Little Rock, 325 miles from the border; Twin Falls, Idaho, 466 miles from the border; and Miami, Okla., 478 miles from the border. Those agents spent most of their time patrolling city streets.

■ The patrol had 701 agents at 41 stations located 26 to 100 miles from a border. They spent 25 percent of their enforcement time patrolling the border and much of the rest monitoring traffic.

■ The patrol had 332 agents at 17 stations in coastal areas. Only the 22 agents in Ramey, Puerto Rico, spent a substantial amount of time patrolling the coast.

THE WHITE HOUSE
WASHINGTON

October 13, 1995

THE PRESIDENT HAS SEEN

10/27/95

95 OCT 17 14:01

MEMORANDUM FOR THE PRESIDENT

FROM: ALEXIS HERMAN
DIRECTOR OF PUBLIC LIAISON

SUBJECT: OFFICE OF PUBLIC LIAISON WEEKLY ACTIVITY REPORT
The Two Weeks Ending October 13, 1995

I. Overview of Office-Wide Activities

Over the last two weeks the Office of Public Liaison focused primarily on the Pope's arrival in Newark, New Jersey, the departure ceremony that will take place on Sunday in Baltimore, activities surrounding the State Visit of President Zedillo of Mexico, and budget activities. We invited over 250 guests to the arrival ceremony in Newark and orchestrated a pre-event luncheon buffet. In addition, we coordinated events leading up to the Pope's visit, including your September 8, 1995 breakfast with religious leaders, your meeting with members of the Catholic press on September 15, 1995, and your attendance at the Red Mass on October 1, 1995. Furthermore, we invited over 500 key members of our constituencies to attend a reception with the Vice President and the Pope's departure ceremony at Baltimore/Washington International Airport.

The Office of Public Liaison included over 1200 key contacts from the Hispanic community in events surrounding the official state visit of President Zedillo of Mexico. We invited guests to the arrival ceremony, to the State Dinner, to the after-dinner entertainment, and we helped to organize two luncheons at the State Department and the Organization of American States.

In regards to our budget activities, we meetings with health care groups and providers to discuss the Republican cuts and the Democratic alternatives. Further, we arranged for your conference call with six rural hospitals and conducted a series of conference calls to other groups ourselves.

In addition, we made invitations to over 150 local supporters to attend the taping of your weekly radio address in Martha's Vineyard and made the arrangements for your telephone call to Grambling University Head Football Coach Eddie Robinson following his 400th career victory.

II. Constituency-Based Activities

A. Seniors

- * Disseminated Leon Panetta's statement and White House talking points regarding spousal impoverishment to over 40 key contacts in our aging network. In addition, we obtained supportive statements from organizations for current spousal impoverishment projections, including Families USA, the American Health Care Association, and the Alzheimer's Association.
- * Disseminated our analysis of the House Republican Medicare plan to our key list of organizations, including the National Council of Senior Citizens and the National Committee.
- * The AARP has been timid in its willingness to be actively engaged against the Republican Medicare cuts but it appears that they will begin a Medicare print and radio campaign focusing on key Senators the week of October 15th.
- * Working with the Leadership Council on Aging Organizations(LCAO) to develop a regional/state press strategy to highlight the potential cumulative impact of federal budget cuts for programs for the elderly, including Medicare/Medicaid. The LCAO plans to move forward with this initiative within the next two weeks.
- * Mailed the state by state analysis of the budget cuts on rural America to key health care activists/constituencies including: the Leadership Council on Aging Organizations, senior and labor retirees, the Medicaid coalition, children's advocacy organizations, and rural hospital.health care groups.
- * Arranged your conference call with rural hospitals to discuss the budget cuts.
- * Met with non profit provider groups to offer White House input on their possible press and advocacy efforts against the proposed Medicare/Medicaid cuts. We will continue to work with them to achieve a strong and unified public statement from the group.
- * Worked to secure surrogates for senior groups activities in the field, including a regional conference sponsored by NCSC and a "Medicare town hall" meeting led by Arthur Flemming, in Orlando and Ft. lauderdale on Monday, October 16, 1995.

B. Hispanics

- * Invited over 20 Hispanic supporters to the arrival ceremony for the Pope in Newark, New Jersey, half of which were Cuban-American and the other half Puerto Rican. It was important to include Cuban-Americans in light of the fact that you were scheduled to sign the executive order to relax the current sanctions against Cuba. They are very concerned about the implications of that potential move.
- ✓ * Participated in a conference call with sub-cabinet appointees. There is a real sense of

disconnect with this group and we are working to improve our relationship with them. There will be an increased effort to have a presence in Illinois, California, New York, Florida, and Colorado for the next two months. Indeed, Secretary Pena will be meeting with 250 Hispanic leaders in Colorado this week.

- * There is concern in the community over the fact that we did not send any principal to the Midwest/Northeast Voter Conference, the largest Hispanic conference of the year. Over 3500 Hispanic grassroots and elected leaders from Ohio, Illinois, Michigan, New Jersey, and New York were in attendance. This conference was identified last June as one of the top three priorities for the Hispanic community and we feel that this was a lost opportunity. Indeed, we sent only one cabinet member to a conference with 3500 Hispanic constituents in a key state.

- * Met with Ben Rodriguez, the Chair of the LULAC Chapter in Arkansas. Among the issues discussed were how this chapter could help your profile in the Hispanic community. He will help us in the media by highlighting the fact that you, as Governor, helped to get LULAC started in Arkansas.

- * Met with the vice president of the National Council of La Raza to follow up on issues raised by their president to you during the summer. Their concerns include sensitizing the administration to the historical contexts underlying Latino perspectives on key issues and to help you to understand the perspectives of the Hispanic community.

C. Law Enforcement

- * Included Tom Scoto, President of the National Association of Police Organizations (NAPO), Bob Scully, the Executive Director of NAPO, and three members of the Fraternal order of Police's Executive Committee in the arrival ceremony for the Pope.

- * Included Vic O'boyski, the President of the Federal Law Enforcement Officers Association, in the audience at the taping of your weekly radio address in Martha's Vineyard.

- * Attended the annual principal's meeting of the Law Enforcement Steering Committee. The heads of all the major law enforcement organizations expressed great pride in the fact that congressional leadership has decided to put off debate on their revised version of our Crime Bill, changing it in favor of block grants. They feel that your strong stand and veto threat, coupled with their unwavering support, was key in the decision not to mark up the Republican bill. In addition, they expressed concern about the prevailing mood in the country towards law enforcement. In light of the OJ Simpson trial, the Ruby Ridge hearings, and the problems concerning ATF, they are worried about the tone in the country and eagerly wish to show the nation that not all members of law enforcement are like "Mark Fuhrman."

- * Held a meeting with Dan Rosenblatt, Executive Director of the International Association of Chiefs of Police. The Chiefs are the one major national group who has wavered a little in regards to Republican proposals on block grants. Mr. Rosenblatt expressed that the Chiefs position is that they support our Crime Bill and that they have not seen an alternative which

they like better; they are obviously feeling the pressure of being the only group not totally "in the fold."

D. Veterans

- * Conducted a meeting with the Foreign Minister of Vietnam and developed talking points which address the POW/MIA issue and the up-coming presidential mission to Vietnam.

- * Met with the Vice Minister of Foreign Affairs Soubahn of Laos. Coordinated with the NSC, DOD, VA, USAID, and State to provide excess government equipment to Laos in an effort to alleviate hardships created by recent flooding. Soubahn also indicated that he wishes that Laos be granted MFN status. In addition, we are working with veterans groups, the State Department, the Department of Defense, Veterans Affairs, and the NSC to put together an itinerary for the presidential delegation that will visit Laos, Cambodia, and Vietnam November 27, 1995 through December 5, 1995.

- * Worked with presidential messages, the Department of Veterans Affairs, the Office of Management and Budget and the World War II Committee to develop a proclamation for Veterans Day.

E. Non-Profits

- * Met with housing advocates to discuss their relationship with the administration. Many expressed concern that we did not take a stronger stance on the budget cuts being made in the housing area.

- * The groups are continuing their efforts against the Istook amendment and they appreciate your support on this issue. They are very concerned with the loss of funding that they desperately need to provide local communities with basic services which will be especially necessary if government programs are cut. They contend that local governments and communities will not have the resources to pick-up the difference. They feel that communities are not prepared for the cuts and will be overwhelmed when they are realized.

- * Organized a meeting with seven non profit organizations and Abner Mikva to discuss our position on the anti-lobbying legislation. Most of the participants belong to a coalition headed by Alliance for Justice. They expressed concern with the proposed Simpson legislation but ultimately would accept its parameters; however, they would not accept anything less.

F. Education

- * Held a briefing for the American Association of Community Colleges. We invited Chancellors and Presidents of community colleges from around the country to discuss the proposed budget cuts. They have been very active in fighting the cuts and have been very supportive of the administration. The participants reiterated their support for you and for your firm stance in favor of education. However, they did voice disappointment and confusion of

the possible phasing out of Title 3, Part A, Strengthening Institutions. Three-fourths of these funds go to community colleges. They see this as being skewed in favor of larger, 4-year institutions.

- * The education groups, whether primary or higher ed, continue to be supportive of your stance on the budget issue. They continue to remain active in getting the message out to their national and local communities. The organizations representing colleges and universities are particularly energized to fight the proposed cuts in direct lending.

- * Organized a White House reception for 150 members of the National Education Association. A majority of the participants were state chapter presidents and executive directors, made up of teachers, and they cherished the opportunity to meet with you and the Vice President.

G. Business

- * Hosted a briefing for the 70 participants of the Time, Inc. Newstour. The participants are CEO's from major companies in America who are traveling with Time as honorary journalists to meet political and cultural leaders around the world. The tour includes stops in Havana, Moscow, Hanoi, Bangalore, and Hong Kong. The briefing focused on the relationships of the United States and the countries the group was visiting. It was well-received but there were questions were raised in the press about the Cuba visit, particularly about the timing of your statement on Cuba. It should be noted that Congressman Burton is calling for an investigation of the trip for violating the embargo; many contend this was not a "newstour."

- * Met with representatives of the Direct Selling Association and the Small Business Administration to discuss Jerry Glover's submission of comments to the FTC on multi-tiered selling. DSA has a major problem with Glover's characterization of multi-tiered marketing companies as "one step removed from illegal Pyramid or Ponzi schemes." We are attempting to resolve the problem.

- * Organized your meeting with 16 CEO's to discuss private/public sector cooperation to develop the use of educational technology in public schools. There was a press conference immediately following the meeting in which CEO's offered strong support for the initiative. (Attached is a list of those CEO's in attendance.)

- * Hosted a briefing for 40 members of the Salt Institute, a non profit organization that represents companies in the Salt industry.

- * Hosted a briefing for over 220 people on the budget cuts in Federal R&D spending proposed by the Congress. The participants were members of universities, technology-dependent companies, and non profit groups.

- * Staffed you at your speech to the Business Council in Williamsburg, VA. The reaction was subdued but all felt that you were right on target with your message.

* Faxed White House talking points on American Leadership, Educational technology, and Americorps to over 1400 individuals from the business community, labor groups, the science & technology community, and the small business community.

* Mailed a presidential letter and a copy of the Vice President's new book *Common Sense Government* to the CEO's of Fortune 500 companies detailing the progress of the Reinventing government initiative.

* Faxed talking points on your efforts to combat violence against women and talking points regarding your Bosnia policies to over 500 key contacts.

* Wayne Valis, a Republican head of TALC and Valis Associates who worked in Public Liaison in the Reagan administration reported that a significant portion of the DC business community is predicting that you will win re-election and they are anxious to keep the doors to the White House open so they can continue to have access. We are planning a briefing for TALC members on October 18, 1995.

H. Jewish

 * Mailed 1,700 presidential Yom Kippur greetings to community leaders, supporters and rabbis throughout the country.

* Provided a briefing for over 70 members of the New Israel Fund to discuss the Middle east Peace Process and potential economic opportunities for women.

* Met with Oded Eran from the Israeli Embassy regarding a possible meeting with Vice President Gore to discuss the former Soviet Union.

* Faxed invitations to over 250 Jewish community leaders for a briefing regarding the progress in the Middle East Peace Process that will be given by Ambassador Dennis Ross.

I. Ethnic

* Met with a group of twenty ethnic leaders to address ways that they could be most effective in helping you communicate your message to the ethnic communities. Some groups such as the Greeks, Italians, and Irish expressed their appreciation for their ability to have input on political appointments while others such as the Polish Arab, and Hungarians expressed some frustration about their groups having little input or representation. They had two specific ideas: 1) to arrange an ethnic state day; 2) to arrange an ethnic press event. In addition, there was a commitment made to have a separate communications meeting for a sub-group and to have another White House meeting with the group in November.

* Worked with Mrs. Gore's office to shape her remarks and to include some of our key contacts when she attended the Banquet of the American Arab Chamber of Commerce in Dearborn, Michigan.

J. African Americans

* Provided White House representation to speak before the National Association of Minority Contractors in Minneapolis. We outlined our position on affirmative action and your accomplishments in relation to the minority community. Highboard H. Humphry III was also a speaker and was very supportive of our efforts to save affirmative action. There was a rumor circulating among audience members that the White house was going to scrap the 8-A program. It appears that they were referring to the Rule of Two discussions we are having with the Defense Department. They are uneasy about any changes in the program and wanted assurance that we were not backing away from what you said in your affirmative action speech.

* Sent White House representation to serve on a panel on affirmative action at the New Jersey Black issues Convention. The audience was generally supportive of the Administration's policies but there was a lot of concern regarding their view that the Justice Department is eager to do away with set asides.

* We have been monitoring the Million Man March and find that there is still a rift between Christian and Muslim leaders over the march. National black church leaders are still adamantly opposed and are not expected to support the march. However, local church leaders around the country are actively involved in the march and are reacting to what many people are calling unfair criticism of the march.

* There is sentiment from civil rights organizations and minority business leaders because of rumored changes in the Rule of 2 program as it applies to small and disadvantaged businesses. The Rule of 2 is considered by minority businesses as a significant symbol of the federal government commitment to meaningful affirmative action and many of these groups feel that abandonment of the Rule of 2, with no substitute program in place, would immediately place contracting opportunities in jeopardy. In addition, Ernie Green has voiced concern about any changes that would negatively impact a major minority business event he is planning for November 8, 1995.

K. Children and Families

* Held two meetings with representatives from 22 child advocacy groups to discuss welfare legislation. They expressed concern regarding any compromise that may be made in the House. They are urging us to remain firm with their stance against cuts that hurt children. In particular, they mentioned the dangers facing foster care and adoption programs.

III. Events/Briefings

- * Health Coalition (October 2)
- * Women Legislators (October 3)
- * Pope's Arrival in Newark, NJ (October 4)
- * Briefing for Time, Inc. (October 6)
- * Weekly Radio Address in Martha's Vineyard (October 7)

- * Call to Eddie Robinson, Grambling University (October 7)
- * Pope's departure in Baltimore (October 8)
- * African American Sub-Cabinet (October 10)
- * Non-Profit Association (October 10)
- * Child Care and Child Advocates (October 10)
- * Salt Institute (October 11)
- * Women's Initiative and Outreach (October 11)
- * Inter-Agency Veterans Working Group (October 12)
- * Science and Technology Briefing (October 12)

IV. The Week Ahead

- * Race Relations speech to Students at University of Texas (October 16)
- * Catholic Health System (October 17)
- * Equity Commonwealth Briefing (October 17)
- * Africare Event (October 19)
- * Italian American CEO's (October 20)
- * Mid-West Economic Conference in Columbus, Ohio (October 20)
- * Czech-Slovak Museum Dedication (October 20)
- * National Italian American Foundation Dinner (October 21)

cc: Leon Panetta
 Harold Ickes
 Erskine Bowles

THE PRESIDENT HAS SEEN

10/27/95

THE WHITE HOUSE

WASHINGTON

95 OCT 18 P5:36

October 17, 1995

MEMORANDUM FOR THE PRESIDENT

FROM : MIKE McCURRY
PRESS SECRETARY

SUBJECT : WEEKLY REGIONAL MEDIA UP-DATE

The following are the regional media highlights from the Office of Media Affairs for the week of October 9:

BUDGET

- * Your conference call with the rural hospitals received good national and regional coverage. Your remarks concerning the AMA were carried in every major national news daily. The local papers in the markets where the hospitals are based focused more on the regional issues impacting each hospital. Many of the regional dailies not only did stories on the day the call occurred, they also previewed the call in set-up stories. All of the rural hospitals held press conferences surrounding the call. The Buffalo News ran it on their front page. (Clips attached)
- * Radio coverage of your rural conference call was excellent. A Vermont station carried it live and others carried excerpts live.
- * The regional radio press conference with Vice President Gore and Secretary Glickman was also a success. More than 700 radio stations were reached with this call. Additionally, the USDA Radio Newline and the National Association of Farm Broadcasters Newline used excerpts for their daily feeds. These lines average 100 calls per day.
- * Media Affairs released the state-by-state rural numbers and did radio surrounding the numbers. Close to 350 radio stations plus the USA Radio Network were reached through interviews with White House officials.
- * Set up regional media conference calls with Secretary Glickman and Senators Wellstone, Kerrey (NE), Conrad and Dorgan and Representatives Thurman, Clayton, Durbin and Johnson. In one day, we reached more than 75 tv, radio and print news outlets.
- * Worked with the Education Department on regional media for the technology grants announcement. The announcement received excellent regional coverage - especially in smaller markets which were visited by Administration officials.

* Cabinet public affairs reps were given assignments for Monday, Tuesday and Wednesday of this week leading up to the Thursday House floor vote. HHS, Treasury, Labor, SSA and the White House will take the bulk of the 34 targeted assignments. The goal is to saturate radio and reach out to editorial boards. We will reach the bulk of the beat reporters through tongs.

AMERICORPS

* Pitched Senator Wofford and the 43 Americorps participants to regional press. Pitching resulted in 10 regional print interviews and national print interviews with AP and the Washington Post. Senator Wofford conducted interviews with Philadelphia television and an additional 10 regional tv interviews were conducted with AmeriCorps members. Twenty two radio interviews were scheduled with participants.

MISCELLANEOUS

* Set-up radio interviews with Richard Nuccio and spanish language stations in NYC to discuss your Cuba policy.

* Arranged two hours of morning briefings with White House officials for Hearst Newspapers prior to your roundtable. We have received positive feedback on the roundtable - we have requests in for you to do one a month with other news service chains.

* Had John Emerson do set-up interviews on the Midwest Economic Conference for the Sunday edition's of the Columbus Dispatch and the Cleveland Plain Dealer. We gave the Cabinet assignments to reach targeted markets in the nine states prior to the Friday conference.

* Conducted regional press interviews with recipients of Weigelt-Wallace award.

22 media organizations, radio and print, and 10 radio stations
hear the conference call. The Vermont radio station took the feed *LIVE* on the air,
other stations carried excerpts live.

SATELLITE UPLINK

36 stations in 27 markets used our satellite feed. Exact times and minutes the footage
was aired are attached. This is an excellent pick-up for a six city conference call.

SATELLITE PICK-UP

POTUS								
RURAL HOSPITAL CONFERENCE CALL								
12-Oct-95								

					1000P	22:12:43	22:12:51
		WHO	NBC	12-Oct-95	0500P	17:14:23	17:14:27
					0600P	18:01:42	18:01:47
					0600P	18:01:53	18:01:57
					0600P	18:02:04	18:02:11
					0600P	18:27:51	18:28:09
					1000P	22:03:09	22:03:11
					1000P	22:03:20	22:03:24
		WOI	ABC	12-Oct-95	0600P	18:05:44	18:06:04
73	ROCHESTER, NY	WHEC	NBC	12-Oct-95	1130A	11:59:47	11:59:59
					1200N	12:00:00	12:01:45
					0600P	18:04:32	18:05:06
					0600P	18:05:11	18:05:46
		WOKR	ABC	12-Oct-95	1200N	12:01:38	12:02:23
					0500P	17:22:25	17:22:28
					0530P	17:30:27	17:30:42
					0600P	18:04:46	18:04:51
					0600P	18:05:01	18:05:56
		WROC	CBS	12-Oct-95	1200N	12:05:11	12:05:33
					0400P	16:29:11	16:29:15
					0430P	16:42:39	16:42:43
					0430P	16:54:56	16:54:57
					0430P	16:54:58	16:55:01
					0500P	17:01:35	17:02:15
					0530P	17:59:32	17:59:36
					0600P	18:01:08	18:01:13
					1100P	23:16:18	23:16:56
74	SPOKANE	KREM	CBS	12-Oct-95	0500P	17:14:12	17:14:15
83	MADISON	WISC	CBS	12-Oct-95	0500P	17:04:11	17:04:21
87	CEDAR RAPIDS-WATERLOO&DUB	KGAN	CBS	13-Oct-95	0130A	1:52:27	1:52:31
				12-Oct-95	1000P	22:14:27	22:14:32
92	BURLINGTON-PLATTSBURGH	WCAX	CBS	12-Oct-95	0600P	18:09:28	18:09:32
					0600P	18:09:36	18:09:48
					0600P	18:10:01	18:10:03
					0600P	18:10:10	18:10:12
					0600P	18:10:27	18:10:28
					1100P	23:06:33	23:06:36
					1100P	23:06:41	23:06:52
					1100P	23:07:05	23:07:07
					1100P	23:07:14	23:07:18
					1100P	23:07:31	23:07:34
		WPTZ	NBC	12-Oct-95	1200N	12:00:53	12:01:44
		WVNY	ABC	12-Oct-95	0530P	17:58:51	17:58:54
					0600P	18:26:12	18:26:27
					1100P	23:01:06	23:01:09

94	EVANSVILLE	WEHT	CBS	12-Oct-95	0500P	17:11:53	17:11:57
107	HARLINGEN-WSLCO-BRNSVL-MC	KGBT	CBS	12-Oct-95	0500P	17:06:41	17:06:43
122	MONTEREY-SALINAS	KCBA	FOX	12-Oct-95	1000P	22:27:28	22:27:35
127	BOISE	KBCI	CBS	12-Oct-95	1030P	22:31:02	22:31:15
132	BAKERSFIELD	KERO	CBS	12-Oct-95	0400P	16:21:40	16:21:42
					0430P	16:53:33	16:53:33
					0500P	17:11:58	17:12:00
					0600P	18:00:57	18:01:07
					0600P	18:01:21	18:01:25
					0600P	18:01:52	18:01:57
					1100P	23:00:29	23:00:40
					1100P	23:00:54	23:00:58
					1100P	23:01:25	23:01:30
		KGET	NBC	13-Oct-95	0200A	2:26:59	2:27:02
					0200A	2:27:26	2:27:27
					0230A	2:56:59	2:57:03
					0230A	2:57:27	2:57:28
					0300A	3:26:59	3:27:03
					0300A	3:27:27	3:27:28
					0330A	3:56:59	3:57:02
					0330A	3:57:26	3:57:27
					0400A	4:26:59	4:27:03
					0400A	4:27:27	4:27:28
					0430A	4:57:01	4:57:05
					0430A	4:57:29	4:57:30
				12-Oct-95	0500P	17:06:25	17:06:30
					0500P	17:06:53	17:06:54
					0600P	18:05:19	18:05:24
					0600P	18:05:47	18:05:48
					1100P	23:28:16	23:28:20
					1100P	23:28:44	23:28:45
133	MONROE-EL DORADO	KNOE	CBS	12-Oct-95	1000P	22:10:39	22:10:54
					1000P	22:11:15	22:11:19
145	JOPLIN-PITTSBURG	KOAM	CBS	13-Oct-95	0230A	2:43:25	2:43:26
					0230A	2:46:43	2:46:45
				12-Oct-95	1000P	22:08:04	22:08:05
					1000P	22:11:21	22:11:23
150	LUBBOCK	KLBK	CBS	12-Oct-95	0500P	17:10:13	17:10:16
169	ELMIRA	WETM	NBC	12-Oct-95	0600P	18:01:49	18:02:35
					1100P	23:01:41	23:02:27
	Markets: 27		Stations: 36				

the

Messenger

Vol. 243 (USPS 5413-8000)

Vermont's Oldest Evening Newspaper - 1861

ALBANS

NMC gets the president's ear on federal budget cuts



NMC's Peter Hofstetter

◆ Local hospital's CEO says \$5.3 million is at stake over 7 years.

By KATHARINE BELODEAU
Messenger Staff Writer

ST. ALBANS — Six rural hospital administrators, including Northwestern Medical Center's, got to make their case against proposed federal cuts to Medicare and Medicaid directly to the president by conference call Thursday.

NMC Chief Executive Officer Peter Hofstetter and five colleagues from Florida, New York, Missouri, California and Iowa spoke by phone to President Clinton and Health and Human

Services Secretary Donna Shalala, explaining the impact \$270 billion cuts will have.

While some hospitals' administrators said that the cuts would force their hospitals to close, Hofstetter said in a press conference after his conversation with the president that he didn't think closing would be a necessity for the NMC.

The cuts will cost \$5.3 million to NMC over the seven years of the program, said Hofstetter. Currently, 60 percent of the hospital's revenues come from Medicare and Medicaid patients.

The president called the Republican plan's figures arbitrary and emphasized the need for hospital executives to get in touch with the legislature to inform them of the devastating impact the cuts will have on rural health care.

John Kelly, administrator at New York's

Soldiers and Sailors. Yan said that his hospital during recent years. light at the end of the

"Now that light is like a train," he said. Medicare and Medicaid

Hofstetter emphasized good doctors to rural with them effective rural partnerships and wellness programs. these things could be

The president commented, noting that there is much more than the

MC: continued from the front page

where the hospital is located. There were no dissenting voices among the hospital representatives and the president took the opportunity to express his dislike for the Republican plan

committees and is headed for the House floor.

"We can do better and we will," he said. When pressed for his ultimate response to the GOP proposal, the president said he would veto the measure.

regarding rural health care on Thursday, Oct. 12,
at 11:30 a.m. Tune to WWSR-1420 AM
for details on listening in on the conversation.

ST. ALBANS NMC director to speak with Clinton

By MESSENGER STAFF

ST. ALBANS — Peter Hofstetter, chief economic officer of the Northwestern Medical Center, will be one of six rural hospital directors speaking with President Clinton on Wednesday.

Hofstetter will have the opportunity to discuss hospital and health care related topics with the president and Donna Shalala, secretary of Health and Human Services.

The conversation will be held via a live audio and video feed between the White House and the offices of hospital administrators. The conference phone conversation begin at 11:45 a.m. and run about 45 minutes. Efforts to link up a live radio feed so that the discussion could be broadcast locally were being considered at press time today.

Administrator shares thoughts with Clinton

By Dave Black
Editor

For a few short moments, Taft had the ear of the President.

In a teleconference held this morning, President Bill Clinton spoke candidly about proposed cuts in government health care (see page 3) and their impact on rural hospitals with the administrators of six such facilities, including West Side District Hospital Administrator Margo Arnold.

The President laid out at the recent agreement between the Republican Party and American Medical Association calling for \$3 billion in cuts.

"Two days ago the Congress made a decision without ever considering its impact on people," the President said. "In the dead of night the Republicans agreed with the AMA to recommend something that doesn't meet anyone's needs, and they have no idea how they're going to pay for it."

The president noted the plan would allow hospitals to bill for additional funds not paid by Medicare or Medicaid — but noted that, in effect, meant hospitals must either accept smaller payments or pass along the cost of healthcare to patients who could ill afford it.

"For 12 years I was the governor of a rural state so I understand what you're going through," the President noted. "We understand the need to make cuts and to balance the budget, but it has to be done in a fair and equitable manner."

Clinton didn't believe the GOP plan did that.

"What we have to do is control the rate of medical inflation, which is three times as high as the inflation of our economy," he continued. "That's not the issue here. The issue is that Congress has now come up with a system of cuts based on arbitrary numbers someone pulled out of the air to fit a certain set of assumptions."

Arnold noted that the reduction of Medicare and Medicaid funding could be extremely harmful to a facility such as West Side District Hospital, which received 69 percent of its patient revenue from government-sponsored healthcare.

"We are concerned about this on



PRESIDENTIAL FONDERS — West Side District Hospital Administrator Margo Arnold talks with President Clinton during this morning's teleconference. Arnold was one of six rural healthcare officials selected to give the President her views on proposed healthcare cuts. (Staff photo)

Arnold told the President rural hospitals fit a vital need that can't be replaced.

"Rural hospitals save lives on a daily basis," she noted. "We have the responsibility of sending people somewhere they go to a major hospital if a situation is life-threatening. If we're not here, where are those people going to go?"

Clinton noted the role of rural facilities has changed in recent years.

"The typical rural hospital doesn't just treat illness. It handles long-term care, psychiatric care — they basically offer everything the community needs. What we call hospitals have become comprehensive care centers. I don't think Americans realize the importance rural

hospitals have that are taking off the fat of the land."

Clinton noted the need of turning smaller hospitals would have a drastic impact on the availability of care. He noted many physicians are attracted to an area by its hospital and without a full hospital "they just won't stay."

The President vowed to defend the smaller facilities.

"You have worked so hard to reconstruct what rural hospitals are. To destroy it now would be tragic, and it's not necessary. If (the Republicans) desire a solution they can sit down and work with us. If they choose not to and send a budget that is inappropriate I will fight that with all I have."

pressure before speaking with the President.

"I'm a little nervous. We only get like two minutes to tell our story, so they'd better be good minutes."

But afterward she felt the President was mindful of the fears and ideas presented by members of the conference.

"He was definitely receptive," she said. "I think he understands the problems we face and what more care could do to our ability to offer quality healthcare."

Arnold also admitted that she enjoyed the experience of speaking with the President.

"It was a great honor not just for me

Local hospital official selected to participate in talk with President

When Bill Clinton wants information, he goes right to the source.

Seeking information on the effect of proposed Medicare cuts on rural hospitals, the President of the United States will conduct a teleconference tomorrow with healthcare professionals — including West Side District Hospital Administrator Margo Arnold.

Arnold is one of six administrators, all from rural hospitals, selected to participate in the conference. Her name was submitted by the Hospital Council and the California Association of Healthcare Systems.

"I'm very excited to be presenting our views and needs to the President," Arnold said. "This is a great opportunity for West Side District Hospital and for Kern County since we are the only healthcare facility to participate in the western United States."

According to the White House, the President will spend 35-40 minutes speaking to the administrators — who

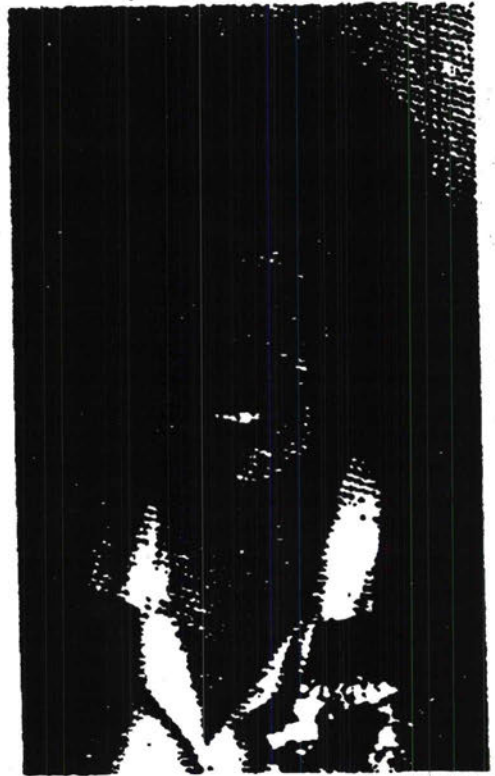
represent Florida, Vermont, New York, Missouri and Iowa in addition to California.

Other health professionals are looking at Arnold's selection as a blessing to their organizations as well.

"We are proud to have Margo Arnold as the person taking part in the teleconference with President Clinton," noted J. Michael Gallagher, president of the Hospital Council of Northern and Central California. "She has always been a strong voice for rural hospitals and is a strong representative of healthcare issues for rural communities."

Hospital spokesperson Christine Beyer announced WSDH will invite the community to listen in by providing a live audio feed of the conference in the hospital's main lobby.

Doors will open at 8 a.m. and the hospital will provide a continental breakfast for the public. The call is expected to begin at 8:30 a.m.



Margo Arnold

By MAURICE DUMAS
Finger Lakes Times

PENN YAN — Is John Kelly nervous about talking to President Bill Clinton Thursday on the telephone?

"Absolutely," said Kelly, president of Soldiers & Sailors Memorial Hospital. He will be one of six people representing rural hospitals in a conference call with the president. Kelly will get two minutes to present his point of view, then take part in a general conversation after the president makes an opening statement.

"The prospect of talking to the president is not particularly troubling," said Kelly. "It is a bit daunting to be the one to represent the essential nature of rural health care in our community."

The subject of the conference call, set for 11:30 a.m. to 12:30 p.m., is the impact of proposed Medicaid and Medicare cuts now being considered by Congress. On that subject, Kelly has lots to say. He's certain the cuts will play havoc with the hospital's income and harm the physical and economic well-being of the community.

Numbers crunchers for the Hospital Care Association of New York State have told Kelly the proposed cuts would cost the hospital anywhere from \$11 million to \$12.5 million over the next seven years. Now with an annual budget of \$20.1 million, the hospital is lucky to break even each year and won't be able to withstand cuts of that magnitude, Kelly said.

But Kelly won't be alone in explaining rural health

(Continued on Page 5)

PY hospital chief —

(Continued from Page 1)
care to the president.

Medical providers taking part in the call come from Northwestern Medical Center, St. Albans, Vt.; St. Luke's Northland Medical Center, Smithville, Mo.; Glade's Hospital, Belle Glade, Fla.; West Side District Hospital, Taft, Calif.; and Grinnell Regional Medical Center, Grinnell, Iowa.

Kelly is participating at the request of Daniel Sisto, president of the state hospital association, who was asked by the White House to find a rural hospital. Sisto knows the Penn Yan hospital well, having visited here in 1992 when the second wing of

The Homestead nursing home opened.

Kelly said Soldiers & Sailors was chosen because it offers a complete range of health care, not only normal hospital activities such as emergency care but also nursing care, mental health beds, outpatient medical and mental health care, as well as family care centers in Penn Yan and Dundee.

"It's an honor to be recognized as a complete health care sys-

tem," said Kelly.

If he gets the time, Kelly would like to tell the president that rural hospitals have been systematically underfunded for years and face an added burden of attracting physicians, as those who do come to rural areas are underpaid and overworked.

Kelly also hopes to be able to speak effectively with so many local people listening to his every word.

Under the format set up at the hospital, Kelly will be alone in an office talking to the president while the conversation is broad-

cast to an audience in a nearby room. In addition to reporters, members of the audience will be local people active in health care such as Scott Murray, the hospital's chief executive officer; Dr. W. Porter Wellbourne, medical

staff president; Dr. Norman Lindenmuth, medical director; and Dr. Jack Tashchian, chief of psychiatry, as well as several others.

When first informed that he would be talking to the president, Kelly had some difficulty con-

vincing others that he wasn't just making up a story.

Even his wife, Lori, expressed some doubt when he told her.

"Say honest," she responded. "Honest," said Kelly.

Clinton says GOP cut deal with AMA

By DOUGLAS TURNER

News Washington Bureau Chief

WASHINGTON — President Clinton, in a conference call with six hospital presidents, charged Thursday that House Republicans made a "payoff" to the American Medical Association to win its support for a bill trimming the growth of Medicare.

The bill would save the Medicare trust fund \$270 billion over seven years, by limiting payments to hospitals and providers, increasing premiums and co-payments.

"In the dark of night, the Republican leadership cut a deal with the AMA that once again put their interests ahead of the interests of the patients," Clinton said.

The concessions to the AMA, critics contend, clear the way for physicians to make big profits. They would give physicians' managed care networks anti-trust immunity. The GOP plan also abolishes barriers to doctors' referring patients to laboratories and other companies they own.

Clinton spoke with the heads of six rural hospitals, including John Kelly, president of Soldier and Sailor Hospital in the central New York State village of Penn Yan.

Some of the hospital administrators said the House Medicare bill will force them to close.

Kelly, president of the only hospital in Penn Yan, told Clinton that curbs on Medicare funds threaten the "physical, financial

and emotional well-being of that entire community" by forcing layoffs at the hospital, the biggest employer in that corner of Yates County, situated on Keuka Lake in New York's Finger Lakes region.

Clinton rang off by urging the six administrators to contact their congressmen.

Kelly had already met with his congressman, Rep. Amory Houghton Jr., R-Corning, in September, and phoned him since then.

Houghton is a member of the House Ways and Means Committee which cleared the controversial bill on Wednesday for floor action right after House Speaker Newt Gingrich, R-Ga., made the concessions to the AMA.

Kelly told reporters he is "disappointed" that Houghton voted for the legislation.

In addition to easing the way for doctors to create their own managed care combines, the House bill also limits to \$250,000 some malpractice damage claims.

It would also permit doctors to charge whatever they wished for services paid through proposed Medical Savings Accounts.

Houghton denied knowledge of any deal, and said the Medicare bill "will be going back and forth" in Congress before it is finalized.

The pending Senate Medicare bill does not yet contain the AMA-backed concessions.

Bureau assistant Shawn Bradia contributed to this report.

*** TOTAL PAGE. 82 ***

10/13/95

Clinton warns rural hospitals

Beware GOP cuts, he says via phone

By BENNETT A. LOUDON
STAFF WRITER

PENN YAN — Preaching by telephone to a choir of small-town hospital administrators, President Clinton yesterday said the Republican plan to cut \$452 billion from Medicare and Medicaid spending over the next seven years does not take into account the actual cost of delivering health care services.

"This is not about ideology and certainly not about responsibility, but nobody believes this arbitrary, very high number can be reached," Clinton said during the one-hour conference call that linked him with six rural hospital administrators from around the country.

Among the participants was John Kelly, president of Soldiers & Sailors Memorial Hospital in this

Yates County village.

"We know we have to balance the budget, but we have to do it in a way that is decent and human," Clinton said.

He said he acknowledged that the Republican plan would continue to increase Medicare and Medicaid spending, but he said the increases would not be enough.

"The real question is: Is the more money sufficient to deal with more patients and the rate of inflation?" said Clinton, who ended his telephone call by asking the hospital officials to contact their congressional representatives and express their concerns about the Republican plan.

With spending on the two programs currently increasing about 10 percent per year, the Republican plan would limit the increase to between 6 percent and 7 percent over the next seven years.

Clinton said the Republican proposal would force 276,000 elderly and disabled rural New Yorkers to pay higher Medicare premiums and higher deductibles. The average rural hospital, Clinton said, would lose

CLINTON, PAGE 2B

Clinton

FROM PAGE 1B

\$5 million in Medicare funding over seven years. Clinton also charged that the Republican plan would eliminate Medicaid coverage for children, nursing home residents and people who need long-term care in rural New York.

Virtually all of the hospital administrators who talked with Clinton outlined dire consequences if the Republican proposal takes effect. Most said their hospitals depended on Medicaid and Medicare recipients for 60 percent to 70 percent of their revenues.

Don Sipes, chief executive officer of the West Side District Hospital in Taft, Calif., said his facility would lose \$17 million in Medicaid and Medicare funding over seven years under the Republican plan.

"The proposed reductions present devastating prospects for us," Sipes said.

The administrators told Clinton the cuts would also have severe economic impacts on their communities, where most of the facilities are among the top employers. "The proposal, as we've seen the numbers, are a real threat to the physical, the mental and the economic health of the community," said Kelly, who expects to lose as much as \$12 million over the next seven years under the Republican plan.

After years of downsizing and struggling to become more efficient, Kelly said he was expecting to soon see "a light at the end of the tunnel."

"From what we see now, the light at the end of the tunnel looks like a train," Kelly said. □

President hears woes of hospitals

By Carlos David Nogollon
News Journal business editor

Medicare and Medicaid cuts proposed by the Republican-led Congress could gut rural health care as well as the hometown economies of rural hospitals.

That was the gist of Thursday's conference call between six rural hospital administrators from across the nation — including H.D. Cannington of Jay — and President Clinton.

Cannington, the administrator at Jay Hospital, said rural hospitals are no longer just buildings providing in-patient care.

"They actually are comprehensive centers for community health, whereby they include clinics, long term care, home health care and even some public health functions."

While administrators expect cuts, they didn't expect reductions to be as deep as the Republicans have proposed. Most of the savings in the proposal would come from curbing planned in-



Clinton



Cannington

creases in fees for doctors and hospitals, although seniors would pay higher premiums, as well, with the wealthy paying more.

The burden of the cuts is borne disproportionately by small, rural hospitals because they have a higher percentage of Medicare and Medicaid patients, Cannington said.

At Jay, which is an affiliate of Pensacola's Baptist Health Care, 60 percent of acute care patients receive Medicare or Medicaid. And 93 percent of swing-bed patients — those between acute and nursing care — receive Medicare and Medicaid.

The hospital has grown from a clinic launched in 1959 to a 55-bed full-service hospital, employing 148 people. It is the largest employer in northern Santa Rosa and Escambia counties.

See CLINTON, 2C

Clinton checks in with hospitals

FROM 1C

The American Hospital Association reported that Jay would lose \$1.73 million by the year 2002 under the Senate's Finance Reconciliation Proposal. The House is expected to vote on the measure next week. A similar bill is pending in the Senate. Clinton has threatened a veto.

Cannington, who also is chairman of the Northwest Florida Rural Health Network and the Florida Hospital Association's Small and Rural Hospital Council, said he was impressed with Clinton's grasp of the situation.

"What struck me most is I think he truly understands the challenges we face," he said. "I don't know how much he's going to be able to do about it. But it makes you feel better knowing someone in his position understands."

He said Clinton, like the administrators, was not for making broad cuts.

"If we are going to cut it, let's take an organized approach and not completely destroy the system we've spent years developing," Cannington said. "And we do have a good system; just look at other countries."

Clinton criticizes Medicare cuts at hospital teleconference

By BILL GRAHAM
Staff Writer

President Clinton took his fight against a proposed \$270 billion cut in Medicare growth to a Smithville hospital Thursday in a satellite teleconference.

Don Sipes, chief executive officer of the Smithville campus of St. Luke's Northland Hospital, joined five other hospital administrators in a nationwide conference call with Clinton regarding proposed Medicare cuts and rural health

care.

"If these Medicare cuts are approved, I believe rural hospitals and the communities they serve stand to endure the greatest losses," Sipes told Clinton at the Smithville campus.

"With the proposed cuts, rural Missouri will lose a total of nearly \$315 million during the seven-year period," Sipes said. "We anticipate that St. Luke's Northland would lose about \$17 million."

Such a loss would mean no money for new equipment, new

services or for attracting doctors and nurses, he said.

The satellite teleconference included hospital administrators from rural areas in California, Florida, Vermont, New York and Iowa. Sipes, who only last week assumed the St. Luke's Northland post, previously directed a rural hospital system based in Brookfield, Mo.

Clinton used the conference to criticize a Republican plan to cut Medicare spending growth by \$270 billion over seven years. It was ap-

proved Wednesday by the House Ways and Means Committee.

The president said the cuts were aimed at meeting budget goals, not improving health care. He told the six administrators that he might veto the bill.

The plan places an unfair burden on rural hospitals that already struggle to remain open, he said.

The administrators, with media representatives listening in, told the president that small-town economies were at stake because hospitals are often the biggest employers in rural areas.

"Hospitals have already tightened their belts, and they're in a quandary about what to do next," said Dian Sprenger, senior vice

president for Association.

Sprenger, teleconference proposals for health-care proposals for rural areas.

VERMONT

HEALTH

Northwestern chief gets Clinton's ear

By Richard Cowperthwaite
Free Press Correspondent

ST. ALBANS — President Clinton joined forces Thursday with the administrator of the Northwestern Medical Center and five other hospital administrators to criticize proposed cuts in the Medicare and Medicaid programs they said threaten health care in rural America.

A proposal by the Republican-majority U.S. House Commerce Committee would reduce projected spending for Medicare by \$270 billion over seven years. Medicare is the federal insurance program for the elderly and disabled; Medicaid provides medical

assistance to the poor.

Such a cut in Medicare would cost Northwestern about \$5.3 million in revenue over seven years, said Peter Hofstetter, Northwestern's chief executive officer.

A satellite conference was arranged by the White House to focus attention on threats to rural health care. The forum featured administrators from rural hospitals in New York, California, Florida, Missouri and Iowa, and Health and Human Services Secretary Donna Shalala.

"I think it's history-making," Joan Wilson, a member of North-

western's board of directors, said of the hospital's participation in the 90-minute event broadcast live on St. Albans radio stations WWSR and WLFE.

The 400-employees Northwestern, where Medicare and Medicaid patients account for about 60 percent of the business, has worked to bring physician coverage to outlying areas of its largely rural service area of Franklin and northern Grand Isle counties, Hofstetter said.

"It's important to emphasize that rural populations tend to be

older and that their averages tend to be lower," said in response to Hofstetter's remarks. "It's extraordinary to have 48 doctors in a town of 7,300, but the reason is that so many other many, many other towns in Vermont that probably serving near there."

Clinton, who pointed out that 17 percent of the country's hospitals closed in the last year, threatened to veto the proposed \$270 billion spending cuts if they were passed by Congress.

Digest

Area hospital official to address president

The top administrator at West Side District Hospital has been invited to talk with President Bill Clinton this week about the challenges rural hospitals face under proposed Medicare cuts.

Margo Arnold, chief executive officer of the small facility in Taft, is one of six rural hospital officials nationwide chosen to participate in a conference call with Clinton on Thursday morning.

"I am excited to be presenting our views and needs to the president," Arnold said.

"This is a great opportunity for West Side District Hospital and Kern County, since we are the only hospital chosen to participate in the conference call from the western United States."

Media Coverage Rural Hospital Conference

Pre-event

Wednesday, October 11, 1995

Bakersfield Californian - Newspaper Article - Bakersfield, California - See Article Attached.

Daily Midway Driller - Newspaper Article - Taft, California - See Article Attached.

KKXX - FM Radio News - Bakersfield, California.

KRAB - FM Radio News - Bakersfield, California.

Post-event

Thursday, October 12, 1995

Daily Midway Driller - Newspaper Article - Taft, California - See Article Attached.

KGET TV 17 - Television News Story - 5p.m., 6 p.m and 11 p.m. - Footage Included Margo Arnold, President Clinton, Hospital and City of Taft - Bakersfield, California.

KBAK TV 29 - Television News Story - 5p.m., 6 p.m and 11 p.m. - Footage Included President Clinton with Audio of Margo Arnold - Bakersfield, California.

KERO TV 23 - Television News Story - 5p.m., 6 p.m 10 p.m. and 11 p.m. - Footage Included Margo Arnold, President Clinton, Hospital and City of Taft - Bakersfield, California.

Cable Channel 15 - Television Documentary (will air in coming week) - Footage Includes Margo Arnold and Audio of President Clinton - Taft, California.

KKXX - FM Radio News - Bakersfield, California.

KRAB - FM Radio News - Bakersfield, California.

KERN - AM Radio News - Bakersfield, California. *Note - still running on news 10-13-95*

KUZZ - FM Radio News - Bakersfield, California.

KGEO - AM Radio News - Bakersfield, California. *Note - still running on news 10-13-95*

KGFM - FM Radio News - Bakersfield, California. *Note - still running on news 10-13-95*

Note: The Bakersfield Californian newspaper has stated that they will include details of the teleconference in an article that will appear this weekend. I will forward a copy of this article upon publication.



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

THE PRESIDENT HAS SEEN
10/27/95

Kathleen A. McGinty
Chair

95 OCT 20 P8:22

October 20, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN MCGINTY

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

Wally Brown for

*We need to discuss
this soon - AC*

FEDERAL FACILITIES POLICY GROUP REPORT

On Tuesday, October 17, Alice Rivlin and I held briefings with press and stakeholders to roll out the report of the Federal Facilities Policy Group, entitled *Improving Federal Facilities Cleanup*. The report, prepared by CEQ and OMB under the auspices of an interagency group that included all of the Federal agencies concerned with environmental cleanup, takes a comprehensive look at the costs, anticipated schedule, and major challenges confronting the cleanup tasks at each agency. The report reaffirms our moral and legal commitment to clean up contaminated Federal Facilities, and reviews the Administration's success in proposing and implementing an aggressive program of legislative, administrative, regulatory, and management reforms that are needed to maintain our commitment to meeting these obligations within increasingly constricted budget targets. A favorable news article appeared in the Washington Post the following day.

PROJECT XL

✓ We are preparing an event for November 3 so you, the Vice President, and EPA Administrator Browner can announce the first set of companies to be accepted into the initial phase of the Project XL program. For each of these first seven projects, EPA will begin a process that will bring together the company, the state, environmentalists, and the local community to develop an alternative environmental management strategy that will cost the company less and protect the environment more than adherence with existing regulations. This project is reinvention at its best.

INDEPENDENTS SHOW SUPPORT FOR THE ENVIRONMENT

✓ Attached is a Time/CNN poll showing that 67 percent of the people polled oppose drilling in ANWR, 63 percent oppose reduced protection for endangered species, and 59 percent oppose expanded logging, mining and ranching on public lands. Note that in all cases, Independents are more environmental than Democrats. (Most polls show them to be as pro-environment as

Democrats or slightly more pro-environment.) Language opening ANWR is destined to be in Reconciliation; Alice Rivlin wrote Congress to inform them you would veto any Reconciliation bill with that provision. The Interior appropriation bill contains measures to expand logging, mining and ranching (e.g., greatly expanded logging in the Tongass rain forest) on public lands.

"HOW TO LOOK GREEN" GUIDE FOR HOUSE REPUBLICANS

Responding to an increased belief among the GOP that their anti-environment positions are a political liability, House Republican Conference Chairman John Boehner (R-OH) this week distributed a briefing to House Republicans about projecting a more positive image. Its first recommendation: plant a tree. Excerpts:

"While we will never satisfy the most extreme in the environmental movement, to many in our growing Republican majority -- especially suburban women and young people -- the environment is an important issue."

"...there are very real and very effective steps you can take in your districts to help further insulate yourself from the attacks of the green extremists."

"Think of it this way, the next time Bruce Babbitt (sic) comes to your district and canoes down a river as a media stunt to tell the press how anti-environment their congressman is, if reporters have been to your boss' adopt-a-highway clean up, two of his tree plantings...they'll just laugh Babbitt (sic) back to Washington."

Believe me, this is getting wide distribution and I suspect that many House Republicans will discover that their constituents are not as easily fooled as they seem to think.

This week House Speaker Newt Gingrich (D-GA) has announced plans to introduce a comprehensive Republican environmental plan. Attached is an article for your review.

REGULATORY REFORM

The Wall Street Journal reports that Senator Dole (R-KS) may bring his regulatory reform bill (S. 343) back up for a vote in an attempt to force Senator Robb's (D-VA) hand on the issue. However, I continue to be convinced that Senator Robb has not yet been able to attract enough votes to ensure cloture, that it is in our interest to deny Senator Dole cloture on this bill for now, and that there are a number of pro-active steps we can take to help prevent cloture until we are ready.

EPA APPROPRIATIONS RIDERS

Earlier this year the House first voted to strip the EPA appropriations bill of enforcement riders and then passed them on a tie vote because a number of Democrats missed the second vote. In this way a major environmental defeat was snatched from the jaws of victory. Next week, Democrats are expected to get a chance to avenge this loss when a motion will be

offered in the House to instruct the conferees to drop the riders. This could be a high profile opportunity that the Administration should visibly support.

REPUBLICAN SUPERFUND BILLS

Both the House and Senate leadership continued well-publicized disputes with their respective subcommittee chairmen, Senator Smith (R-NH) and Congressman Oxley (R-OH), over pending Superfund reform bills, primarily over whether the bills go far enough in replacing the "polluter pays" principle of the current law with tax credit or "payback" schemes for those cleaning up sites they contaminated. Both bills would slow-down and stop cleanups at toxic waste sites, while increasing litigation and requiring a billion dollars or more in new appropriations or other funding.

Nonetheless, Senator Smith has initiated a process that we hope will follow the example set by Senators Chafee (R-RI) and Kempthorne (R-ID) in developing an acceptable, bipartisan bill. On the House side, Congressman Oxley appears intent on pushing an extreme, partisan bill with numerous rollbacks of current standards to suit special interests.

SAFE DRINKING WATER ACT REAUTHORIZATION

On Tuesday, the Senate Environment and Public Works Committee (EPW) held its first hearing on a bipartisan Safe Drinking Water bill. The Administration, with a limited set of reservations, supports the bill, as set forth in testimony by Administrator Browner as the opening witness. The bill and the underlying process of compromise to develop the bill exemplify the Administration's ability to work on a bipartisan basis to develop responsible reforms to statutes protecting public health and the environment. (Reform, yes; rollback, no.) Introduced by Committee Chairman Chafee and subcommittee Chairman Kempthorne, along with Senator Max Baucus (D-MT), Harry Reid (D-NV), and 23 other Republican and Democratic co-sponsors, the bill will be marked up next Tuesday and likely will move quickly to the floor thereafter.

WETLANDS REFORM

In keeping with the theme "reform yes, rollback no," the Army Corps of Engineers announced reforms on wetlands status for real estate owners. Please see attached article from the Washington Post.

THE PRESIDENT'S COUNCIL ON SUSTAINABLE DEVELOPMENT

The PCSD is scheduled to hold its last meeting on Wednesday, November 1. The Council has just completed the final draft of its report. The report reflects remarkable consensus among the business, government, and environmental members on the Council on such diverse issues as reforming the environmental regulatory system; strengthening communities; natural resource stewardship; and population policy. OMB and Cabinet Affairs circulated that draft for review within the White House and among the agencies this week. The Co-Chairs of the Council would like to schedule an event to transmit the report to you in mid-

December.

OVERSIGHT HEARING

As I previously mentioned, I was asked to appear before the Senate Energy and Natural Resources Subcommittee on Oversight and Investigations for a hearing on CEQ. The hearing was held yesterday and I am happy to report it went very well. In addition, I am hopeful Senate Environment and Public Works Committee will vote on my confirmation as early as next week.

NATIONAL JOURNAL'S Congress Daily/AM

THURSDAY, OCTOBER 19, 1995

Gingrich To Map Environment Policy

House Speaker Gingrich plans to release a comprehensive Republican policy for protecting the environment after the House completes work on budget reconciliation legislation, probably after Thanksgiving, Rob Hood, a legislative assistant to Gingrich, said Wednesday at an Environmental Law Institute policy forum. Denying charges that the Republicans are anti-environmental, Hood declared: "The media wants you to believe that the Republicans are the Grinch that stole Christmas on environmental issues ... We are not going brick-by-brick to dismantle" environmental laws. Although Hood acknowledged the Republicans "are way behind the curve" on presenting their environmental views, he predicted Congress has an 80 percent chance of passing — and getting President Clinton to sign into law — changes to the 1980 Superfund program during this Congress. "I think it would be pretty hard for Mr. Clinton to veto a bill that fixes a system that his own EPA administrator is going around the country saying is broken," Hood contended.

Hood expressed support for Superfund legislation introduced Wednesday by House Commerce Trade and Hazardous Materials Subcommittee Chairman Michael Oxley, R-Ohio. However, some House Republican leaders have criticized Oxley's bill for not seeking to eliminate Superfund's present liability system. Hood's positive prognosis for Superfund was not shared by Jimmie Powell, a staff member with the Senate Environment and Public Works Committee. Speaking at the same forum, Powell gave pending Superfund legislation only a

20 percent chance of becoming law, arguing congressional leaders are having a hard time finding revenue to pay for the program.

Hood and Powell agreed that leg-

islation to rewrite the 1973 Endangered Species Act has less than a 10 percent chance of becoming law during this Congress. Noting Eastern and Western Republicans strongly disagree about how to change the law, Hood said Gingrich is working with both sides to develop a compromise.

Hood also said the Clean Water Act reauthorization legislation passed by the House earlier this year has little chance of becoming law during this Congress.

"We took a lot of unneeded P.R. and bad press for a bill that's going nowhere ... It was a good lesson on our part," Hood said.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
10/27/95

95 OCT 20 P7:44

OCTOBER 20, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: SUMMARY OF CABINET WEEKLY REPORTS
OCTOBER 15-21

Midwest Regional Economic Conference Rollout: In over 30 events in 9 states, more than a dozen Cabinet Secretaries and 14 Sub-Cabinet officials addressed the impact that Republican budget cuts will have on the Midwest states. Cabinet officials participating included Treasury Secretary Bob Rubin, Agriculture Secretary Dan Glickman, Education Secretary Richard Riley, OMB Director Alice Rivlin, Labor Secretary Robert Reich, Commerce Secretary Ronald Brown, Secretary of Health and Human Services Donna Shalala, Transportation Secretary Frederico Pena, Secretary of Housing and Urban Development Henry Cisneros, National Economic Council Chair Laura Tyson, SBA Administrator Phil Lader, GSA Administrator Roger Johnson, Chair of the President's Council of Economic Advisors Joe Stiglitz, and Director of the White House Office of Science and Technology Policy Jack Gibbons.

Children's Day Rollout: Cabinet and Sub-Cabinet officials will participate across the country in the release of a state-by-state analysis of the impact of the Republican budget cuts on children.

DEPARTMENT OF TREASURY

- **Texas Trucking Issue:** Treasury officials are working on issues concerning crossborder trucking and NAFTA provisions for removal of reciprocal motor carrier barriers. Treasury is coordinating with DOT and USTR. Texas Attorney General Morales wrote to Secretary Pena and Secretary Rubin regarding access to Customs ports of entry for Texas officials enforcing state health and safety laws. There has been some regional press on this issue.
- **Money Laundering Conference:** Next week, Departments of State, Justice and Treasury officials team will travel to Buenos Aires to begin coordination of administrative arrangements for the ministerial Conference on Money Laundering in Argentina.

- **Regulatory Burden/Glass Steagall:** The House Rules Committee is scheduled to take up Chairman Leach's combined regulatory Burden/Glass Steagall reform bill on October 24. While Chairman Leach would like to bring it to the floor immediately following the House's consideration of reconciliation on October 26, the process could be delayed.
- **Easing Cuban Restrictions:** Treasury has published a final regulation which will implement your executive order easing travel restrictions to Cuba. The order and the regulation will make it easier to obtain specific licenses to travel to Cuba for the purpose of conducting research, free-lance journalism, and educational activities. It will establish a new general license allowing close relatives to visit Cuba once a year in cases of extreme humanitarian need. The regulation will also lift a ban on Cuban news bureaus in the U.S. and U.S. news bureaus in Cuba.

DEPARTMENT OF COMMERCE

- **White House Conference on Travel and Tourism:** On Monday, October 23, Secretary Brown will preview the Conference for business press at a Newsmaker Breakfast and at a briefing for trade press. He will deliver the closing address to the Conference on Tuesday and will be interviewed by CNN's "Travel Guide."
- **Commerce will Release the Following Economic Data:**

Housing Vacancies for 3rd Quarter 1995	October 24
State Personal Income for 2nd Quarter 1995	October 25
Advance Report on Durable Goods, Manufacturers' Shipments and Orders for September 1995	October 26
Gross Domestic Product for 3rd Quarter 1995	October 27
Personal Income and Outlays for September 1995	October 30
- **Privacy Issues and the NII:** On October 23, Commerce's National Telecommunications and Information Administration will release a policy paper on privacy issues and the National Information Infrastructure (NII). The paper will make general recommendations, and may be the subject of an exclusive *Wall Street Journal* story early next week. NTIA also will release an NII Accomplishments Report on October 24.
- **Reconciliation Update:** The floor debate on the Kasich reconciliation measure next week will include debate on proposals to dismantle the Commerce Department which are included in the bill.
- **Census 2000:** On October 25, Census Bureau Director Martha Riche will testify before the House Government reform and Oversight Committee on the status of preparations for the 2000 Census.

DEPARTMENT OF LABOR

- **Minimum Wage Event in Massachusetts:** On Monday, October 23, Senator John Kerry and Secretary Reich will take part in a press conference in Massachusetts that will highlight the need

for an increase in the minimum wage. MA Speaker of the House Flaherty and Senate President Bulger will participate. The Massachusetts legislature recently passed a measure to increase the state's minimum wage; this legislation was vetoed by Republican Governor William Weld.

- **AFL-CIO Speech and Rally:** On Thursday, October 26, Secretary Reich will address the AFL-CIO in New York City. His speech will come the day after the first contested election for the labor federation's top leadership in more than 100 years. After the speech, John Sweeney, Tom Donahue, and other union leaders will lead a march from the convention center to New York City's garment district for a low wage worker rally that will emphasize union solidarity. Secretary Reich will speak at the rally.
- **Innovations in Government Award Celebration:** On Thursday, October 26, Vice President Gore will announce that three DOL agencies--the Occupational Safety and Health Administration, the Pension Benefits Guaranty Corporation (directed by Marty Slate) and the Bureau of Labor Statistics--have been awarded the Ford Foundation/John F. Kennedy School of Government Innovations in Government Award.
- **Chrysler Plant Opening in Missouri:** On Friday, October 27, Secretary Reich will officially open a new Chrysler plant in Fenton, Missouri, where he will be joined by Missouri Governor Mel Carnahan, Chrysler Corporation executives and leaders from the United Auto Workers.
- **Reconciliation Activities:** There are a number of DOL issues in the House and Senate bills, including pensions and pension reversions, economically targeted investments, unemployment insurance, job training, Davis-Bacon repeal, Medicare, restrictions on OSHA, and changes in Mine Safety and Health Administration oversight.
- **Health Care Reform:** On October 12, the Senate Committee on Labor and Human Resources reported S. 1028, the Health Insurance Reform Act of 1995, to the Senate. If enacted, the bill would limit preexisting condition exclusions, guarantee the issuance and renewability of health policies, and promote group purchasing of health care. This legislation creates minimum standards for group health plans and does not preempt State laws that are more favorable to workers.
- **Immigration Reform:** The House Judiciary Committee on Wednesday continued its markup of immigration reform legislation. Title VIII of the bill was partially considered. The Committee adopted amendments impacting the temporary foreign worker provisions of the bill. Representative Lamar Smith's (R-TX) en bloc amendments on GATT consistency and no layoff of American workers or permanent residents were adopted. Additionally, Representative Moorhead (R-CA) was successful in offering his amendment to make it easier for universities and non-profit research institutions to hire temporary workers. Representative Schumer (D-NY) or Berman (D-CA) will be offering Department of Labor amendments when the mark-up continues dealing with no lay-off provisions and recruit and retain provisions (i.e., provisions requiring companies to make an effort to recruit and retain domestic workers before hiring H1Bs).
- **Possible USAir Acquisition by United:** United Air Lines Corp. chief executive Gerald Greenwald met with representatives of USAir's principal unions October 16-17. United is evaluating a possible acquisition of USAir. Greenwald confirmed that United's employee ownership has resulted in a more motivated and productive work force, and indicated a

willingness to negotiate board representation and an ownership stake in return for labor cost concessions. He added that United would not proceed with an acquisition of USAir if it would jeopardize the positive effects of the 1994 employee buyout.

- **Minneapolis-St. Paul Transit Strike:** Some 2,100 bus drivers, mechanics, and other support workers, represented by the Amalgamated Transit Union, are continuing their strike against the Minneapolis-St. Paul regional transit system. The strike began on October 10. The principal issues in the dispute are wages, work rules, proposed cuts in retirees' medical benefits, and management's proposal to increase the number of part-time employees. Mediation is being provided by the State of Minnesota.

DEPARTMENT OF TRANSPORTATION

- **Airport Security:** Agency resources continue to be focused on the implementation of Level III measures for air carriers and airports. There are reports of only scattered air carrier delays and even some reports of revenue gains through the discovery of fraudulent tickets. On the airport side, the measures put in place to counter car bombs have caused a continuing loss of parking places and required additional funds for the hiring of guards. Civil aviation security has been changed to allow more flexibility to deal with delivery vehicles and employee parking.
- **Flotilla, Inc. to Cuba:** The Cuban exile organization "Flotilla, Inc." is planning a third flotilla for October 21. Miami-based Cubans on board private vessels and aircraft are planning to get near or possibly enter Cuban waters and air space in protest of the Cuban Government. The estimated 10-boat flotilla will depart Key West and travel within 13 miles of Havana (outside Cuban territorial seas) to broadcast radio, and possibly video, messages into Cuba. The Coast Guard is actively participating in all interagency meetings concerning the flotilla, and will be conducting operations in a similar manner as we did for the last two.
- **Amtrak Train Derailment:** The Federal Railroad Administration is continuing its investigation into the derailment of Amtrak's passenger train (the Sunset Limited) near Hyder, AZ, on October 9. With the exception of one person, all injured passengers and employees have been released from area hospitals. Southern Pacific and Amtrak have re-opened the line for both passenger and freight train operations.
- **Coast Guard Announces National Streamlining Plan:** On October 17, the Coast Guard announced its plan for restructuring its headquarters and major field commands. The streamlining initiative was developed in response to the Administration's mandate to reduce the size of government without reducing service to the public. This four-year effort will reduce overhead expenses by \$400 million and trim the workforce by 4,000 personnel while still providing historically high levels of service to the public. No Coast Guard operations or front line operating units are affected; all reductions are taken through streamlining of staff functions and by reducing infrastructure.

DEPARTMENT OF JUSTICE

- **Court Refuses To Overturn Finding That Citadel Discriminates:** On October 16, 1995, the Supreme Court refused to review the decision of the Fourth Circuit in *Jones v. Faulkner*, where the appeals court had held that the defendants violated the Fourteenth Amendment by offering men, but not women, the benefits of a Citadel-type education.
- **Chiles v. U.S. Oral Argument Scheduled:** *Chiles v. United States*, (11th Cir.; S.D. Fla.) is one of a number of actions brought against the United States by states that have a large influx of illegal aliens. The district court dismissed plaintiff's claims, holding that the matter is not subject to judicial review; and it held that plaintiff's remaining claims were barred by the political question doctrine. Oral argument on plaintiff's appeal will be held on October 24, 1995.
- **National Violence Prevention Conference:** Attorney General Reno will appear on Good Morning America on Monday, October 23 regarding the upcoming National Violence Prevention Conference in Iowa. She will make remarks at the conference on Wednesday, October 25, 1995.
- **Senate Waco Hearings Rescheduled:** The Senate Judiciary Committee has tentatively rescheduled the hearings on the actions of the federal agencies involved in a raid on the Branch Davidian compound in Waco, Texas, for October 31 and November 1.
- **Senator Simpson Expected to Introduce Legal Immigration Bill Soon:** Senator Simpson's bill will significantly reduce legal family based immigration by eliminating three out of four family based immigration categories and will reduce the total number of employment based immigration visas from 140,000 to 75,000 per year.
- **White House Travel Office:** On October 24, the House Government Reform and Oversight Committee (Clinger, Chair) will hold a hearing to review GAO reports on the White House Travel Office and determine whether more hearings are needed to further investigate that office.
- **McDonald's Restaurants And Government Resolve Safety Dispute Without Litigation.** On October 12, 1995, the Civil Division reached an agreement on behalf of the Consumer Product Safety Commission (CPSC) with McDonald's Corporation. The restaurant chain will finance a \$5 million child safety campaign, overseen by the CPSC, and will report defects in playground equipment at McDonald's playgrounds to the CPSC. Failure to do so will result in a \$5 million penalty.
- **Second Circuit Reverses Decision in Suit Against Karadzic:** The Second Circuit accepted DOJ's position and reversed and remanded the ruling that a District Court lacked jurisdiction over a suit brought by Bosnian Moslem women against Bosnian Serb leader Radovan Karadzic.
- **Charges Of Police Discrimination Against Disabled Settled:** On October 19, 1995, the government signed settlement agreements with the Rochester, New York, and Saginaw County, Michigan, Police Departments to resolve complaints filed under Title II of the Americans With Disabilities Act.

- **Joint OIG, FBI and Customs Service Effort Results in Arrests INS Inspectors:** On October 5, 6, and 11, 1995, six members of a drug trafficking organization were arrested on charges of conspiracy to import cocaine and related offenses. This joint OIG, U.S. Customs Service and FBI investigation focused on drug trafficking between Mexicali, Mexico, and the United States via the Calexico Port of Entry facilitated by the actions of corrupt inspectors.
- **Deportation Action Initiated Against Former Members of Nazi-sponsored Mobile Killing Unit:** A deportation action was initiated against Juozas Naujalis, a former member of a Nazi-sponsored killing unit. Naujalis, a retired machinist, is charged with concealing from U.S. Immigration officials his wartime service in the 12th Lithuanian Schutzmannschaft Battalion, which murdered thousands of Jews and others in Lithuania and in what is now Belarus.

U.S. TRADE REPRESENTATIVE

- **Ambassador's Travel:** Ambassador Kantor travelled to Israel on October 19-16 and concluded negotiations to extend the trade benefits of the U.S.-Israel Free Trade Agreement to the West Bank and the Gaza Strip. In addition, on October 18, he announced a framework agreement committing the U.S. and Israel to provide increased agricultural market access. Ambassador Kantor is in England from October 19 through the October 21. He will attend the QUAD Ministerial with EU, Japanese, and Canadian trade ministers and will hold bilateral meetings with UK Foreign Secretary Rifkind, EU Commissioner Sir Leon Brittan and with Japanese Minister Hashimoto. Major issues include telecom, financial services, TRIPS, WTO management, environment, labor and China's accession to the WTO. Ambassador Kantor will travel to Spain on October 21-24. He will develop the trade announcement for the U.S.-E.U. Summit to be held on December 3 in Madrid, Spain. He will also meet with State Secretary Carlos Westendorp, Trade and Tourism Minister Javier Gomez-Navarro and Foreign Minister Javier Solana.
- **Decline in U.S. Trade Deficit:** The release of U.S. trade figures for August showed a 21% decline in the U.S. trade deficit from July and a sharp jump in goods exports to an all time record level of \$48.7 billion. Even more significantly, the growth of U.S. exports from the comparable period of 1994 to the year-to-date growth of imports (15.7% for goods) now exceeds the year-to-date growth of imports (15.4). These figures show that the U.S. is making progress towards lowering trade deficits through the accelerating expansion of U.S. exports.
- **Decline in Japan Trade Deficit:** The U.S. goods trade deficit with Japan declined in August for the fifth month in a row, and is down 12% from August for the fifth month in a row, and is down 12% from August 1994. U.S. exports to Japan were \$5.3 billion in August, up 9.8% from August 1994. Year-to-date exports to Japan have increase 18.9% from the prior year. This compares to a 9.5% increase in imports from Japan for the same period.
- **U.S. Exports to Mexico:** The U.S. goods imbalance with Mexico declined for the third consecutive month and is at its lowest level since January. U.S. exports to Mexico increased from \$3.5 billion in July to \$4.2 billion in August.

SMALL BUSINESS ADMINISTRATION

- **Lending Program Reaches Record Levels:** Subsequent to your signing of "The Small Business Lending Enhancement Act of 1995" on October 12th, the Agency's lending under 7(a) authority and the 504 program reached record levels at a reduced cost to the taxpayer. As of October 18, a total of 993 loans were made in the amount of \$113 million.
- **NFIB Supports SBA:** In the most recent edition of the National Federation of Independent Businesses (NFIB) newsletter, a survey determined that 68% of the NFIB respondents supported "keeping the SBA." These closings and terminations are part of streamlining the SBA.
- **Removal of SBA Employees:** On October 19th, thirty letters were sent to SBA employees in Posts of Duty Stations, Regional Offices, and over-staffed district offices, notifying them that because they did not accept a directed reassignment within the Agency, they have been removed.
- **Regulatory Burdens Congressional Report:** On October 24, SBA will present a report on the cost of regulatory burdens on small business to a joint Senate and House Small Business Committees hearing. The report will indicate that the regulatory burden is significantly higher for small businesses than for large firms and that the burden is approximately \$250 billion annually. The report will discuss your initiatives announced at the White House Conference on Small Business to lessen the burden.
- **Administrator to Appear on *Good Morning America*:** Administrator Lader will appear on Good Morning America on Wednesday, October 25. During his interview, he will address the Administration's accomplishments for the small business community.
- **DELTA Roll Out:** Now that there are several loans in the pipe line as a result of the Defense Loan and Technical Assistance (DELTA) program, SBA is planning the official roll out of DELTA for the month of November. Administrator Lader will participate in events in Florida, California (with Secretary Perry), New York and South Carolina.

OFFICE OF PERSONNEL MANAGEMENT

- **Reconciliation / Medical Savings Accounts:** OPM has learned that House Republicans are considering the establishment of Medical Savings Accounts (MSA) in the Federal Employees Health Benefits Program (FEHBP) as part of its action on the Reconciliation Bill or other upcoming legislation. On October 24, the House Rules Committee is scheduled to meet to consider the debate on the Reconciliation Bill, and it is still unclear whether and in what form the MSA amendment will be offered.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Status of New York City Medicaid Waiver:** New York has submitted a 1915(b) Medicaid program waiver request to extend the current Southwest Brooklyn waiver to the rest of New York City, thus enrolling a total of 275,000 Medicaid participants on a mandatory basis and 750,000 on a voluntary basis. In order to meet the statutory 90-day deadline, DHHS must take action by October 29. DHHS has informed NY officials that the waiver cannot not be approved as submitted, but that we could approve it under the condition that enrollment take place in a phased process, with each phase enrolling a group of not more than 50,000 enrollees.
- **National Violence Prevention Conference:** CDC Director David Satcher will join Vice President Gore and Attorney General Reno at the National Violence Prevention Conference in Des Moines, IA next week. The Conference will focus on bridging the gap between programs and science. CDC's National Center for Health Statistics may have new data on homicide rates for 1994; a preliminary review shows that rates have declined in the last few years, even among youth.
- **\$2.8 Million Grants to Fight Gang Activity and Youth Violence:** In the coming weeks, DHHS will announce the award of \$2.8 million in grants to help six community coalitions fight gang activity and youth violence. Funded under the Youth Gang Drug Prevention Program of the Anti-Drug Abuse Act of 1988, these community coalitions have developed action plans to concentrate resources on socially/economically isolated neighborhoods and to identify the developmental needs of youth ages 9-12. More than 6,000 young people will be served through these grants. Grant recipients are San Diego Youth and Community Services; San Francisco Police Department; Good Shepherd Services, New York City; Memphis City Schools; Alivane Inc., El Paso, Texas; and the city of Spokane, Washington.
- **\$3.25 Million in Teen Pregnancy Grants to be Announced:** In the coming weeks, DHHS will announce a second set of teen pregnancy grants, under the DHHS Adolescent Family Life Program. The CDC will award \$3.25 million to 13 community coalitions to work with youth in preventing unwanted teenage pregnancies. The programs will demonstrate ways that communities can create partnerships and organize their own resources to help teens delay sexual activity and prevent initial and repeat teen pregnancies.
- **Trial Results on AIDS-Related Drug Available Next Week:** Next week, the National Institute of Mental Health will compute results from a blind clinical trial on a drug to treat cognitive problems related to the HIV virus. The results will be made public next week.
- **Public Workshop on Gender Studies in Product Development:** On November 6-7, FDA will sponsor a public workshop, "Gender Studies in Product Development: Scientific Issues and Approaches," to discuss the design of clinical trials with a view to detecting important differences between men and women in drug responses and adverse reactions.
- **Data on the Medically Underinsured:** The October 25 edition of the *Journal of the American Medical Association* will featured an article about the number of people who have private insurance and yet are still underinsured. The authors identify at least 29 million Americans as underinsured because they are at risk for large out-of-pocket expenditures for catastrophic illness.

According to an abstract of the article, the 29 million number is 50 percent larger than the number that was widely cited during debate on the President's health reform package in 1993 and 1994.

- **NY "Jobs First" Welfare Demonstration Won't be Implemented by Pataki:** In October, 1994, DHHS approved then-Governor Cuomo's request for waivers to implement the "Jobs First" welfare demonstration. Governor Pataki has chosen not to implement the demonstration, which would have allowed applicants otherwise eligible for AFDC the option to receive child care or Job Opportunities and Basic Skills Training program services in place of AFDC. The program also would have provided AFDC applicants one-time cash assistance or other services necessary to remedy a temporary emergency which has resulted, or may result, in job loss or impoverishment.

SOCIAL SECURITY ADMINISTRATION

- **Deduction of 1996 Supplementary Medical Insurance (SMI) Premium From Social Security Payments:** Secretary Shalala has announced that the monthly premium Medicare beneficiaries will pay in 1996 for Part B SMI is \$42.50, a \$3.60 reduction from the 1995 premium of \$46.10. By law, the SSA automatically deducts the SMI premium from monthly Social Security payments. On October 23, SSA will begin programming the 1996 premium amount of \$42.50 in its payment software and the necessary validation testing of the changes. If the Congress increases the 1996 premium amount after November 15, SSA will be unable to make the change in time to deduct the agreed upon amount from Social Security payments issued on January 3, 1996. As a consequence of any increase, SSA could be faced with a major workload involving recovery of "overpayments."

VETERANS ADMINISTRATION

- **National Consumers Week:** On October 22-28, the VA will participate in the annual observance of National Consumers Week. VA benefits and medical facilities nationwide are being urged to highlight their consumer programs and initiate activities to emphasize public awareness of VA's mission and programs.
- **Stand Down for Homeless Veterans:** On October 20 - 22, 1995, staff from the Cleveland, Ohio, VA Regional Office will participate in a stand down for homeless veterans. The stand down will be held in Cincinnati and includes local coalitions that help the homeless. It will provide the homeless with a three-day, secure respite from life on the streets.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **International Technology Symposium:** On Tuesday, October 24, Director Brown will deliver the keynote address to the opening session of the International Technology Symposium in Nashua, New Hampshire, which is co-sponsored by ONDCP and Revenue Canada. This conference will bring together hundreds of criminal justice science and technology experts to present papers on evolving technology useful in the interdiction of drugs and expansion of drug

treatment. Secretary Rubin will speak at the Conference on October 25.

- **Take Over of PA State Prison With Rampant Drug Use:** On October 23, the Pennsylvania Corrections Commissioner will take over a major state prison with a history of rampant drug use. State police and corrections officials will assume control of the prison and search every cell for drugs. Guards who have been dealing in drug trafficking will be replaced. ONDCP has arranged for federal assistance (drug-sniffing dogs) and use of new ONDCP Counter-drug Technology Assessment Center (CTAC) portable "drug sniffers." Director Brown will comment on the new CTAC technology and its use during his address to the New Hampshire Technology Conference.

DEPARTMENT OF EDUCATION

- **FY 1996 Appropriations:** Final Senate floor action on the 1996 Appropriations Act for Labor, Health and Human Services, and Education has not been scheduled. One possibility is that conferees from the House and Senate will meet without Senate floor action to prepare a conference compromise. The Senate Committee added \$1.5 billion above the House discretionary amount for education. Even with the \$1.5 billion increase, the Committee bill is still \$2.2 billion below the 1995 appropriation level for education. OMB Director Rivlin has indicated that the Senate Committee bill is unacceptable.
- **Secretary's California Trip:** On Saturday, October 21, Secretary Riley will participate in California's Statewide Education Summit in San Jose, appearing with Congresswoman Zoe Lofgren and Education Commissioner Delaine Easton. He will also attend a California DNC fundraiser that evening. On October 22, he will participate in the Chinese Community Education Forum in San Francisco.

DEPARTMENT OF THE INTERIOR

- **Arctic National Wildlife Refuge (ANWR) Update:** The proposal of Alaska's Republican delegation to drill in the Arctic National Wildlife Refuge as part of the FY'96 Reconciliation legislation continues to draw fire. House Budget Chairman Kasich has been reported to want to drop the proposal, under pressure from Republican moderates. Speaker Gingrich has not tipped his hand yet, though he is apparently under pressure from Resources Committee Chairman Young to support development. Interior Department staff, working with OMB, have produced revised budget projections for development that would reduce expected revenues by as much as \$450 million (from \$1.3 billion to \$850 million), largely based on more realistic oil price assumptions. Popular support for protecting the Arctic Refuge remains strong. This week's Time/CNN poll shows that 67% of the American public opposes "open[ing] up the Arctic National Wildlife Refuge to oil and gas development," while only 20% are registered in support. Among independent voters, the spread is even larger, with 74% in opposition and only 15% in support.
- **Endangered Species Act (ESA) Update:** Last week, the Young-Pombo ESA bill which dismantles the Endangered Species Act was reported favorably from the House Resources Committee following a ten hour mark-up. Five Democrats voted for the measure and three Republicans (Wayne Gilchrest, Jim Saxton and Peter Torkildsen) voted against the bill. Interior staff believe that Speaker Gingrich has no intention of bringing the Young-Pombo bill in its

present form to the House floor for consideration. More than 130 Representatives have signed a letter criticizing the bill as "too extreme".

- **Million Man March:** The logistical assistance provided by the Park Service to the march coordinators was critical to ensure that Monday's event ran smoothly. The Park Service has planned a meeting with march organizers to answer any questions on the methodology used for estimating the crowd on the Mall. A Park Police spokesman appeared on *Good Morning America* to explain the Park Service's methodology. Rep. Peter King has sent a letter to the Department asking for an investigation of charges of fund solicitation during the march, which is specifically prohibited in the permit from the Park Service. Park Police warned several marchers against soliciting funds and they stopped after they received the warning. Some solicitation was done on the Capitol grounds which is not National Park Service property or jurisdiction.
- **Grazing Update:** Sen. Domenici has not attempted to bring up his grazing bill as rumored last week. Interior is continuing to monitor the situation but do not expect that the grazing bill will be brought up for floor action except as a part of the budget reconciliation bill.
- **Time Magazine Cover Story:** This week's cover story in *Time Magazine*, entitled "Don't Tread On Me - An inside look at the West's growing rebellion," was extremely slanted and biased. The Department is planning to respond with a letter to the editor from Bob Armstrong, Assistant Secretary for Lands and Minerals Management. The letter is currently being reviewed by the Justice Department.
- **Secretarial Travel:** This week Secretary Babbitt has been travelling throughout Virginia on the ninth Natural Heritage Van tour. The events continue to get excellent press coverage and have generated a great response from the local communities. The tour ended on Friday with a town hall meeting on the banks of the Potomac in Alexandria. Secretary Babbitt was interviewed on the *Fox Morning News* and discussed the importance of protecting the environment. Next week, Secretary Babbitt will travel to Warren, Arkansas on Thursday, October 26 to announce the Potlatch Habitat Conservation Plan.

ENVIRONMENTAL PROTECTION AGENCY

- **Children's Day:** On October 23, Administrator Browner will travel to Miami, FL to amplify your message on the impact of Republican budget cuts on the health and safety of children. In her address to Florida International University students, she will announce a new policy that commits the Agency, for the first time, to consider the health effects and exposure of children whenever it sets environmental and public health standards.
- **Ruckelshaus Speech Critical of Republican Congress:** William Ruckelshaus, Chairman of the Board of Browning-Ferris Industries and a former Administrator of EPA under two Republican administrations, joined the ranks of those who are publicly expressing their concern about the efforts of Republicans in Congress to roll back public health and environmental protection. In a speech he delivered at an Environmental Law Institute dinner held in his honor, he emphasized the need for continued strong protection of our air, water and land and spoke about the merits of common sense reform strategies, such as consensus-based, processes that involve industry, environmentalists, communities and other affected stakeholders.

- **Regulatory Reinvention:** EPA and OSHA participated in the first of a series of meetings for small business being held across the country to educate affected stakeholders about the changes the Agency is undergoing regulatory reinvention. EPA staff met with nearly 100 owners of small businesses in Cleveland on Monday to discuss the changes EPA is making to its regulatory, cleanup and enforcement programs to be responsive to the difficulties small businesses face in meeting environmental requirements. The meeting gave the federal representatives present an opportunity to respond to the concerns of small business owners.

DEPARTMENT OF AGRICULTURE

- **USDA To Hold 1995 Farm Bill Forums:** On October 18, Secretary Glickman announced that USDA will hold public farm bill forums due to the lack of open public discussion on current farm bill proposals in Congress. USDA will hold the nonpartisan meetings in Washington, D.C. on October 31 and November 1 and 2. The half-day sessions will focus on commodity programs, research, conservation, rural development, and related proposals. The Chairmen and ranking minority members of the House and Senate Agriculture Committees have been invited to present their views.
- **Congress Passes Agriculture Appropriations:** The conference report on H.R. 1976, FY96 appropriations for USDA, passed both houses of Congress on October 12. The bill was sent to the President last night. There has been intense Congressional, constituent, and media interest regarding whether USDA could make Conservation Reserve Program (CRP) payments under the continuing resolution. The payments were due on October 1 and can be made as soon as the bill is signed into law.
- **Settlement Reached On Mexican Spotted Owl:** Plaintiffs and the Department of Justice have concluded negotiations and a Stipulation and Order will be signed by an Arizona District Court judge that will allow some tree cutting to resume again on national forests in Arizona and New Mexico. The negotiated agreements will modify an August 1995 Court injunction on timber harvest resulting from the *Silver v. Thomas* lawsuit. The lawsuit claimed the Forest Service violated the Endangered Species Act in consultation procedures used with the U.S. Fish and Wildlife Service (F&WS) for the threatened Mexican spotted owl. The Forest Service will operate under the terms and conditions of this agreement until consultations on existing and amended Forest Plans are completed with the F&WS.
- **USDA Establishing Concentration Committee:** During Secretary Glickman's National Press Club speech on October 18, he announced his intention to establish a committee to evaluate the effects of increased economic concentration on agriculture. Earlier in the day, Senator Tom Daschle, Congressman Tim Johnson, and others introduced legislation to create a Presidential commission to evaluate concentration in the livestock industry, where four companies control 80-90 percent of production. USDA will be proceeding to establish a Concentration Committee to address this issue as well as other concentration issues impacting agriculture.
- **Railroad Study To Be Released:** USDA will soon issue a report regarding the negative effect that railcar shortages can have on grain prices at local elevators as well as on U.S.

competitiveness in world markets. The report is significant because of great concern in the Midwest this year regarding railcar shortages.

- **Cotton Crops Lost Due To Hurricane Opal:** The cotton crops in south Alabama, southwest Georgia, and northwest Florida were damaged extensively by Hurricane Opal. Between 250,000-300,000 acres of cotton in Alabama and Georgia may be lost from wind and rain, according to the National Cotton Council. Agronomists and producers say that 20-50 percent or more of the cotton crop may be lost in the areas affected. Some growers estimate that state yields will now average no more than 425 pounds per acre; about one-third of the cotton crops in those areas had been harvested.
- **USDA To Release Reports On Former Soviet Union And Food Aid Needs:** On October 23, the USDA Economic Research Service (ERS) will release *Food Aid Needs and Availabilities: Projections for 2005*, which discusses that world food aid needs are expected to nearly double over the next decade. The study has major implications for thinking about food aid over the next decade. On October 25, USDA will release *Former USSR Update: Agriculture and Trade Report*, which will reveal that despite a 10-percent drop in 1995/96 projected grain production in the former Soviet Union and a significant fall in state procurement, grain imports are not expected to increase due to lower feed use and stock drawdowns. U.S. agricultural exports in FY95 are expected to be 30 percent below FY94, as increased high value product exports are not offsetting the large drop in bulk sales.
- **USDA Required To Move Forward On Timber Sale Contracts:** On October 17, a federal district court judge granted the Northwest Forest Resource Council's (NFRC) motion for a declaratory judgment in *Northwest Forest Resource Council v. Glickman*. USDA is required under the Rescissions Act to move forward on all timber sale contracts offered or awarded prior to July 27, 1995, in any national forest in Oregon and Washington, except for sale units in which a threatened or endangered bird species is known to be nesting. DOJ will appeal the ruling, but the judge denied USDA's request to stay the order while appeal is taken to the Ninth Circuit. DOJ will now seek a stay of the order from the Ninth Circuit.

DEPARTMENT OF ENERGY

- **Bilateral Meetings in New York:** Secretary O'Leary will travel to New York to participate in several events with Heads of State who will be in New York to celebrate the 50th Anniversary of the United Nations. She will also participate in a number of bilateral meetings with foreign leaders, including President Figueres of Costa Rica, who is interested in raising capital to finance innovative environmental projects to reduce greenhouse gas emissions. She will meet with Prime Minister Bhutto to discuss the status of U.S. private sector investment in Pakistan and get a progress report of various U.S.-Pakistani projects that resulted from last year's trade mission. Secretary O'Leary will meet with President Aliyev to discuss his recent decision to develop multiple pipelines to export oil developed from the Caspian Sea.

- **Agreement with the Foundries Industry to Coordinate Research and Development:** Secretary O'Leary will sign an agreement with foundry industry CEOs next week. The industry, which is very energy intensive, has agreed to develop a research and development program to address its most significant future challenges. EPA will coordinate its research and development activities with the industry to ensure that the greatest efficiencies and results are achieved. EPA has reached similar agreements with the steel and paper industries. These represent three of the largest energy consuming industries in the country.
- **Speech to the Annual Kennedy and King DNC Dinner:** Secretary O'Leary will speak at the Annual Kennedy and King Dinner on Friday, October 20. She will receive the Chairman's Award for meritorious service. Her speech will focus on Administration's initiatives to ensure diversity and the create of opportunity for all citizens during this speech.
- **Bonneville Power Administration:** Secretary O'Leary will meet with Senator Hatfield next week to discuss issues affecting the Bonneville Power Administration and its impact on the region.

GENERAL SERVICES ADMINISTRATION

- **Children's Day Participation:** On October 23, Children's Day, Administrator Johnson will do radio interviews as part of a White House effort to highlight the impact huge cuts in family-friendly programs will have on America's children. Administrator Johnson will repeat this message in a speech in Washington, D.C., and Manassas, VA, on the family-friendly "Telecommute America" initiative.

UNITED STATES INFORMATION AGENCY

- **UN50:** VOA's News Division and language services reporting team will cover the festivities marking the 50th anniversary of the United Nations in New York. Reports will include statements made by you and other Chiefs of State on Sunday October 22. On Monday, VOA will cover the meeting between you and Russian President Boris Yeltsin, airing on-scene coverage of the event with live excerpts of any speeches given by the two leaders. On Tuesday, coverage will include News Division and Chinese reports on your bilateral meeting with Chinese President Jiang Zemin.
- **US Currency Changes:** Less than 48 hours after the appearance of a lengthy New Yorker expose on the "supernote" counterfeits coming from the Middle East and other foreign sources, Treasury and Federal Reserve officials appeared on a special WorldnNet program with Russia and Ukraine to discuss anti-counterfeiting advancements in the new US currency and allay fears that the old currency would no longer be valid. Two-thirds of the \$390 billion in US currency is held abroad, and in many places, such as Russia and Ukraine, it supersedes domestic currency as a stable asset for investors.
- **Reaction To Freedom House Address:** Your October 6 remarks, described by one Italian correspondent as "perhaps . . . [your] most important speech on international relations since [your] arrival at the White House," garnered largely positive reviews overseas for your "frontal

attack on American neo-isolationism" and for your decision to lift some of the US restrictions concerning travel and business in Cuba. The press lamented that you refused to lift the embargo against Cuba, but agreed that you have to strike "a delicate balance" at home between hardliners and those supporting an opening to the Castro regime. Havana's media was not pleased by your remarks, and denounced your attempt to restore "pre-1959 capitalism."

- **First Lady's Trip to South America:** Reports from USIS offices in Nicaragua, Chile, Brazil, and Paraguay indicate that the First Lady's visit to Latin America has gone very well. USIS officers and staff in all four countries worked closely with the First Lady's staff and with the travelling White House press corps, as well as with local media, to coordinate media coverage of the visit. All posts report that press play has been widespread and largely positive.

DEPARTMENT OF DEFENSE

- **Former Yugoslavia:** Deputy Secretary White is organizing breakfast meetings with Members of Congress on the situation in Bosnia. The first breakfast was on October 20 at the Pentagon and included Representatives Skelton, Tanner, Harman, Spratt, Edwards and Sisisky with Representative Longley. General Shalikashvili will also meet with Speaker Gingrich on Friday, October 27.
- **Haiti:** It is increasingly likely that the elections will be delayed and underfunded, probably leading to the same types of irregularities and inadequacies that marred all other Haitian elections this year. Unless Defense Department officials are able to fix growing problems with the police and justice ministry, a politicized security force could threaten stability in the post-UNMIH time frame.
- **Japan:** On October 13, the USG submitted draft language to GOJ for modifying the custody procedures for service personnel accused of crimes. The proposed change would allow Japan to request custody from U.S. authorities prior to indictment; this is similar to the custody procedures for Germany. Defense Department officials expect to reach agreement on this matter before Secretary Perry's trip to Japan on October 31.
- **C-130J Rollout Ceremony:** On October 20, the first USAF C-130J will be rolled out at the Lockheed Martin plant in Marietta, Georgia. The United Kingdom has a contract for 25 C-130Js.
- **Secretarial Travel:** Secretary Perry will travel to Mexico City from October 22-24. He will meet with President Zedillo, the MOD and Foreign Ministry officials. Secretary Perry and General Shalikashvili will travel to Japan and Korea on October 30. They will meet with U.S. counterparts and other senior government officials in Japan, and they will then travel to Seoul to attend the annual Security Consultative Meeting in Seoul on November 2-3. En route Secretary Perry will give a speech on U.S.-China relations in Seattle and he will speak at the National Press Club in Japan.

DEPARTMENT OF STATE

- **Balkans Update:** The cease-fire is taking effect, but State Department officials remain deeply concerned by Croatian troop movements near Eastern Slavonia. Utilities have been restored to Sarajevo. State Department officials are finalizing logistical and substantive preparations for the upcoming proximity talks set to begin October 31 at Wright-Patterson Air Force Base in Dayton Ohio. Strobe Talbott's meetings in Moscow to discuss the structure of the Implementation Force were inconclusive. There is still no decision on the Russian role in the IFOR; this issue will be a main point of discussion at the Hyde Park Summit.
- **First Lady's Trip to South America:** Mrs. Clinton's visit to Latin America was enormously successful. In Paraguay, she struck a chord among the other First Ladies on the need to devote resources to children's health and well-being. The First Lady impressed Brazilians with her attention to children's programs. In Chile, she emphasized the importance of education, a theme which resonated with the education-minded Chileans, and in Nicaragua she stressed the role U.S. aid has played in the reconstruction of Nicaraguan democracy. The trip clearly demonstrated U.S. commitment to the region and helped reinforce a positive image of the United States.
- **Libya Withdraws UNSC Candidacy:** The State Department's extensive nine-month campaign to ensure Libya would not take a seat on the Security Council has paid off. The Egyptians convinced Libya to "swap" rotations. Egypt will take Libya's place in 1996-1997 and Libya will not come up in the rotation until 2004-2005.
- **APEC Executive Roundtable:** On October 26, thirty American CEO's will come to the State Department to take part in a series of roundtable discussions in preparation for November's APEC meeting in Osaka, Japan.
- **UN Reform:** Secretary Christopher called Speaker Gingrich to propose a meeting to discuss the UN reform agenda. Gingrich was generally supportive, but subsequent efforts to schedule meetings with key House Republicans have agreed to a meeting next week to try to find a way to deal with the twin issues of funding and reform.
- **Jerusalem Embassy:** Senators Dole and Lieberman introduced revised Jerusalem Embassy legislation October 13. The new bill, which now has 61 co-sponsors (although State Department officials understand Senator Dole may have additional co-sponsors he has yet to submit), drops the 1996 groundbreaking date. The legislation will likely come up prior to the October 25th visit to Washington of Prime Minister Rabin.

UNITED NATIONS

- **UN50:** You will join Secretary Christopher for a special commemorative session of the U.N. General Assembly. More than 150 heads of state are expected to attend. Also, you will address the General Assembly on Monday and host a reception that evening. Ambassador Albright will host a dinner in honor of Armenian President Ter Petrossian, Azeri President Aliyev, and Georgian Head of State Shevardnadze. It will be one of the few times these heads of state break bread together in this kind of setting. She will also host a dinner in honor of Czech President Havel.

- **Iraq:** In an October 13 briefing, Rolf Ekeus, Chairman of the Iraq monitoring mission (UNSCOM), and IAEA Director-General Hans Blix underlining the need to keep Iraq under a close watch. Ekeus' report on Iraq's weapons program reversed previous findings of progress and indicated that over a million pages of documents still need to be reviewed. Blix's report on the Iraqi nuclear program was milder but, charged that Iraq was concealing important documents and information. Ambassador Albright's statement highlighted Iraq's pattern of deceit. By their own actions, the Iraqis have ensured that any easing of sanctions will not be seriously contemplated for several months.
- **U.N. Financing and Reform:** Ambassador Albright and Secretary Christopher have spent much time this past week working on the problem of funding their contributions to the United Nations. Their goal is to develop a plan that will gain the support of key members of Congress and that will allow the U.S. to pay the more than \$1 billion in arrearages we now owe to the United Nations. This task assumed greater urgency in light of your scheduled address to the UN General Assembly on October 22. On October 19, Ambassador Albright and Secretary Christopher met with Senator Nancy Kassebaum and Representative Lee Hamilton, both leading advocates of United Nations reform, to discuss the issue. Both were supportive. Further meetings are likely in the weeks ahead.

CENTRAL INTELLIGENCE AGENCY

- **Economic Espionage and Japan:** A front page article in this week's *New York Times* contained several extremely damaging disclosures of highly classified information. These disclosures exposed sensitive efforts by the CIA Tokyo Station and NSA to support high level trade negotiations and have had a serious impact on U.S. relations with Japan. The CIA has requested that Attorney General Reno direct the FBI to begin an immediate investigation. CIA's Office of Personnel Security will initiate its own investigation into this matter to facilitate an expedited FBI response.

cc: The Vice President
 Leon Panetta
 Harold Ickes
 Erskine Bowles
 George Stephanopoulos
 Alexis Herman
 Carol Rasco
 Maggie Williams
 Michael McCurry
 Doug Sosnik
 Marcia Hale
 Donald Baer
 Jack Quinn

CHILDREN'S DAY ROLLOUT

October 23, 1995

CABINET/SUB-CABINET TRAVEL AND MEDIA EVENTS

USDA	MI	Ypsilanti Detroit	Assistant Secretary Ellen Haas	School breakfast Event at Project Hope Day Care Center w/ Mayor Archer & Rep. Bonior
HHS	SEE	LIST AT RIGHT	SAMSA Administrator Nelba Chavez	Media in NY, PA, WI, RI, DE, MA
HHS	SEE	LIST AT RIGHT	Assistant Secretary Mary Jo Bane	Media in NY, PA, WI, RI, DE, MA
HHS	SEE	LIST AT RIGHT	Commissioner Olivia Golden	Media in NY, PA, WI, RI, DE, MA
HHS	SEE	LIST AT RIGHT	HRSA Administrator Ciro Sumaya	Media in NY, PA, WI, RI, DE, MA
HHS	IA	Des Moines	CDC Director David Satcher	Speech to Domestic Violence Conference
HHS	NY	Harlem and Brooklyn	Deputy Secretary Walter Broadnax	Two visits to "at-risk" youth centers/Substance abuse and kids event
HHS	CA	Sacramento	Regional Director Grantland Johnson	Child development center visit with Rep. Matsui
HHS	NY	NYC	Regional Director Alison Greene	Cardinal Spellman Head Start Center tour with Philippines First Lady Ramos
HUD	PA	Philadelphia	General Counsel Nelson Diaz	Head Start event w/children
	NJ	Camden		Children's event
	NY	Queens		October 24: Homeless Children event at shelter
HUD	PA	Harrisburg	Assistant Secretary Nicolas Retsinas	Visit to children's center or hospital
	MO	Kansas City		Visit to public housing/school event with mayor
HUD	NY	New York	Asst Secretary Marilyn A. Davis	Public Housing Daycare Center
HUD	PA	Pittsburgh	Acting Asst Secretary Kevin Marchman	Public Housing Daycare Ctr/Pittsburgh Post Gazette mtg
HUD	NY	Utica and Syracuse	Assistant Secretary Andrew Cuomo	Speech Re: Congressional impact on rural children
HUD	CA	Los Angeles	Acting Dep. Sec. Dwight Robinson	LA media event
HUD	PA	Pittsburgh	Assistant Secretary Michael Stegman	Event w/mayor, families and kids
DOT	IA	Des Moines	Administrator Gordon Linton	Speech at Rural, Public and Intercity Bus Conf. Re: kids impact
Education	TBD	TBD	Deputy Secretary Madeleine Kunin	Media
Education	MO	Kansas City	Asst Secretary Norma Cantu	Speech
Education	HI	Honolulu	Director Bill Modzeleski	Speech
Education	KY	Louisville	Asst Secretary Sharon Robinson	Radio/conference call
Education	NY	Port Chester	Sr Advisor Leo Kornfeld	Speech
EPA	CT	New Britain, Hartford, New Haven	Deputy Administrator Fred Hansen	Interview w/ New Britain Herald, Hartford Courant and New Haven Register
EPA	CA	Oakland	Regional Administrator Felicia Marcus	Event to be covered by LA Times
EPA	WA	Yakima	Regional Administrator Chuck Welch	WA State Dept. of Health children's event
EPA	NY	New York	Regional Administrator Jeanne Fox	Award presenter at Citizens Committee for NYC for help in reducing envir. pollutants
EPA	NE	Lincoln	Regional Administrator Dennis Grams	Meeting with Children's Groundwater Foundation
EPA	IN	TBD	Dep. Reg. Adm. Michelle Jordan	Children's event with Rep. Roemer
EPA	AR	Little Rock	Regional Administrator Jane Saginaw	Arkansas Democrat-Gazette editorial board meeting.
EPA	WA	Yakima	Regional Administrator Chuck Clark	10/25: Announce blood lead levels increase in children report w WA State Dept of Health
ONDCP	CO	Denver	Dep. Director Fred Garcia	Red Ribbon Proclamation with Gov. Romer
ONDCP	NY	Rochester	Assoc. Director Rose Ochi	Criminal Justice Planners Cnfrnc. on Treatment

CHILDREN'S DAY ROLLOUT

October 23, 1995

CABINET/SUB-CABINET TRAVEL AND MEDIA EVENTS

<u>Agency</u>	<u>State</u>	<u>City</u>	<u>Cabinet Member</u>	<u>Event Description</u>
Treasury	TBD	TBD	Secretary Robert Rubin	Press
JUSTICE	NA	National	Attorney General Janet Reno	Interview on Good Morning America w/kids focus
USDA	NJ	Newark	Secretary Dan Glickman	Community Center visit w/Torricelli and Payne
Labor	MA	Boston	Secretary Robert Reich	EITC event
HHS	SEE	LIST AT RIGHT	Secretary Donna Shalala	Newspaper and radio media to NY, PA, RI, WI, DE, MA
HUD	CA	San Diego	Secretary Henry Cisneros	Sherman elementary school
Education	TX	Houston	Secretary Richard Riley	Visit to a school
EPA	FL	Miami	Administrator Carol Browner	Speech about environmental health impact on children at FL Int. University
ONDCP	NH	Nashua	Director Lee Brown	Red Ribbon proclamation
DPC	AR	Little Rock	Chair Carol Rasco	Hospital visit
GSA	VA	Manassas	Administrator Roger Johnson	Opening of telecommuting center
SSA	D, RI, KS	TBD	Administrator Shirley Chater	Radio/Media interviews

THE PRESIDENT HAS SEEN
10/27/95

THE WHITE HOUSE
WASHINGTON

95 OCT 19 P1:02

TO: President Clinton
FROM: Erskine Bowles
SUBJECT: Conversation with Felix Rohatyn on Race Commission
DATE: October 18, 1995

*Not a race
idea from
Kerry's
in the context
of
Race Policy*

Felix is going to send you a letter, and perhaps write an op-ed thereafter, that deals with the subject of establishing a commission to discuss race relations. Felix strongly believes that we already know that race relations are bad, what we need is a commission to look at the problems of our cities and then do something about these problems and their effects on urban residents.

He believes that you cannot help African-Americans in this country unless:

- Thinking
right*
- our cities are made to function properly;
 - we increase business activity within the cities;
 - we stop the white flight from the cities;
 - we do something about the problems of our inner city schools; and
 - we do something about crime within the cities.

He said these issues are worth putting together a real commission to study these problems and make recommendations.

I told Felix that you had put together an NEC group to study the problems of our cities and to make recommendations as to what we could do about them, and that this committee is scheduled to meet with you in the very near future. I told him that I believe that you would find his argument interesting and that I looked forward to receiving it from him and passing it along to you.

My opinion is that Felix is only half right because he ignores the moral and/or religious elements you stressed so clearly in your race speech in Texas. The half he is right on is that we do have significant problems in the inner cities that have a tremendous impact on African-Americans and race relations. Where I think Felix falls short in his solution is on the type of commission that might make sense. We don't need another commission to try to ascertain

Memorandum to President Clinton
October 18, 1995
Page Two

what the problems are. We know what the problem are and so do the Republicans. Just read Henry's urban memo, Rubin's tax credit memo, or the reports of what the Kemp Commission will recommend.

What we need is a truly bi-partisan commission (appointed by you and Gingrich) to choose from these options and make recommendations to the Congress by January of 1997. Like the BRAC Commission, these recommendations would have to be voted up or down. A legislatively appointed commission with power similar to the BRAC Commission might actually get the money and the support to do something. Wouldn't that be nice for a change. Just think of it -- a commission that actually got something done.

cc: Leon Panetta
Harold Ickes
George Stephanopoulos

To K McGinty Fgt - a couple of interesting things etc.

THE PRESIDENT HAS SEEN
10/27/95

28TH ANNUAL CONVENTION & TRADE SHOW
October 24-26, 1995 - Arlington Hotel, Hot Springs, Arkansas



Focus on Wildlife Brings Neighbors Together at Ash Grove

BY MARTY RAGGETT

In the late fall of 1993, young men from Boy Scout Troop 50 and Cub Scout Pack 50, aided by Ash Grove Cement Co. employees, began hacking their way through the middle of 1,800 acres of underbrush at Ash Grove Cement Co.'s plant in Foreman, Ark.

Their task was to create a five-mile long nature trail with nesting boxes and informational signs on land dedicated by Ash Grove to wildlife habitat use.

The effort was part of a wildlife program adopted by Ash Grove in association with the national Wildlife Habitat Enhancement Council.

WHEC is an international organization whose members are major corporations and environmental groups who work together for the cause of conservation and wildlife preservation.

Local organizations who pitched in with the scouts include the Foreman Garden Club, the Arkansas Nature Conservancy, the Little River County Extension Service,



Scouts working on the Ash Grove nature trail pause by a nesting box for a rest.

local 4-H Clubs, the Community Alternative Prevention Program (C.A.P.P.) and

others. They all remain very much involved.

Thanks to the efforts of the community in Little River County and Ash Grove Cement Plant employees, WHEC will honor Ash Grove and its Foreman plant along with major corporations at a ceremony in Washington, D.C. in November. The award acknowledges contributions to the wildlife cause.

The invitation from WHEC referred to the bluebird, wood duck and purple martin nest monitoring program, the installation of 15 food plots, the wildflower meadow, the nature trail and the cooperative project involving the Arkansas Fish and Game Commission staff to enhance the fishing lake.

Ash Grove has had a long standing interest in wildlife at the Foreman plant. In 1978, the company built levees to create a 35-acre fishing pond and graded it to provide islands and shallows for deer and other mammals and

then stocked it with bass, bluegills and crappie.

In 1994, the Governor's office, the Arkansas Division of Volunteer Services, and NBC affiliate station KARK-TV, Channel 4, honored Ash Grove with the annual Arkansas Corporate Humanitarian of the Year award for the company's wildlife program and other community activities.

Ash Grove believes in wildlife preservation, and encourages community involvement. It is a source of pride that 30 percent of Ash Grove's 175 employees regularly give time to the community totaling close to 4,000 hours a year over a broad range of activities, and the numbers are rising.

Marty Raggett is manager of Ash Grove Cement Company's plant at Foreman.



Marty Raggett

The information for the articles in this special supplement to *Arkansas Business* was provided by the Arkansas Environmental Federation and in no way reflects the opinions of *Arkansas Business* or Journal Publishing Co.

When Your Mother

Little Rock Office
January 1996

Providing Solutions for Arkansas Air Quality Concerns

Baxter Healthcare Corp.—Working to Prevent Pollution

BY RANDY THURMAN

Baxter Healthcare Corp. of Mountain Home is setting the pace for industries that are reducing or eliminating pollution. The company which manufactures medical products is the recipient of the Arkansas Environmental Federation's Overall Award for Waste Minimization/Pollution Prevention for 1995 in the state of Arkansas. The AEF, an environmental education association, will present the award at the AEF's 28th Annual Convention and Trade Show at 1 p.m. Oct. 24 at the Arlington Hotel in Hot Springs.

Baxter Healthcare's Mountain Home operation of plastic molding and extrusion, peritoneal dialysis sets, blood sets, needles and other complex medical products requires state-of-the-art equipment and processes. The company has a proactive environmental policy that includes air toxics reduction goals and a commitment to waste minimization. Pollution Prevention Teams involving all employees have been established since 1990 to make this policy a reality.

To that end, the company has reduced toxic air pollutants by 88 percent

since 1988. In addition, the facility has reduced the amount of hazardous waste generated from 446,918 pounds in 1989 to 25,320 pounds in 1994, recycling 96 percent of the amount generated.

In 1994, the plant recycled 89 percent of the solid waste generated, and reduced the amount of solid waste being landfilled by 17 percent from 1989 through 1994. All this was achieved while production at the plant was increased by 45 percent. Of the total waste generated in 1994, both hazardous and solid, Baxter recycled 89 percent.

In addition to making a commitment to reducing waste and air emissions, Baxter also committed to buying recycled content products in an effort



The scrubber at Baxter Healthcare Corp. in Mountain Home uses a high-efficiency process that reduces ethylene oxide emissions by 95 percent.

to help expand markets. As a member of the Arkansas Recycling Coalition's Buy

Recycled Business Alliance, the company purchased in excess of \$1 million of recycled products in 1994.

Baxter is committed to preserving Arkansas' environment through innovative technology and a commitment from employees and management to ensure business is managed in an environmentally conscious manner. For additional information about Baxter Healthcare's program, contact Carolyn Walker at Baxter Healthcare Corp., 501-424-5336.

Other companies have also received awards from the AEF this year for waste minimization/pollution prevention: International Paper, Gurdon Wood Products Plant, for reducing and preventing air emissions; Georgia-Pacific Crossett Paper Operations for solid waste management; Whirlpool Corp. at Fort Smith for hazardous waste management; and Arkansas Western Gas Co. at Fayetteville for water discharges management.

Randy Thurman is executive director of the Arkansas Environmental Federation in Little Rock.

At The Company Doctor, employees are treated by a physician with a background and experience in all aspects of occupational medicine.

We work to minimize lost time and dollars.

Where The Sassafras And Sweetgum Grow...
A WINNING WILDLIFE PROGRAM

A couple of years ago, we dedicated 1,800 acres of our land to a wildlife habitat

our economy and industry, growth that regularly ranks in the top 10 nationally. This is the result of the strong environmental ethic of our major industries. The Arkansas Environmental Federation has played a major role in protecting our environment by keeping Arkansas industries informed of changing state and federal environmental laws and regulations. The Arkansas Department of Pollution Control and Ecology appreciates the opportunity to participate in educational programs and training seminars sponsored by AEF.

For example, this year the ADPC&E has held numerous sessions with committees of the AEF to review drafts of the State Implementation Plan for air. The ADPC&E is now prepared to go to public hearings to receive formal comment. It is important to note that the lengthy process of amending this plan will not affect the Environmental Protection Agency's approval of the ADPC&E's Air Division to run the Title V operating air permit program. In fact, the EPA published a notice of intent in the *Federal Register* on Sept. 8 to approve Arkansas' Title V program.

When it comes to water regulations, Arkansas continues to be a leader. For example, we are the only state in EPA Region 6 to be authorized to run the National Pollutant Discharge Elimination System water quality program under the requirements of the federal Clean Water Act. Oklahoma is currently seeking partial delegation of the NPDES program, while Louisiana and Texas have started the delegation process with EPA Region 6.

In addition, the ADPC&E Water Division is continuing to work toward a date for finalizing the triennial review of the state's Water Quality Regulation No.2. The Water Division staff has considered numerous comments and recommenda-

methodology for the implementation of dissolved metals standards. In order to allow the state Pollution Control and Ecology Commission to proceed to public hearing, we hope that all outstanding issues regarding changes to Regulation No.2 will be resolved during the next 90 days.

I am grateful to industries and cities in Arkansas for efforts made to comply with water permit conditions and water quality standards. This has allowed Arkansas to continue to have a low percentage of major industrial and major municipal dischargers in significant noncompliance.

This commitment on the part of permittees is in large measure responsible for Arkansas' high quality streams and water bodies. High quality water in turn supports Arkansas' vibrant tourism industry.

When it comes to waste, Arkansas is a leader in the management of municipal waste and nonhazardous and hazardous industrial waste. Recent calculations show Arkansas will exceed its 1995 goal of recycling secondary materials that represent a volume equal to 30 percent of the state's 1991 waste stream.

In other developments, new environmental legislation will be impacting the way we do business in Arkansas. A case in point: The AEF, Conservation Coalition members, environmentalists in general, and the ADPC&E staff and state PC&E Commission joined in a successful effort to pass Senate Bill 418, also known as the gravel mining bill. The bill was sponsored by Sen. Wayne Dowd and co-sponsored by Sen. Vic Snyder and Sen. Nick Wilson. The outcome was uncertain until the last week of the session, and it is my strong belief that common sense prevailed.

There is no question in my mind that the ADPC&E acted in good faith by al-

science to vote for Senate Bill 418. There was a strong effort to repeal the 1993 act which, in my opinion, would have succeeded had the additional time not been allowed.

The brown field bill, the self-audit bill, the variance bill, and the emissions trading bill are other important pieces of legislation that were enacted as a result of the AEF, Conservation Coalition members, the ADPC&E, and other environmentalists working together during the legislative session.

The brown field bill will allow development of abandoned industrial sites so that property may be reclaimed at minimal cost and put back on the market to house new industries. The self-audit bill is very similar to the EPA policy on self audit that was adopted after passage of Arkansas' legislation. The variance legislation and emissions trading legislation are both being recognized by prospective industries as being very progressive.

The Ombudsman program and the Customer Service approach the ADPC&E is following is raising the level of communication between the ADPC&E, the regulated community, and the citizenry at large.

As a final note, I have been selected to represent EPA Region 6 states as a member of the Environmental Council of States executive board. I look forward to representing Arkansas and other Region 6 states on important national legislation, regulations and policies that affect each of us in our daily activities.

I believe all of these efforts will foster a better relationship and better understanding and forge a strong bond of trust that results in a true partnership for the benefit of all Arkansans and ensures a better quality of life for future generations.

Randall Mathis is Director of the Arkansas Department of Pollution Control and Ecology.



Randall Mathis

High quality water in turn supports Arkansas' vibrant tourism industry.

- Solid
- Scr
- Pun
- Disi
- Flov
- Aer
- Che
- Inst
- Slu

Phone: (5

SLUD

CDR
beco
lea
inc
Conc
n

- Liqu
- Clas
- Drec
- Lan
- Pern
- Regu
- Bios
- Lago
- Con

Our we
customi
of our c
and e
from st
Mike C
servic

RUS
TEL 501

Director Gives Arkansas High Marks on Environmental Report Card

BY RANDALL MATHIS

During the long, hot summer, the state experienced inversions that held pollutants close to the earth. When this occurs, there is the potential to exceed the National Ambient Air Quality Standards. In spite of that, Arkansas continues to meet these federal standards. As a matter of fact, we maintain an enviable environment overall while growing our economy and industry, growth that regularly ranks in the top 10 nationally.

This is the result of the strong environmental ethic of our major industries. The Arkansas Environmental Federation has played a major role in protecting our environment by keeping Arkansas industries informed of changing state and federal environmental laws and regulations. The Arkansas Department of Pollution Control and Ecology appreciates the opportunity to participate in educational programs and training seminars sponsored by AEF.

For example, this year the ADPC&E has held numerous sessions with committees of the AEF to review drafts of the State Implementation Plan for air. The ADPC&E is now prepared to go to public hearings to receive formal comment. It is important to note that the lengthy process of amending this plan will not affect the Environmental Protection Agency's approval of the ADPC&E's Air Division to run the Title V operating air permit program. In fact, the EPA published a notice of intent in the *Federal Register* on Sept. 8 to approve Arkansas' Title V program.

When it comes to water regulations, Arkansas continues to be a leader. For example, we are the only state in EPA Region 6 to be authorized to run the National Pollutant Discharge Elimination System water quality program under the

tions from the AEF and Conservation Coalition members concerning proposed regulation changes.

ADPC&E staff and I have met on two occasions with EPA concerning the troublesome issue of mineral standards in water and have not at this writing resolved all concerns. Also planned are further discussions with the AEF subcommittee on water quality to establish a methodology for the implementation of dissolved metals standards. In order to allow the state Pollution Control and Ecology Commission to proceed to public hearing, we hope that all outstanding issues regarding changes to Regulation

No.2 will be resolved during the next 90 days.

I am grateful to industries and cities in Arkansas for efforts made to comply with water permit conditions and water quality standards. This has allowed Arkansas to continue to have a low percentage of major industrial and major municipal dischargers in significant noncompliance.

This commitment on the part of permittees is in large measure responsible for Arkansas' high quality streams and water bodies. High quality water in turn supports Arkansas' vibrant tourism industry.

When it comes to waste, Arkansas is a leader in the management of municipal waste and nonhazardous and hazardous industrial waste. Recent calculations show Arkansas will exceed its 1995 goal of recycling secondary materials that represent a volume equal to 30 percent of the state's 1991 waste stream.

In other developments, new environmental legislation will be impacting the way we do business in Arkansas. A case in point: The AEF, Conservation Coalition members, environmentalists in general, and

lowing some two years after passage of the 1993 act for those mining gravel from our extraordinary resource waters to find alternate sources of material, honor contracts, and make additional payments on equipment. Numerous legislators acknowledged that it was a common-sense decision in light of the failure of some of the gravel miners to seek an alternate source of gravel that allowed them in good conscience to vote for Senate Bill 418. There was a strong effort to repeal the 1993 act which, in my opinion, would have succeeded had the additional time not been allowed.

The brown field bill, the self-audit bill, the variance bill, and the emissions trading bill are other important pieces of legislation that were enacted as a result of the AEF, Conservation Coalition members, the ADPC&E, and other environmentalists working together during the legislative session.

The brown field bill will allow development of abandoned industrial sites so that property may be reclaimed at minimal cost and put back on the market to house new industries. The self-audit bill is very similar to the EPA policy on self audit that was adopted after passage of Arkansas' legislation. The variance legislation and emissions trading legislation are both being recognized by prospective industries as being very progressive.

The Ombudsman program and the Customer Service approach the ADPC&E is following is raising the level of communication between the ADPC&E, the regulated community, and the citizenry at large.

As a final note, I have been selected to represent EPA Region 6 states as a member of the Environmental Council of States executive board. I look forward to representing Arkansas and other Region 6 states on important national legislation, regulations

**High quality
water in turn
supports
Arkansas'
vibrant tourism
industry.**



Swimming Against the Tide

BY VINCE BLUBAUGH

With the election of the Republican majority in Congress, we all heard much rhetoric at the national level calling for the cutting of taxes, the downsizing of federal bureaucracies and the return of decision-making to the local level. The environmental programs were used as prime examples of governmental authority running amok.

Many people expected those themes to filter down to the state level, thereby resulting in a lessening of environmental requirements. Well, they were wrong—the reality is that the opposite has happened.

When it comes to water quality regulations in Arkansas, at no point in time have so many requirements (and expenses) been placed on industrial and municipal dischargers. Evidence of these stringent requirements is found in the current metals and dissolved minerals issues, along with the proposed changes to Regulation No.2, the State of Arkansas Water Quality Standards.

Metals

The U.S. Environmental Protection Agency promulgated aquatic life protection water quality criteria for specific metals in 1992 over the objections of the Arkansas Department of Pollution Control and Ecology which felt that the criteria were technically unsound. Although the metals criteria have been in effect for several years, the ADPCE has only re-

cently started to develop NPDES permits for industrial and municipal dischargers based upon the EPA requirements.

These permits will significantly increase compliance costs for dischargers through additional sampling and analysis expenses and, for some, raising permit fees (in some cases as high as 250 percent based on current ADPCE policies). In addition, there will be other subtle changes to the permits which will make biomonitoring requirements more enforceable through the imposition of whole effluent toxicity limits. Ultimately, compliance with these stringent requirements

will be problematic for many dischargers and may not result in improved water quality.

Dissolved Minerals

As opposed to metals (which are driven by federal actions), the contentious dissolved minerals issue is an Arkansas born and bred situation. The contention arises out of the fact that the current dissolved minerals criteria and the resulting NPDES permit implementation process places dischargers in the position of having to meet requirements for which there are no feasible means of treatment. Then, in order to get relief, the facilities are required to pro-

vide documentation that their discharges "aren't causing a problem," which is a subjective determination.

As a result, industries have been required to appeal permits and initiate third-party rulemaking requests to amend the water quality standards related to dissolved minerals on a site specific basis. The objective of these requests is to correct historical errors in setting dissolved minerals standards, not to degrade water quality. While these third-party rulemakings have been successful to date, they are time consuming and contentious in nature.

The Proposed Regulation No.2

While there is no question that the proactive nature of regulations in Arkansas has contributed to maintaining the unparalleled water quality found in our state, we are now in the process of fine tuning them. This fine tuning process must recognize that the law of diminishing returns is involved. It is a legitimate question to ask whether the improvements that may be achieved by future regulations are worth the expense.

The proposed revisions to Regulation No.2 would further tighten restrictions on dischargers without documentation by the ADPCE in terms of the benefits to be gained.

This is a central question to be addressed, as it is at the national level.

Vince Blubaugh is an associate with FTN Associates, Ltd., of Little Rock, an Arkansas-based environmental consulting firm.

Historic Clean Air Document to be Signed

On Wednesday, October 25, from 11:30 a.m. to 1:00 p.m. at the pavilion in MacArthur Park, an historic document will be signed by over 30 public and private organizations which will remove pollution from the Central Arkansas skies.

Entitled "The Central Arkansas Clean Cities Program for Alternative Fuels and Vehicles," the effort is sponsored by the Department of Energy (DOE) and the City of Little Rock. A number of alternative-fuel vehicles will be displayed at the inauguration event.

The DOE program is a voluntary partnership between local governments,

state agencies, businesses, industry and the federal government. It is committed to reducing dependence on petroleum-based fuels through the use of compressed natural gas, propane, ethanol and methanol as vehicular fuels.

To date, 40 cities and regions have joined this initiative. Central Arkansas is the only area in a 300-mile radius to be identified.

These cities and regions receive assistance with vehicle purchases and infrastructure development. The program will encourage and support the conversion of public and private fleets and mass transit vehicles to alternative fuels.

Solid Waste Regulations Changing with the Times

changes to Regulation No.2, the State of Arkansas Water Quality Standards.

Metals

The U.S. Environmental Protection Agency promulgated aquatic life protection water quality criteria for specific metals in 1992 over the objections of the Arkansas Department of Pollution Control and Ecology which felt that the criteria were technically unsound. Although the metals criteria have been in effect for several years, the ADPCE has only re-

private organizations which will remove pollution from the Central Arkansas skies.

Entitled "The Central Arkansas Clean Cities Program for Alternative Fuels and Vehicles," the effort is sponsored by the Department of Energy (DOE) and the City of Little Rock. A number of alternative-fuel vehicles will be displayed at the inauguration event.

The DOE program is a voluntary partnership between local governments,

natural gas, propane, ethanol and methanol as vehicular fuels.

To date, 40 cities and regions have joined this initiative. Central Arkansas is the only area in a 300-mile radius to be identified.

These cities and regions receive assistance with vehicle purchases and infrastructure development. The program will encourage and support the conversion of public and private fleets and mass transit vehicles to alternative fuels.

whether the improvements that may be achieved by future regulations are worth the expense.

The proposed revisions to Regulation No.2 would further tighten restrictions on dischargers without documentation by the ADPCE in terms of the benefits to be gained.

This is a central question to be addressed, as it is at the national level.

Vince Blubaugh is an associate with FTN Associates, Ltd., of Little Rock, an Arkansas-based environmental consulting firm.

Solid Waste Regulations Changing with the Times

BY WALTER G. WRIGHT

The past 12 to 18 months have seen significant activity in the areas of state solid waste management legislation and regulation. Due to the efforts of both the Arkansas Environmental Federation and the Arkansas Department of Pollution Control & Ecology, these developments, for the most part, reflect constructive comments provided by facilities actually involved in various aspects of solid waste management.

Interest in these developments should not be limited to companies that operate their own captive landfills or are involved in commercial solid waste management. These legislative and regulatory developments will affect activities as diverse as management of petroleum contaminated soil, commercial and industrial recycling, and the cost of operating both captive and commercial solid waste landfills.

The ADPC&E's 80th General Assembly legislative package contained several

solid waste bills whose primary purpose appeared to be the finetuning of existing programs. The ADPC&E was provided with broader authority to address illegal dumps. Other areas addressed included revisions to the financial assurance provisions for owners of landfills and broadening of the types of facilities required to have licensed operators.

In addition, the requirement that facilities utilize operators licensed by the ADPC&E pursuant to Regulation No. 27 was broadened to include other types of solid waste management facilities besides landfills. However, concern expressed by the AEF and the Arkansas Recyclers Association resulted in amendments to the legislation to exempt facilities handling "recovered materials" such as metal, paper, glass, plastic, textiles, etc. that would be used or reused as raw materials.

While not solid waste specific, it is important to note that Act 350 (providing protection for internal environmental au-

ditions) drafted by the AEF should be beneficial to solid waste landfills and other facilities. It should be especially beneficial if a solid waste landfill desires to be pro-active in assessing its compliance status without risking the generation of information that could be used against the facility.

The key development in the regulatory area was the comprehensive revision of ADPC&E Regulation No. 22 or the Arkansas Solid Waste Management Code. The ASWMC is especially important since, unlike in hazardous waste management, solid waste landfill standards have traditionally been developed by the state as opposed to the federal government.

The ADPC&E Solid Waste Division deserves a great deal of credit because it worked closely with the AEF Solid Waste Committee and other groups to ensure that these revisions did not cause inadvertent or unnecessary impacts to a variety of facilities. This was particularly important because new or expanded programs for

composting, transfer and solid waste material recovery facilities were created. The AEF Solid Waste Committee held a series of meetings with the ADPC&E that were divided into three principal areas: recycling/beneficial use, legal issues/procedural, and landfill design and operations.

The ASWMC is also notable in that it reflects the new federal landfill standards that have been developed over the past few years. In addition, it places in regulatory form, a variety of solid waste management legislative provisions that have been scattered throughout the Arkansas statutes.

Facilities that envision the construction or modification of a facility should be especially sensitive to Chapters Two and Three of the ASWMC dealing with regional and solid waste management authorities and the permit application procedures. The role of the governmental groups and the permitting process is now detailed in these two chapters.

(Continued on Next Page)

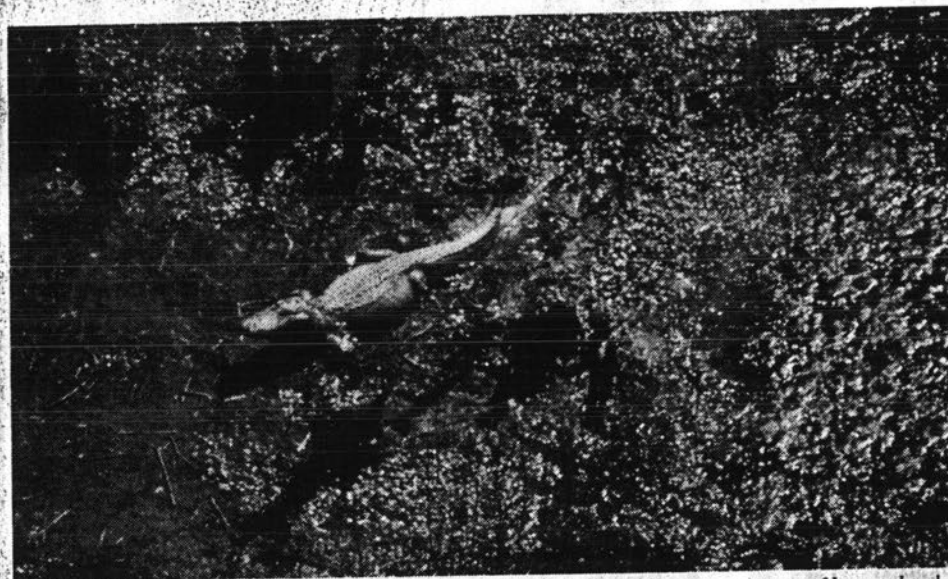
The Ouachita Mountains — Providing High Quality Habitats for Sensitive Species

BY NANCY SPARGO DELAMAR

The Ouachita Mountains of Arkansas and Oklahoma are a forested landscape of rugged mountain ridges and broad valleys. The Ouachitas' complex geological formations have created a tremendous diversity of habitats for plants, animals and natural communities including over 300 considered sensitive. The Ouachita Mountains are well-known for their high degree of "endemism"—the tendency for species to occur only in this area, and nowhere else in the world.

In 1988, the Conservancy began a sensitive species inventory of lands in the Ouachita National Forest. The Conservancy partnered with the Arkansas Natural Heritage Commission and the U.S. Forest Service to map locations of sensitive plants and natural communities on these lands.

Based on the findings of this inventory, the Conservancy received a grant from the U.S. Fish and Wildlife Foundation to develop a strategic plan for The Nature



Pond Creek Bottoms provides habitat for 11 sensitive species and is representative of bottomland hardwood forests that are disappearing from Arkansas' landscape.

Conservancy's work in the Ouachitas. In 1994, the Arkansas Field Office began implementing this plan for conserving the Ouachitas' important ecological values. This work led to the designation of the Ouachita Mountains as a "Last Great Place"

by The Nature Conservancy in 1995.

Most recently, The Nature Conservancy's Arkansas Field Office was asked to prepare an assessment of the ecological values of 165,000 acres of private lands in the Ouachita Mountains that

would come to the people of the United States through a proposed land exchange. As described by legislation introduced by Sen. Dale Bumpers, the land exchange would be a value-for-value exchange between the U.S. Forest Service, the U.S. Fish and Wildlife Service and Weyerhaeuser Company.

A team of Conservancy scientists completed a one-year assessment in August 1995 and has located populations of over 127 sensitive species, as well as hundreds of species of non-threatened plants and animals and thousands of acres of general forest types that form the matrix that sustains biodiversity across the landscape. The significance of these lands is increased by the size and configuration of the contiguous forested area and the concentration and patterns of the diversity of life found on them.

The areas listed below are some of the areas identified as most significant in Arkansas:

- Lake Ouachita Watershed - The

Chisenhall, Nestrud & Julian, P.A.

Congratulates our partner

A NCI

The Environmental Specialists

FTN Associates, Ltd. is an Arkansas-based environmental consulting firm which provides services to industrial concerns

ding ve Species

would come to the people of the United States through a proposed land exchange. As described by legislation introduced by Sen. Dale Bumpers, the land exchange would be a value-for-value exchange between the U.S. Forest Service, the U.S. Fish and Wildlife Service and Weyerhaeuser Company.

A team of Conservancy scientists completed a one-year assessment in August 1995 and has located populations of over 127 sensitive species, as well as hundreds of species of non-threatened plants and animals and thousands of acres of general forest types that form the matrix that sustains biodiversity across the landscape. The significance of these lands is increased by the size and configuration of the contiguous forested area and the concentration and patterns of the diversity of life found on them.

The areas listed below are some of the areas identified as most significant in Arkansas:

- **Lake Ouachita Watershed** - The

mixed oak-pine forests and pine plantations around Lake Ouachita and a strip of riparian forest along the North Fork of the Ouachita and Irons Fork rivers provide watershed protection and habitat for a suite of sensitive plant species.

- **Pond Creek Bottoms** - Pond Creek Bottoms is the core of an extensive forested wetland in southwestern Arkansas. This wetland contains deep swamps, riparian forests and cypress-lined oxbow lakes that provide habitat for 11 sensitive species and heronries that support seven species of colonially-nesting wading and diving birds. This forested wetland is representative of bottomland hardwood forests that have rapidly disappeared from Arkansas' landscape.

- **Little Missouri River** - The Little Missouri River is one of the most popular traditional recreational areas in Arkansas. The river is designated as "wild and scenic," and provides habitat for 15 sensitive species.

The Ouachita Mountains have ecological values of global significance and The Nature Conservancy's work is far from complete. The information provided by the Conservancy assists decision makers by providing an overview of the ecological values of lands in the Ouachita Mountains; by providing a base of knowledge for land managers to use in making informed management decisions; and by acknowledging just how much work remains in conserving biodiversity across this landscape.

Nancy Spargo DeLamar is Vice President and State Director of The Nature Conservancy's Arkansas Field Office. The Nature Conservancy is an international membership organization committed to the conservation of natural diversity. The mission of The Nature Conservancy is to preserve plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. The Conservancy's Arkansas Field Office and its 3,800 Arkansas members have helped to protect over 101,000 acres of natural land in Arkansas.

mental Specialists

Arkansas-based environmental
provides services to industrial concerns

Compliance Strategies
Compliance Strategies
Management
Studies
Database Management
ion/Mitigation
Endangered Species

Environmental Training

WE'VE

Goodhart
COUNSEL
BYDEN & MIRON
Attorneys at Law

Little Rock, Arkansas 72201
501-678-2997 • FAX 501-376-7047
Litigation involving regulatory compliance,
contamination of air, water, solid and hazardous
waste, employee safety matters.

ALSO LICENSED IN LOUISIANA

Waste Services, Inc.

Environmental Specialists
Service Is In Our Name™

WSI Can
Help You...

- Train your personnel for compliance with DOT, OSHA and EPA regulations.
- Conduct environmental assessments.
- Offer a complete line of waste management and spill response supplies that include drums, salvage drums, fiberpack drums, buckets, labels, absorbents and a variety of other accessories.

Emergency Services

(501) 888-4323

YEATMAN & CARTER, PLC

New Regulatory Programs Test Environmental Policy

BY CHARLES R. NESTRUD

The regulated community often evaluates environmental policy through personal experience with particular regulators. This is much like an attorney's tendency to evaluate a particular judge on the basis of the outcome of the proceeding in which he is an advocate.

However, environmental policy, like the judicial system, is more objectively judged by the fairness of the system structure and the commitment of the policymakers to be flexible and improve its implementation.

What is happening

In 1993, the State Implementation Plan for air, also known as the SIP, was amended to provide for streamlined minor modifications to air permits, thus shortening the permitting process—from nearly a year to two weeks—for changes that do not significantly increase emissions. Then in 1995, the legislature formalized a procedure for all regulatory programs. The procedure authorizes certain industrial operations to take place while a permit application is being processed.

This means the Arkansas Department of Pollution Control and Ecology is able to avoid procedural bottlenecks and resulting economic loss when the circumstances warrant prompt action. Numerous applications have already been processed under these new procedures.

Most recently, ADPC&E and industry have agreed in principle to revise the SIP and exempt hundreds, perhaps thousands, of smaller emissions sources from the full Title V air permitting

program. A tiered program, scaled to the quantity and toxicity of emissions, has now been proposed that provides for recordkeeping, reporting, and/or operating limitations in lieu of permitting.

Still, industry often complains about unnecessary rules and permit conditions. In 1993, legislation was adopted which requires all rules and permits to be based on "sound science and good engineering practice." State rules must also be supported by an economic impact study to justify the costs to comply with the rule in light of its anticipated benefit to the environment. These laws have already eliminated some unnecessary rules and permit conditions.

Through audit privilege legislation that became law in Arkansas this year, industry is now encouraged to conduct environmental self audits and voluntary corrective action. As an incentive, the audit report cannot be obtained by ADPC&E or used as evidence. This legislation also authorizes payments to be diverted from "penalties" to beneficial environmental projects, such as projects that remove pollution, provide environmental education, and serve other important environmental goals.

Internally, both the state Pollution Control & Ecology Commission and the ADPC&E staff are evaluating new policies. For several years now, the PC&E Commission has utilized subcommittees to more carefully evaluate issues. It has established an independent office, and has a full-time hearing officer as well. At the staff level, plans are under way to establish a Customer Service Division that will attempt to achieve compliance from small business through assistance, without threat of enforcement.

All in all, these are difficult times for the regulated community, which faces many new federally mandated requirements—Title V air permitting, metal

on involving regulatory compliance,
tion of air, water, solid and hazardous
mployee safety matters.

ALSO LICENSED IN LOUISIANA

Waste Services, Inc.

Environmental Specialists
Service Is In Our Name™

WSI Can Help You...

- Train your personnel for compliance with DOT, OSHA and EPA regulations.
- Conduct environmental assessments.
- Offer a complete line of waste management and spill response supplies that include drums, salvage drums, fiberpack drums, buckets, labels, absorbents and a variety of other accessories.

Emergency Services

(501) 888-4323

through personal experience with particular regulators. This is much like an attorney's tendency to evaluate a particular judge on the basis of the outcome of the proceeding in which he is an advocate.

However, environmental policy, like the judicial system, is more objectively judged by the fairness of the system structure and the commitment of the policymakers to be flexible and improve its implementation.

What is happening

In 1993, the State Implementation Plan for air, also known as the SIP, was amended to provide for streamlined minor modifications to air permits, thus shortening the permitting process—from nearly a year to two weeks—for changes that do not significantly increase emissions. Then in 1995, the legislature formalized a procedure for all regulatory programs. The procedure authorizes certain industrial operations to take place while a permit application is being processed.

This means the Arkansas Department of Pollution Control and Ecology is able to avoid procedural bottlenecks and resulting economic loss when the circumstances warrant prompt action. Numerous applications have already been processed under these new procedures.

Most recently, ADPC&E and industry have agreed in principle to revise the SIP and exempt hundreds, perhaps thousands, of smaller emissions sources from the full Title V air permitting

recordkeeping, reporting, and/or operating limitations in lieu of permitting.

Still, industry often complains about unnecessary rules and permit conditions. In 1993, legislation was adopted which requires all rules and permits to be based on "sound science and good engineering practice." State rules must also be supported by an economic impact study to justify the costs to comply with the rule in light of its anticipated benefit to the environment. These laws have already eliminated some unnecessary rules and permit conditions.

Through audit privilege legislation that became law in Arkansas this year, industry is now encouraged to conduct environmental self audits and voluntary corrective action. As an incentive, the audit report cannot be obtained by ADPC&E or used as evidence. This legislation also authorizes payments to be diverted from "penalties" to beneficial environmental projects, such as projects that remove pollution, provide environmental education, and serve other important environmental goals.

Internally, both the state Pollution Control & Ecology Commission and the ADPC&E staff are evaluating new policies. For several years now, the PC&E Commission has utilized subcommittees to more carefully evaluate issues. It has established an independent office, and has a full-time hearing officer as well. At the staff level, plans are under way to establish a Customer Service Division that will attempt to achieve compliance from small business through assistance, without threat of enforcement.

All in all, these are difficult times for the regulated community, which faces many new federally mandated requirements—Title V air permitting, metal toxic rules for National Pollutant Discharge Elimination System water permitting, and complex regulatory programs for solid and hazardous waste. The implementation of these programs will test the effectiveness of existing environmental policy and will require flexibility and innovation in the development of new policies.

Charles R. Nestrud leads the environmental section at Chisenhall, Nestrud & Julian, P.A., a law firm based in Little Rock

YEATMAN & CARTER, PLC

ATTORNEYS AT LAW

Representation in regard to environmental compliance and enforcement matters.

- Permit applications and appeals
- Compliance assistance
- Real estate transfers
- CERCLA cost recovery
- Environmental regulatory counseling

Handling a general civil practice handling civil litigation, corporate matters, commercial transactions, personal injury, and insurance defense.

Suite 400 • Superior Federal Building • Little Rock, AR 72201 • 372-1414

Entergy's AP&L Utilizes Innovation to Improve Quality of Life

Solar Projects for Downtown Little Rock

AP&L, an operating company of Entergy Corp., recently participated in a U.S. Department of Energy program to provide solar electric research and development projects for the new downtown Little Rock library of the Central Arkansas Library System. The library, which is under development, will be located in the old Fones Building near the Arkansas River.

The solar projects, consisting of a 12.96-kilowatt solar photovoltaic system and a 7.5-kilowatt battery storage photovoltaic system, will be installed on the roof of the library. The larger system will provide from 2 to 4 percent of the library's electricity needs, while the small system will keep a battery charged for outdoor lighting around the library.

The \$202,000 cost of the solar projects will be financed by several sources including \$20,000 from AP&L for research on photovoltaic applications and \$82,000 from a consortium of electric utilities, including Entergy Corporation, parent company of AP&L.

Solid Waste

(Continued From Previous Page)

It will be especially important for facilities that operate captive solid waste landfills to evaluate various changes to the

Wildlife Habitat Transfer

Earlier this year, Entergy/AP&L transferred a 1,377-acre tract of wildlife and fisheries habitat in Prairie County to the Arkansas Game and Fish Commission in a cooperative financial arrangement designed to benefit sportsmen, conservation and the University of Arkansas' Centers of Excellence education program.

"The financing package we designed allowed us to accomplish three of our major corporate contribution goals at one time," said R. Drake Keith, president of AP&L. "It enabled the Arkansas Game and Fish Commission, through the Arkansas Game and Fish Foundation, to purchase our Robinwood Ranch property on White River at a bargain price. In turn, the University of Arkansas received \$600,000 to help support six Centers of Excellence programs at Little Rock, Fayetteville, Pine Bluff and Monticello. The gift also allowed Entergy to support the conservation efforts of The Nature Conservancy."

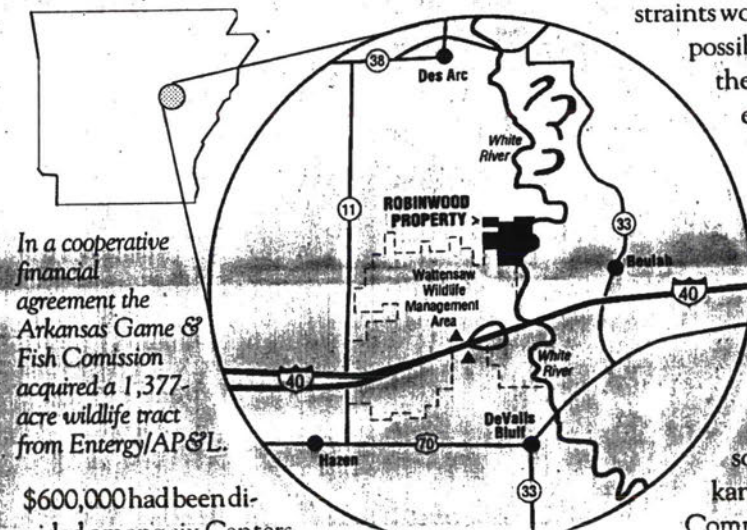
The Robinwood Ranch property was acquired by Entergy/AP&L more than two decades ago as a possible power plant site on the west side of the White River. The property adjoins the northeast boundary of the Commission's 17,691-acre Wattensaw Wildlife Management Area northeast of Hazen. It also adds approximately three

erty for the Commission valued at \$965,000 for only \$600,000 is an interesting study in business-private sector cooperation.

How the Dream Became Reality

Entergy/AP&L donated an undivided interest in two-thirds of Robinwood to the University of Arkansas, and a one-third undivided interest to the Arkansas Field Office of The Nature Conservancy. The Conservancy then donated their one-third share to the Arkansas Game and Fish Foundation. The foundation then purchased the University's two-thirds interest in Robinwood for \$600,000. All of these transactions were agreed to in advance as part of the Entergy/AP&L plan.

Dr. B. Alan Sugg, president of the University of Arkansas, said the



In a cooperative financial agreement the Arkansas Game & Fish Commission acquired a 1,377-acre wildlife tract from Entergy/AP&L.

\$600,000 had been divided among six Centers

\$25,000.

Steve Smith, director of the Foundation, said the \$600,000 purchase price was raised from several sources. Funds came from the Foundation's annual Arkansas Outdoor Hall of Fame Banquets, legislative license refund money from 1989, and proceeds from a court-ordered environmental settlement against an Arkansas firm that had been sued by the Arkansas Wildlife Federation. Larry Grisham of Grisham Art of Jonesboro also made a \$50,000 contribution from the Wild Turkey Print Trust Fund.

But to complete the transaction, The Nature Conservancy loaned the Foundation \$190,000, to be repaid, with interest, over the next two years. Therefore, the Foundation was able to obtain the property, appraised at a value of \$965,000, for the Commission at a bargain price — without the expenditure of Game Protection Fund money from license sales and fines.

"The Commission's financial constraints would have made it impossible for us to obtain the Robinwood property at this critical time without the help of Entergy Corp. The Nature Conservancy, and the determination of the Foundation's board of directors," said Steve N. Wilson, director of the Arkansas Game and Fish Commission.

ity needs, while the small system will keep a battery charged for outdoor lighting around the library.

The \$202,000 cost of the solar projects will be financed by several sources including \$20,000 from AP&L for research on photovoltaic applications and \$82,000 from a consortium of electric utilities, including Entergy Corporation, parent company of AP&L.

Solid Waste

(Continued From Previous Page)

It will be especially important for facilities that operate captive solid waste landfills to evaluate various changes to the Class III and Class IV standards to assess future costs.

The new program addressing solid waste material recovery and material recycling facilities should also be evaluated. Fortunately, it appears that revisions suggested by a number of groups, including the AEF, have ensured that manufacturers or other facilities beneficially using or selling for reuse materials such as steel slag or fly ash will not be subject to this program.

Instead, Chapter 10 should primarily affect private or government owned MRF that receive household and commercial waste and segregate the recyclables. Nevertheless, ADPC&E's development of this program should be tracked. ADPC&E has and will continue to be active in this area as illustrated by their August proposal of general permits for solid waste processing facilities.

Walter G. Wright, Jr. is a partner in the law firm of Mitchell, Williams, Selig, Gates & Woodyard in Little Rock, where he handles a variety of environmental issues.

on White River at a bargain price. In turn, the University of Arkansas received \$600,000 to help support six Centers of Excellence programs at Little Rock, Fayetteville, Pine Bluff and Monticello. The gift also allowed Entergy to support the conservation efforts of The Nature Conservancy."

The Robinwood Ranch property was acquired by Entergy/AP&L more than two decades ago as a possible power plant site on the west side of the White River. The property adjoins the northeast boundary of the Commission's 17,691-acre Wattensaw Wildlife Management Area northeast of Hazen. It also adds approximately three miles of White River frontage to this popular hunting and fishing area.

The Commission has long wanted to acquire the property as an addition to Wattensaw WMA, but lacked the funds. The Nature Conservancy was also interested in seeing Robinwood become part of the acres managed for wildlife in the Delta. How the Game and Fish Foundation was able to acquire a prop-

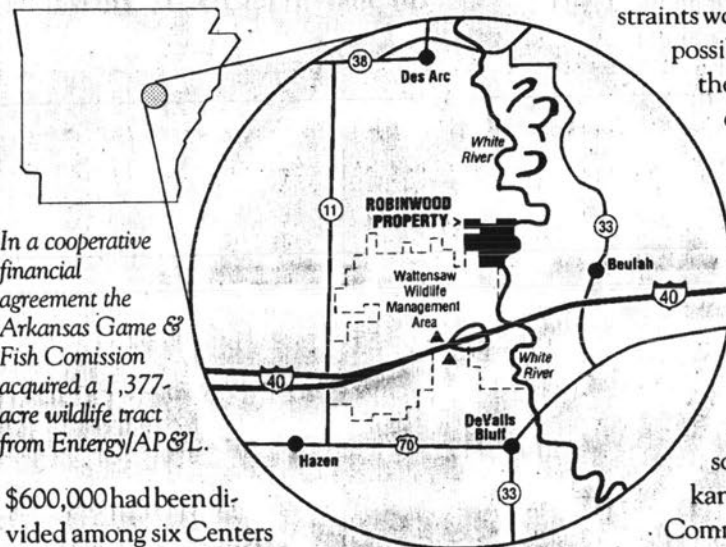
University of Arkansas, said the

In a cooperative financial agreement the Arkansas Game & Fish Commission acquired a 1,377-acre wildlife tract from Entergy/AP&L.

\$600,000 had been divided among six Centers of Excellence. The Fayetteville Poultry Center of Excellence received \$250,000; University of Arkansas for Medical Sciences, \$150,000; University of Arkansas at Little Rock, \$100,000; University of Arkansas Cammack Campus at Little Rock, \$50,000; University of Arkansas at Pine Bluff, \$25,000; and the University of Arkansas at Monticello,

"The Commission's financial constraints would have made it impossible for us to obtain the Robinwood property at this critical time without the help of Entergy Corp. The Nature Conservancy, and the determination of the Foundation's board of directors," said Steve N. Wilson, director of the Arkansas Game and Fish Commission.

Nancy DeLamar, a Conservancy vice president and state director of the Arkansas Field Office, said, "Projects that protect habitat accomplish The Nature Conservancy's mission. Nationwide, the Conservancy has traditionally helped state agencies acquire valuable wildlife habitat whenever critical 'windows of opportunity' arise."



Northwest Envirocon, Inc. Environmental Health and Safety Services

- Industrial Hygiene
- Environmental Training
- Indoor Air Quality
- Laboratory Services
- Asbestos Services



- Environmental Engineering
- Construction Management
- Environmental Site Assessments
- OSHA Compliance
- Lead-Based Paint Services

Protecting People

And The Environment

10800 Financial Centre Parkway • Suite 299 • Little Rock, Arkansas 72211 • (501) 228-9556 • (800) 814-2554
Offices Nationwide

THE PRESIDENT HAS SEEN
10/27/95CC: Pat Griffin 001
Leon Panetta
Potus**FACSIMILE**

Office of Senator Ernest F. Hollings
125 Russell Senate Office Building
Washington, DC 20510

Office: 202-224-6121

TO: The President

FROM: Senator Hollings

NUMBER OF PAGES, INCLUDING THIS PAGE 4

DATE: October 26, 1995

NOTES:

ERNEST F. HOLLINGS
SOUTH CAROLINA

OFFICES:

1835 ASSEMBLY STREET
COLUMBIA, SC 29201
803-765-5731

103 FEDERAL BUILDING
SPARTANBURG, SC 29301
803-585-3702

126 FEDERAL BUILDING
GREENVILLE, SC 29603
803-233-5366

112 CUSTOM HOUSE
200 EAST BAY STREET
CHARLESTON, SC 29401
803-727-4526

United States Senate

125 RUSSELL OFFICE BUILDING
WASHINGTON, DC 20510-4002
202-224-8121

October 26, 1995

COMMITTEES:

COMMERCE, SCIENCE, AND
TRANSPORTATION: RANKING

APPROPRIATIONS

COMMERCE, JUSTICE, STATE AND
THE JUDICIARY: RANKING

DEFENSE

LABOR, HEALTH AND HUMAN SERVICES
EDUCATION

ENERGY AND WATER DEVELOPMENT

INTERIOR

BUDGET

DEMOCRATIC POLICY COMMITTEE

OFFICE OF TECHNOLOGY ASSESSMENT

NATIONAL OCEAN POLICY STUDY

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

Dear Mr. President:

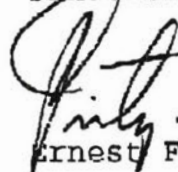
Thank you for calling this afternoon. The Republican Reconciliation Bill is nothing but a political document. They believe it is their key to the White House. They want to say, "President Clinton talked about welfare reform, we delivered welfare reform. President Clinton talked about a balanced budget, we delivered a balanced budget. President Clinton talked about tax cuts but gave you tax increases and now we are delivering tax cuts."

The key to their plan is the balanced budget. They have **NOT** balanced the budget as the attached charts will begin to explain. They have merely front-loaded the "goodies" such as the tax cuts and back-loaded all the tough decisions. It is crucial for us not to concede that their plan balances the budget.

If I can be of assistance, please let me know. If your staff needs any further details, please have them contact Barry Strumpf or James Assey of my staff.

With kindest regards, I am

Sincerely,



Ernest F. Hollings

EFH/rm
Enclosure

"Here We Go Again": Senator Ernest F. Hollings

Promised Balanced Budgets

1981 Budget	\$ 0	(by FY1984)
1985 GRH Budget	\$ 0	(by FY1991)
1990 Budget	+\$20.5 Billion	(by FY1995)

DEBT (*off CBO's April Baseline)

	<u>National Debt</u>	<u>Interest Costs</u>
<u>1996</u>	\$5,261.7 Billion	\$369.9 Billion
<u>1997</u>	\$5,551.4 Billion	\$381.6 Billion
<u>1998</u>	\$5,821.6 Billion	\$390.9 Billion
<u>1999</u>	\$6,081.1 Billion	\$404.0 Billion
<u>2000</u>	\$6,331.3 Billion	\$416.1 Billion
<u>2001</u>	\$6,575.9 Billion	\$426.8 Billion
<u>2002</u>	\$6,728.0 Billion	\$436.0 Billion

(*off CBO's August Baseline)

	<u>1996</u>	<u>2002</u>
Debt Includes: 1) Owed to the Trust Funds	\$1,361.8 B	\$2,355.7 B
2) Owed to Government Accts.	\$81.9 B	[included above]
3) Owed to Additional Borrowing	\$3,794.3 B	\$4,372.7 B
[Note: No "unified" debt; just <u>total</u> debt]	\$5,238.0 B	\$6,728.4 B

GOP "Solid", "No Smoke and Mirrors" Budget Plan

<u>Year</u>	<u>CBO Outlays</u>	<u>CBO Revenues</u>	<u>Cumulative Deficits</u>
1996	\$1,583 Billion	\$1,355 Billion	-\$228 Billion
1997	\$1,624 Billion	\$1,419 Billion	-\$205 Billion
1998	\$1,663 Billion	\$1,478 Billion	-\$185 Billion
1999	\$1,718 Billion	\$1,549 Billion	-\$169 Billion
2000	\$1,779 Billion	\$1,622 Billion	-\$157 Billion
2001	\$1,819 Billion	\$1,701 Billion	-\$118 Billion
2002	<u>\$1,874 Billion</u>	<u>\$1,884 Billion</u>	<u>+\$10 Billion</u>
	\$12,060 Billion	\$11,008 Billion	-\$1,052 Billion

- 1) 1995 Real Deficit (CBO) - \$283.3 Billion
 2) By Borrowing and Increasing Debt \$1,490.4 Billion
 - Includes \$636 Billion "embezzlement" of the Social Security Trust Fund

SMOKE AND MIRRORS

	<u>Outlays</u>	<u>Revenues</u>
2002 CBO Baseline Budget	\$1,874 Billion	\$1,884 Billion
This assumes:		
1) Discretionary Freeze Plus Discretionary Cuts (in 2002)		-\$121 Billion
2) Entitlement Cuts and Interest Savings (in 2002)		<u>-\$226 Billion</u>
[1996 Cuts, \$45 B] Spending Reductions (in 2002)		<u>-\$347 Billion</u>
Using SS Trust Fund		<u>-\$115 Billion</u>
TOTAL REDUCTIONS (IN 2002)		<u>-\$462 Billion</u>

BUDGET TABLES: Senator Ernest F. Hollings

<u>YEAR</u>	<u>GOVERNMENT BUDGET</u> (outlays in billions)	<u>TRUST FUNDS</u>	<u>UNIFIED DEFICIT</u>	<u>REAL DEFICIT</u>	<u>GROSS FEDERAL DEBT</u>	<u>GROSS INTEREST</u>
1968	178.1	3.1	-25.2	-28.3	368.7	14.6
1969	183.6	-0.3	+ 3.2	+ 2.9	365.8	16.6
1970	195.6	12.3	- 2.8	-15.1	380.9	19.3
1971	210.2	4.3	-23.0	-27.3	408.2	21.0
1972	230.7	4.3	-23.4	-27.7	435.9	21.8
1973	245.7	15.5	-14.9	-30.4	466.3	24.2
1974	269.4	11.5	-6.1	-17.6	483.9	29.3
1975	332.3	4.8	-53.2	-58.0	541.9	32.7
1976	371.8	13.4	-73.7	-87.1	629.0	37.1
1977	409.2	23.7	-53.7	-77.4	706.4	41.9
1978	458.7	11.0	-59.2	-70.2	776.6	48.7
1979	504.0	12.2	-40.7	-52.9	829.5	59.9
1980	590.9	5.8	-73.8	-79.6	909.1	74.8
1981	678.2	6.7	-79.0	-85.7	994.8	95.5
1982	745.8	14.5	-128.0	-142.5	1,137.3	117.2
1983	808.4	26.6	-207.8	-234.4	1,371.7	128.7
1984	851.8	7.6	-185.4	-193.0	1,564.7	153.9
1985	946.4	40.6	-212.3	-252.9	1,817.6	178.9
1986	990.3	81.8	-221.2	-303.0	2,120.6	190.3
1987	1,003.9	75.7	-149.8	-225.5	2,346.1	195.3
1988	1,064.1	100.0	-155.2	-255.2	2,601.3	214.1
1989	1,143.2	114.2	-152.5	-266.7	2,868.0	240.9
1990	1,252.7	117.2	-221.4	-338.6	3,206.6	264.7
1991	1,323.8	122.7	-269.2	-391.9	3,598.5	285.5
1992	1,380.9	113.2	-290.4	-403.6	4,002.1	292.3
1993	1,408.2	94.2	-255.1	-349.3	4,351.4	292.5
1994	1,460.6	89.1	-203.2	-292.3	4,643.7	296.3
1995	1,530.0	121.9	-161.4	-283.3	4,927.0	336.0
1996est.	1,583.0	121.8	-189.3	-311.1	5,238.0	348.0

* Source: CBO's January, April, and August 1995 Reports.

=====

Year 2002

1996 Budget: Kasich Conf. Report, p.3

-\$108 Billion DEFICIT

1996 Budget Outlays (CBO est.)

\$1,583.0 Billion

1995 Budget Outlays

\$1,530.0 Billion

INCREASED SPENDING

+\$53.0 Billion

Outlays

Revenues

CBO Baseline Assuming Budget Resolution

\$1,874 Billion

\$1,884 Billion

This Assumes: 1) Discretionary Freeze Plus

Discretionary Cuts (in 2002) **-\$121 Billion**

2) Entitlement Cuts and Interest

Savings (in 2002) **-\$226 Billion**

3) Using SS Trust Fund (in 2002) **-\$115 Billion**

~~THE PRESIDENT HAS SEEN~~
10/27/95

Bael/Klein
major work
making contacts
with

JK

THE PRESIDENT HAS SEEN

10/27/95

SECTION

B

Saturday,
September 30,
1995

★

The Kansas City Star.

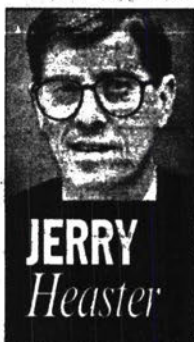
Business

Honey, he shrunk the deficit

Why isn't the Clinton administration getting more credit — not to mention respect — for the continuing decline of the federal budget deficit?

You don't have to be a rabid Democrat to

be impressed. The 1995 fiscal year ends today, and it looks as though something will happen on President Clinton's watch that hasn't happened in al-



JERRY
Heaster

most half a century.

Although the year's total budget numbers won't be released until late October, they almost certainly will show the 1995 deficit below last year's \$203 billion. If so it will be a three-peat for deficit reduction, and you'd have to go all the way back to the 1940s to find a similar accomplishment.

The "Summary of Federal Fiscal Operations" in the 1992 edition of the Tax Foundation's *Facts and Figures on Government Finance* shows the 1945-48 peri-

for deficit reduction, and you'd have to go all the way back to the 1940s to find a similar accomplishment.

The "Summary of Federal Fiscal Operations" in the 1992 edition of the Tax Foundation's *Facts and Figures on Government Finance* shows the 1945-48 period as the last time anything comparable happened. Over those four years of continual improvement, the federal budget went from \$47.5 billion in the red to \$11.3 billion in the black. The circumstances were extenuating, though, because most of this was due to the end of World War II, which had required massive deficit-financing outlays.

This time around the deficit-reduction progress of the 1990s has been multifaceted, but the budget picture nevertheless has been aided significantly by dramatic cuts in military spending.

The deficit declined in fiscal 1993 by \$35 billion, to \$255 billion. In 1994 it plunged \$52 billion more, to \$203 billion. After 11 months of fiscal '95, the deficit is \$171 billion, which virtually guarantees a third straight year of decline. It would take a highly unlikely final month deficit of well over \$32 billion to prevent a three-peat. The White House, in fact, seems to be expecting a September surplus, because it's estimating a '95 deficit of only \$160 billion.

Does Clinton deserve all the credit for this noteworthy turn of fiscal events? Maybe not all, but he most assuredly would have been getting much of the blame if the deficits had stayed at the stratospheric heights of the Bush era.

Therefore, it's only fair to accord Clinton his due for what's shaping up as a 40 percent-plus improvement in the deficit situation since he took office.

How has it happened? Like it or not, there's not much disagreement among analysts that the Bush-Clinton tax hikes of the early '90s have been significant revenue enhancers. The effect of these tax increases has been amplified by a reasonably strong economy since the recession ended in early 1991.

Defense outlays also have been cut to the bone. This has allowed substantial increases in domestic discretionary spending even as the deficit was being slashed. A recent analysis showed inflation-adjusted defense spending down nearly 25 percent from 1990.

Does this sustained deficit-reduction progress imply there's a chance at actually achieving a

blame if the deficits had stayed at the stratospheric heights of the Bush era.

Therefore, it's only fair to accord Clinton his due for what's shaping up as a 40 percent-plus improvement in the deficit situation since he took office.

How has it happened? Like it or not, there's not much disagreement among analysts that the Bush-Clinton tax hikes of the early '90s have been significant revenue enhancers. The effect of these tax increases has been amplified by a reasonably strong economy since the recession ended in early 1991.

Defense outlays also have been cut to the bone. This has allowed substantial increases in domestic discretionary spending even as the deficit was being slashed. A recent analysis showed inflation-adjusted defense spending down nearly 25 percent from 1990.

Does this sustained deficit-reduction progress imply there's a chance at actually achieving a balanced budget by the turn of the century? It requires an extraordinary leap of faith to believe this will be the case. Further tax increases aren't on anybody's agenda and — all the hoopla over reforming Medicare notwithstanding — entitlement spending defies all efforts to control it.

The hard reality is that Clinton had best enjoy this year's deficit triumph to its fullest, because a four-peat is probably expecting too much.

Jerry Heaster's column appears Wednesday, Friday, Saturday and Sunday. To share a comment, call 816/889-7827 and enter 2301. Send E-mail, including a telephone number, to heastej@kcstarnet.com.

Boyd
Ryl-
Re

THE PHOTOGRAPHIC SERVICE
10/27/95

Calls Waiting

Rivals Are Hung Up On Baby Bells' Control Over Local Markets

Fight for Ameritech Territory
By US Signal Illustrates
Obstacles Carriers Face

'Standing Up for Fair Rules'

By LESLIE CAULEY

Staff Reporter of THE WALL STREET JOURNAL
GRAND RAPIDS, Mich.—The color-coded maps pinned to office walls tell the story of US Signal Corp., which has struggled for more than a year to get a toehold in the local telephone market here.

"This is where we are," says Martin Chitt, US Signal's director of regulatory affairs, as he points to a small patch of yellow covering 10 downtown blocks. "This is where we want to be," he adds as he motions to the entire 238-square-mile service area. "But they won't let us."

"They" are executives at Ameritech Corp., the Chicago-based regional Bell that holds a monopoly on service here in US Signal's hometown. US Signal says Ameritech has fought nearly every step of the way as the upstart tries to expand into this community of 500,000 in the heart of Ameritech territory.

US Signal hoped to cover half the city by now, but has been able to lease only about 1,700 of the thousands of lines it wants from Ameritech. For most of the past year, the Baby Bell has refused to let it branch out unless US Signal installs expensive gear US Signal says it doesn't need. The smaller rival accuses Ameritech of dragging its feet in processing orders, trying to levy bogus fees and refusing to refund \$240,000 for services it never provided. The bickering has cost US Signal more than \$1 million in legal fees — far more than the revenue it gets in the market. US Signal Executive Vice President Brad Evans says: "We are at the end of our rope."

Ameritech denies that it has treated US Signal unfairly.

Arsenal of Tactics

More than a decade after the federal government broke up the old AT&T empire, spinning off the seven Baby Bells to end anticompetitive behavior, the Bells employ an arsenal of tactics to keep competitors at bay. Rivals say the Bells have stalled negotiations, imposed arbitrary fees and set Byzantine technical requirements that jack up costs and cut profits.

"They can virtually make competitors' lives hell," says Terrence Barnich, formerly the top telephone regulator in Ameritech's home state of Illinois.

The Bells insist they play fair and say they have an obligation to protect their shareholders and the huge investments in their networks. While rivals often target only the most lucrative customers, the Bells alone have the responsibility to provide service for everyone, even the poorest and most hard-to-reach customers. It is critical, therefore, that new regulations don't unfairly favor newcomers merely for sake of encouraging competition, they say. "We don't believe standing up for fair rules is anticompetitive," says Thomas Reiman, an Ameritech senior vice president.

Racing to Deregulate

Now Congress is racing to deregulate the nation's telecommunications markets. Bills have cleared the House and Senate, and a conference committee is hammering out joint legislation. Passing a new law will be the easy part. Unraveling the government-sanctioned local monopolies — and ensuring that the Bells play by the rules — will be far more difficult.

"It will be extremely messy," says Eli Noam, director of the Institute of Telecommunications at Columbia University in New York. "It will take a long time for a new competitive equilibrium to be reached — if ever."

Congress wants to let the Bells enter the lucrative long-distance business after they meet a "checklist" showing their local markets are open to competition. Yet local service still provides more than 90% of their combined annual profits. Rivals fear the Bells will exploit vagueness in the legislation (what constitutes "fair" pricing and "timely" negotiations?) to protect their turf.

Ameritech, which serves a five-state region in the Midwest, takes pride in being the first Bell to embrace opening up the local monopoly. Its "Customers First" plan, unveiled two years ago, hailed "a fully competitive communications marketplace." It embodied the basic Bell pitch to Washington: We will let rivals in — if you let us into long distance. The Bells were banned from that market under the terms of the 1984 AT&T split-up.

Negotiating Ploy

But US Signal and other competitors say Ameritech fails to live up to its Customers First plan. The Baby Bell says it has treated US Signal fairly and rejects assertions that it drags out negotiations or hinders rivals. It says it tries to accommodate them as best as it can and that most complaints are a negotiating ploy.

"There are fundamental issues on which we aren't going to lie down and die, just for fear of being branded as anticompetitive," says Ameritech's Mr. Reiman. Steven Nowick, president of its long-distance unit, says rivals expect the Baby Bell to juggle "27 variations" of the same request. "There is a lot of complexity here. We're dancing as fast as we can."

Ameritech has abundant company in
Please Turn to Page A6, Column 1

Continued From First Page
the litany of complaints lodged against the Bells. For example:

- Nynex Corp. last year touted itself as the first Bell to sign a contract letting a competitor hook up directly to its network. But last week the rival, Teleport Communications Group, asked New York state regulators to "investigate Nynex's attempt to stifle local telephone competition." The pact was supposed to be implemented within 60 days. Sixteen months later, most of the terms still haven't gone into effect.

- Nynex denies the charges and accuses Teleport of "grandstanding." It also says the rival is behind in paying its bills, which Teleport denies.

- U S West Inc. of Denver tried to convince a rival—believed to be AT&T—that they should avoid each other's markets, a lawsuit in Delaware Chancery Court alleges. U S West denies the charge, leveled two weeks ago by its partner-turned-adversary, Time Warner Inc. AT&T declines to comment.

- In a complaint filed with the Justice Department this month, LCI International Inc., of Reston, Va., says U S West shut off service to 4,900 LCI customers in the Denver area, prompting 24% of them to cancel. It says U S West hurt LCI in several markets by failing to provide services as promised. When some customers called U S West to complain, they were told LCI had gone belly-up, the complaint says.

- U S West concedes that "errors occurred" but says they were inadvertent.

- SBC Communications Inc., the San Antonio-based Bell, charges huge markups when selling network equipment to rivals, MFS Communications Co. of Omaha, Neb., contends. Other Bells let rivals buy gear elsewhere and pay the Bell to install it. SBC requires that they buy from SBC. It charges \$137,000 for a pair of "multiplexers" that usually cost \$67,000; and \$21,000 for running a cable that typically costs \$900, MFS claims.

SBC says it marks up prices by 25% at most, as allowed by federal rules. It declines to release any specifics and says its rates are confidential.

Unequaled Power

Conflicts with the Baby Bells, however, underscore the unequal power the Bells have in dealing with rivals. The Bells still lock up 98% of local revenues in their regions. That stems from their control over millions of phone lines that reach into homes and businesses — an infrastructure that took \$100 billion and most of the 20th century to put in place.

For new entrants, duplicating these "local loops" that run from Bell switching centers to customer sites would be financially impossible. So they try to lease Bell lines at "fair" rates, count on the Bells for seamless technical links and access to switching sites, and depend on them to fix things when service goes down.

That sparks clashes on seemingly small items. Teleport, which serves business customers, accuses Nynex of hoarding phone numbers. In a complaint to the Federal Communications Commission last week, Teleport of Staten Island, N.Y., says it asked the Bell for 60,000 numbers in Manhattan's 212 area code but got just 20,000. Some big accounts can use 5,000 at a crack. It sought an additional 20,000 numbers in the Bronx but says Nynex refused to provide them until Teleport installs an unneeded switch at Nynex's Bronx site.

Nynex's director of regulatory planning, Larry Chu, questions whether Teleport "really needs" 60,000 numbers in Manhattan. He says the Bronx incident was a "misunderstanding."

'Interconnect' to Network

If a newcomer wants to sidestep Bell lines and partner up with, say, the local cable-TV system, it still must "interconnect" to the Bell network so calls can go through. In negotiating interconnection

agreements, rivals say the Bells often drag out the talks to thwart them. Only a few deals have been reached.

Most Bells won't let rivals near their own equipment once it is installed, unless they have a Bell escort. That adds to rivals' expenses and ensures that the Bells know exactly what the newcomers are up to.

When a Bell installs a rival's gear, it charges rent for the space the electronic boxes occupy. The fees "can be more expensive than a panthouse at Trump Tower," quips Andrew Lipman, an MFS senior vice president. Setting up in a 10-by-10-foot space, cordoned off with chain-link fencing, can run \$80,000 up front, plus charges for power, cabling and rent that can add up to \$2,000 a month.

Once inside, rivals don't exactly get the welcome mat. Bell Atlantic Corp. employees in Philadelphia once refused to let MFS workers use the restrooms because they weren't required to by the FCC. "To us, that epitomized the kind of obstacles we face every day," MFS's Mr. Lipman says.

Bell Atlantic spokesman Eric Rabe responds: "I'm sure when Wendy's shows up next to McDonald's, they don't exactly roll out the red carpet. That's the nature of competition." He says the company is getting better at working with rivals.

AT&T in Chicago

Even giants haven't fared well in negotiating with the Bells. AT&T, one of the world's most powerful telecommunications companies, has been trying to break into the Chicago market under Ameritech's Customers First plan since last spring, to no avail.

AT&T says Ameritech won't disclose where "conduit space" is available for AT&T to install new lines, thereby hindering AT&T in designing its network. The long-distance giant has resorted to having its engineers walk the streets, peering under manhole covers to find the space.

10/27/95

2/2 Although AT&T had hoped to launch local service later this fall, it now says it doesn't know when it will proceed.

"This process just hasn't worked," says William Clossiey, an AT&T regional vice president.

Tom Hester, Ameritech's general counsel, says of AT&T: "Here they are, one of the world's largest corporations with a cup expecting us to fill it up."

US Signal had hoped to avoid such experiences in Grand Rapids. Local entrepreneur Ron VanderPol founded the closely held company in 1983, aiming to get into long distance in the wake of the AT&T split. US Signal now derives about \$80 million a year in long distance, mostly in Ameritech's region. It figured its hometown would be the perfect place for getting started in local service.

The city ostensibly was one of the nation's most open local phone markets. A 1992 state law—supported by Ameritech—required local phone companies to let rivals hook up to their networks. "Major Hurdles"

US Signal filed for state approval as a local carrier in April 1994 and planned to offer service by the fall. But after US Signal's first meeting with Ameritech later that month, "we knew we had major hurdles," US Signal's Mr. Clift says.

The Bell balked at leasing out any of its phone lines, depriving US Signal of a way to reach customers.

Ameritech negotiators also wanted to charge US Signal \$4.40 per name to list customer phone numbers in Ameritech directories. Yet US Signal says the Bell pays phone companies in adjacent areas 30 cents apiece to list the other companies' customers' numbers.

US Signal also says Ameritech refused to refund \$240,000 that it had paid it to install gear in five switching sites. The gear was never put into place. Ameritech says it spent the money preparing the sites, then decided against installing the equipment. It did so after a federal appeals court in Washington struck down FCC rules ordering the Bells to let rivals install and maintain their own gear.

In August 1994, US Signal formally complained to Michigan regulators. In February, regulators ordered Ameritech to file new prices and terms for interconnection agreements.

Ameritech did — five times in the succeeding eight months. State officials rejected all of the proposals. A sixth attempt, filed this month, is under review. Representatives of the Michigan Public Service Commission say Ameritech tried to set exorbitant prices, dictate how rivals must set up their networks, and impose charges the state doesn't allow.

For example, Ameritech proposed charging rivals \$20.37 a month plus 8.2 cents a call for a customer who wanted to leave Ameritech but hold on to the old phone number.

Regulators ordered Ameritech to reduce that monthly fee to about a dollar.

After pressure from state officials, US Signal says Ameritech made a new offer: Set up your network the way you want, but we will lease you only 96 lines per switching site — instead of the thousands per site that US Signal wanted. Do it our way, Ameritech said, and you will get as many lines as you want. "We just couldn't possibly believe they were serious," Mr. Clift says. "But they were."

AT&T BATTLE

This month, Ameritech backed down a bit. It dropped its demand for extra fees for directory listings. The Bell also agreed to lease all the lines US Signal set up the network. Just one catch: This will be on only a six-month trial basis, leaving the Bell free to rescind the deal next year.

Two weeks ago, Ameritech filed a motion in the Michigan court of appeals, challenging the authority of regulators and legislators to force the Bell to open up its network. That seems to fly in the face of the company's widely publicized image as a crusader for competition in the local phone business. "I don't really understand it," says Mat Dunaskis, a state senator who helped draft the open-market law. He calls

the Bell's action "a step backward."

Ameritech says it filed because it felt regulators "went beyond their authority" in ordering the Bell to provide rivals with connections that Ameritech says are priced below its costs. But Ameritech says it still supports "full and fair competition."

US Signal argues otherwise. One day earlier this month, the tiny rival was besieged with complaints from dozens of customers who kept getting rapid busy signals when they dialed. Engineers checked the system and concluded that Ameritech hadn't set up enough lines to handle the calls.

Mr. Clift says Ameritech readily conceded its error and took care of the problem, which Ameritech says also affected its customers that day.

Customers are beginning to blame US Signal for the four-ups, even though the company has no control over such matters. "Customers say it's our fault, and let us know they never had these problems with Ameritech," says Mr. Clift, who worries some will make good on their threat to go back to the Bell.

"They haven't left us yet," he says with a sigh. "But they're threatening."

A Work Week

A Special News Report About Life On the Job — and Trends Taking Shape There

UNIONS HOLD ON to their assets, despite membership losses.

The real wealth — or net assets adjusted for inflation — of the 28 largest unions grew to \$1.88 billion in 1993 from \$1.78 billion in 1979, says Marick Masters, professor at the University of Pittsburgh's Katz Graduate School of Business. The 1993 figure is down, however, from \$2.12 billion in 1988.

Prof. Masters, who is writing a book on union finances, finds manufacturing unions have the bulk of the wealth, with the United Auto Workers accounting for more than 40% of the combined wealth of the 28 unions. Two big asset losers in the 14-year period: the Teamsters and the Amalgamated Clothing and Textile Workers. That helps explain ACTWU's recent merger with the International Ladies' Garment Workers, he says.

Many unions "have maintained the capacity to finance a strike," and union mergers are likely to enhance that capacity, Prof. Masters says.

EMPLOYERS SPICE UP their compensation packages with special bonuses.

Recent surveys by various consulting firms peg average 1994 salary increases at 4% — about the same as in 1993. At the same time, more employers are awarding one-time payments to workers or groups of workers in addition to regular salary increases. Nearly 60% of companies surveyed by Hewitt Associates now offer such "results-sharing" programs.

WALT DISNEY CO. has a new annual bonus plan for animators, directors, producers and others who work on some of its highly profitable animated movies. A majority of Disney employees will get some award based on their division's profits. The Hughes Aircraft unit of General Motors Corp. plans to give employees \$20 million of a \$50 million bonus for early completion of a communications system for the Royal Saudi air force.

BIG COMPANIES PROUD employees to lobby for a balanced budget.

J.C. Penney sends a letter to more than 100,000 employees asking them to press Congress and the White House to wipe out the deficit this year, only the second time it has gone to such lengths; the other was to back NAFTA. Johnson & Johnson circulates a 12-page brochure to 84,000 employees headlined: "How the federal budget deficit affects you, your family and your company."

AlliedSignal puts articles in employee newsletters and pushes the antideficit pitch at meetings with nonunion workers. Hewlett-Packard Co. circulates a glossy portfolio on the deficit to its 92,000 employees, while simultaneously lobbying Congress to ease taxes on it and other multinationals. "H-P has reconsidered some of its other public-policy positions in the taxation and spending areas in light of a higher priority on the budget deficit," it says.

The Business Roundtable urges 200 member companies to ask employees to write Congress to support a balanced budget. UPS offers to pick up letters and deliver to congressional offices.

NO DOUBLE DUTY: Former AFL-CIO President Lane Kirkland was slated to be a delegate to the New York convention this week for the International Longshoremen's Association. But the union says he backed out because he is too busy in his new role as a U.S. delegate to the United Nations, now celebrating its 50th anniversary.

DAILY GRIND: Like other New York City taxi drivers, King Pearson faces a hellish week, with gridlock from the United Nations' celebration. Heads of state, such as President Clinton, cause particular problems, Mr. Pearson says. "It's a nightmare when he comes," Mr. Pearson, 54, is headed for his own 25th anniversary as a New York cabbie, and it isn't getting easier. After paying for his car lease and gas, he says he earns \$100 on a good day, but barely half that on slow days.

TEAMSTERS' PRESIDENT Ron Carey beats opponent James P. Hoffa 11-2 in free ad pages in the latest Teamster union magazine. Mr. Carey did it by petitioning jointly with his slate of candidates and pooling ad space. Mr. Hoffa, son of the former Teamsters' president, petitioned separately from his running mates, and some of them came up short.

HUNTING SEASON is here, and the workers are where?

Some call it the "deer phase" — the time of the year when certain employees get the urge to drop their work, pick up their shotguns and take off to hunting grounds. Burlington Homes of Maine estimates that 70% of its workers hunt. The home builder rescheduled this month's inventory count after discovering it coincided with the opening of deer-hunting season.

At MCN Corp., parent of Michigan Consolidated Gas Co., the busy season is hunting season. The company goes by seniority on time-off requests. Specialty Paper Board, Brattleboro, Vt., says some workers who can't get the most popular weeks off travel out-of-state to take advantage of different hunting seasons.

Forget about shopping the day after Thanksgiving. Dumpster diver-electric Chairman Robert Briggs says people in his neck of the woods head for the woods.

CHECKOFFS: Martin, Hawkins & Associates, a physician-search firm based in Irving, Texas, lists practice opportunities on the Internet, complete with photos of the communities seeking doctors. AFL-CIO presidential candidate John Sweeney tells

GOP Strikes Back In Tax Bill Fight

Roth Lashes Out at Analysts For 'Bogus Claims' About Plan

By Clay Chandler
Washington Post Staff Writer

The tax cut bill crafted by Senate Republicans will either lower rates or leave them unchanged for 98 percent of the nation's taxpayers, Senate Finance Committee Chairman William V. Roth Jr. (R-Del.) said yesterday.

His analysis differs sharply from one released last week by the Clinton administration, which concluded that nearly 44 million families with incomes below \$30,000—about a third of all taxpayers—would see their taxes rise under the Republican plan. Democrats used that analysis to attack the tax cut bill as a boon to the rich at the expense of middle-income taxpayers.

Roth lashed out at Treasury Department tax analysts yesterday, charging they were spreading "bogus claims about our tax package" that have "absolutely no basis in fact."

Roth's attack—delivered at a Capitol Hill press conference at which Sens. Phil Gramm (R-Tex.), Don Nickles (R-Okla.) and Senate Majority Whip Trent Lott (R-Miss.) also appeared—was the latest jab in a nasty statistical fight about who would or would not benefit from the tangle of tax and spending proposals making their way through Congress.

The two analyses appear so different because, not surprisingly, the two sides package the numbers in different ways to make their political points. In large part, the divergent Republican and Treasury estimates reflect differing views about how to account for GOP proposals to scale back by \$43 billion over the next seven years the earned-income tax credit for the working poor.

Republicans object to administration efforts to brand all reductions in the earned-income credit as a tax increase. They argue those cutbacks should not be counted as a tax increase because about 85 percent of the "credit" takes the form of cash payments to households making too little to pay income tax.

But critics of the GOP reckoning counter that Congress intended to provide a credit to those workers in order to offset the burden of payroll taxes. Critics also charge that the Republican accounting ignores the way in which the GOP's proposed reductions in the capital gains tax rate would benefit upper-income households.

An analysis by Citizens for Tax Justice, a labor-funded tax advocacy group, suggests that 55 percent of taxpayers would pay about the same in federal taxes under the Senate plan as they do under current law, while 10 percent of all taxpayers would pay more.

Republicans prefer to highlight the impact of their plan on taxpayers making \$75,000 or less. That group, Roth said yesterday, would receive 77 percent of the tax reductions in the Senate plan.

But the Center on Budget and Policy Priorities, a liberal think tank, protested that that breakdown was misleading. In its analysis of data from the Joint Committee on

Taxation—the bipartisan congressional office of tax analysis that also prepared the numbers underlying Roth's analysis—pointed out that only 13 percent of taxpayers have incomes above \$75,000. That means that Roth's assessment of the economic impact of the Republican plan "failed to take note of the fact that taxpayers with incomes below \$30,000 lose as a group," the center said.

But Gramm complained about Democratic contentions that families making \$75,000 were wealthy. "We get too much caught up in the Census data and too far away from reality when we're talking about people who are making \$75,000 as being rich," he said.

House Won't Touch Federal Parking Perk

Davis Says Other Ways To Save Revenue Found

By Michael Abramowitz
Washington Post Staff Writer

House leaders agreed yesterday to drop a proposal that would have cut off more than 100,000 Washington area federal workers from access to subsidized or free parking at the office, two local lawmakers said.

The agreement came on the eve of a critical House vote on the massive Republican tax cut and budget reconciliation package, which contains provisions requiring federal employees to pay market-based rates for parking at facilities controlled by the General Services Administration.

But local lawmakers successfully lobbied House leaders to drop the measure, which could have cost some workers as much as \$1,800 annually. They argued that the plan was unfair and that other measures would provide the same \$800 million in savings that budget analysts said would result from the parking proposal.

Contributing to the leadership's unease with the plan was the fact that members of Congress and their staff would have been exempt from the new parking fees, lawmakers said.

"This was not a good idea, and I could find no one to own up to it," said Rep. Thomas M. Davis III (R-Va.). "This is just another nick at a benefit structure that has been eroding for the past 15 years."

Davis and Rep. Constance A. Morella (R-Md.) said they were told yesterday by members of the House leadership that the parking provisions would be excised by the time the reconciliation measure comes up for a final vote, probably this afternoon.

The House Rules Committee met yesterday to approve a host of changes to the reconciliation package, and Davis said it was expected to eliminate the parking provisions.

See PARKING, B2, Col. 3

THE WASHINGTON POST
THURSDAY, OCTOBER 26, 1995

PARKING, From B1

Since the Senate version of the bill does not include the parking fees, that would kill the proposal for this year.

"I think this is terrific," Morella said. "I feel enough of a burden has fallen on federal employees that we don't need to charge for the parking."

The proposed legislation would have required federal agencies to survey prices at nearby private garages and charge workers a comparable amount to park in government facilities.

There are nearly 100,000 parking spots at federal offices in Washington, with 70 percent offered at no charge and most others going for less than \$40 a month. Some spots are used by car pools, and some are designated for managers and disabled employees.

Nationwide, budget analysts have estimated that 200,000 nonpostal federal workers have access to subsidized parking.

Carol A. Bonosaro, president of the Senior Executives Association, a professional group with about 3,000 government employees, praised the House leadership decision.

"Dropping the parking provision makes a lot of sense," Bonosaro said. "There are just too many federal employees who, either for personal or work-related reasons, are unable to use public transportation. I don't think they should be punished for this."

"Hopefully this will be the last of this issue, but it seems to get raised annually," she said.

Davis said local lawmakers received a boost when leaders agreed to include in the reconciliation package a measure written by Rep. Steve Horn (R-Calif.)—and co-sponsored by Davis—that would give the government more power to collect on unpaid student loans and other debts owed the government.

Budget analysts have projected that the measure would collect about \$800 million in additional revenue over seven years, or roughly the amount the new parking fees would have raised, Davis said.

"It allowed us to cut parking" from the reconciliation measure, he said.

Leanna
What about
this?
Rc

THE PRESIDENT HAS SEEN
10/27/95

What the '93 Tax Increases Really Did

By MARTIN FELDSTEIN

President Clinton was right when he recently told business groups in Virginia and Texas that he had raised taxes too much in 1993, perhaps more so than he realizes. We now have the first hard evidence on the effect of the Clinton tax rate increases. The new data, published by the Internal Revenue Service, show that the sharp jump in tax rates raised only one-third as much revenue as the Clinton administration had predicted.

Because taxpayers responded to the sharply higher marginal tax rates by reducing their taxable incomes, the Treasury lost two-thirds of the extra revenue that would have been collected if taxpayers had not changed their behavior. Moreover, while the Treasury gained less than \$6 billion in additional personal income tax revenue, the distortions to taxpayers' behavior depressed their real incomes by nearly \$25 billion.

How It Happens

To understand how taxpayer behavior could produce such a large revenue shortfall, recall that the Clinton plan raised the marginal personal income tax rate to 36% from 31% on incomes between \$140,000 (\$115,000 for single taxpayers) and \$250,000, and to 39.6% on all incomes over \$250,000. Relatively small reductions in taxable income in response to these sharply higher rates can eliminate most or all of the additional tax revenue that would result with no behavioral response.

If a couple with \$200,000 of taxable income reduces its income by just 5% in response to the higher tax rate, the Treasury loses more from the \$10,000 decline in income (\$3,100 less revenue at 31%) than it gains from the higher tax rate on the remaining \$50,000 of income above the \$140,000 floor (\$2,500 more revenue at 5%); the net effect is that the Treasury collects \$600 less than it would have if there had been no tax rate increase.

Similarly, a couple with \$400,000 of taxable income would pay \$18,400 in extra taxes if its taxable income remained unchanged. But if that couple responds to the nearly 30% marginal tax rate increase by cutting its taxable income by as little as 8%, the Treasury's revenue gain would fall 67% to less than \$6,000.

How can taxpayers reduce their taxable incomes in this way? Self-employed tax-

payers, two-earner couples, and senior executives can reduce their taxable earnings by a combination of working fewer hours, taking more vacations, and shifting compensation from taxable cash to untaxed fringe benefits. Investors can shift from taxable bonds and high yield stocks to tax exempt bonds and to stocks with lower dividends. Individuals can increase tax deductible mortgage borrowing and raise charitable contributions. (I ignore reduced

changed their behavior in response to the higher tax rates.

This sensitivity of taxable income to marginal tax rates is quantitatively similar to the magnitude of the response that I found when I studied taxpayers' responses to the tax rate cuts of 1986. It is noteworthy also that such a strong response to the 1993 tax increases occurred within the first year. It would not be surprising if the taxpayer responses get

Board of Contributors

The Treasury lost two-thirds of the extra revenue that would have been collected if taxpayers had not changed their behavior.

realizations of capital gains because the 1993 tax rate changes did not raise the top capital gains rate above its previous 28% level.)

To evaluate the magnitude of the taxpayers' actual responses, Daniel Feenberg at the National Bureau of Economic Research (NBER) and I studied the published IRS estimates of the 1992 and 1993 taxable incomes of high income taxpayers (i.e., taxpayers with adjusted gross incomes over \$200,000, corresponding to about \$140,000 of taxable income). We compared the growth of such incomes with the corresponding rise in taxable incomes for taxpayers with adjusted gross incomes between \$50,000 and \$200,000. Since the latter group did not experience a 1993 tax rate change, the increase of their taxable incomes provides a basis for predicting how taxable incomes would have increased in the high income group if its members had not changed their behavior in response to the higher post-1992 tax rates. We calculated this with the help of the NBER's TAXSIM model, a computer analysis of more than 100,000 random, anonymous tax returns provided by the IRS.

We concluded that the high income taxpayers reported 8.5% less taxable income in 1993 than they would have if their tax rates had not increased. This in turn reduced the additional tax liabilities of the high income group to less than one-third of what they would have been if they had not

larger as taxpayers have more time to adjust to the higher tax rates by retiring earlier, by choosing less demanding and less remunerative occupations, by buying larger homes and second homes with new mortgage deductions, etc.

The 1993 tax law also eliminated the \$135,000 ceiling on the wage and salary income subject to the 2.9% payroll tax for Medicare. When this took effect in January 1994, it raised the tax rate on earnings to 38.9% for taxpayers with incomes between \$140,000 and \$250,000 and to 42.5% on incomes above \$250,000. Although we will have to wait until data are available for 1994 to see the effect of that extra tax rate rise, the evidence for 1993 suggests that taxpayers' responses to the higher marginal tax rates would cut personal income tax revenue by so much that the net additional revenue from eliminating the ceiling on the payroll tax base would be less than \$1 billion.

All of this stands in sharp contrast to the official revenue estimates produced by the staffs of the Treasury and of the Congressional Joint Committee on Taxation before the 1993 tax legislation was passed. Their estimates were based on the self-imposed "convention" of ignoring the effects of tax rate changes on the amount that people work and invest. The combination of that obviously false assumption and a gross underestimate of the other ways in which taxpayer behavior reduces taxable

income caused the revenue estimators at the Treasury to conclude that taxpayer behavior would reduce the additional tax revenue raised by the higher rates by only 7%. In contrast, the actual experience shows a revenue reduction that is nearly 10 times as large as the Treasury staff assumed.

This experience is directly relevant to the debate about whether Congress should use "dynamic" revenue estimates that take into account the effect of taxpayer behavior on tax revenue. The 1993 experience shows that unless such behavior is taken into account, the revenue estimates presented to Congress can grossly overstate the revenue gains from higher tax rates (and the revenue costs of lower tax rates). Although the official revenue estimating staffs claim that their estimates are dynamic because they take into account some taxpayer behavior, the 1993 experience shows that as a practical matter the official estimates are close to being "static" no-behavioral-response estimates because they explicitly ignore the effect of taxes on work effort and grossly underestimate the magnitude of other taxpayer responses.

Current Proposals

If Congress had known in 1993 that raising top marginal tax rates from 31% to more than 42% would raise less than \$7 billion a year, including the payroll tax revenue as well as the personal income tax revenue, it might not have been possible for President Clinton to get the votes to pass his tax increase.

Which brings us back to President Clinton's own statement (half-recanted the next day) that he raised taxes too much in 1993. Congress and the president will soon be negotiating about the final shape of the 1995 tax package. The current congressional tax proposals do nothing to repeal the very harmful rate increases of 1993. Rolling back both the personal tax rates and the Medicare payroll tax base to where they were before 1993 would cost less than \$7 billion a year in revenue and would raise real national income by more than \$25 billion. Now that the evidence is in, Congress and the president should agree to undo a bad mistake.

Mr. Feldstein, former chairman of the president's Council of Economic Advisers, is a professor of economics at Harvard.

Leung
wrote you
mail of this
BC

THE PRESIDENT HAS SEEN
10/27/95

Tony, use it

interesting

PC

end, did it help much? Beyond some valuable detail we could not have gotten elsewhere, did it tell us much about which way Hashimoto would go? It would be hard to make that case."

Continued on Page 12, Column 1

INSIDE

Trial for Italian Ex-Premier

Silvio Berlusconi, the Italian media tycoon and former Prime Minister, has been ordered to stand trial on corruption charges. Page 11.

Debate on Cuts for Indians

Legislation cutting the budget for the Bureau of Indian Affairs has raised fears for a group some say suffers too much already. Page 16.

An Informer Pays a Price

A New York City police officer who testified before the Mollen Commission on corruption says that at age 29 his career is over. Page 35.

Henry Roth Is Dead

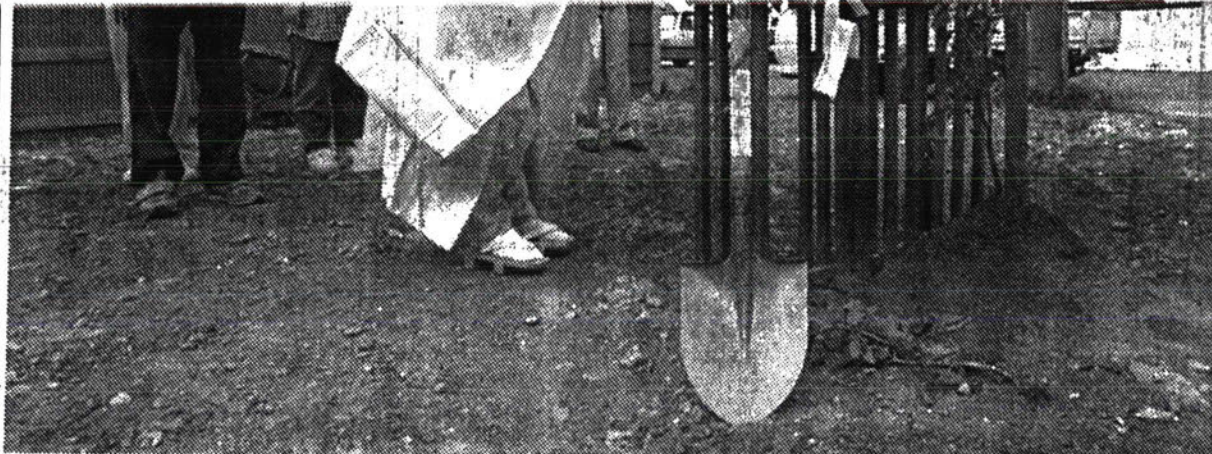
The author, whose 1934 novel of identity and place, "Call It Sleep," is considered an American masterpiece, died on Friday at 89. Page 41.

News Summary

2

International 2-12
Metro 35-40
National 16-34

Obituaries 41 TV Update 49
Radio Highlights ... 49 Weather 50
Styles 43 Weddings 47



Fumio Asaki for The New York Times

In Japan, where religion is central to daily life, Uhei Ono, a Shinto priest, blessed a site for a new house.

THE PRESIDENT HAS SEEN

10/27/95

In a Computer Age, Shinto Devils Still Prowl

By NICHOLAS D. KRISTOF

OMIYA, Japan — Doctors thought kidney disease killed Hideo Hiraiwa, but one of the secrets murmured as the evening darkness hurtles in from the surrounding forests to envelop this little town is that he was really murdered by a fox devil.

Mr. Hiraiwa did not believe in fox devils, so he captured a fox that lived on the grounds of a nearby Shinto shrine. It was a white fox, regarded by Shintoists as a messenger of the gods, yet Mr. Hiraiwa beat it to death.

"He was my friend, and he boasted about what he did," recalled Kensuke Okuyama, a villager whose bushy black eyebrows arched as he told the story of what happened a

MAIN STREET, JAPAN

Old-Time Religion

decade ago. "Ten days later, he was dead."

"So," Mr. Okuyama added, "I believe in fox devils."

Americans often hear of Japan's computer wizardry and bullet trains, but there is also a mystical side to Japan that plays a central role in daily life. While Japan is one of the most technologically sophisticated countries in the world, many people worship their ancestors as divinities

and believe that each big tree or rock is also home to a god.

This spiritual world is interwoven into the rhythms of Omiya (pronounced OH-mee-yuh), a town of 5,700 in the rain-drenched forested hills of the Kii Peninsula, nearly 200 miles from Tokyo. Religion is an integral part of Omiya and of Japan, just as offering water or rice to the gods is an essential part of the daily routine here.

One measure of the scope of faith here is that when Kazuko Okuyama's two young children grew irritable and kept waking at night in terrible crying fits, Mrs. Okuyama went not to a doctor but to a kind of

60 SUTTON PLACE HAS BEEN LIBERATED from the cable monopoly! Better building-wide service. Better prices. Call Liberty Cable 212/891-7777. AdvT.

Continued on Page 8, Column 1

Continued on Page 38, Column 1

TODAY

Arts and Leisure/Section 2

A jazz generation wasted by the Mavis curse: fusion.

Automobiles/Section 11

Book Review/Section 7

"The Unconsoled," Kazuo Ishiguro's new novel, seems designed to comfort admirers of his best seller, "The Remains of the Day."

The City/Section 13

Editorials and Op-Ed/Section 4

Magazine/Section 6

As Americans fall at marriage and parenting, they have their most intimate decisions made in family court, where the judge plays shrink, mother and God.

Money and Business/Section 3

They may be well heeled, but some Manhattan women who formed an investment club last spring were moved by the same fears of financial straits as old age that touch many women. A look at the efforts of the 008 Club to learn the complexities of personal finance.

Real Estate/Section 9

Plans for reviving downtown Manhattan focus on new uses for old buildings.

Regional Weeklies/Section 13

Sports/Sunday/Section 8

Television/Section 12

Travel/Section 5

Strolling in San Francisco: On the trail of the Presidio, a park in progress, and on the streets Sam Spade walked.

TIMESFAX/INTERNET EDITION ... 8 PAGES
digest of The New York Times available daily on the
World Wide Web at <http://nytimes.com>. For in-
call 212-499-3391 -- ADVT.

WEIZMANN INSTITUTE OF SCIENCE SEE OF
ed page for "Annals of Genome." -- ADVT.

Modern Japan Embraces an Eclectic Mixture of

Continued From Page 1

exorcist. He made a dye of cedar pitch and tobacco and painted Chinese characters on the children's hands so the colic would leave the body from the fingers.

"This didn't seem to work so well, so he painted characters on my older daughter's stomach as well," recalled Mrs. Okuyama, whose family is unrelated to the Mr. Okuyama who believes in fox devils. "That seemed to cure them."

Japan is usually described as a Buddhist or Shinto nation, but most Japanese adhere to a sort of folk religion that mixes Buddhism and Shintoism. The Okuyama family, for example, keeps a Buddhist altar in the living room and makes daily offerings, but in the next room is a Shinto altar to other gods.

Like most women in Omiya, Mrs. Okuyama wore a supposedly divine sash from the fourth month of her pregnancy. Typically, the gynecologist writes a few lucky words on the sash, and helps pick an auspicious "day of the dog" on the traditional calendar to begin to wear it. The sash has pictures of dogs on it, and the idea is that it will allow the woman to give birth as easily as dogs do.

Mrs. Okuyama is eclectic enough in her theology to have attended a Roman Catholic church and taken Communion as a bit of extra insurance. She even keeps a crucifix. "I got the crucifix for decoration," explained Mrs. Okuyama, a part-time office manager whose husband is an interior designer. "But if it works, that would be great."

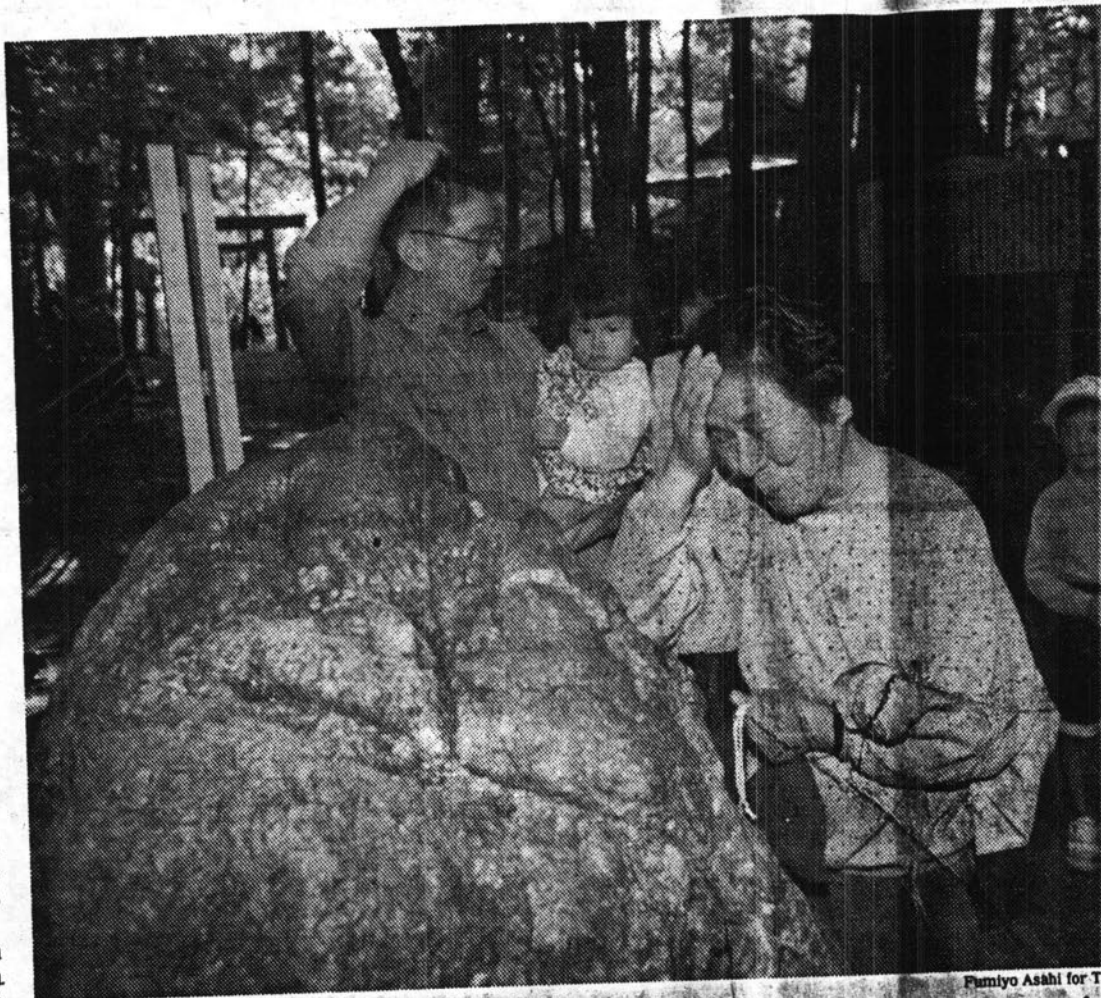
Shintoism

For Head Problem, The Head Shrine

Shintoism has been the traditional faith of Japan since ancient times. Buddhism arrived from China in the sixth century. Christianity followed in the 16th century, but after making inroads was brutally suppressed in the 17th century and has never recovered.

Under the military rulers in the early part of this century, Shintoism was the formal state religion and centered on venerating the Emperor as a living god. But Emperor Hirohito renounced his divinity after World War II, during the American occupation, and there is now no official religion in Japan.

Today Japanese turn to Buddhism mainly at times of death; Shintoism is more evident in marriages and daily life.



A Japanese woman goes through a ritual at the Shinto Head Shrine, in which she hopes to transfer of the rock to herself by rubbing first the stone then her forehead. Shintoists believe it can also cure



Both Buddhist and
tions are still strong

remember decades ago
would put hexes on or
The idea was to
middle of the night w
representing the pers
Then one pounded a lo
the doll into a tree,
would suffer terrible
According to one e
frustrated wives son
out hexes on their hu

Modern Japan Embraces an Eclectic Mixture

Continued From Page 1

exorcist. He made a dye of cedar pitch and tobacco and painted Chinese characters on the children's hands so the colic would leave the body from the fingers.

"This didn't seem to work so well, so he painted characters on my older daughter's stomach as well," recalled Mrs. Okuyama, whose family is unrelated to the Mr. Okuyama who believes in fox devils. "That seemed to cure them."

Japan is usually described as a Buddhist or Shinto nation, but most Japanese adhere to a sort of folk religion that mixes Buddhism and Shintoism. The Okuyama family, for example, keeps a Buddhist altar in the living room and makes daily offerings, but in the next room is a Shinto altar to other gods.

Like most women in Omiya, Mrs. Okuyama wore a supposedly divine sash from the fourth month of her pregnancy. Typically, the gynecologist writes a few lucky words on the sash, and helps pick an auspicious "day of the dog" on the traditional calendar to begin to wear it. The sash has pictures of dogs on it, and the idea is that it will allow the woman to give birth as easily as dogs do.

Mrs. Okuyama is eclectic enough in her theology to have attended a Roman Catholic church and taken Communion as a bit of extra insurance. She even keeps a crucifix. "I got the crucifix for decoration," explained Mrs. Okuyama, a part-time office manager whose husband is an interior designer. "But if it works, that would be great."

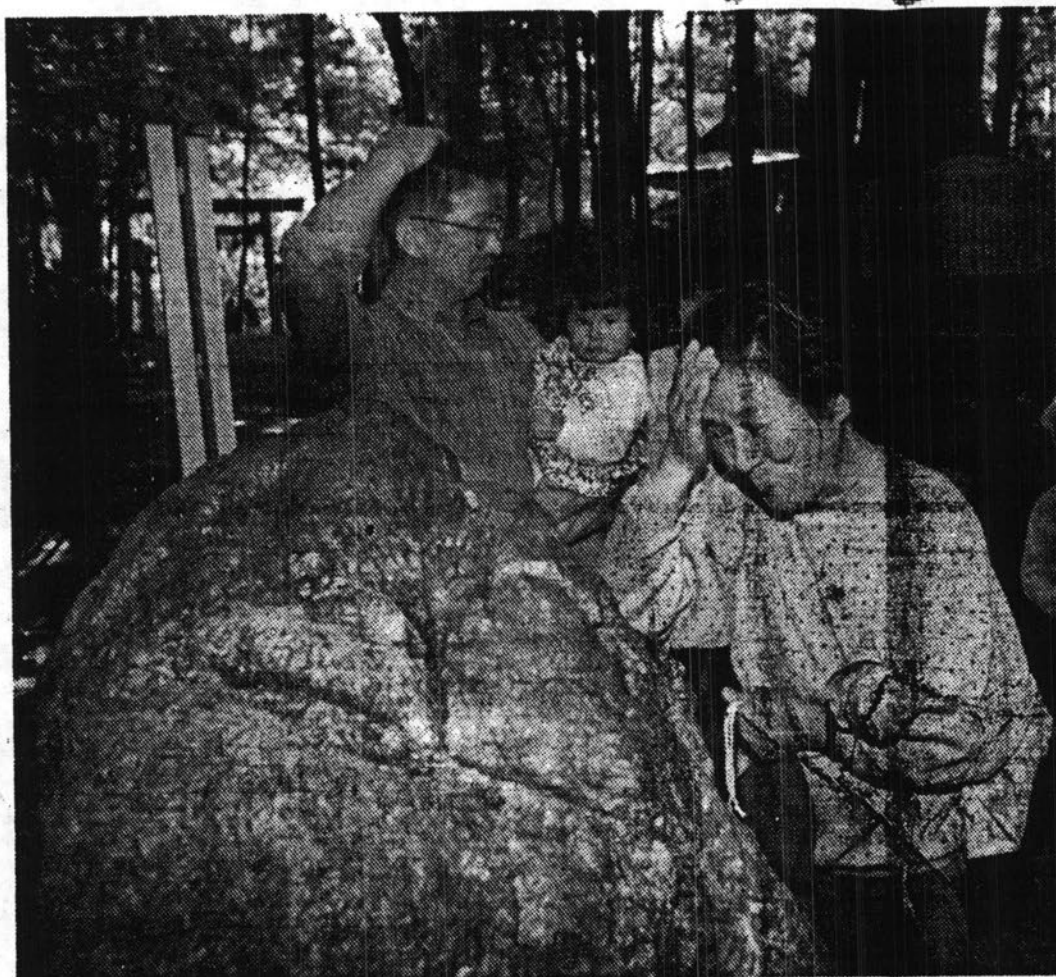
Shintoism

For Head Problem, The Head Shrine

Shintoism has been the traditional faith of Japan since ancient times. Buddhism arrived from China in the sixth century. Christianity followed in the 16th century, but after making inroads was brutally suppressed in the 17th century and has never recovered.

Under the military rulers in the early part of this century, Shintoism was the formal state religion and centered on venerating the Emperor as a living god. But Emperor Hirohito renounced his divinity after World War II, during the American occupation, and there is now no official religion in Japan.

Today Japanese turn to Buddhism mainly at times of death; Shintoism is more evident in marriages and daily life.



A Japanese woman goes through a ritual at the Shinto Head Shrine, in which she hopes to transfer the rock to herself by rubbing first the stone then her forehead. Shintoists believe it can also c



Both Buddhist and Shinto are still strong in Japan. Remember decades ago when people would put hexes on a doll in the middle of the night representing the person they hated. Then one pounded a nail through the doll into a tree. The doll would suffer terribly. According to one

they ease a headache — they pay the holy boulder at the Head Shrine and then touch their heads. Or they drink the holy water.

The priests at the shrine agreed, for \$50, to conduct their school-examination ceremony for the Okuyamas' daughter. The priests pounded on drums, rang bells, waved a wand over the girl's head and chanted prayers to the God of Wisdom.

"It worked, and she passed the exam," Mrs. Okuyama said, beaming. "So we went back afterward and thanked the gods at the Head Shrine. I think it is from their mercy that she made it into her high school, because before then it didn't look as if she was going to make it."

The Head Shrine is an example of the practicality of Shintoism, which focuses on venerating the gods of nature.

To Japanese farmers, every natural feature can contain a spirit: a big rock, a tall tree, a creek, a hill, a rice paddy. A bad harvest or unexplained death may mean the gods are angry, so Shinto priests are often summoned to conduct purification ritu-

A man pours a cup of water over his wife's gravestone to slake the thirst of its spirit. Many Japanese fear the young will not honor such traditions.

als.

When Highway 42 was built 30 years ago to connect Omiya and the Kii Peninsula to the rest of Japan, there were many fatal accidents at first. The people of Omiya worried that the gods were upset, a possibility that seemed particularly likely because "42" in Japanese can sound like "to die."

So the entire town gathered together for an elaborate ceremony by Shinto priests to purify the highway and appease the angry spirits.

"Afterward the number of accidents dropped," explained Kazuo Sakai, a retired school principal. "Of course, maybe it was just that people had been made more aware of the risks."

Omiya has more than a dozen Shinto shrines, one for each tiny cluster of families. Almost any person

who builds a home or breaks ground for a new business first summons a priest, like Uhei Ono, 71, who serves part time at a local shrine on a hillside.

Mr. Ono wears a white silk kimono and tall black hat to the purification ceremony. "O honorable god, please remove all our sins," he chants. "Please hear our requests."

He then waves the branch of a holy tree and shakes salt on the ground to appease the spirits.

"It's so there is no fire or disaster on the site," Mr. Ono explained. Asked if this was just a custom or if he really believed it, Mr. Ono said he believed.

"I've never heard of a fire at any building where I had conducted a purification ceremony," he said.

Folk religion also has a darker side. Older people in Omiya say they

Buddhism

Piety Sometimes Spiked With Ca

Buddhism in Japan is called a bit more like Shinto. Now Buddhist monks so marry and pass on their traditions, just as Shinto priests traditionally done.

Eishu Kondo, for example, a 30-year-old Zen Buddhist monk, was given to the temple by his parents when he was 3. Now he is in charge of duties to his son, who is 10.

"By the sect teachings, I should not have gotten married," said comfortably. "But since I'm here in this little temple, it's all right."

To Americans who have never heard of the Zen riddle of one hand clapping, chuckles when asked how he meditates in a Zen position. "I hardly ever sit in the 2

South Korea's President, in a Rift With North, Delays Talks

By NICHOLAS D. KRISTOF

SEOUL, South Korea, Oct. 14 — Saying that he feels "betrayed" and "disappointed" by hard-line Communists in North Korea, President Kim Young Sam of South Korea today ruled out further steps any time soon toward reconciliation and dialogue on the Korean peninsula.

Mr. Kim, speaking in a 90-minute interview on the eve of a trip to Canada and the United States, where he will meet with President Clinton, also dismissed the prospect of a summit meeting soon between the leaders of the two Koreas. "Given the uncertainty surrounding North Korea, I don't think this is an appropriate time to talk about an inter-Korean summit meeting," he said.

His remarks underscore the hardening of attitudes in South Korea toward the north, and the degree to which disillusionment and distrust have replaced the hopes for dialogue that had hung in the air as recently as this spring. In June, for example, Mr. Kim had spoken with moderate enthusiasm about the possibility of a summit meeting.

The boundary between the two Koreas, a no-man's-land of mines, barbed wire, tank traps and secret underground tunnels, remains the site of the greatest massing of enemy troops anywhere on the globe.

The United States has a huge stake in peace on the peninsula. While the border between the Koreas is no

The U.S. has a huge stake in peace on the Korean peninsula.

longer seen as a potential tripwire for World War III, as it was a decade or two ago, it remains a possible battleground involving United States troops and perhaps even nuclear weapons.

Mr. Kim's statements suggest that in Korea at least, the cold war is not only still alive but also risks breaking into a real war at any time.

"Our concern is that because of their desperation or frustration about their declining economy, they may start on a course of adventurous military provocation," Mr. Kim said. He added that signs of this have already become apparent in the last few months, with North Korea's beefing up its armed forces and giving more power to the armed forces.

The mood in Korea today contrasts with optimism that flickered quite recently. Last year, Mr. Kim was preparing for a summit meeting with the North Korean President, Kim Il Sung, when he suddenly died.

Then this spring, North Korea showed unexpected flexibility by asking for rice shipments to ease a shortage at home. South Korea be-

gan to ship rice to the north, and hopes grew that a peace process could be built on the sacks of rice.

Then North Korea forced one of the South Korean ships carrying rice to raise a North Korean flag and detained crew members of another on charges of spying. In addition, North Korea continued to hold a fishing boat and crew that it had seized at sea earlier this year.

Mr. Kim said today that the North Koreans had promised that if they received rice, they would release the fishing boat and also stop broadcasting denunciations of the South Korean Government. But the fishing boat and crew remain in northern hands and the broadcasts continue.

"We felt betrayed and we were very disappointed by North Korea's breach of its promises," Mr. Kim said. "North Korea is a very difficult partner to deal with. The ball is in North Korea's court now."

For South Korea to resume rice shipments and other steps toward reconciliation, Mr. Kim said, North Korea must first release the fishing boat and stop the broadcasts vilifying South Korea.

One factor behind Mr. Kim's tough line may be that his own popularity has dropped sharply. His Government has been criticized for being too weak to North Korea, so a tough policy may play well at home.

It is difficult to gauge North Korea's reaction, because North Kore-

an leaders have refused to give interviews. But North Korean broadcasts argue that it was South Korea who deliberately poisoned the peace talks and that the breakthrough to bring peace to the Korean peninsula is for the United States and North Korea to recognize each other.

President Kim, who in 1988 came South Korea's first elected civilian president in a general election, spoke warmly of the role of the United States troops in South Korea in deterring invasion and war. Mr. Kim also called for a revision of the Status of Forces Agreement, a document that stipulates how American soldiers and military bases are to be treated under Korean law.

South Korea and Japan are both seeking changes in those agreements, largely because of resentment at crimes attributed to American soldiers. Mr. Kim said that anti-Americanism would increase unless the Status of Forces Agreement is amended.

The Governments of both Korea and Japan say they will keep American bases. But the United States has been criticized at reported crimes and demands for revising the document have added to the uncertainty.

Although President Kim has been at human rights abuses in North Korea, he strongly defended the country's rigid national security policy, which is used to imprison political supporters of North Korea.

Eclectic Mixture of Computers and Fox Devils



Fumiyo Asahi for The New York Times

Shinto Head Shrine, in which she hopes to transfer the wisdom when her forehead. Shintoists believe it can also cure headaches.



The New York Times

Both Buddhist and Shinto traditions are still strong in Omiya.

remember decades ago when people would put hexes on one another.

The idea was to go out in the middle of the night with a straw doll representing the person to be hexed. Then one pounded a long nail through the doll into a tree, and the victim would suffer terrible misfortune.

According to one elderly resident

tion," he said. "I'm overworked. I don't have time to meditate."

Buddhist temples are often criticized for being businesses almost as much as religious institutions, especially for the hefty sums they charge for funerals. Some also run businesses on the side; one runs a night club.

"People say those monks are so greedy and charge so much that no one can afford to die," admitted Mr. Kondo. "But we have an expression: that we will accept just a blade of grass as payment."

When pressed, Mr. Kondo quickly conceded this was just an expression. His fee for a funeral is \$1,000 for himself, plus an expected \$1,000 donation to provide a Buddhist name for the deceased, plus numerous other charges. All told, the bereaved family typically pays \$4,000 or more.

Morality

Divine and Human, And In Between

The Japanese tendency to mix religions sometimes puzzles Westerners, some of whom who have trouble seeing how one can believe in more than one faith at a time. Likewise, the distinction between the human and spiritual worlds is hazy, so it is possible to believe that Mr. Hiraiwa died of kidney disease — and also that he was done in by a fox devil.

The zone between the human and divine spheres is filled with a moral gray area. Christianity, Judaism and Islam use moral imperatives, albeit subject to wide interpretation, to inspire in believers a sense that something is right or wrong. In contrast, Japanese religion is more reluctant to reach a judgment.

Japan is not torn by great moral arguments — over abortion, for example — that are often fought by people elsewhere with a passionate sense of moral conviction.

To some social critics, this implies the lack of a moral compass, the absence of an ethical core. Yet Japanese religion can be described as a broad tolerance in matters of ethics and spirituality.

Pressed on whether they really believe in a tree spirit or rice-paddy god, younger Japanese often have trouble answering. Intellectually they may doubt it, just as Americans doubt the existence of ghosts, at least in daylight. But young Japanese may still feel uncomfortable about living in a home with a door at its "devil's gate" — a direction from which evil can enter.

Some Japanese point out that Shinto and Buddhist beliefs can be effective in building a sense of community.

him, then maybe he'll think, 'Mom really cares for my future; gee, I better study really hard,'" Mr. Kondo said. "Then that may lead to the boy passing his college entrance examinations."

Modernity

Who Will Light Candles of Love?

It would be difficult to imagine a shrine of any faith in any place that is attended as lovingly as the one in Wazo Nishi's living room. A 78-year-old man with graying hair and a few days of stubble on his chin, Mr. Nishi has dedicated his altar to his beloved wife, who died a year ago.

The shrine contains a picture of Mrs. Nishi, a candle burning in her honor and offerings of grapes, apples, oranges, rice, salt, sake, water, rice cakes, eggs and flowers.

"She's happy to have this altar, and I'm very happy with it myself," Mr. Nishi said cheerfully.

Most people in Omiya say that a soul is in a Buddhist waiting period for 50 years, and that it then becomes a Shinto god. But Mr. Nishi says his wife became a goddess almost immediately after death.

"These offerings," he said simply, "are to the goddess that my wife has become."

Mr. Nishi, like many older people in Omiya, frets that young people are not as pious as their elders. Religion is no longer as important a part of village life, and there is the risk that future generations will not sweep the gravestones, pour water over the headstones to slake the spirits' thirst or even make the daily offerings to the shrines in the home.

"Young people have a less religious mind," complained Yasuichi Funase, a Shinto priest at the Fire Prevention Shrine in Omiya. "That may be one reason why people commit more crimes now. And why there are cases like Aum Shinrikyo."

Aum Shinrikyo, the cult accused of organizing the nerve-gas attack on the Tokyo subway system in March, is often mentioned among elderly people in Omiya as a symbol of the declining faith in traditional Shintoism and Buddhism.

For Mr. Nishi, changing attitudes mean there is no guarantee that when he has become a god, his descendants will offer him food and drink at the altar each day.

"I have this great worry about the future," Mr. Nishi sighed. "I'm pretty confident of my son. But his wife is a Jehovah's Witness, and when she

rying way of getting even.

way to the Head Shrine to pray for

Buddhism

Piety Sometimes Spiked With Cash

Buddhism in Japan is coming to look a bit more like Shintoism, for now Buddhist monks sometimes marry and pass on their temples to their sons, just as Shinto priests have traditionally done.

Eishu Kondo, for example, is a 74-year-old Zen Buddhist monk who was given to the temple by his parents when he was 3. Now he is handing over duties to his son, who is 43.

"By the sect teachings, I probably should not have gotten married," he said comfortably. "But since I'm out here in this little temple, it's O.K."

To Americans who have a vague notion of Zen Buddhism, Mr. Kondo may come as a surprise. He has never heard of the Zen riddle of "the sound of one hand clapping." And he chuckles when asked how often he meditates in a Zen position.

"I hardly ever sit in the Zen posi-

Main Street, Japan

The first article in this look at life in Omiya, a small town in Japan, appeared on July 18 and reported on the schools. Further articles will examine other aspects of life there.

tion, but other new tanks are present — one of them, Tenrikyo, even has a small temple in Omiya — and the pressures of urbanization mean that many Japanese are no longer in touch with the natural world that is the backdrop of Shintoism.

"If my daughter-in-law is strong enough, she could discard all of this," Mr. Nishi said, forlorn, waving at the altar. "This is what happens when you don't pay enough attention to your children before they marry."

tone to slake the thirst
honor such traditions.

home or breaks ground
siness first summons a
hei Ono, 71, who serves
a local shrine on a
ears a white silk kimono
hat to the purification
honorable god, please
our sins," he chants.
our requests."

ves the branch of a holy
es salt on the ground to
spirits.

re is no fire or disaster
Mr. Ono explained.
was just a custom or if
eved it, Mr. Ono said he

r heard of a fire at any
re I had conducted a
eremony," he said.

on also has a darker
ople in Omiya say they

With North, Delays Talks

rice to the north, and
that a peace process
on the sacks of rice.

h Korea forced one of
rean ships carrying rice
North Korean flag and
w members of another
of spying. In addition,
continued to hold a fish-
crew that it had seized
r this year.

aid today that the North
promised that if they
they would release the
and also stop broadcast-
tions of the South Kore-
ent. But the fishing boat
main in northern hands
dcasts continue.

betrayed and we were
ointed by North Korea's
s promises," Mr. Kim
Korea is a very difficult
eal with. The ball is in
s court now."

Korea to resume rice
nd other steps toward
n. Mr. Kim said, North
first release the fishing
p the broadcasts vilify-
rea.

behind Mr. Kim's tough
that his own popularity
sharply. His Govern-
en criticized for being
North Korea, so a tough
play well at home.

ult to gauge North Ko-
on, because North Kore-

an leaders have refused to give inter-
views. But North Korean broadcasts
argue that it was South Korea that
deliberately poisoned the climate,
and that the breakthrough needed to
bring peace to the Korean peninsula
is for the United States and North
Korea to recognize each other.

President Kim, who in 1993 be-
came South Korea's first elected ci-
vilian president in a generation,
spoke warmly of the role of the 37,000
United States troops in South Korea
in deterring invasion and war. Yet
Mr. Kim also called for a revision of
the Status of Forces Agreement, the
document that stipulates how Ameri-
can soldiers and military bases are
to be treated under Korean law.

South Korea and Japan now are
both seeking changes in those agree-
ments, largely because of popular
resentment at crimes attributed to
American soldiers. Mr. Kim warned
that anti-Americanism would in-
crease unless the Status of Forces
Agreement is amended.

The Governments of both South
Korea and Japan say they want to
keep American bases. But the irrita-
tion at reported crimes and the de-
mands for revising the documents
have added to the uncertainties.

Although President Kim has railed
at human rights abuses in North
Korea, he strongly defended South
Korea's rigid national security law,
which is used to imprison peaceful
supporters of North Korea.



Luxury with effortless
comfort and ease.
Save on our entire chenille
sweater collection, in all
the season's most sought
after colors and styles.

NOW TAKE
\$40

OFF ALL
HENRI BENDEL
CHENILLE SWEATERS.

ORIGINALLY \$98-178

HURRY IN FOR THE BEST SELECTION,
NOW THROUGH OCTOBER 21.

HENRI BENDEL
New York

New York • (212) 373-6391
Chicago • (312) 642-0140 ext. 219
Boston • (617) 969-2669 ext. 171
Columbus • (614) 227-6137