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12-5-95

Memo to discuss  
3 attached  
clips

THE WHITE HOUSE  
WASHINGTON

DECEMBER 1, 1995

MEMORANDUM FOR THE PRESIDENT

FROM:

KITTY HIGGINS *for RM*

SUBJECT:

SUMMARY OF CABINET WEEKLY REPORTS  
NOVEMBER 26-DECEMBER 2

**Mayoral Conference Calls:** On November 28 and 29, six members of the Cabinet conducted conference calls with 30 mayors regarding the Administration's budget priorities. We received very positive local media response (see attached clips) and the mayors were very pleased to be included.

**Washington State Flooding Update:** In the next few days, Governor Lowery is likely to request and FEMA is likely to recommend that you declare a major disaster in Washington due to ongoing flooding. Governor Lowery has already declared a state of Emergency for 14 counties in western Washington. Portions of 26 State Routes and portions of I-5 and I-90 have been closed due to water over the roadway or landslides. There are 18 rivers at or approaching flood stage, and school districts in the affected areas have either delayed or canceled school entirely during the flooding incident. Evacuations have been small, but cover a wide area of northwestern Washington. The Red Cross is working closely with County and State emergency managers to assess changing needs for sheltering flood victims. Last night, there were approximately 585 shelter occupants housed by Red Cross shelters. After Secretary of Interior Babbitt and the region X Director David DeCuourcy toured the affected areas yesterday morning, they assured State and Local officials (including the State emergency management Director and numerous County executives) that the Federal government was prepared to assist as appropriate. Throughout the flooding, FEMA has remained in close contact with the State. FEMA continues to plan Preliminary Damage Assessments for next week, once flood waters recede in impacted areas. Some rain is expected to continue into next week, which could aggravate flooding.

DEPARTMENT OF THE TREASURY

- **Secretary's Upcoming Activities:** On December 4, Secretary Rubin will hold a courtesy farewell meeting with outgoing Japanese Ambassador Kuriyama and will chair the final meeting of the Thrift Depositor Protection Oversight Board. On December 6, he will speak at a forum on income disparity sponsored by Rep. Schumer. On December 7, he will meet with Chairman Greenspan, and will meet with Edgar Bronfman, Sr. of Seagrams on China.

- **Exchange Rate Report:** Treasury will release its semi-annual Exchange Rate Report next week. The report reviews developments in foreign exchange markets during 1995 and reports on the Administration's determination of whether countries are manipulating their exchange rates to gain a trade advantage. The report concludes that other countries are not manipulating their exchange rates.
- **Furlough Hearings:** The Government Reform and Oversight Subcommittee on the Civil Service has asked for a Treasury witness to testify on December 6, regarding the furlough of Treasury employees during the government shutdown. Assistant Secretary George Munoz (Management and CFO) will most likely testify.
- **Banking Legislation:** The Shelby-Mack regulatory burden relief bill may come to the Senate floor in the next week to ten days. Treasury is working to ensure that no provisions limiting the Community Reinvestment Act (CRA) will be included in the bill.
- **Deputy Secretary's Upcoming Activities:** On December 5, Dep. Secretary Larry Summers will speak to the Miami Conference on the Caribbean and Latin America.

#### DEPARTMENT OF COMMERCE

- **Secretary's Upcoming Activities:** On December 2, Secretary Brown will depart for South Africa, where he will participate in the Gore-Mbeki Binational Commission (BNC) meeting on December 4-5, and the plenary session of the South African BDC. On December 8, he will travel from Cape Town to Miami. On December 10, he travels to Pennsylvania and returns to Washington on December 11 to meet with Kantor, Tyson, Magaziner, Rubin, et. al on a White House Trade Barrier Initiative. Secretary Brown will Chair the Principals' Meeting of the Tourism Policy Council and host a Dual Awards Ceremony for Customer Service Excellence and the Hammer Awards for innovation. On December 13, he will deliver an address to NACFAM's Annual Conference in Crystal City, VA. He will also participate in the U.S.-Chile Roundtable on Wednesday and make Congressional visits that week.
- **Economic Indicators:** The Census Bureau will release Gross Domestic Product figures tomorrow. In addition, Census will release the Revised National Income and Product Accounts' estimates for 1959-1992 on December 8.

#### DEPARTMENT OF LABOR

- **Garment Enforcement:** DOL's enforcement activities in the garment industry and the release of its "Trendsetter" list will dominate Secretary Reich's activities next week. On Tuesday, December 5, he will release the Fair Labor Fashions "Trendsetter" list at an event at the Fashion Centre at Pentagon City, Virginia. The "Trendsetter" list includes garment retailers and manufacturers who are going the extra mile to eradicate labor law violations and sweatshop conditions in the garment industry. He will be joined by spokesmodels Beverly Johnson and Christine Jennings and several dozen Marymount University fashion design students.



- **Travel to Denver, CO and San Francisco, CA:** Secretary Reich will deliver a speech to the Denver Forum on Tuesday, December 5 and to San Francisco's Commonwealth Club on Wednesday, December 6. The speeches will be entitled "The Revolt of the Anxious Class." While in Denver and San Francisco, he will take part in activities highlighting DOL's garment enforcement initiative and will meet with Colorado and California state labor federation officials to discuss the minimum wage. In San Francisco, he will teach a class at San Francisco Community College where he will discuss DOL's Garment 2000 initiative, a program which re-trains garment workers for high-tech jobs in the garment industry. In Los Angeles, he will host a roundtable with garment workers and union representatives to discuss sweatshop conditions in the garment industry.
- **40th Anniversary of AFL-CIO:** Tuesday, December 6 is the 40th anniversary of the AFL-CIO. The Secretary will recognize this anniversary during his meeting with the Colorado state labor federation on that date. Labor will transmit a draft Presidential Statement to the White House on December 4, in the event that the Administration wants to make a public statement.
- **Numbers Day:** The Bureau of Labor Statistics will release the unemployment numbers on December 8.
- **CPI Release Date:** The Consumer price Index for November 1995 will be released on December 14 instead of the scheduled date of December 13.
- **Unemployment Compensation Meeting:** The Advisory Council on Unemployment Compensation (ACUC) will hold its last meeting on December 13. The ACUC was established on January 24, 1992 to evaluate the overall unemployment insurance program, including the purpose, goals, counter-cyclical effectiveness, coverage, benefit adequacy, trust fund solvency, funding of State administrative costs and other aspects of the program. The council will make recommendations to the President and to Congress shortly.
- **Federal Express:** Members of the Air Line Pilots Association employed by Federal Express are continuing to "work-to-rule", and continuing to decline overtime. The job action began at 12:01 a.m. November 25, the end of the Railway Labor Act "status quo" period. On November 26, FedEx unilaterally implemented pay increases and rule changes. Pilots' pay will increase an average of four percent in December, pilots will be required to fly another route when one is canceled, and the company will hire temporary pilots and lease aircraft during peak package seasons and operational emergencies. FedEx has already begun to lease aircraft and flight crews. Negotiations are currently recessed. National Mediation Board Chairwoman Magdalena Jacobsen is in contact with the parties, and will ask that negotiations resume when progress is likely.
- **Caterpillar Strike:** Striking Caterpillar workers will vote Saturday and Sunday on a new company offer to settle the protracted labor dispute. The offer was presented to UAW negotiators on November 28. Both sides declined to disclose any details, and UAW negotiators would not say whether they will recommend approval. Speculation persists that the union's leadership will call for a return-to-work even if the offer is rejected. The UAW has been engaged in ULP strikes against Caterpillar since June 1994, and has not had a labor contract with the company since September 1991.

- **401(k) Pension Fraud Campaign:** On Tuesday, November 28, Secretary Reich held a major press conference to launch a campaign against pension fraud. He described ten warning signs workers can use to protect their 401(k) plan contributions from employers who may misuse the funds. DOL's pension fraud campaign received extensive media coverage throughout the week.

## DEPARTMENT OF TRANSPORTATION

- **Federal Highway Administration Grants:** The Federal Highway Administration is prepared to announce 210 grant allocations from nine discretionary accounts next week. Early in the week, the White House will receive a list of major grants to determine if you would like to participate in any of these announcements.
- **Migrant Interdiction:** This week, the Coast Guard interdicted 1,000 illegal Haitian migrants from two small freighters, surpassing the total for the previous 10 months combined.
- **Metro-North Commuter Railroad Negotiations:** On November 28, negotiations between the International Brotherhood of Teamsters and Metro-North/MTA broke off when, according to the carrier, the Teamsters walked out; however, after a rush hour of picketing, trains are operating on a normal schedule. As of Friday afternoon, 10 of 17 unions have reached tentative agreements with Metro-North. These unions represent almost 3,000 of the 4,064 union represented employees at Metro-North involved in this dispute. In fact, three more unions reached agreement today. National Mediation Board member Ernie DuBester remains in New York to assist in the negotiations and the Federal Railroad Administration is monitoring the situation. According to a Teamster official, their strategy is to conduct selective strikes that disrupt the company, but minimize the impact on commuters. Metro-North serves 105,000 commuters a day, or 18 percent of the nations rail commuters. Seventy percent of the riders originate in New York and the remaining 30 percent are from Connecticut. Over 90 percent of Metro-North passengers' destination is to New Yorks Grand Central Station.
- **New York Subway Firebombing:** On November 26 two armed bandits squirted gasoline through the change tray of a subway token booth in the Bedford-Stuyvesant area of Brooklyn, New York, and then ignited the gasoline causing the booth to actually explode. The clerk who was manning the booth at the time was burned over 75 % of his body. A flame-detecting ultraviolet sensor in the booth which automatically activates the token booth halon system appears to have been disabled. New York City Transit officials believe this incident was a copycat of that depicted in the recently released movie "Money Train," a film about two transit police who rob the train that collects cash from subway stations. A subplot involves their pursuit of a psychopath who sets token booths on fire. The Federal Transit Administration (FTA) and the City of New York share a concern that rail transit properties have reason and cause to fear that similar copycat incidents could occur in other cities. The FTA has issued a transit security information circular advising other transit systems throughout the country of this information.



- **Aviation Safety Conference:** As a follow-up to our January 1995 Aviation Safety Summit, DOT will hold an Aviation Safety Initiatives Review in New Orleans, Louisiana, December 6 and 7. Secretary Pena will address the participants and participate in the workshops during the first day.
- **Essential Air Service in Alaska:** On November 16, DOT issued an order reducing subsidized air service around the country, generally to five days per week, two round trips per day. The reduction was necessary because of decreased funding for the program in FY 1996 compared to FY 1995. Senator Stevens' (R-AK) staff objected to cuts in air service in southeast Alaska. DOT reviewed the order and concluded that it would be fair to restore Alaskan air service to its prior level because its service provides only one round trip per day. Next week DOT will issue an order restoring seven-day-a-week service in southeast Alaska.
- **Tower Decommissionings:** On November 28, the FAA notified members of Congress and state officials that seven air traffic control towers did not meet benefit criteria and would be decommissioned. They are being given a two-week period in which, to challenge the results with additional or revised data. At that point, the decision will be final. The move will affect towers in Wheeling, W. Va; Greenbriar Valley, W. Va; Shreveport, La.; Bloomington, Ind.; Muncie, Ind.; Lake Tahoe, Calif.; and Cape Girardeau, Mo.
- **International Aviation: U.S. - Japan:** The second round of broad-scale cargo talks with Japan began November 28, in Washington. The U.S. delegation plans to present a specific proposal aimed at phasing in a liberal regime over 5 years. The two sides have agreed that the cargo talks should be concluded by March 1996. **U.S. - India:** Negotiations with India resumed in New Delhi November 19, 1995. The U.S. has already had two rounds of consultations with India (September 5-7 and October 30-November 1, 1995). India requested the talks because of its concern about the capacity of United's proposed round-the-world service that is scheduled to begin on December 14, 1995. India has not approved United's service or Northwest's proposed daily service to India--both services are provided for by the agreement. United and Northwest have filed formal complaints, because India is preventing them from exercising bilateral rights to serve India.
- **Anniversary of Montgomery Bus Boycott:** On December 1, Federal Transit Administrator Linton addressed the 40th Anniversary of the Montgomery Bus Boycott kick-off ceremony at the site of Rosa Parks' arrest in Montgomery, AL.
- **3D Month Motivates Massive Grassroots Effort:** December is National Drunk and Drugged Driving Prevention (3D) Month. This year's campaign will target drivers aged 21 to 34. The National Highway Traffic Safety Administration (NHTSA) has already distributed over 60,000 3D Prevention Month Planners and campaign posters and buttons to NHTSA 3D coalition members and state and community safety groups. The Recording Artists Against Drunk Driving (RADD), the newest 3D Coalition member, has released a CD with 35 impaired driving Public Service Announcements recorded by various artists. This was distributed to over 3,500 radio stations nationwide. On December 14, NHTSA will hold a press briefing at DOT headquarters to kick-off the International Chiefs of Police National Holiday Lifesaver Weekend, to be held December 15-17. On December 15, the "Lights on for Life Day" event will be held; motorists will turn on their headlights during the day to



remember persons killed or injured in alcohol-related crashes. Staff is considering appropriate Administration participation in these activities.

- **NAFTA:** Secretary Pena will visit four southern border points of entry from December 3 to 5 to assess preparations for the opening of the border to commercial trucking operations on December 17. He will conduct these visits with other senior-level officials from federal agencies with operations at the border, state officials, and his Mexican counterpart, Secretary Carlos Ruiz Sacristan, at the Otay Mesa, CA site.
- **Women Business Enterprise (WBE) Marketplace:** On December 5, DOT's Office of Small and Disadvantaged Business Utilization will sponsor a WBE mini-Procurement Marketplace in Washington, DC. This special WBE initiative supports DOT's effort to provide assistance to women and ensure that women's economic development will be part of the national economic agenda.
- **Arrest in FAA Equipment Vandalism Incident:** Following an by the FBI and FAA, a juvenile has been taken into custody for the vandalism of the Low Level Wind Shear Alert System near LaGuardia Airport in Flushing, NY. The arrest came after a positive identification was made from a latent fingerprint left at the scene. The juvenile is being charged with three felony counts. The vandalism occurred on October 13.
- **Secretary's Upcoming Activities:** On December 3-5, Secretary Pena will travel to California, Arizona and Texas to assess preparations for the opening of the border to commercial trucking operations on December 17. On December 3, he will meet with San Diego business leaders and Rep. Filner (D-CA). On December 4, he will meet with Mexico Transportation Secretary Ruiz, visit the Otay Mesa Border Crossing Facilities, tour the Nogales, AZ border crossing, and meet with Rep Pastor (D-AZ). On December 5, Secretary Pena will view the Santa Teresa Intermodal Border Crossing Site, tour the El Paso Intelligence Center, meet with Laredo, TX civic leaders, and witness a demonstration of the Operation Respond emergency information software. On December 6, he will convene the Aviation Safety Summit in New Orleans, LA. On December 15, he will participate in the ribbon cutting for the Central Artery in Boston, MA.

#### U.S. TRADE REPRESENTATIVE

- **New Toyota Truck Plant:** Ambassador Kantor wrote Toyota President Hiroshi Okuda welcoming Toyota's announcement that it will build a new light truck plant near Evansville, IN. The announcement represents a significant step toward the achievement of the goals which Toyota set out when the U.S.-Japan Auto Agreement was concluded on June 28. In a press release, Ambassador Kantor also noted that progress is being made in other areas; for example, Big Three exports of vehicles to Japan are up 51% in 1995 over the same January-October period in 1994; Chrysler announced this week that it has recruited 20 new sales outlets in Hapan and many more Big Three dealerships are in the works; and the Big Three announced that at least six new right-hand model vehicles will be introduced in the Japanese market in the next year.



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- **World Trade Appointment to Dispute Settlement Appellate Body:** Ambassador Kantor welcomed the World Trade Organization's appointment of the initial seven members of the WTO's Dispute Settlement Appellate Body. One of the seven members of the Appellate Body is former Congressman James Bacchus of Florida. Under the Dispute Settlement Understanding negotiated in the Uruguay Round, the Appellate Body is responsible for hearing appeals relating to issues of law covered in dispute settlement panel reports and legal interpretations developed by the panel in question.
  - **European Union Agreement:** Ambassador Kantor announced that agreements have been reached with the European Union on EU enlargement compensation and EU grain import policies. The agreements create major new trade opportunities for U.S. exports to Europe.
  - **China's Telecom Sector:** Ambassador Kantor met with Chinese Minister of Posts and Telecommunications Wu Jichuan to discuss the importance of opening China's value-added telecom sector as part of China's WTO accession package.

#### SMALL BUSINESS ADMINISTRATION

- **Conference on Small Business Recommendations:** SBA will host a National Legislative Conference on Small Business from December 6 - 8 to inform state legislators and their staffs of the progress the WH Conference on Small Business recommendations have made.
- **Administrator's Upcoming Activities:** On December 6, the Administrator will address the SBA Office of Advocacy's National Legislative Conference on Small Business and discuss the Administration's implementation of the White House Conference on Small Business recommendations. He will meet with several hundred SBA lenders in the Southern California area then present a check to a local company as one of the first participants in the SBA and DOD Defense Loan and Training Assistance program. On December 7, he will visit the Los Angeles District Office then present another DELTA check to a company in the LA area.

#### DEPARTMENT OF JUSTICE

- **NVRA Upheld:** On November 20, 1995, the court found the National Voter's Registration Act (NVRA) constitutional in *Condon v. Reno*, (D.S.C.). The court denied South Carolina's motion for preliminary injunction, declared the NVRA constitutional, enjoined South Carolina from refusing to comply with the NVRA, ordered "forthwith" implementation, and required South Carolina to file within thirty days a proposal for full implementation.

*Up Decision*

**Ninth Circuit Oral Argument In Environmentalists' And Industry's Appeal From Decision Upholding The President's Northwest Forest Plan Scheduled For December 4, 1995:** In *Seattle Audubon Society v. Lyons* (9th Cir.), environmentalists raise three issues: (1) whether the Plan complies with the Forest Service's wildlife viability regulation under the National Forest Management Act (NFMA); (2) whether the final Environmental Impact Statement (EIS) considered a "no-harvest" alternative; and (3) whether the agencies' assumptions regarding regulation of harvest on private lands has been fatally undercut. The



timber industry raises two issues: (1) whether the agencies need specific statutory authorization to file cross-claims for declaratory relief against an industry group that was already a party; and (2) whether declaratory relief is appropriate in light of the fact that the issues were pending in the D.C. district court. The court has specifically asked counsel to address the impact of the Rescissions Act on the President's Forest Plan.

- **Supreme Court To Hear Argument In Voting Rights Act Cases:** On December 5, 1995, the Supreme Court will hear oral argument in *Shaw v. Hunt*, (S. Ct.). On remand by the Supreme Court (*Shaw v. Reno*), the three-judge district court sustained North Carolina's First and Twelfth Congressional Districts (the two "majority-minority" districts) in the face of the claim that they represented unjustified racial gerrymanders. The Deputy Solicitor General will argue that the district court's judgment should be affirmed.
- **The Supreme Court to Hear Oral Argument in *United States v. Vera*:** This case is a challenge, to the State of Texas's 1991 congressional redistricting plan. The three-judge district court held that three districts in the plan -- majority-black districts in Dallas and Harris Counties, and a majority-Hispanic district in Harris County -- separated voters into different districts on the basis of race without sufficient justification under *Shaw v. Reno*. The Deputy Solicitor General will argue that the district court applied an erroneous legal standard in its narrow tailoring analysis. In particular, the Deputy Solicitor General will argue that reasonably compact majority-minority districts could have been drawn in Dallas and Harris Counties, and that the State chose not to draw those districts -- and chose instead to depart from its traditional compactness principles by drawing the districts at issue -- because of the desire to serve its legitimate interest in protecting incumbents.
- **Senate to Consider Flag Burning and Partial-birth Abortion Measures:** The flag burning amendment and the partial-birth abortion ban measure may come up on the Senate floor this week.

#### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Nation of Islam Security Issue:** On November 9th, HUD called for the immediate termination of the Nation of Islam Security Agency's (NOISA) contract with the Housing Authority of Baltimore (HABC) due to the housing agency's violation of federal procurement regulations during the contract's bidding process. Last week, NOISA filed a complaint with a federal court in Maryland in an attempt to reverse HUD's decision. NOISA requested the Court to grant a temporary restraining order on HUD and the HABC to block the federal and local agency from terminating their security contract. HUD is currently awaiting a hearing date and the Federal court's decision on the complaint. Secretary Cisneros was interviewed by NBC's *Dateline* on this matter. The *Dateline* story is expected to air next Tuesday, December 5th.
- **Dedication of Memorial for Oklahoma City Survivors:** On Sunday, December 10, Secretary Cisneros will be in Oklahoma City to participate in a private memorial service for the Department's survivors and families of the victims of the April bombing. The private service will include plaque presentations to the families who lost loved ones in the tragedy and the dedication of a memorial tree.



- **Press Roundtable with Mayors on Congressional Budget Cuts:** On November 29, Secretary Cisneros participated in a press roundtable discussion with several mayors regarding the impact of reduced federal funds for local programs and services at the National Leagues of Cities' Annual Convention in Phoenix. The following mayors participated in the press event: Mayor Dennis Archer, Detroit, MI; Mayor Norman Rice, Seattle, WA; Mayor David Pierce, Aurora, IL; Mayor Alan Styles, Salinas, CA; Mayor John DeStefano, New Haven, CT; Mayor David Moore, Beaumont, TX.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **California Welfare Court Case:** The plaintiffs in the *Beno v. Shalala*, a case involving a California welfare waiver granted during the Bush Administration, have "reactivated the lawsuit" and lawyers for the Department appeared in court on December 1. DHHS anticipates reaching an agreement with the State within the next few weeks on a narrow amendment to the current waiver that will exempt certain groups (e.g., certain disabled and child-only beneficiaries) from the benefit reductions while discussions on remaining issues continue.
- **Board of Trustees of Medicare Trust Funds to Meet:** On December 13, the Boards of Trustees for the Medicare and Social Security Trust Funds will convene for their annual fall meeting. The latest information on the financial status of the programs will be presented and discussed, and the new public members of the Board, Marilyn Moon and Stephen Kellison, will describe their planned activities. This meeting is not open to the public.
- **1996 Medicare Physician Fee Schedule To be Published:** The DHHS will publish shortly the Medicare physician fee schedule for Calendar Year (CY) 1996 and new targets for increases in physician services for FY 1996. In 1996, payments will increase 3.8% for surgical services, decrease 2.3% for primary care services, and increase 0.4% for nonsurgical services compared to CY 1995 levels. Unless Congress enacts a change, the statutorily determined rates will be effective on January 1. The regulation also changes the way Medicare pays for services of teaching physicians, effective July 1, 1996.
- **Grassroots Regulatory Partnership Meetings:** FDA will hold two public meetings on December 7 to promote your initiative to create local partnerships with frontline regulators and the people affected by FDA. In Atlanta, FDA will address specific issues related to the medical-device industry. In Denver, FDA will hold a public meeting on drug-industry issues.
- **HHS Unveils New Line of AIDS PSAs:** On November 30, Patsy Fleming, Secretary Shalala and CDC Director David Satcher unveiled a new series of public service announcements (PSAs) about AIDS prevention. This series, entitled "Respect Yourself, Protect Yourself," emphasizes the need for personal responsibility in preventing HIV transmission. The new segments feature young adults talking to young adults about the dual benefits of safer sex and abstinence. In the next two weeks, researchers from the National Cancer Institute will report in Science that the majority of new HIV infections in the United States are now occurring among young adults born after 1960. This new research should highlight the need for prevention strategies, such as the new PSAs, targeted at young adults.



- **Seafood Safety Rule to be Published:** HHS will shortly publish a final rule on Hazard Analysis and Critical Control Points (HACCP) for seafood processing. HACCP is an internationally recognized system of preventive controls, operated by industry, to keep safety hazards from occurring in food. While maintaining safety standards, HACCP imposes far less burden on seafood-processing plants than the existing comprehensive inspection approach, by requiring the plants to concentrate only on the particular hazards they are likely to encounter with the kinds of fish they handle. The FDA rule has support from consumers, the Congress, and the seafood industry.

#### SOCIAL SECURITY ADMINISTRATION

- **Continuing Impact of the Furlough on the SSA's Disability Determination Services (DDS):** State DDSs, which make disability determinations for the Social Security Administration and which are 100 percent funded by SSA, were adversely affected by the federal government furlough. While DDS employees are State employees, their salaries are fully funded through SSA's appropriated funds. The appropriations language that authorized the back pay of salaries for Federal employees did not do so for DDSs employees. Senator Domenici has introduced a bill (S. 1429) to provide for the retroactive payment of salaries to DDSs employees.

① **Immigrants Receiving SSI Benefits:** On November 29, NBC *Nightly News* segment on "Fleeing of America" featured a story on the growing number of aged immigrants who receive cash benefits under the needs-based SSI program. Brian Coyne, Chief of Staff at SSA, was interviewed for the segment by NBC's Lisa Myers.

#### VETERANS ADMINISTRATION

- **Press on Persian Gulf Veterans Health:** On November 30, CBS did an on-camera interview with Dr. Robert Roswell, Executive Director of the Persian Gulf Veterans Coordinating Board. The interview will be part of a two-hour documentary the network intends to air in January in connection with the fifth anniversary of the Persian Gulf War. CBS has interviewed the families of Persian Gulf veterans as well as scientists who are engaged in research to determine what is causing the health problems of veterans and their offspring. CBS has indicated they intended to explore the different theories on the causes of Persian Gulf veterans health problems, including anti-nerve agent medication, leishmaniasis and the variety of environmental hazards present in the Persian Gulf during the war.

#### DEPARTMENT OF EDUCATION

- **University of Illinois:** The Department announced this morning that the Office for Civil Rights had concluded its investigation of complaints that the University of Illinois at Urbana Champaign contributed to a racially hostile environment for Native Americans, primarily through its use of Chief Illiniwek as its symbol. OCR found that the evidence was insufficient to establish a violation of Title VI of the Civil Rights Act of 1964, and has closed out the file on this complaint. The Department has notified the school and the Illinois Congressional delegation of this decision.



- **Regional Laboratories:** On December 11 the Department expects to announce the ten research institutions that will receive contracts to serve as regional education laboratories. The average amount of each contract will be \$50 million over five years.
- **Student Financial Aid Regulations:** The Department plans to publish several student financial aid regulations by December 1, so that they can take effect in the 1996-97 academic year. Among these regulations is the implementation of the Student Right-to-Know Act, which requires colleges and universities participating in the student aid programs to make available statistical data on campus crime. Regulations will also be published that affect the Direct Loan Program, including the effect of high cohort default rates and the administration of the income contingent repayment provisions.
- **Secretary's Upcoming Activities:** The Department will sponsor its second annual OESE/OBEMLA conference December 3-6 in Washington. Over 3000 individuals from across the country are expected to attend in order to discuss the Department's elementary, secondary, and bilingual education programs. Secretary Riley will be speaking at the conference on December 6. On December 4, he will address the American Vocational Association in Denver. On December 7, the Secretary will participate in a press conference with the National PTA and the Freedom Forum in Arlington, VA, in conjunction with the release of a parents' guide to religion.

#### DEPARTMENT OF THE INTERIOR

- **Viewing Washington State Floods:** On November 30 in Washington, after cancelling his planned schedule, Secretary Babbitt accompanied local, State, and FEMA officials on an overflight to view the destruction caused by the recent and continuing flooding. He also spoke with Governor Lowry and assured him that any request for federal disaster aid would be considered expeditiously, should he deem that appropriate. The devastation is widespread, and Secretary Babbitt is hopeful that it was heartening for the citizens for him to be there on behalf of the Administration.
- **New Domenici Grazing Proposal:** The cattlemen have drafted a new substitute grazing bill for Senator Domenici, which he has introduced. The bill was marked up November 30. In Secretary Babbitt's view, this bill is not at all improved over previous legislation sponsored by Senator Domenici. Both Secretaries Glickman and Babbitt have sent letters to Chairman Murkowski outlining their concerns.

#### DEPARTMENT OF AGRICULTURE

- **FY96 U.S. Agricultural Exports Forecast At \$58 Billion:** On November 30, Secretary Glickman announced that U.S. agricultural exports for FY96 are expected to reach a record \$58 billion, up nearly \$4 billion (more than 7 percent) from FY95. U.S. agricultural exports generate more than \$100 billion annually in business activity throughout the U.S. economy and provide jobs for nearly a million U.S. workers.



- **Farm Bill Update:** On November 29, Secretary Glickman met with Minority Leader Daschle and 14 other Democratic senators in the Capitol to discuss the strategy for agriculture in the budget negotiations. The senators stressed their concern that the detrimental effects of conference action are not well understood in rural America and more education is needed. They agreed to develop a substitute proposal by the middle of next week.

Senators Daschle and Leahy are to take the lead in developing a consensus Democratic proposal based on the Farm Security Act, the Senate Democratic alternative which was defeated in committee and on the floor. Some of the senators believe there is little time to develop acceptable agricultural provisions in reconciliation negotiations. Many senators expressed the desire that reconciliation should lock in a savings target for agriculture but defer until 1996 any action on the mechanisms to achieve the savings.

- **Secretary's Upcoming Activities:** On December 4, Secretary Glickman will travel to Greensboro, North Carolina to address the North Carolina Farm Bureau. On December 5, he will address the National Farmers Organization in Madison, Wisconsin about farm bill and budget reconciliation issues. He will also travel to Detroit, Michigan to address the Monroe County Agricultural Dinner, as requested by Congressman Dingell. On December 6, Secretary Glickman will travel to Kansas City, MO to address Farmland Industries about the farm bill and expanding economic opportunities for agriculture.

#### DEPARTMENT OF ENERGY

- **Upcoming General Accounting Office Study on Travel:** GAO will release a report on the Department's foreign travel in mid-December. The study will show no irregularities or illegalities. The one issue that needs to be addressed is the identification of funds that are hard to account for due to the mechanisms by which embassies and Federal agencies work together to pay for services required in host countries. Based upon the accounting process and the lag in which bills are sent, it sometimes can appear that funds are unaccounted for. There are approximately \$150,000 in costs that the Department paid for in South Africa, which include meeting rooms, meals, hotels and other similar services, not yet fully accounted for. There is no new news in this story and hopefully there will not be additional press. CBS News has been asking questions relating to international travel and security costs and the Department is cooperating with CBS on this matter. An issue likely to be raised is the increased security costs for the Department over the last two years. The increased security costs are the result of travel to Pakistan, South Africa, China and India.
- **U.S./South Korea Science and Technology Forum:** Secretary O'Leary will address the third U.S./South Korea Science and Technology Forum on December 13. Energy is expanding greatly their collaboration in science and technology with South Korea. This is critical due to the economic interests the Administration has identified in Asia and our national security interest in ensuring a nuclear-free Korean peninsula.
- **Openness Press Conference:** On December 14, Secretary O'Leary will participate in an openness press conference. This is approximately two years after Energy released facts on nuclear weapons testing and radiation experiments the Government conducted on human subjects. This press conference will communicate the Administration's continued efforts to



declassify important information. Specifically, the Secretary will release declassified information relating to the history of plutonium production, the use and current inventory of plutonium, and a status report on the Department's fundamental classification policy review, which will guide future classification policy. Secretary O'Leary will also describe new policies and practices to ensure that openness will endure as a legacy. Based on this subject matter, Energy believes it will gain significant press attention.

- **Trip to Africa to Participate in the U.S./South Africa Bi-National Commission:** Secretary O'Leary will participate as chairman of the Energy Committee of the U.S./South Africa Bi-National Commission at the first commission meeting. During the trip, the Secretary will participate in many events benefitting the citizens of the U.S. and South Africa.

#### ENVIRONMENTAL PROTECTION AGENCY

- **General Motors Enforcement Action:** On November 30, EPA and the Department of Justice announced a precedent-setting settlement with GM for alleged violations of the Clean Air Act. GM will pay approximately \$45 million to settle federal government charges that it installed illegal devices that defeat pollution controls inside nearly a half-million Cadillacs. These devices sacrificed public health and defied the laws that are in place precisely to prevent the long-term health effects caused by carbon monoxide air pollution. These illegal devices caused enough additional air pollution to blanket downtown Washington with a ten-foot thick layer of carbon monoxide. Under the terms of the settlement: GM will recall and fix more than 470,000 late-model Cadillacs. GM will spend approximately \$30 million recalling the cars to eliminate the "defeat device" which causes the excess emissions. This is the first court-ordered auto recall that aims to curb damages to the environment. GM also will establish an Emission Remedial Project Fund of at least \$7.05 million to carry out projects to reduce air pollution. GM will pay a civil penalty of \$11 million. This is the second largest civil penalty ever assessed under the Clean Air Act.
- **Open Letter to Federal Employees:** EPA continues to use the e-mail and voice mail systems to keep their staff informed of new developments regarding EPA's FY96 budget. Administrator Browner thought you might be interested in seeing some of the responses they received to your to federal employees last week. The overwhelming majority of responses have been from employees expressing their support and appreciation for your efforts and tough stance on public health and environmental protection.

#### OFFICE OF PERSONNEL MANAGEMENT



- **Wonk City Blues:** Steve Barr and Peter Behr of the *Washington Post* are preparing a story on the morale of federal workers and the impact of downsizing on the Washington-area economy.
- **Furlough Follow-up:** The House Subcommittee on Civil Service has tentatively scheduled a hearing for December 6, on the recent partial shutdown of the Federal government. While OMB will take the lead, OPM will be asked to testify concerning the agency's role in the shutdown and in issues related to the employee furlough, such as retroactive pay decisions.

- **OPM Work on Presidential Initiatives:** Countdown to 2 Million OPM expects that federal employment will fall below 2 million before the end of the calendar year. OPM and OMB are monitoring the situation.

## DEPARTMENT OF DEFENSE

- **Bosnia:** On the Tuesday evening, November 28, Defense Department officials dispatched a seven man team to the Balkans to follow-up on the Dayton negotiations. This joint DoD/State/NSC team met with Milosevic on Wednesday, and will be in Sarajevo and Zagreb on Thursday. In the meeting with Milosevic, he was optimistic about support for the Implementation Force (IFOR), but there are still issues to be resolved regarding security for Serbs in the Sarajevo area and handling of key individuals indicted by the War Crimes Tribunal.  
  
Secretary Perry's trip to Brussels this week was highly productive. The NATO Ministers of Defense are solidly with us on Bosnia and Secretary Perry reached an "agreement in principle" with Grachev regarding the political aspects of Russian participation in IFOR.
- **Haiti:** There have been a number of mixed signals regarding Aristide's post-election intentions. Defense Department officials are monitoring the situation closely and remain hopeful that he will recognize the necessity of staying with the agreed upon departure plan. Their transition planning continues on course. General Sheehan accompanied Tony Lake to Haiti over Thanksgiving. They met with Aristide and had dinner with U.S. troops.
- **Panama Canal Zone:** With the strong likelihood of adverse publicity and public demonstrations, the Foreign Minister of Panama, Gabriel Lewis, requested postponement of the post-2000 exploratory talks agreed to by President Clinton and President Perez-Balladares. While Defense Department officials anticipate talks to proceed in the future, they await the Government of Panama's initiative to reschedule them.

## DEPARTMENT OF STATE

- **Balkans: Reaction to Dayton Agreement:** Despite the expected outcry by hardliners there has been widespread approval of the Dayton agreement by all sides, with Milosevic muscling the Bosnian Serbs into line. Bosnian Serb demands for changes in the disposition of Sarajevo prior to or during the Paris conference have been quashed and the Bosnian government has begun taking steps to reassure Sarajevo Serbs of their security following reintegration. Secretary Christopher met with Bosnian Prime Minister Salajdzic who assured him he will continue to ensure Bosnian Serb security during the implementation process. State Department officials sent a team to the region this week to discuss the map, Eastern Slavonia, Sarajevo confidence building measures and housekeeping details with the parties in the run-up to the London Implementation Conference, December 8-9, and the Paris Peace Conference, December 13-14. A Donors Conference on Bosnian reconstruction will be held in Brussels December 18-19.



Reaction to your speech has been generally favorable. Senator Dole's statement that he wants to find a way to support you, his constructive comments at the White House meeting, and Senator McCain's efforts to craft a resolution which the Administration can live with indicate our efforts with the Senate may be easier than those with the House. A vote could come as early as the end of next week.

Members' public and private comments show much work still needs to be done. The Administration must continue to spell out precisely the U.S. national interest, the nature of the U.S. mission in Bosnia, the criteria for success, the management of arming and training Federation forces, the specifics of Russian involvement, and the exit strategy. Many House Republicans believe the Administration has presented Congress with a fait accompli: whether or not Congress signs on, the troops will go. For these critics, the departure of enabling forces before Congress votes is an added irritant. Even House Democrats who voted against the Hefley bill have cautioned Administration officials that they may not support troop deployment.

- **NATO SYG Succession:** Based upon informal consultation in Brussels and Secretary Christopher's telephone calls to several of his counterparts, a consensus appears to be reached on the selection of Spanish Foreign Minister Javier Solana as the next NATO SYG. NATO Perm Reps met today to try to bring the issue to closure. Secretary Christopher will see Solana for lunch in Madrid on December 2 to emphasize U.S. expectations for this key leadership position. State Department officials would like to have the new Secretary General installed at the NAC Ministerial December 5.
- **Haiti:** As Haiti approaches the first democratic, constitutional transition in its 200-year history, many difficult issues are still unresolved. The U.S. must continue to press Aristide for a meaningful investigation of official involvement in the Bertin and other murders. The Haitians want us to return documents seized by American forces in late 1994, and to assist in a more vigorous campaign of disarmament. With Aristide's reaffirmation of his intention to step down, we will prepare for the departure of UN peacekeeping forces after the February 7th elections. The U.S. continues to focus in the main objective, a peaceful and democratic transfer of Presidential power, upon which all other elements of policy and Haiti's future depends.
- **Middle East Peace:** Dennis Ross will lead a small team to the region this week for consultations on both the Israeli-Syrian and Israeli-Palestinian tracks. He will meet with Assad to brief him on the political situation in Israel following Rabin's assassination. He will also see Arafat, discuss the implementation of the Interim Agreement and get a first-hand sense about upcoming Palestinian elections scheduled for January 20. This trip should give the U.S. team a better sense of how the Israelis plan to move forward.

#### CENTRAL INTELLIGENCE AGENCY

- **Reviewing the Status of Intelligence Support to Bosnian Operations:** DoD and CIA met to give their perspective on the deployment of joint CIA, DIA, and NSA teams overseas, as well as the status of the national and tactical intelligence collection systems that will support US and Allied forces. While the Intelligence Community appears well positioned, they have

taken additional steps to bolster the efforts of CIA's Directorate of Operations and fine tune their analytical coverage on areas of DoD concern.

- **Increasing CIA's Policy Awareness:** Since Director Deutch became head of the CIA, he has been pushing to broaden the perspective of CIA employees by asking senior members of the Administration to host "town meetings". In the spirit of bipartisanship, House Speaker Newt Gingrich hosted a one-hour session today at CIA.

#### UNITED NATIONS

- **Former Yugoslavia:** The Security Council adopted three separate resolutions extending the UN operations in Bosnia (UNPROFOR), Croatia (UNCRO) and Macedonia (UNPREDEP). The UNPROFOR mandate was extended for two months in an effort to ensure a smooth transition from UNPROFOR to the NATO Implementation Force. UNCRO was extended 45 days to allow for the transition to an international force that will implement the November 15 agreement between Croatian Serbs and the Government of Croatia. Finally, UNPREDEP was extended six months with no changes anticipated in the near future.
- **Peace Links:** On December 6, Ambassador Albright will receive the Eleanor Roosevelt Award from Peace Links, a nongovernmental organization funded by Betty Bumpers, and dedicated to peace and education around the world. She will use the opportunity, in her acceptance remarks, to appeal for support for your policy in Bosnia.

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  
Ron Klain



## Conference Calls with Mayors - Week of November 27, 1995

| SECRETARY                | CONFIRMED | MAYOR                                        | MEDIA                                                 |
|--------------------------|-----------|----------------------------------------------|-------------------------------------------------------|
| Deputy Secretary Summers |           | ***Time -- Wednesday, 11:30 AM ***           |                                                       |
|                          | Yes       | Gerald Jennings -- Albany, NY                | Albany Times Union                                    |
|                          | No        | Eugene Easton -- Troy, NY                    |                                                       |
|                          | No        | William Johnson -- Rochester, NY             |                                                       |
|                          | Yes       | Anthony Masiello -- Buffalo, NY              | Buffalo News                                          |
|                          | Yes       | Janice Stork -- Lancaster, PA                | Lancaster Intelligencer Journal, Lancaster New Era    |
|                          | No        | Stephen Reed -- Harrisburg, PA               |                                                       |
|                          | Yes       | Raphael Voltz -- Altoona, PA                 | Altoona Mirror                                        |
|                          | Yes       | Joyce Savocchio -- Erie, PA                  |                                                       |
|                          | Yes       | Robert Markel -- Springfield, MA             |                                                       |
|                          | Yes       | Charles Sullivan -- Bangor, ME               | Bangor Daily News                                     |
|                          | Yes       | Susan Bass Levin -- Cherry Hill, NJ          |                                                       |
|                          | No        | Tim Idoni -- New Rochelle, NY                |                                                       |
| Secretary Brown          |           | ***Time -- Saturday morning (12/2)***        |                                                       |
|                          |           | Tom Fetzer -- Raleigh, NC                    |                                                       |
|                          |           | Sylvia Kerckhoff -- Durham, NC               |                                                       |
|                          |           | Kenneth Bowen -- Lafayette, LA               |                                                       |
|                          | Yes       | Vice Mayor (?)--Nashville, TN                |                                                       |
|                          |           | William Herenton -- Memphis, TN              |                                                       |
| Secretary Reich          |           | ***Time -- Wednesday, 11:00 AM***            |                                                       |
|                          | No        | Pete Chalos -- Terre Haute, IN               |                                                       |
|                          | No        | Charles Box -- Rockford, IL                  |                                                       |
|                          | Yes       | James Perron -- Elkhart, IN                  | Elkhart Truth                                         |
|                          | Yes       | Tomilea Allison -- Bloomington, IN           | Bloomington Herald Times                              |
|                          | Yes       | Paul Soglin -- Madison, WI                   | Wisconsin State News                                  |
|                          | No        | Woodrow Stanley -- Flint, MI                 |                                                       |
|                          | No        | Gary Loster -- Saginaw, MI                   | Saginaw News                                          |
|                          | Yes       | Michael Buda -- Bay City, MI                 | Bay City Times                                        |
|                          | No        | David Hollister -- Lansing, MI               |                                                       |
|                          | No        | Elihu Harris -- Oakland, CA                  |                                                       |
|                          | No        | Joe Serna -- Sacramento, CA                  |                                                       |
|                          | Yes       | Beverly O'Neil -- Long Beach, CA             |                                                       |
|                          | No        | Susan Hammer -- San Jose, CA                 |                                                       |
| Secretary Shalala        |           | ***Time -- Tuesday, 3:30 PM***               |                                                       |
|                          | Yes       | Jerry Abramson -- Louisville, KY             | WDRB t.v. aired call on 10 p.m. news show; WASH Radio |
|                          | No        | Sharon Sayles Belton -- Minneapolis, MN      |                                                       |
|                          | Yes       | Norm Coleman -- St. Paul, MN                 |                                                       |
|                          | Yes       | Cathy Finkbeiner -- Toledo, OH               |                                                       |
|                          | No        | Jan Lavery Jones -- Las Vegas, NV            |                                                       |
|                          | No        | Mike Veroneau -- Concord, NH                 |                                                       |
|                          | No        | Pat Russell -- Keene, NH                     |                                                       |
|                          | No        | Paul Lizotte -- Claremont, NH                |                                                       |
|                          | No        | Yvonne Coulombe -- Berlin, NH                |                                                       |
|                          | No        | Eileen Foley -- Portsmouth, NH               |                                                       |
| Secretary Cisneros       |           | ***Time -- Tuesday, 3:30 PM (EST)***         |                                                       |
|                          | Yes       | Ruth Bascom -- Eugene, OR                    | Eugene Register Guard                                 |
|                          | No        | Vera Katz -- Portland, OR                    |                                                       |
|                          | No        | Jack Geraghty -- Spokane, WA                 |                                                       |
|                          | Yes       | Alan Styles -- Salinas, CA                   | Salinas-Californian, LA Times                         |
|                          | No        | Harriet Miller -- Santa Barbara, CA          |                                                       |
|                          | Yes       | Miguel Pulido -- Santa Ana, CA               | The Register                                          |
|                          | Yes       | Acting Mayor Robert Fishaman -- Honolulu, HI | Honolulu Advertiser, Honolulu Star Bulletin           |
| Secretary Riley          |           | ***Time -- Tuesday, 3:45 PM***               |                                                       |
|                          | Yes       | John Lipphardt -- Wheeling, WV               | Will do a two hour talk show                          |
|                          | No        | G. Kemp Melton -- Charleston, WV             |                                                       |
|                          | Yes       | Patrick Henry Hayes -- North Little Rock, AR |                                                       |
|                          | Yes       | Jim Dailey -- Little Rock, AR                |                                                       |
|                          | Yes       | Scott Maddox -- Tallahassee, FL              | Tallahassee Democrat                                  |
|                          | Yes       | Girard Clemons -- Panama City, FL            |                                                       |
|                          | No        | Steve Clark -- Miami, FL                     |                                                       |
|                          | Yes       | Joe Riley -- Charleston, SC                  | Charleston Post Courier                               |
| Administrator Browner    |           | ***Time -- Tuesday, 2:00 PM***               |                                                       |
|                          | No        | Emaneul Cleaver -- Kansas City, MO           |                                                       |
|                          | Yes       | Rich Mayes -- Jefferson City, MO             | Post-Tribune, Jefferson City                          |
|                          | No        | Charles Scholz -- Quincy, MO                 |                                                       |
|                          | Yes       | Martin Chavez -- Albuquerque, NM             | Albuquerque Tribune                                   |
|                          | Yes       | Debbie Jaramillo -- Santa Fe, NM             | Albuquerque Journal                                   |
|                          | Yes       | Jack Lynch -- Butte, MT                      | The Montana Standard, LA Times                        |
|                          | No        | Daniel Kemmis -- Missoula, MT                |                                                       |



# Mayors find common cause in federal budget

Frankel shares frustrations of Northeastern counterparts over mudslinging, bickering on Capitol Hill

By Doug Kessel  
Of the NEWS Staff

Put a group of Northeastern mayors together on the phone, ask them to talk about the federal budget fiasco, and you'll get an earful. Or at least that's what reporters from a half-dozen states got Wednesday.

As budget debates were waged on Capitol Hill and in the White House, the Clinton administration set out to link mayors from around the country to discuss the budget with senior cabinet officials. Reporters from local newspapers also were invited to

listen in and ask questions.

On Wednesday, Bangor Mayor Marshall Frankel rubbed elbows figuratively over the phonelines with his counterparts from Albany, Buffalo and New Rochelle, N.Y.; Lancaster, Altoona and Erie, Pa.; Springfield, Mass.; and Cherryhill, N.J.

With Secretary of the Treasury Robert Rubin entangled in the budget meetings, the duty of headlining the discussions fell to Lawrence Summers, deputy secretary of the Treasury.

Despite representing different communities, the mayors found they had at least one

thing in common. They, like many of the people they represent, were tired of the mudslinging and the political football game being played between the Republicans and Democrats. The mayors said people are losing faith in government.

"People have had it," said Frankel, who admitted he too is frustrated by the lack of progress that earlier this month led to a six-day federal government shutdown.

Congress and the White House will have until Dec. 15 — when the current short-term spending bill expires — to come up with a budget or to buy more time with another

short-term solution.

Some mayors expressed optimism that the differences of the past which have polarized the debate could be overcome.

"Let's just hope they can get to (solving) a lot quicker and can restore the faith of the American people," said, Ralph Voltz, Altoona mayor and the sole Republican on the panel.

Even though there was consensus among the mayors that something had to be done quickly, the debate of what to do was still among party lines.

See Mayors, B2, Col. 1

## Northeastern mayors speak out on ups, downs of federal budget

Mayors, from B1

Lancaster Mayor Janice Stork worries that rural communities like hers that take care of a large percentage of welfare recipients will be hard hit by the welfare cuts proposed by the Republicans.

"It will have a devastating impact on our cities," she said. "We are already on the ropes in most of the rural areas in our country" and many areas may not recover if the Republican budget is instituted.

Tim Idoni, mayor of New Rochelle, said since the Reagan administration, local governments have learned to streamline and become more efficient. And he thinks

such efforts have been lost in the Republican rush to cut and slash budgets.

Voltz doesn't see it that way. Savings from efficiencies are a drop in the bucket compared to what is needed to bring the deficit under control, he explained. An advocate of funding programs for people who can't help themselves, Voltz said the federal government is funding programs for people who don't need it; people who he said, don't have enough backbone to take care of themselves.

"Sometimes we create a need where a need doesn't really exist," he said.

Nov. 30, 1995  
Bangor, Maine  
Daily News  
BUSINESS SECTION  
FRONT PAGE



# Mayor Stork, in electronic forum, calls GOP budget 'devastating'

Gil Delaney  
Intelligencer Journal Staff

The Clinton administration Wednesday tried a new tactic to demonstrate grassroots support for its more moderate balanced budget plan.

While reporters listened in, the administration linked a group of small city mayors to assail the Republican proposal to balance the budget in seven years as too extreme.

Lancaster Mayor Janice Stork was among the nine mayors participating in

the conference call with reporters and Deputy Treasury Secretary Lawrence Summers. The mayors included eight Democrats and one Republican, Raphael Voltz of Altoona.

Stork said Lancaster and other cities "take care of the poor people, and we always have," and that the Republican budget proposals "are going to have devastating impacts on our cities."

She said she hopes President Clinton stands firm in insisting that medical care for the elderly and poor and education programs are not cut.

"I would hope that President Clinton knows that he has a lot of support to balance the budget in 10 years. Everyone is concerned, we all want it balanced because it will help all of us in the long run, but we're supporting the people first," Stork said.

The mayor said it was her sense that most city officials across the country were supporting Clinton's eight-to-ten-year balanced budget proposal, "because of the devastating cuts that will affect our older people, who are traditionally in the urban areas."

Stork said the federal programs for the elderly and poor — Meals on Wheels,

Women, Infants and Children, food stamps — are vital to city residents.

"In the case of the City of Lancaster, 85 percent of the welfare recipients in our county reside in the city, so we are definitely taking care of the poor people. We need the help of the federal government to be able to deliver those services," she said.

Summers said the Clinton administration's proposal doesn't meet the budget agreement because it does not balance the budget in seven years, while the Republican proposal falls short because it fails to protect Medicare and Medicaid

and cuts spending on education and the environment.

"The congressional Republican focus is accounting-oriented — how much spending can be cut. The administration position is people oriented — can we protect the people we need to protect, principally seniors and children, while moving toward a balanced budget that we all desire," Summers said.

Voltz, the lone Republican mayor, complained that both sides appeared to

be engaged in endless posturing. He questioned whether any budget agreement could support the deployment of U.S. troops to a Bosnian peacekeeping mission.

Summers responded that the Bosnian costs, which he put at "significantly less than \$2 billion," were contained within the defense budget. He noted that the GOP-controlled Congress passed a defense bill calling for several billion dollars more in spending than the administration asked for.

Later in the 40 minute conference call, Summers compared the congressional Republican approach to a balanced budget to the Clinton administration's approach to corporate downsizing in the 1990s.

"In corporate America it's becoming clearer and clearer that

the people who restructured smart are doing a lot better than the people who slashed and burned 30 percent out of every area," Summers said.

Voltz challenged Summers to put a date "when the federal government will become efficient."

Summers responded that that job "will never be finished, but I think it's impressive that there will be fewer civilian employees of the federal government at the end of 1996 than at any time since 1965, that 250,000 jobs will be cut, largely through attrition, over a four year period."

Also participating in the conference call were the mayors of Albany, Buffalo and New Rochelle, N.Y.; Erie, Springfield, Mass.; Bangor, Me., and Cherry Hill, N.J.

Nov. 30, 1995  
Lancaster Intelligencer Journal  
Business Front Page



Madison Wisconsin State Journal  
Nov 30, 1995.

# Soglin decries 'ugliness' of federal budget cuts

Lee Hawkins Jr.

News reporter

Next summer, 150 Dane County employers may not have the summer jobs that the local Private Industry Council helped them find last summer.

Summer of Promise is just one of a number of programs which are to be cut out of the 1995-96 federal budget. Madison Mayor Paul Soglin Wednesday blasted Congress for proposing budget cuts that would also eliminate programs designed to instill a work ethic in youth and unemployed adults.

Soglin voiced his opinion during a U.S. Department of Labor teleconference in which mayors across the country were briefed

'A lot of people don't understand that, in the first couple years, the consequences aren't going to be serious in the sense that no one will die. But when we get into the third and fourth years, things will be ugly.'

Mayor Paul Soglin

about the effect the 1995-96 federal budget will have on the job training programs.

"This budget will hurt the people on the streets. A lot of people don't understand that, in the first couple years, the consequences aren't going to be serious in the sense that no one will die," he said. "But when we get into the third and fourth years, things will

be ugly."

Robert Reich, U.S. Labor secretary, told the mayors about the national implications of the proposed cuts. "We are not going to have any money under Congress' budget resolution for disadvantaged kids. Over 800,000 disadvantaged kids next summer will get no federal funding at all," he said.

Last year, the U.S. Department of Labor awarded Wisconsin nearly \$9.8 million for summer youth job training programs. The proposed cuts include: Dane County programs such as the Summer Youth Employment Program, \$225,000, which helps low-income youth between 14 and 18 find jobs; Operation Fresh Start, \$190,200, a year-round work program; and \$25,000 for finding, placing and training unemployed youth and adults.

Soglin agreed, telling Reich he thinks the training is especially needed because the economy is generating more jobs in information and technology sectors than in traditional manufacturing.

He said that Madison and Dane

County stand to lose from the cuts, citing the recently proposed \$700,000 cut in mass transit operating and capital money.

"What we saw with the funding cuts in Madison Metro is just a tiny microcosm of what we can expect in coming years," he said. "How do we take someone who enters in a basic level and help them move from \$1,000 a month to \$4,000 a month?"

At the end of the conference, Soglin offered his support for the Clinton administration's efforts to lobby against the cuts. He told Reich: "Remind the president that he has reached the next American frontier and it is perfectly all right for him to collaborate. We know he will stick by his principles and we will do the same."

WSJ- 11-30-95



# Budget cuts threatening job programs

**Labor secretary, mayors share concerns about job training, workforce development, jobs for teens**

By Brian Worth  
H-T Business Editor

U.S. Labor Secretary Robert Reich is concerned that the budget battle in Washington between President Clinton and the GOP-controlled Congress may leave job training, work-

force development and summer jobs for teen programs woefully underfunded.

Reich spoke with a group of mayors Wednesday via a conference telephone forum that was also heard by several newspaper reporters.

Bloomington Mayor Tom Allison was one of the participants and told Reich that the stalled budget talks already were having a negative impact in Indiana.

"We're feeling the effects already," Allison said. "In some situations, we can't get through to the state for information on certain kinds of

cases. They're understaffed. We also had been notified that we would be receiving a \$3 million grant for training and education for at-risk teens and now we've been told the grant is on hold."

Part of the money Allison was referring to relates to the Project Breakaway program.

Steve Wolter, Bloomington Parks and Recreation director, said first-year funding totaling \$250,000 is in the pipeline, but the fate of the rest of the three-year, \$870,000 grant is a topic of congressional debate, he said.

► See CUTS / C5

## Budget cuts threatening job programs

VCuts / from C1

A Senate bill contains future funding but the House version does not, he said.

"We're not sure how they'll resolve that," Wolter said, adding he'll be contacting local Congressmen to encourage their support for the program.

Wolter said he and a yet-to-be-named project director will be heading to Washington, D.C., next month for two days of training associated with the intervention and prevention program, which is modeled after P.L.A.Y. (Positive Leisure Among Youth). It pairs older teen mentors

with younger teens.

Bloomington Parks and Recreation is the administrative agent for Project Breakaway.

The U.S. Department of Health and Human Services also has awarded a three-year, \$1.2 million Monroe County CARES grant, which will fund drug prevention programs in the county.

The status of that grant could not be confirmed Wednesday with Monroe County officials who are agents for the CARES program.

In the phone conference, Reich said Clinton would like to see the federal budget balanced within seven years, but not if it affects his key priorities, which include worker train-

ing, education and tax fairness.

"Now is not the time to decrease investment in training," Reich said. "If this kind of investment is not protected, similar programs won't be continued."

He said cuts to such programs as Head Start, direct loans for college students and summer jobs for disadvantaged teens are included in the GOP proposal.

"The business community understands the importance of having a competitive, trained and educated workforce," he said. "We're shooting ourselves in the foot if we think that cutting these areas by 30 percent is a good idea. It might be penny wise, but it's pound foolish."



vacancy was created by the death of Commissioner Jo. The other will occur at the end of the year when Commissioner Mo Orrett retires. A nine-member commission the Board of Supervisors use in the unincorporated areas of the county. Members are: year terms and receive a salary of \$400 per month. The District includes Carmel Valley, Monterey, Pebble Beach, Big Sur and Pebble

ents of the district who are in serving on the board should send a letter by Friday to Karris, 1000 Camino Real, Suite 001, San Jose, CA 95128.

**Needs nominees for 'unsung hero' award**  
City of Carmel is taking nominations for its 1995 "unsung hero" award.

Nominations forms are available at the library, the police station and the fire station.

## Styles, other mayors told of possible HUD cuts

BY JOE LIVERNOIS

Herald Staff Writer

If Congress prevails in winning budget cuts to federal programs, American cities better be prepared to absorb some of the consequences, the Housing and Urban Development secretary told mayors yesterday.

Henry Cisneros yesterday conducted a conference call with a handful of West Coast mayors, including Salinas Mayor Alan Styles, to get their advice on how his department should "reinvest" itself under the budget cuts.

He said Housing and Urban Development could get its budget cut by \$6 billion, to \$20 billion, under the budget proposal currently in favor by the majority in Congress.

That would mean massive cuts to programs that assist homeless residents, that build affordable housing for the poor and to reno-

*"I don't want funds funneled through the state. We're concerned with that because there's too much administrative costs up there."*

—Miguel Padilla,  
mayor of Santa Ana

vate dilapidated residential buildings in the inner cities, Cisneros said.

In addition, other domestic programs not administered by HUD are targeted for federal cuts.

"The urban part of the budget is taking a major, major hit," Cisneros said.

On the other hand, Cisneros reassured the mayors that at least two popular federal programs, the Community Development Block Grants and the HOMES project,

will remain funded at present levels.

Styles said that was good news. Salinas distributes about \$2 million in Community Development Block Grants each year and money from the HOMES program is used to assist low-income residents find homes.

Nevertheless, the mayors said they worried that the funds would be channeled through state government. At present, the money is given to cities directly and is dis-

tributed to meet local community needs.

"I don't want funds funneled through the state," said Miguel Padilla, mayor of Santa Ana. "We're concerned about that because there's too much administrative costs up there."

Styles told Cisneros he believed federal agencies should "drop the barriers between them" to pool their resources so that cities are not fighting for scraps of money among the myriad of federal agencies.

Similarly, if local cities and counties banded together, they could resolve local issues more cost-effectively on a regional basis, he said.

Styles said after the conference call that he was impressed that Cisneros was asking for help from local officials.

Cisneros, the former mayor of San Antonio, tends to trust local people more than the rest of them in Washington, D.C., Styles said.

|                       |                 |            |              |
|-----------------------|-----------------|------------|--------------|
| Post-It Fax Note 7671 |                 | Date 11/29 | # of pages 1 |
| To Mike Zengua        | From            |            |              |
| Co/Dist               | City of Salinas |            |              |
| Phone 625-619-8172    | Phone #         |            |              |
| Fax #                 | Fax #           |            |              |

CITY OF SALINAS

TEL No. 408-758-7368

Nov 29, 95 14:37 No. 012

FROM: OMNIFAX

TO:

456 6704

NOV 29, 1995 7:01PM #482 P.02



|                                     |                             |
|-------------------------------------|-----------------------------|
| To <i>Ms. Jennifer Peck</i>         | From <i>Harold Chapman</i>  |
| Co./Dept. <i>Dept. of Education</i> | Co. <i>City of Chas.</i>    |
| Phone #                             | Phone # <i>803-724-7396</i> |
| Fax # <i>202-401-0596</i>           | Fax # <i>803-720-3827</i>   |

The Post and Courier, Wednesday, November 29, 1995—3A

## Local effects cited in budget battle

By ROBERT BEHRE  
and STEVE PIACENTE  
Of The Post and Courier staff

WASHINGTON — As the federal budget battle continued Tuesday, U.S. Sen. Fritz Hollings mocked the idea of cutting taxes, while U.S. Education Secretary Dick Riley phoned Charleston to underscore the severity of planned education cuts.

Under the House budget bill, the Charleston County School District would lose about \$1.5 million next year and \$11 million during the next four years in Title I funding alone, Riley said. The district's total loss could exceed \$40 million by the year 2002.

Riley made his comments in a telephone conference call with Charleston Mayor Joseph P. Riley Jr. and the mayor of Tallahassee, Fla. "I just don't want people to lose sight of the fact that this (budget debate) is going to affect people locally," he told the mayors.

Mayor Riley agreed, saying some budget cuts are being seen only in the abstract, where they appear harmless. "They need to develop a personality, and the personality of these cuts at the local level is very damaging."

Meanwhile, Hollings accused both Democrats and Republicans of misleading the public in the budget battle and contended that the nation's books cannot be balanced

without a tax increase.

"A tax increase now is not only necessary to balance the budget, but to stop the hemorrhage of spending for interest costs (of \$1 billion per day) on the debt," wrote Hollings, D-S.C., in a letter to House Speaker Newt Gingrich, R-Ga.

Hollings, a former Budget Committee chairman and co-author of the Gramm-Rudman-Hollings deficit-reduction act, also derided current budget negotiations between Congress and the White House as "the worst off-Broadway show I've ever seen."

Citing Congressional Budget Office projections of an increasing federal debt, Hollings said the GOP proposal would not perform as advertised.

"If we balance the budget in the next minute, we've still got a fiscal cancer — the interest costs — eating us alive," he said.

Despite continuing spending cuts that began with President Reagan, "the debt has quintupled to almost \$5 trillion with interest costs of \$1 billion a day," Hollings wrote Gingrich. "No plan of spending cuts, freezes and tax loophole closings amounts to a billion dollars a day."

Gingrich's office did not return phone messages Tuesday.

Hollings also said average Americans would back a tax increase if both parties would stop "lying" about the nation's fiscal health.



# EPA chief: Budget cuts will be costly to communities

By JENNIFER HIBGER  
of The Montana Standard

Criticizing attempts to bury the issue of cuts to the U.S. Environmental Protection Agency's appropriation in the larger balanced budget debate, agency Administrator Carol Browner reached out Tuesday to community leaders in areas that may be hurt by the congressional budget ax.

"My position in all this is, look, if what you want is to decrease the amount of protection we provide the American people ... then tell the people and we'll have a public debate," said Browner, whose agency faces a 14 percent cut in spending.

Browner spoke to the local officials during a conference call.

Congress has proposed trimming almost \$1 billion from the EPA's budget, leaving the agency charged with enforcing environmental laws with \$5.7 billion for the year. The U.S. Senate was expected to vote on the proposal Tuesday night or today, the U.S. House of Representatives was expected to begin debate on the issue Tuesday night or today.

House Republicans have

attacked the EPA as an example of what is wrong with government regulations.

The call, which included Butte-Silver Bow County Chief Executive Jack Lynch and reporters from around the country, is the third such call since late September involving a Montana newspaper and a top EPA official.

The top elected officials from Jefferson City, Mo., and Santa Fe, N.M., also participated in the Tuesday discussion.

Browner warned that spending cuts at the federal level will affect cities and towns across the country. "Your communities will also lose funds ... A lot of dollars flow through EPA to the states," she

said.

In Montana, money to help municipalities comply with sewage and drinking water standards could dip by \$4.8 million, as compared to the amounts proposed by the Clinton administration, she said.

In Butte, several major environment-related projects have been completed or are under way, such as the county's new water treatment system, which

See BROWNER, back page

Wardell said.

"Folks have said we've studied and studied and studied. Well, in Montana we're not doing much more study," he said.

"If people leave the agency or are furloughed (due to cuts) that reserve of expertise is lost. I don't think if the money flows back in five years ... you're back to where you were," Wardell said.

Browner said she agreed with Lynch's sentiment. "It's one of our great frustrations that there are problems in that law that are affecting communities like Butte across the country ... There's no reason why that can't be fixed," she said.

John Wardell, EPA director for Montana, said the proposed cuts are a big deal. At several sites in the state, cleanup is under way or ready to begin,

ing \$168 million from the \$1.3 billion Superfund program. In Butte, several Superfund projects are under way; a cleanup decision for the 25-mile-long Silver Bow Creek site is expected by the end of the month.

The Montana Pole also in Butte and Idaho Pole site in Bozeman have been cited as two Superfund units where cleanup could be delayed if cuts are implemented.

went on-line late last year: Lynch said he is particularly concerned about cuts to the Superfund program and technology development fund.

Lynch spoke in favor of meaningful reauthorization of Superfund, not a reduction in spending. "It's not so much the drastic budget cuts that will make Superfund more effective," he said.

Congress has proposed slash-

PAGE ONE CONTINUED

Browner ...

The Montana Standard  
11/29/95



## ALBUQUERQUE TRIBUNE

11/29/95

ORG-News RUN-11.29 ED-1 Y-4 PG-a12  
FDNews/DES-wt/jm  
HED- COM-

Dudgal cuts threaten clean-water money, EPA says

By Dennis Domrzalski  
TRIBUNE REPORTER

New Mexico could lose as much as \$4.4 million in federal clean-water funds if proposed federal budgets are enacted by Congress, the head of the U.S. Environmental Protection Agency said.

Half of the state's loss would be in low-interest loan funds that the EPA provides to states for the construction of waste-water treatment and related facilities, said EPA Administrator Carol Browner.

The other \$2.2 million would be cut from money the federal government provides for purification of water to be used for drinking, Browner said.

The cuts will come if Republicans are successful in slashing the EPA's budget by \$1.7 billion, Browner said. The House is expected to debate the proposed cuts in the EPA's budget today, Browner said.

If the cuts are approved it won't mean a great loss to Albuquerque, city officials said. The city "has not availed itself" of the water-purification money, said Norm Gaume, City Hall's Water Resources manager.

Since 1980, the city has borrowed about \$34 million from the waste-water treatment fund. The interest rate on those loans has been about 5 percent, said Steve Bockemeier, a senior engineer with the Finance Division of the Public Works Department.

But because interest rates on bonds are low right now, the city can go out to the bond market for various projects and get an interest rate comparable to what the feds were offering, Bockemeier said.

"It would impact the state, but in terms of the financial structure of the city, it would have a relatively minimal impact," Bockemeier said.

Browner said any such cuts would affect the state's small communities.

Browner also accused Republicans of trying to circumvent the EPA's regulatory process by underfunding the agency and making sure it doesn't have the personnel to enforce its regulations.

"Part of the thing is making sure that we are not there when a regulation is violated," Browner said. "If you want to decrease the level of protection, if you want to increase the amounts of pollution, then tell the people and let's have a debate."

"Say so publicly. Don't bury it in talk about balancing the budget."

Republican Sen. Pete Domenici's spokesman was not immediately available for comment.

# Los Angeles Times

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## House Rejects Republican Cuts in EPA Budget

By JAMES GERSTENZANG  
TIMES STAFF WRITER

WASHINGTON—The House on Wednesday rejected legislation that would cut the Environmental Protection Agency's budget by 22.5%, handing the Republican leadership a new defeat in the politically sensitive environmental arena.

The 216-208 vote, which sends the measure back to a committee of House and Senate members for at least minor changes, reflected the difficulty that Speaker Newt Gingrich (R-Ga.) and his senior aides have encountered each time in recent months they have shifted their focus toward the nation's natural resources, particularly the quality of its air and water.

The Senate, meanwhile, unanimously approved legislation that would provide \$1 billion for states to improve water treatment facilities and set the first federal standards for bottled water. The House has not yet acted on the legislation.

But opponents complained that the bill would relax a number of important drinking water standards, raising by tenfold the amount of radon—a naturally occurring cancer-causing element—that would be allowed in drinking and bathing water. It also would push back—from 1997 to 2001—the deadline for the preparation of new, and presumably tougher, federal standards governing the level of arsenic, another carcinogen, in water.

"That sets a horrendous precedent," Erik Olson, a senior attorney with the Natural Resources Defense Council, said of the lowered standards.

As the two chambers took up legislation of central concern to the environmental community, Democrats argued that the Republican majority was masking its efforts to reduce environmental protection behind the clamor to reduce the federal budget deficit.

"Under the guise of balancing the budget, they have systematically savaged the Environmental Protection Agency budget, not so much to balance the budget but to serve the special interests by crippling the agency's ability to enforce our environmental laws," Sen. Frank R. Lautenberg (D-N.J.) said at a news conference Wednesday.

Indeed, Rep. Jerry Lewis (R-Redlands), managing the Republican side of the debate on the EPA appropriation, closed his argument by focusing entirely on the contribution the cuts would make to lowering the budget deficit.

"The most important challenge [facing Congress] is moving toward balancing the budget," Lewis said.

The few Republicans who spoke in favor of the measure either praised projects it would pay for in their districts or saluted its budget-cutting side, rather than arguing in favor of limits on environmental regulation.

In addition to cutting spending for the environmental agency, the bill would reduce funds for the Department of Housing and Urban Development by 21%, including cutting funds to help the homeless by 27%. It would increase spending on veterans by \$400 million, to give the Department of Veterans' Affairs \$37.7 billion, but it would cut major construction of veterans' projects by 62%.

It would eliminate President Clinton's Americorps program, which provides volunteers for inner-city projects. Also under the measure, the National Aeronautics and Space Administration's budget would be cut 4% to \$13.8 billion.

"This bill makes huge reductions in housing. It makes huge reductions in our ability to enforce environmental cleanup regulations. It abdicates responsibilities we have to our veterans," said Rep. David R. Obey (D-Wis.).

The House vote, conducted after an hour of desultory debate before a near-empty chamber, caught House leaders by surprise.

"Nobody anticipated this. This was out of the blue," said Rep. Bob Livingston (R-La.), chairman of the House Appropriations Committee.

Rep. Sherwood Boehlert (R-N.Y.), who in recent months has led a revolt among conservation-minded Republicans against their leadership, said in an interview after the vote that House members who voted to reject the measure were "posturing" with an eye toward establishing a pro-environment record for next year's election.

The vote sent the measure back to a conference committee of senators and House members, which had negotiated differences between measures passed by each chamber. Twenty-five Republicans joined 190 Democrats and the one independent in the House in voting to reject the measure. Two Democrats and 208 Republicans supported it.

While the debate in the House focused on the impact the measure

Thursday  
November 30



# EPA: GOP Cuts Rejected

Continued from A1

would have on the environment—particularly the spending cuts that have led Clinton to threaten to veto it—the motion sending the measure back to the negotiators instructed them to add \$213 million in spending on veterans' medical care.

It followed by two weeks a vote in which a similar coalition of Democrats and 48 Republicans rejected for a second time legislation cutting funds for the Interior Department and making only limited changes in a now-controversial 123-year-old mining law.

With appropriations legislation piling up, there is now talk among Republicans of combining them into one massive measure that would be thrown into the budget maelstrom, rather than allowing the Democrats to pick away at each one until only such sensitive political matters as Medicare and Medicaid remain as the centerpiece of the budget debate.

In a concerted effort to gain back some of the more than \$1 billion that has been cut from their appropriation, EPA officials have tried to draw attention to specific agency activities that would not be carried out if the money is not restored.

Carol Browner, the agency's administrator, for example, spoke by telephone Tuesday with the mayors of Butte, Mont., Jefferson City, Mo., and Santa Fe and Albuquerque, and invited reporters to listen in while she told them that if the cuts are enacted, "your communities will lose funds."

For assistance in building waste water treatment plants, for help in monitoring factory smokestack emissions, for cleaning up toxic waste sites, "we just won't be there in the way we are currently there," she said.

# EPA chief warns federal budget cuts would impact Jefferson City

By GERRY TRITZ  
News Tribune

The administrator of the federal Environmental Protection Agency on Tuesday tried to convince a few local government leaders, including one in Jefferson City, that EPA funding cuts would adversely affect their communities under the Republican budget proposal.

Carol Browner, EPA administrator and a member of President Clinton's cabinet, said by conference call that Missouri would lose \$12.9 million in low-interest loans for sewage treatment plants.

Rich Mays, Jefferson City's administrator, expressed concern to Ms. Browner about the possible cut since Jefferson City plans to seek financial aid to repair its aging sewage treatment plant.

"That would really hurt us as far as the wastewater treatment plants go, because we would have to do some renovations to the plant to comply with EPA standards," Mays told Ms. Browner.

Mays added: "I would just like to offer my services and the City of Jefferson's services, if there is anything we can do to help, just let us know."

The plant was built in the late 1960s on the

north side of the Missouri River across from the Capitol. Many parts of the plant need to be repaired or upgraded at an estimated cost of more than \$10 million.

Ms. Browner said the Republican budget for the EPA would be cut \$1.7 billion, or 23 percent, from Clinton's request.

"The effect of that magnitude of cuts means we won't be able to provide the services to your citizens we are currently providing," she said. "Your communities will also lose funds."

However, she said, Clinton has said he would veto a budget with cuts that deep.

Missouri also would get \$3.9 million less (or 45 percent less) from a new fund allowing cities to make improvements in their drinking water, but Mays said that wouldn't affect Jefferson City since its drinking water system is operated by a private company.

After the teleconference, Mays said: "I think she brought up some valid concerns, but I didn't hear the other side of the story."

Other city officials in the conference call were Jack Lynch, chief executive of Butte, Montana; and Debbie Jaramillo, mayor of Santa Fe, New Mexico.

New Mexico would stand to lose \$2.2 million

of its water treatment plant fund and \$2.2 million for its drinking water fund, Ms. Browner said. She said Montana would lose \$2.2 million of its water treatment plant fund and \$2.6 million of its drinking water fund.

Lynch expressed concern that cuts would be made in the Superfund, which is used to clean up toxic spills. "We certainly encourage you to continue with your efforts," he said.

Ms. Jaramillo said cuts in the Clean Water Act and for sewage treatment plants would adversely affect her entire state, but might not affect her city as much since it doesn't rely on federal funding in those areas.

"I think overall I want to voice support for the EPA or the Clinton Administration's strong positions on environmental safety," she said. "But I feel funding cutbacks or enforcement is kind of a dishonest Republican way of getting around regulations without changing them."

Ms. Browner agreed, saying if Republicans want to decrease the level of public health and environmental protection, they should "tell the people and let's have a debate. Don't bury it so that people think this is about balancing the budget (or) this is about making government smaller."



# Water Projects At Stake, EPA Says

## Agency Budget Cuts Would Cost N.M.

By MICHAEL HARTMAN  
Journal Staff Writer

New Mexico would lose millions of dollars for safe drinking water and sewage projects under a pending budget bill for the federal Environmental Protection Agency, EPA administrator Carol Browner said Tuesday.

Addressing the mayors in three U.S. cities — including Mayor Debble Jaramillo of Santa Fe — in a conference call, Browner said a House-Senate conference committee bill pares \$1.7 billion from the agency budget President Clinton proposed for the current fiscal year.

The conference committee budget proposes \$5.7 billion for the agency. The cutbacks reflect Republican-driven initiatives to balance the federal budget in seven years.

"Cuts of that magnitude mean we won't be able to provide the services we are providing to citizens currently," Browner said.

According to an EPA analysis, the conference committee budget would reduce direct funding to states by \$712 million.

Browner said New Mexico would lose \$2.2 million for a low-interest revolving loan fund to build sewage treatment plants. It could also lose \$2.2 million for a fund municipalities can tap to upgrade their drinking water systems to eliminate contaminants, she said.

The EPA analysis also shows there would be a \$400 million cut in funding for hazardous waste site cleanups.

Jaramillo said she thinks smaller New Mexico communities will be the ones to feel the greatest impacts from the cuts.

THE ALBUQUERQUE JOURNAL

Browner said those who advocate the cuts need to be willing to answer to taxpayers.

"My position in the whole debate, not just the EPA bill ... is, 'Look, if what you want to do is decrease the level of public health and environmental protection we provide the American people and increase the pollution in our air, in our lakes, rivers and streams, then tell the people and let's have a public debate,'" she said.

Mayor Martin Chavez of Albuquerque was expected to participate in the conference call but missed the session. His office said he was attending a National League of Cities conference in Phoenix.

11-29-95



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

THE PRESIDENT HAS SEEN  
12-5-95

Kathleen A. McGinty  
Chair

95 DEC 11 9:28

December 1, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *KAM*

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

MEETING WITH "MODERATE" DEMOCRATS

At the request of Congressman Vic Fazio (D-CA), I met with a number of House Democrats who have various complaints with us on environmental issues. It was very positive and useful meeting. The purpose was to tell them the "good news" about what your Administration has done (i.e. 16,000 pages federal regulation scrapped, 95% of homeowners free from Endangered Species or wetlands regulation) and also to hear their complaints. These folks do not hear from us enough!

*Q. Andy  
16,000  
pages  
gone!*  
The meeting was extremely revealing in the sense that they believe that what we are doing on the environment is exactly what we should be doing nationally. However, we need to do better retail politics for them in their districts where farming interests in particular are difficult on environmental issues. They say they have never heard of the reforms we described and were universally enthused. They want to bring those issues to their town meetings. I believe strongly we need to be available to these Members in their districts so that, even if we disagree, we are showing ourselves to be interested and willing to listen.

We don't have to lose these Members on our legislation. If we can give them cover in their own districts they want to be with us. Dan Tate's missionary work with them is paying off and the newly "hot" issue of the environment is also moving these guys slightly back towards the center.

BUDGET NEGOTIATIONS

As part of the \$6.5 billion package of increased domestic spending that the Administration offered to Congress, about \$966 million was included for EPA and another \$75 million was added for DOE climate-related programs. The EPA level will be sufficient to shield the agency from a disproportional cut in its budget and will focus on high-priority programs such as water pollution, Superfund, and enforcement. However, the funding for DOE climate-related programs (energy conservation) will still be far below the FY 1996 request and 30%



below the FY 1995 level. This will be a problem for us internationally and domestically as the science of climate change continues to build.

This week Congress again failed to pass a major appropriations bill when the House rejected the VA-HUD-EPA bill 216-208. The recommittal motion by Congressman David Obey (D-WI) targeted medical funding for veterans. However, he also noted that the inadequate levels of money for EPA and the inclusion of several pollution enforcement riders was also a source of great dissatisfaction among members.

The Interior Appropriations conference may meet again next week to try to resolve problems regarding the riders on the sham mining moratorium and Tongass timber cutting that have caused the bill to be recommitted twice. However, additional policy riders remain that are objectionable to the Administration because they adversely affect resource management.

### TAKINGS LEGISLATION

Senate "takings" legislation is scheduled to reach full Judiciary Committee markup this coming Thursday, December 7.

\* The bill, S. 605, is sponsored by Senator Robert Dole (R-KS), Senator Phil Gramm (R-TX), and Senator Orrin Hatch (R-UT). It is more extreme and more expensive than the House-passed takings bill which you have said you would veto. OMB estimates the paygo cost of S. 605 at "many times" the \$28 billion seven year cost of the House bill.

The Administration has strongly opposed the bill, and most Cabinet secretaries, including OMB Director Alice Rivlin, have indicated that they would recommend a veto. You have not issued a statement on S. 605.

It is unclear whether Senator Hatch has the votes to pass the bill out of committee. The cost (particularly in light of the recent budget discussions), scope, and anti-environmental character seem to be creating difficulties in assembling a majority. The recent defeat of a "takings" referendum in State of Washington may also reduce the chances for the bill. Democratic committee staff speculate that Senator Dole has asked Senator Hatch to move the bill in order to neutralize criticism from Senator Gramm that Senator Dole has not pushed the "property rights" agenda.

### ENDANGERED SPECIES ACT

Secretary Bruce Babbitt and Governor Roy Romer (D-CO) signed a Memorandum of Agreement (MOA) this week to facilitate management and conservation of Colorado's fish and wildlife species and habitat through voluntary participation of landowners, water right holders, anglers, hunters, conservationists, tribal, local, states and federal agencies. The Agreement is intended as a vehicle to demonstrate that your Administration's flexibility in implementation of the Endangered Species Act can be used to reduce the need to list species, to consider social and economic issues, and to implement a habitat and community approach

to conservation. Initial conservation efforts will include projects designed to bolster declining aquatic species and grouse and to support recovery efforts that will allow for proposed delisting of the greenback cutthroat trout. The MOA's terms will be in place through 1999.

### RCRA "RIFLESHOT" REFORMS

This week, a subcommittee of the House Commerce Committee marked up H.R. 2036, one of the two targeted reforms we have been seeking to the Resource Conservation and Recovery Act (RCRA). CEQ (with EPA) has coordinated negotiations on these amendments pursuant to your March 16 commitment, as part of our initiative for Reinventing Environmental Regulation, to consider and develop targeted legislative amendments to RCRA provisions that result in high cost, low-benefit regulations that defy common sense. On the two issues of greatest concern to the regulated community, CEQ has assembled a broad coalition of companies and trade associations, supported by a large and bipartisan group of Senators and Representatives, in support of a reasonable reforms that preserve EPA's and the states' authority to protect human health and the environment from actual risk. We expect to endorse companion bills in the Senate next week.

### SAFE DRINKING WATER ACT REAUTHORIZATION

On Wednesday night, the Senate passed the bipartisan Safe Drinking Water bill by a unanimous vote of 99-0. The bill, while not perfect, meets the Administration's longstanding objectives of better funding for drinking water protection (through a drinking water revolving fund --an Administration proposal), better source water protection, and greater flexibility in the regulatory process. The Administration's endorsement of the bill reinforces your message that we will support reasonable reform of the environmental laws when undertaken in a responsible and bipartisan manner that improves protection of public health and the environment. Special praise is due to Senator John Chafee (R-RI), Senator Max Baucus (D-MT), Senator Dirk Kempthorne (R-ID), and others who developed this bill through a bipartisan process and close consultation with the Administration, and who held off unacceptable amendments. We are uncertain whether or when the House will act, but have no reason to expect an outcome as favorable.

### ENVIRONMENTAL GROUPS

Various environmental groups sponsored a series of advertisements in the Washington Post this week expressing support for your efforts to protect the environment. There will be another add next Tuesday praising the reconciliation veto. Please see the attached adds from Wednesday, Thursday and Friday.



12-5-95  
THE WHITE HOUSE  
WASHINGTON

December 1, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM:

RAHM EMANUEL

SUBJECT:

WEEKLY REPORT

**CRIME:**

The Commerce, State and Justice Conference block granted the COPS program. We have already issued a veto threat and are working with a number of reporters who are preparing stories for the future.

The Justice Department is also ready to release funds for 6,000 more police officers. I have submitted a request to scheduling for the President's participation.

On another battle front, the GOP House leadership has agreed to have an assault weapon repeal vote sometime before Christmas. This should provide us with another opportunity to label this Congress as extremist. We can also use the legislation to taunt Senator Dole on whether he will be bringing it up for a vote.

The other day a number of Administration staff from Justice, DPC and Communications convened a meeting to discuss future anti-crime initiatives. The four categories we divided matters into were juvenile violence, drugs, criminal justice, and technology. Bruce and I will send you a memo outlining the different initiatives.

In general, I think we need to bring this issue back to a central part of the President's profile. We have consciously allowed this issue to recede to the background and not compete with current events on the President's schedule. Until now, this has worked for us as we have focused on the budget and Bosnia. In the future, however, this will work against us unless we make crime more of a central part of the President's message and profile.

This weekend Justice will release data on the prison population. Part of the survey will include a racial analysis. Nonetheless, I believe we should release a statement from the President accompanying the report.

**DRUGS:**

I have been working with a reporter from Time magazine who is doing story on the drug trade from Mexico. A local Police Chief refers to NAFTA as the North American Free Trafficking Agreement. I stressed our work on Cali and the results from the Zedillo visit. I think the President will come out ok in the story.

95 DEC 1

① Journal  
Notes + Ps.  
② Don't know  
about COPS  
in extra  
P6: 89!!

Must  
Vets  
Lyle  
500  
Harris  
Harris  
Harris  
Harris

12-5-95  
However, I believe there will be a growing voice to reconsider NAFTA in light of the drug problem. This call will come from the GOP who will use this argument to distance themselves from NAFTA and their votes. Rather than criticize NAFTA on economic grounds they will use cultural attacks. This allows them to bridge the two wings of their party.

I helped prepare Dr. Brown for an NBC story on how our interdiction efforts are beginning to have an impact. This story could run anytime.

HHS is holding its annual survey on teenage attitudes towards drugs, alcohol, and tobacco. The survey concludes that use of all three is up and perceived dangers of all three is down.

The question is whether the President wants to release this at the Juvenile Violence and Drug conference in January or have HHS release it in late December. There are pluses and minuses to both, but the President should decide. I have attached a quick summary of the pluses and minuses. I prefer December and incorporating this into a holiday driving message.

#### WELFARE:

We had Secretary Shalala attack the GOP welfare legislation. The first response by the GOP House and Senate conferees was predictable. The Senate staff wanted to know what our concerns were and how could we work this out. The House want to separate the bill right now and jam us with stand alone legislation.

The strategy was the right strategy, since it gave us leverage to either negotiate a better bill or establish the predicate for a veto.

During the week Bruce, Ken and I met to develop our negotiating position for the conference. We have three or four options with different combinations of programmatic and funding scenarios.

#### IMMIGRATION:

The Executive Order is now ready for a Presidential signature. This should be done in combination with future workplace raids. INS is scheduling raids for December and early January.

#### INITIATIVES:

I have attached a copy of an initiatives memo. The memo outlines the status of each proposal and when we would be able to announce them.

Long  
Quarterly  
with  
Group  
to  
New York

9/24/95  
John  
Lugger  
for  
GOP  
in  
New York



ECONOMICS:

I met with Mickey and staff to outline a communications agenda as we go into next year. The focus would be to begin to have a more aggressive policing of our trade agreements. In fact, we are thinking of announcing a new office at USTR to do nothing but monitor these agreements. This should give us ample opportunity to be aggressive in the area of fair trade.

On another subject, I have met with Gene to see how we can get the President involved in the retirement pension stories. Secretary Reich has received a good deal of press and is anxious for Presidential involvement. I think this is a golden opportunity for the President.

9/24/80  
MJP

**Presidential 401(k) pension initiatives:**

**1. The Labor Department has discovered that some employers are not transmitting employee 401(k) contributions to pension plans, or are delaying the transmittal and using the funds as interest-free "checking accounts." In response, the Department has:**

**-- launched over 400 investigations in the last several months, several of which have already culminated in civil and criminal penalties, and \$3.5 million returned to employees.**

**-- initiated a campaign to heighten employee vigilance of their own 401(k) plans (eg comparing pay stubs to periodic 401(k) account statements to ensure that contributions are being deposited).**

**-- several months ago, developed legislation (to amend ERISA) which would, among other things, require pension plan auditors or plan administrators to report immediately to the Labor Department any significant irregularities found in the audits.**

**2. The President could:**

**-- emphasize the importance of the legislation, and urge Congress that it be enacted as quickly as possible.**

**-- announce that employers who may have diverted employee 401-K contributions will be given an amnesty period in which to fully reimburse their plans. If they do so, they will not be subject to criminal prosecution (DOJ concurrence is needed).**

**-- announce that in the 1996 appropriation he will be seeking additional enforcement resources for the Labor Department to carry on this important work.**

**-- direct the Secretary of Labor to use emergency, expedited rulemaking to shorten the time period (now 90 days) within which employers must deposit employee 401(k) contributions.**



12-5-95

Results: tobacco use, alcohol use, and drug use up in every category (marijuana, cocaine, heroin, etc.). Perceived risk of drug use down. Perceived availability of marijuana and LSD up.

Release options:

1) release in late December, preferably before Christmas, as part of a Drunk and Drugged Driving Awareness month message. Theme: use is up, and the Administration wants to caution young people who are even more likely to abuse alcohol and marijuana during the holidays.

PROS: Gets information out quickly, minimizing potency of charges that we are holding back politically difficult data. focuses on drinking as well as drugs. greater possibility of publicity for the tobacco results, and better chance of highlighting our kids and tobacco initiative. "bad news" delivered by Brown and Shalala rather than POTUS.

CONS: Little opportunity for presidential involvement, except for a statement.

2) release at White House conference in January.

PROS: News value for presidential announcement.

CONS: Ties POTUS to bad news. Likelihood of criticism for holding up data, since report was issued in December last year. focus would be on drugs, rather than on tobacco or alcohol.

*We need to discuss  
I don't have a view*

# *IMMIGRATION AND NATURALIZATION SERVICE*

*Monthly Statistical Report  
October 1995*



Prepared by the Office of Policy and Planning

November 30, 1995

Contacts: Press: 202-514-2648

Congressional: 202-514-5231

Other: 202-514-3242





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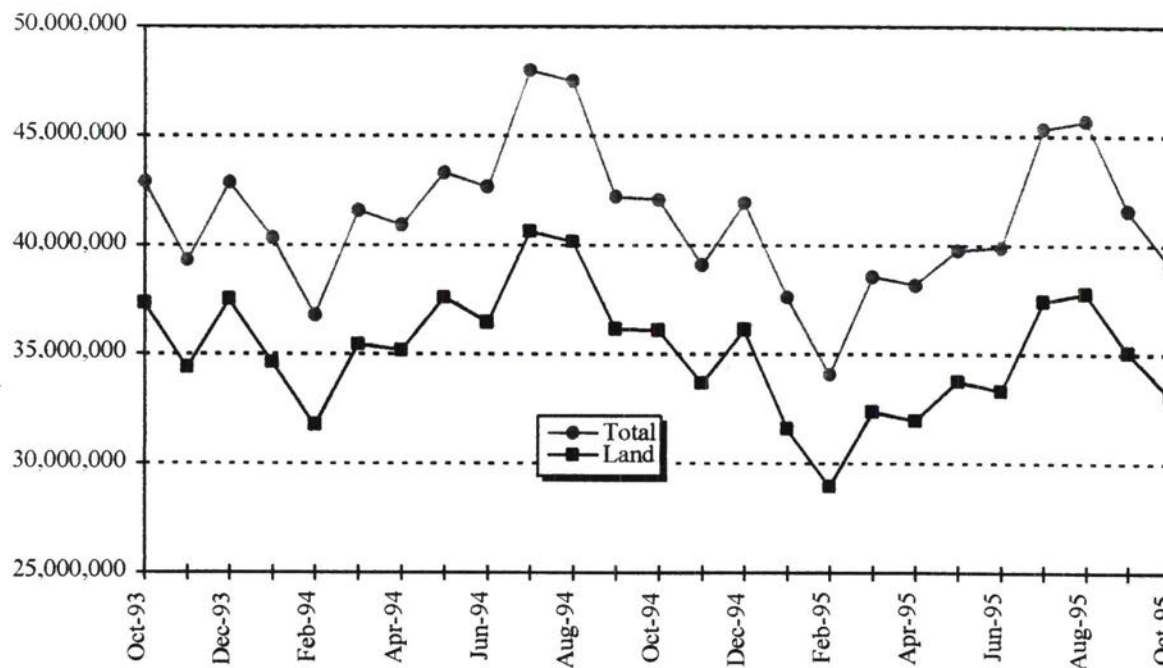
1. Monthly data are current as of November 22, 1995.
2. Month and fiscal year numbers will be identical, since October is the first month of the fiscal year.
3. Due to four-day furlough, some October data are missing and additional edits will be necessary.

## INSPECTIONS

Total inspections for October reflect a downward trend that typically reaches a seasonal low in February. Compared to October 1994, inspections of citizens and aliens for entry to the United States decreased 7 percent. Most of this decline was associated with an 8 percent decline in admissions at land ports-of-entry. Air traffic increased 4 percent over the previous October.

|                          | <i>Month</i>  |               |                | <i>Fiscal Year</i>   |                      |                | <i>Total<br/>FY 95</i> |
|--------------------------|---------------|---------------|----------------|----------------------|----------------------|----------------|------------------------|
|                          | <i>Oct-95</i> | <i>Oct-94</i> | <i>%Change</i> | <i>FY 96 to Date</i> | <i>FY 95 to Date</i> | <i>%Change</i> |                        |
| <b>Total Inspections</b> | 39,079,297    | 42,054,602    | -7             | 39,079,297           | 42,054,602           | -7             | 483,542,242            |
| <b>Air Admitted</b>      | 5,092,270     | 4,889,729     | 4              | 5,092,270            | 4,889,729            | 4              | 61,317,866             |
| <b>Land Admitted</b>     | 33,053,874    | 36,076,758    | -8             | 33,053,874           | 36,076,758           | -8             | 407,784,760            |

**Total Inspections and Land Admissions**



- Total inspections declined by 2,461,000 in October 1995 compared to September.
- The total number of immigrants, refugees, and returning resident aliens admitted in October is 7 million; more than 18 million nonimmigrants were admitted; and almost 13 million U.S. citizens were admitted during the same period.

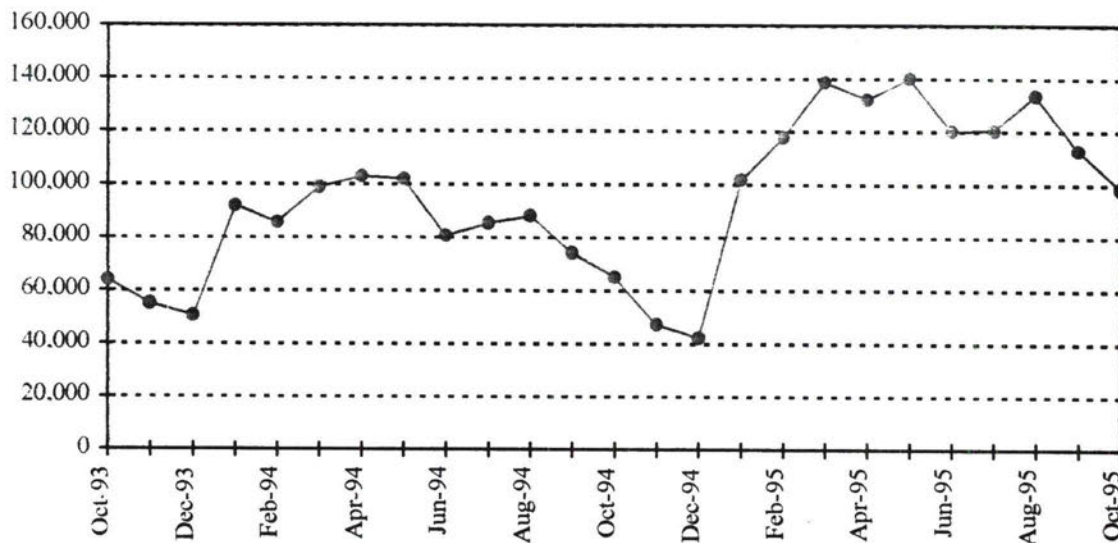


## SOUTHWEST BORDER APPREHENSIONS

The Border Patrol made 98,350 apprehensions at the southwest border during October 1995, an increase of 51 percent compared to October 1994. Voluntary returns, conducted by Border Patrol agents, rose by 54 percent.

|                                           | <i>Month</i>  |               |                | <i>Fiscal Year</i>   |                      |                | <i>Total<br/>FY 95</i> |
|-------------------------------------------|---------------|---------------|----------------|----------------------|----------------------|----------------|------------------------|
|                                           | <i>Oct-95</i> | <i>Oct-94</i> | <i>%Change</i> | <i>FY 96 to Date</i> | <i>FY 95 to Date</i> | <i>%Change</i> |                        |
| <b>Southwest Border Apprehensions</b>     | 98,350        | 65,044        | 51             | 98,350               | 65,044               | 51             | 1,271,390              |
| <b>Southwest Border Voluntary Returns</b> | 95,840        | 62,324        | 54             | 95,840               | 62,324               | 54             | 1,244,267              |

**Southwest Border Total Apprehensions**



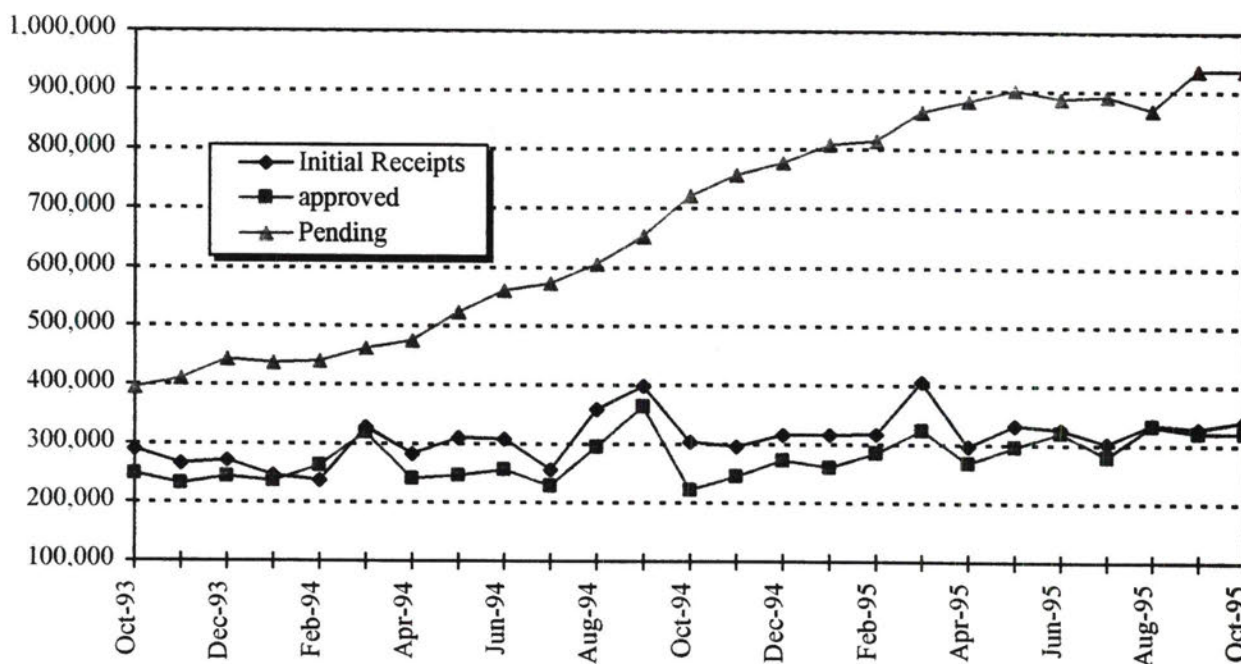
- Apprehensions typically decrease through the summer and fall, and reach a yearly low in December.
- Apprehensions in October declined by 14,462 compared to September.
- The September to October decline in apprehensions is consistent with seasonal fluctuations. However, the overall increase in apprehensions from January to September 1995, compared to the same time period in 1994, was sustained by the 98,000 apprehensions made in October.

## APPLICATIONS FOR IMMIGRATION BENEFITS

Applications and petitions for immigration benefits in October 1995 increased by 13 percent compared to the number received in October 1994. Approvals in October were up 44 percent compared to the same month last year. While pending cases increased 30 percent over the previous October, they have remained steady over the past two months.

|                         | <i>Month</i>  |               |                | <i>Fiscal Year</i>   |                      |                | <i>Total<br/>FY 95</i> |
|-------------------------|---------------|---------------|----------------|----------------------|----------------------|----------------|------------------------|
|                         | <i>Oct-95</i> | <i>Oct-94</i> | <i>%Change</i> | <i>FY 96 to Date</i> | <i>FY 95 to Date</i> | <i>%Change</i> |                        |
| <b>Initial Receipts</b> | 340,783       | 302,399       | 13             | 340,783              | 302,399              | 13             | 3,866,335              |
| <b>Approved</b>         | 319,856       | 221,798       | 44             | 319,856              | 221,798              | 44             | 3,416,735              |
| <b>Denied</b>           | 27,808        | 21,775        | 28             | 27,808               | 21,775               | 28             | 298,711                |
| <b>Pending</b>          | 935,524       | 721,434       | 30             | 935,524              | 721,434              | 30             | 721,434                |

**Applications for Benefits: Receipts, Approved, and Pending**



- Major volumes in October applications include: 82,000 I-765 employment authorizations; 69,000 I-130 relative petitions; 24,000 I-90 Green Card replacements; and 53,000 I-485 permanent resident adjustments.
- Pending cases have remained close to 900,000 for the past seven months, and reached a new high of over 935,000 in September. This trend is partly due to the October 1, 1994 start of the 245 (i) program. The 245 (i) program allows aliens currently living in the United States to adjust to permanent resident status without returning to their country of origin if their visa application for legal admission is accepted. This program added over 200,000 cases to district office workloads during FY 95.

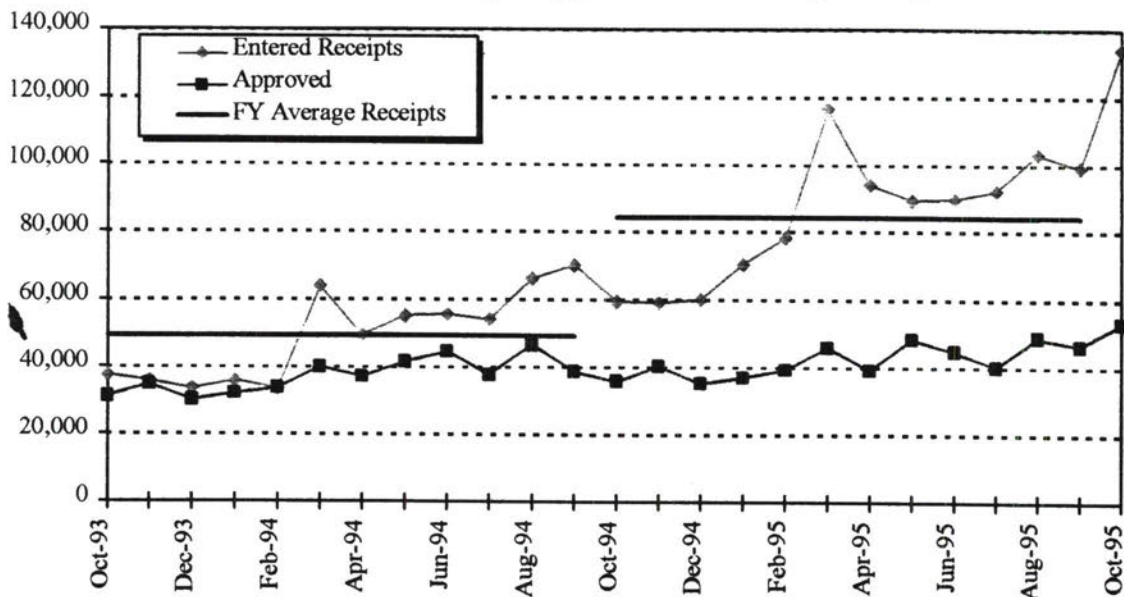


## NATURALIZATION BENEFITS

Receipts of new applications for naturalization benefits in October increased by 126 percent compared to the same month last year. Almost 53,000 persons were approved to be sworn in as U.S. citizens, an increase of 48 percent compared to the previous October.

|                 | Month   |         |         | Fiscal Year   |               |         | Total<br>FY 95 |
|-----------------|---------|---------|---------|---------------|---------------|---------|----------------|
|                 | Oct-95  | Oct-94  | %Change | FY 96 to Date | FY 95 to Date | %Change |                |
| Entered Receipt | 134,385 | 59,353  | 126     | 134,385       | 59,353        | 126     | 1,012,769      |
| Approved        | 52,973  | 35,913  | 48      | 52,973        | 35,913        | 48      | 500,650        |
| Denied          | 4,140   | 3,299   | 25      | 4,140         | 3,299         | 25      | 48,800         |
| Pending         | 809,855 | 342,012 | 137     | 809,855       | 342,012       | 137     | 342,012        |

**Naturalizations: Receipts, Approved, and Average Receipts**



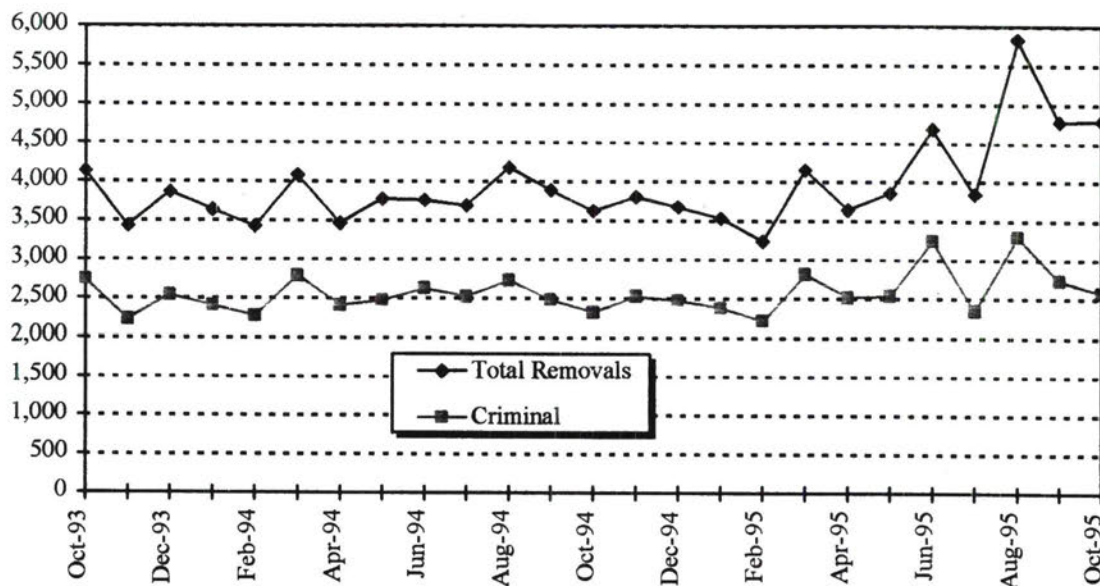
- INS has begun a major effort to reduce the backlog of naturalization applications received in mail rooms but not yet entered into the Service's case tracking system. The sharp increase in October receipts reflects the work performed as part of this effort.
- In October, INS began implementing "Citizenship U.S.A.," a new initiative to meet the challenge of the upsurge in naturalization applications. As part of this initiative, INS will significantly increase the clerical and examiner resources in the five key cities where demand is the highest. These cities are Los Angeles, Miami, New York, Chicago, and San Francisco. INS' goal by summer 1996 is to ensure that eligible persons will become new citizens within six months of filing N-400 applications.
- INS is also streamlining workflow and adjudications procedures to increase efficiency and productivity.

## REMOVALS

Total removals for October increased by 32 percent compared to the same month a year before. INS removed 4,795 aliens from the United States in October, 2,577 of whom were criminals.

|                          | Month  |        |         | Fiscal Year   |               |         | Total<br>FY 95 |
|--------------------------|--------|--------|---------|---------------|---------------|---------|----------------|
|                          | Oct-95 | Oct-94 | %Change | FY 96 to Date | FY 95 to Date | %Change |                |
| <b>Deportations</b>      | 3,617  | 3,094  | 17      | 3,617         | 3,094         | 17      | 41,172         |
| <b>Exclusions</b>        | 1,178  | 526    | 124     | 1,178         | 526           | 124     | 7,515          |
| <b>Total Removals</b>    | 4,795  | 3,620  | 32      | 4,795         | 3,620         | 32      | 48,687         |
| <b>Criminal Removals</b> | 2,577  | 2,321  | 11      | 2,577         | 2,321         | 11      | 31,436         |

**Total and Criminal Removals**



*This should be removed before we have paid for this*

- The 124 percent increase in exclusions in October reflects the operation of the "Port Court" program in San Diego. This program is a cooperative effort between INS, the Executive Office of Immigration Review, and the United States Attorneys in Southern California to expedite exclusion hearings.
- Deportations, particularly of criminal aliens, remain high due to INS' institutional processing programs which were enhanced in FY 95. In addition to enhanced activities at Federal and State correctional facilities under the Institutional Hearing Program (IHP), INS established a large-scale identification and removal effort at the Los Angeles County Jail (LACJ) -- the nation's largest county jail. INS officers are stationed at the LACJ 24 hours a day, seven days a week, identifying and processing aliens for removal under immigration law.



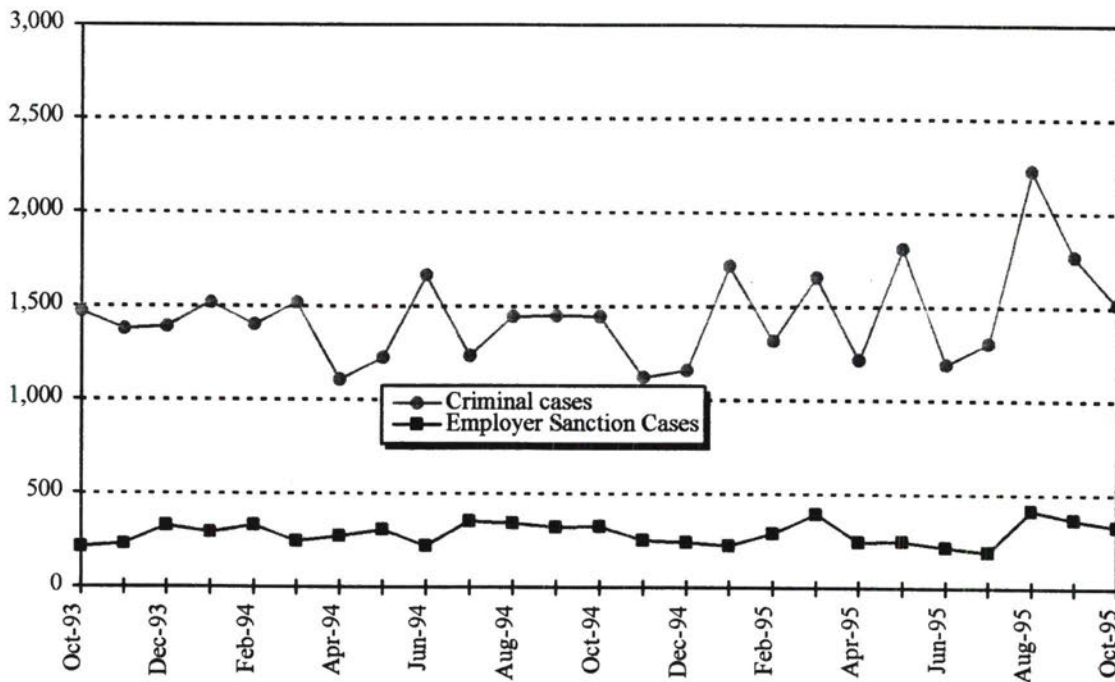
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## INVESTIGATIONS

The pace of criminal and smuggling investigative work fluctuates monthly. Successful completions of criminal cases increased by 5 percent in October 1995 compared to a year before, while Employer Sanction and Antismuggling cases remained about the same.

| Achieving Objective | Month  |        |         | Fiscal Year   |               |         | Total FY 95 |
|---------------------|--------|--------|---------|---------------|---------------|---------|-------------|
|                     | Oct-95 | Oct-94 | %Change | FY 96 to Date | FY 95 to Date | %Change |             |
| Criminal Cases      | 1,516  | 1,446  | 5       | 1,516         | 1,446         | 5       | 17,953      |
| Employer Sanction   | 329    | 326    | 1       | 329           | 326           | 1       | 3,414       |
| Antismuggling cases | 23     | 19     | n/a     | 23            | 19            | n/a     | 319         |

Criminal and Employer Sanctions Cases Achieving Objective



*Why are we getting more staff? No budget #5*

- The decline in Employer Sanctions cases over the past several months is due partially to a decrease in investigator's time that could be dedicated to the function. Funding made available in FY 95 will increase investigative staffs in FY 1996, and this increase should add to the number of employer and smuggling investigations in the second half of FY 96.

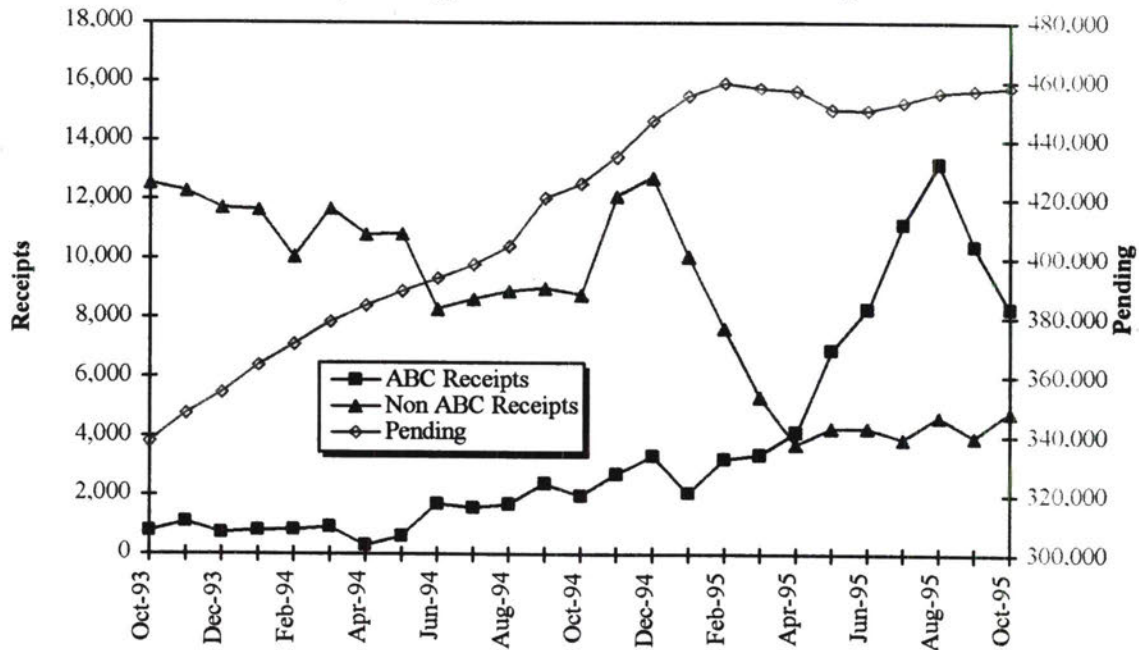
## ASYLUM

Applications for asylum in October 1995 were 22 percent higher than the number filed in October 1994, but they continued to trend downward from the peak reached in August 1995. The pending caseload rose slightly.

|                         | Month   |         |         | Fiscal Year   |               |         | Total<br>FY 95 |
|-------------------------|---------|---------|---------|---------------|---------------|---------|----------------|
|                         | Oct-95  | Oct-94  | %Change | FY 96 to Date | FY 95 to Date | %Change |                |
| <b>Initial Receipts</b> | 13,155  | 10,770  | 22      | 13,155        | 10,770        | 22      | 152,455        |
| <b>Approved</b>         | 1,433   | 749     | 91      | 1,433         | 749           | 91      | 12,674         |
| <b>Denied</b>           | 363     | 2,477   | -85     | 363           | 2,477         | -85     | 14,461         |
| <b>Referred to IJ</b>   | 4,098   | NA      | NA      | 4,098         | NA            | NA      | 35,609         |
| <b>Pending</b>          | 458,270 | 425,483 | 8       | 458,270       | 425,483       | 8       | 425,483        |

NA - Not applicable. IJ - Immigration Judges at the Executive Office for Immigration Review.

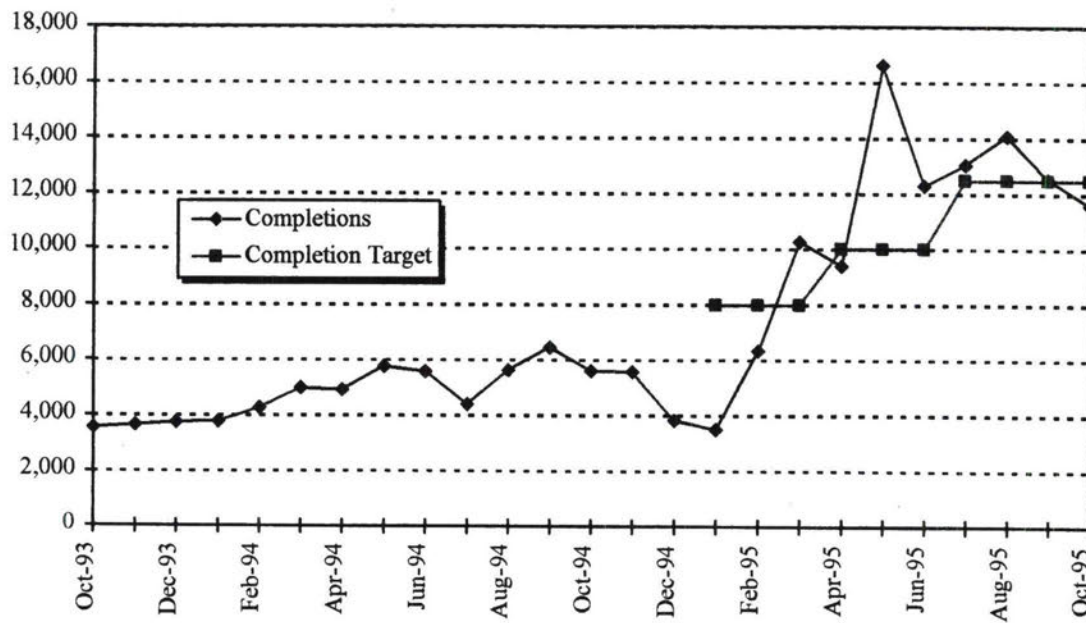
**Asylum Applications Received and Pending**



- Asylum applications being filed by nationals of El Salvador continue to drive the overall trend in cases filed. Their Deferred Enforced Departure status expired in December 1994, and they have been given a deadline of January 31, 1996 to file to preserve their right to new hearings under the ABC settlement agreement. These applications account for 63 percent of the cases filed in October. Applications by persons of most other nationalities have fallen sharply since asylum reform was implemented in January 1995.



### Asylum Completions and Target



- Completions are the sum of approvals, denials, referrals, and cases otherwise administratively closed.
- The Asylum Officer Corps adjudicated 83 percent more claims in October 1995 than in October 1994, but asylum completions were below the target level for the first time since April 1995.

FRANKLIN ROOSEVELT AND WORLD ORDER:  
AN IDEALIST WITHOUT ILLUSIONS

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by Richard N. Gardner  
Professor of Law and International Organization,  
Columbia University; U.S. Ambassador to Italy 1977-81

*(Delivered in 1982 on the occasion of the 100th  
anniversary of Roosevelt's birth)*

January 6, 1941: Adolph Hitler and Benito Mussolini are the masters of Western Europe. Nazi armies have overrun Poland, occupied Denmark and Norway, invaded the Netherlands and Belgium, and conquered France. Russia stands aside, faithful to the Hitler-Stalin pact. Only England resists the onslaught of Fascist tyranny, bracing itself under terrifying air raids for the expected German invasion. In Asia, the warlords of Japan are on the march. The United States is beginning, hesitantly, to give help to England, yet lend-lease has not yet passed the Congress, and the American people are overwhelmingly against entering the European war. It is hard to imagine when or how peace and freedom could ever be restored to Europe -- or the world.

In this dramatic setting an American President, Franklin Delano Roosevelt, appeared before the Congress of the United States. He told the American people they faced an unprecedented threat to their freedom. He pledged all of America's resources to the defense of the democracies. And he painted the following picture for



his countrymen of what the historic struggle was all about:

"As men do not live by bread alone, they do not fight by armaments alone. Those who man our defenses, and those behind them who build our defenses, must have the stamina and courage which come from an unshakable belief in the manner of life which they are defending. The mighty action which we are calling for cannot be based on a disregard of all things worth fighting for.

. . . .

"In the future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms.

"The first is freedom of speech and expression -- everywhere in the world.

"The second is freedom of every person to worship God in his own way -- everywhere in the world.

"The third is freedom from want -- which, translated into world terms, means economic understandings which will secure to every nation a healthy peace time life for its inhabitants -- everywhere in the world.

"The fourth is freedom from fear -- which, translated into world terms, means a worldwide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor -- anywhere in the world.

"That is no vision of a distant millenium. It is a definite basis for a kind of world attainable in our own time and generation. That kind of world is the very antithesis of the so-called new order of tyranny which the dictators seek to create with the crash of a bomb.

"To that new order we oppose the greater conception -- the moral order. . . .The world order which we seek is the cooperation of free countries, working together in a friendly, civilized society."

What prompted Franklin Roosevelt to present this ambitious vision of a postwar world? What specific measures did he initiate to move toward that goal -- and with what result? What guidance can we find in his foreign policy legacy today? One could write a book about questions like these, but let me try, in a very brief summary, to suggest some answers.

I believe it is fitting that we discuss such questions in Europe, and particularly in Italy. Had Roosevelt not been President of the United States, it is not at all clear that the United States would have moved so firmly in 1941 to oppose the Axis powers. With a different President, committed to an isolationist policy, Japan might not have attacked Pearl Harbor; Hitler and Mussolini might not have declared war on the United States. Europe might never have been liberated from Fascist tyranny.



Moreover -- and this is the point I wish to develop here -- our postwar structure of political and economic collaboration might never have been created.

Franklin Roosevelt was an idealist. He was also, to use John F. Kennedy's famous description of himself, "an idealist without illusions." He could be pragmatic -- should I say even Machiavellian? -- in accommodating to political realities, but he remained faithful to a consistent vision of the future. He understood only too well how hard it would be to realize the kind of postwar world he described, but he was equally convinced of the necessity to try. As Democratic Vice-Presidential candidate in 1920 he had campaigned, in vain, for Woodrow Wilson's League of Nations. In his view, the rise of Fascism and the coming of the Second World War were caused in large part by the failure of the United States to join the League. He also blamed the peacemakers at Versailles for failing to create effective international institutions to assure collective security, economic solidarity, and human rights. He believed that the American people would never throw their full weight into the struggle against Fascism if they saw nothing better at the end of the road than more unrestrained military competition, more "spheres of influence," more economic nationalism, more colonial aggrandizement -- and more war. He was convinced that these misfortunes would

inevitably result unless the United States once and for all renounced isolationism and took the leadership in constructing a new world order based on enduring moral principles. As he told the Congress: "We shall have to take the responsibility for world collaboration, or we shall have to bear the responsibility for another world conflict."

Thus it was that Roosevelt moved swiftly, even before the United States entered the war, to lay the basis for American leadership in a postwar peace system. In an historic meeting at sea with Winston Churchill in August 1941, the two leaders proclaimed in the Atlantic Charter "certain common principles . . . on which they base their hopes for a better future for the world." The Charter contained eight fundamental propositions: no territorial aggrandizement; no imposed or undemocratic territorial changes; sovereign rights and self-government for all peoples; access, on equal terms, to the trade and raw materials of the world for "all States, great or small, victor or vanquished"; international economic collaboration to secure "improved labor standards, economic advancement and social security"; a postwar peace assuring safety to all nations and freedom from fear and want for all men; freedom of the seas; and, "pending the establishment of a wider and permanent system of general security," the disarmament of



aggressor nations and the reduction "for peace-loving peoples of the crushing burden of armaments."

On January 1, 1942, the principles of the Atlantic Charter were subscribed to in a document promulgated in Washington by the twenty-six nations allied in the struggle against the Axis powers. That document was called the "Declaration by the United Nations" -- a term invented by President Roosevelt. It was his inspiration to propose the same term to describe the permanent peace organization that would be founded by the victorious allies at San Francisco.

Roosevelt's conception of a postwar world order had three main elements -- collective security, economic solidarity, and human rights. Each of these elements found its way into the United Nations Charter and achieved concrete expression in global international institutions that remain with us today. We now take these so much for granted that it is hard to realize how revolutionary they were when they were first conceived and developed by Roosevelt and his Administration some forty years ago.

To begin with, collective security. Roosevelt pressed a skeptical Winston Churchill and an unconvinced Joseph Stalin to accept the idea of a global organization to keep

the peace. Churchill preferred several regional peace organizations; Stalin probably wanted none at all -- just Big Three arrangements to keep the Axis powers disarmed and acceptance of a new Soviet Empire in Eastern Europe. But Roosevelt prevailed. His postwar peace system seemed at the time a judicious blend of realism and idealism: Four so-called "policemen" -- the United States, Britain, Russia and China -- would put their forces at the disposal of the United Nations to keep the peace and would receive the special privilege of veto (later these became the five Permanent Members of the Security Council with the addition of France). All UN members large and small would undertake common commitments to settle their disputes peacefully and refrain from the threat or use of force against the territorial integrity or political independence of other nations.

Roosevelt believed that the great powers should learn to live without colonial empires and spheres of influence, accepting the same obligations of international law as smaller countries. He applied this belief to the United States in Latin America just as he sought to apply it to the Soviet Union in Eastern Europe. As he had written in the journal Foreign Affairs as far back as 1928: "The time has come when we must accept . . . a newer and better standard in international relations."



Should disorder threaten a sister nation in Latin America, "it is not the right or the duty of the United States to intervene alone. It is rather the duty of the United States to associate with itself other American Republics, to give intelligent joint study to the problem, and, if the conditions warrant, to offer the helping hand or hands in the name of the Americas. Single-handed intervention by us in the affairs of other nations must end; with the cooperation of others we shall have more order in this hemisphere and less dislike."

As we all know, this ambitious concept of collective security and the universal rule of law collapsed with the collapse of the wartime alliance and the onset of the Cold War. Roosevelt's dream of collective security had to be implemented after his death by a different organization -- NATO. Nevertheless, the United Nations, adjusting to the postwar realities, developed non-coercive peacekeeping in place of collective security. Its men in blue helmets played a vital role in containing conflicts in such far-flung places as Kashmir, Cyprus, the Middle East and the Congo. The Security Council and the Secretary-General remain today valuable resources for peaceful settlement when members have the good sense to make use of them.

The onset of the Cold War also destroyed a related part of Roosevelt's concept of collective security -- the control and regulation of armaments. Roosevelt was no believer in unilateral disarmament -- one need only recall his effective work as Assistant Secretary of the Navy during the First World War and his leadership in making the United States the "arsenal of democracy" in the struggle against Fascism. But throughout his life he was a passionate supporter of multilateral and reciprocal disarmament under international control wherever it was achievable, and he looked towards a world in which all nations would be disarmed except the "four policemen" -- whose arms would be used only to safeguard the common security in accord with decisions of the Security Council of the United Nations.

Although he died a few months before the first atomic bombs were dropped on Japan, he had begun to think about the terrible destructive power of nuclear weapons. A year after his death President Truman, following in the spirit of Roosevelt's thinking on disarmament, offered to turn over the then U.S. monopoly of nuclear weapons to the United Nations, if other countries would also foreswear their development. Stalin's rejection of this proposal, known as the Baruch Plan, set us on the path of



today's nuclear arms race and opened up today's frightening prospects of widespread nuclear proliferation.

There are those who believe that Roosevelt acquiesced in the domination by the Soviet Union of Eastern Europe in violation of the very universal principles he was espousing with the founding of the United Nations. The facts are to the contrary. At the Yalta Conference, Roosevelt secured from Stalin pledges of "the earliest possible establishment through free elections of governments responsive to the will of the people" (Declaration on Liberated Europe) and, in the case of Poland, "free and unfettered elections . . . on the basis of universal suffrage and secret ballot" (Declaration on Poland). The Soviet suppression of freedom in Eastern Europe was not the result of the Yalta Agreements -- it took place in violation of them. In the weeks before his death Roosevelt sent a stern message of protest to Stalin for his failure to honor the Yalta Agreements. But he was powerless to force the Russians out of countries their conquering armies had occupied.

As the historian Robert Dallek has written after an exhaustive examination of the historical record: "The suggestion that Roosevelt could have restrained this Soviet expansionism through greater realism or a tougher approach to Stalin is unpersuasive." To the same effect

is George Kennan's judgement that as an aftermath of World War II "no one could deny Stalin a wide military and political glacis on his western frontier . . . except at the cost of another war, which was unthinkable." Finally, we have the testimony of Averell Harriman, Roosevelt's wartime Ambassador to the Soviet Union: "It was Stalin's actions which brought on the Cold War. Roosevelt has been criticized for being taken in by Stalin and for unwisely trusting him. Nothing is more unfair. If he had failed to try, Roosevelt would have been held responsible for the breach between us."

Economic solidarity was the second essential element in Roosevelt's conception of world order. He was determined to put an end to the American tradition of economic nationalism and use American power to construct a new and cooperative international economic order. He had told his countrymen that American democracy could not survive if one-third of the nation were ill-housed, ill-clothed, and ill-fed; he now urged upon his countrymen the further recognition that American welfare could not be assured in a disordered and stagnant world economy.

The Second World War, Roosevelt believed, was caused in part by the wild currency disorders, mass unemployment and economic desperation that brought Hitler and Mussolini to power. This time priority must be given to



laying the economic foundations of the peace. And these foundations could not be left to unregulated market forces either within or between nations. To assure high levels of employment growth, trade and economic justice would require an active role by governments working together through new international organizations.

To this end, Roosevelt first of all rejected the idea of a Carthaginian peace -- there were to be no war reparations exacted from Germany, Italy and Japan as Stalin and others wanted. On the contrary, vanquished as well as victor countries were to be given fair economic treatment and equal access to markets and raw materials. Not only that, but the peoples of vanquished as well as victor countries liberated from Fascism were to receive generous help from the United Nations Relief and Rehabilitation Agency (UNRRA), ably led by Herbert Lehman and later Fiorello La Guardia. And to prevent another divisive postwar argument over war debts, Roosevelt invented the lend-lease program, which brought \$27 billion in wartime aid to Britain and \$11 billion to the Soviet Union, with nothing asked in repayment except for a few hundred million dollars representing the postwar value of materials remaining at the end of hostilities. Lend-lease was truly, as Churchill put it, the "most unsordid act in history."

The heart of Roosevelt's plan for a new world economic order lay in three new organizations -- an International Monetary Fund, an International Bank for Reconstruction and Development, and an International Trade Organization. Roosevelt and his colleagues considered orderly currency arrangements and properly aligned exchange rates as basic to everything else -- hence the White Plan to assure a system of stable but adjustable par values, the elimination of exchange controls on current transactions, and a pool of currencies that could give countries time to adjust their balance of payments problems without measures destructive of their own or other countries' economic stability.

Essential to the success of the par value system, however, was the harmonization of national monetary and fiscal policies. The original version of the White Plan was explicit in this regard -- members were obliged "not to adopt any monetary or banking measure promoting either serious inflation or serious deflation without the consent of a majority of member votes of the Fund." In the negotiations leading to Bretton Woods, however, references to the limitation of national economic sovereignty were progressively weakened, in deference to political realities in both Britain and the United States.



The par value system ultimately collapsed in 1971 under the impact of U.S. inflation and accumulating U.S. balance of payments deficits. Now, after more than a decade of experience with floating exchange rates, the leaders of the world are beginning to talk of going at least part of the way back to "Bretton Woods," seeking some coordinated management of exchange rates backed by some harmonization of domestic economic policies. As they pursue this goal, they will draw inspiration from Roosevelt's grand international monetary design, even while recognizing that it needs reshaping to fit today's very different economic realities.

The International Bank was conceived mainly as an agency for reconstruction. In this role it was displaced by the Marshall Plan, launched two years after Roosevelt's death by far-sighted men who saw that the Bank and other agencies would not be sufficient to meet Europe's postwar reconstruction needs. Thus it is as an agent for Third World development that the Bank has made its major contribution, with lending that has now risen to over \$10 billion a year, supplemented by some \$3 billion annually in loans on concessional terms from its affiliate, the International Development Association. It is terrifying to contemplate what conditions in Third World countries would be like today without the

financial and technical aid that has been made available to the developing countries by the World Bank and IDA, as well as by the International Monetary Fund.

When Roosevelt became President, the United States had only recently enacted the Smoot-Hawley Tariff, the highest in its history. Thanks to Roosevelt's reciprocal trade program, under which Congress delegated broad tariff-cutting powers to the President, the United States was able to lead the world in forty years of negotiations to reduce trade barriers and eliminate trade discrimination. The height of the American tariff was reduced from 60 percent in 1930 to about 5 percent today. The opening up of the large and fast-growing American market after World War II helped stimulate an extraordinary period of export-led growth in Europe and Japan. When Congress rejected the International Trade Organization, whose outlines were fashioned in the Roosevelt Administration, the world was fortunate to have a multilateral trade agreement -- GATT -- made possible through Roosevelt's reciprocal trade program. GATT remains today, with all its limitations, our best defense against protectionism and trade warfare.

No one needs to be reminded of the ills that now beset the world economy -- stagflation, mass unemployment, high and unstable oil prices, a mountain of international indebtedness, a billion people living in poverty in the



developing world. But these realities should not blind us to the fact that the postwar economic policies of Franklin Roosevelt did yield positive results -- real living standards in Europe and North America more than doubled in the years 1945-1965, the greatest record of growth in history. And most developing countries enjoyed rates of growth in real GNP in the neighborhood of 5 percent during the 60s and 70s, once again an achievement without historical precedent. The credit for these achievements, of course, goes mainly to the leaders of the countries that realized them. Yet a debt of gratitude must be acknowledged to those in the United States, Britain, and other nations who were the original architects of the postwar economic institutions. Among those statesmen, without doubt, the major architect was Roosevelt.

Human rights comprised the third element in Roosevelt's conception of world order. Roosevelt worked to establish a new and revolutionary concept in international relations -- that how a nation treated peoples and individuals under its dominion or within its borders was no longer its own business alone, but the business of the international community. Thanks to Roosevelt, the United Nations Declaration of January 1, 1942 spoke of "human rights" as a fundamental object of the struggle against Fascism. And it was largely

due to his Administration, prodded by private American academics and religious leaders, that the concept of human rights was firmly embodied in the UN Charter.

Human rights meant, first of all, the rights of peoples to self-government and independence. Roosevelt was determined that the Second World War should put an end to colonial empires and to the centuries-old system of territorial aggrandizement by victorious powers. Clark Eichelberger, the founder of the American Association for the United Nations, has written of a wartime conversation with Roosevelt: "The President said that when he had signed the Atlantic Charter, he had said we did not want more territory and that he was fool enough to mean it and would stand by it in the future." Eichelberger has also reminded us that even before the State Department developed its proposals for a United Nations organization it had, at Roosevelt's urging, started work on the idea of an international trusteeship system, under which colonial territories conquered from the Axis powers (as well as other territories) would be administered for the benefit of the people and advanced toward independence.

In our disillusionment with many aspects of the United Nations, we sometimes forget that it presided over a process of decolonization that brought over a billion people in nearly one hundred countries to political



independence. That this happened so swiftly -- that it happened with so little bloodshed -- that the path to self-government was eased by the work of several dozen UN agencies engaged in public administration and technical assistance -- all this owes much to Roosevelt's vision.

But Roosevelt's conception of human rights was not limited to self-determination of peoples. He knew too well that history is studded with examples of the unholy alliance between nationalism and tyranny. And he was convinced, with Hitler's campaign of genocide against the Jewish population of Europe as only the most recent example, that violations of human rights could be a prelude to aggression and even a cause of war. Thus his emphasis on individual human rights as a postwar goal in the famous "Four Freedoms" speech. Hence the unprecedented commitment of UN members in the UN Charter to take joint and separate action in cooperation with the organization to promote "universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion."

The story is told of a little girl who was asked to name her favorite American President and answered: "Franklin Eleanor Roosevelt." The little girl was perhaps wise beyond her years. Mrs. Roosevelt undoubtedly played a part in deepening the President's commitment to human

rights both at home and abroad. After her husband's death, Eleanor Roosevelt became Chairman of the UN's Human Rights Commission, and presided over the negotiation of the Universal Declaration of Human Rights, which was adopted by the General Assembly in 1948. Mrs. Roosevelt also launched the UN on the drafting of the two basic human rights treaties -- the Covenant on Political and Civil Rights and the Covenant on Economic, Social and Cultural Rights. But she knew that drafting human rights treaties was only part of what was needed: "It is not just a question of getting the Covenants written and accepted . . . It is a question of actually living and working in our countries for freedom and justice for each human being."

We live in a world in which human rights are being violated on a massive scale, not only in totalitarian Communist regimes but in right-wing dictatorships and other authoritarian societies throughout the developing world. Yet we also live in a world where for the first time in human history international law has incorporated basic standards as to how a nation should treat its own citizens. Moreover, we are also slowly developing, in the UN's Human Rights Commission and in regional human rights institutions in Europe, Latin America, and elsewhere, orderly procedures whereby violations of human



rights can be brought to the attention of public opinion. That these institutions exist at all, with all their weaknesses, is due in very large measure to the work of Franklin and Eleanor Roosevelt.

From this brief review of the historical record it is clear that the institutions of global cooperation that we work with today were shaped more by Franklin Roosevelt than by any other individual. Indeed, it is clear that without Roosevelt we would have no United Nations, no International Monetary Fund and World Bank, no General Agreement on Tariffs and Trade, no treaties embodying minimum standards of human rights or procedures, however weak and tentative, to implement them. We all know what these international institutions have failed to achieve, but how much more dangerous and disagreeable our world would be without them!

What guidance can we draw from Roosevelt's legacy today? It would be an idle exercise to seek in the words and deeds of a man who died thirty-eight years ago detailed answers to the complex international questions that now confront us in a radically altered world environment. But based on this review of the historical record I believe we can imagine Franklin Roosevelt giving advice along the following lines today to his countrymen and to the peoples

of the world:

"Be strong and united in the defense of freedom. Stand fast against Soviet military and political pressure. Strengthen collective security in NATO. At the same time, seize every opportunity to halt the nuclear arms race and to find honorable settlements to international differences. Unless you do, there will be no lasting security.

"Remember that freedom is not defended by arms alone. Therefore redouble your efforts at economic cooperation, because no nation can achieve a durable recovery without the durable recovery of its trading partners. Make maximum use of private enterprise, but do not believe that the 'magic of the marketplace' can resolve all the world's problems. Governments have a vital role to play in promoting economic growth and social justice among as well as within nations.

"Keep open the channels of world trade, but do not forget that an open trading system requires properly-aligned and cooperatively managed exchange rates, which require in turn the cooperative pursuit of mutually consistent monetary, fiscal and other domestic policies.

"Seek practical ways to implement human rights in your own societies and in the world at large. Demonstrate an objective concern for human rights -- in Latin America, Africa and Asia no less than in Eastern Europe. Do not demand instant perfection in the human



rights practices of underdeveloped countries. But avoid the trap of embracing totalitarian regimes of the left in the name of anti-imperialism -- or authoritarian regimes of the right in the name of anti-Communism."

Roosevelt, I believe, would also urge each of us to be, as he was, an idealist without illusions. He would ask us to be steadfast in pursuit of the goals of human betterment, yet flexible, innovative and pragmatic in our choice of the means to achieve them. Above all, he would ask us not to abandon hope in the face of our current disappointments, nor to seek refuge from frustration in a cynical passivity, but to meet our challenges through creative action.

As he himself put it in the speech he was preparing at the time of his death: "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

The best way we can honor his memory is to work together "with strong and active faith" to strengthen the institutions of a better world order which he has bequeathed to us.

### Bibliographical Note

The above essay draws mainly on the following sources: Robert Dallek, Franklin D. Roosevelt and American Foreign Policy, 1932-1945 (Oxford University Press, 1979); Clark M. Eichelberger, Organizing For Peace: A Personal History of the Founding of the United Nations (Harper and Row, 1977); Richard N. Gardner, Sterling-Dollar Diplomacy: The Origins and the Prospects of Our International Economic Order (Columbia University Press, 1980); and Arthur Schlesinger, Jr., "Origins of the Cold War" in Foreign Affairs, October 1967.



LATimes

1 DEC 95

# For a Winning Deal, Count Hafez Assad In

THE PRESIDENT HAS SEEN

12-5-95

**Middle East: Keeping Syria isolated is pointless; it will play a big role in the region's future, productively or as a spoiler.**

By STANLEY K. SHEINBAUM

The conventional wisdom in Washington is that the Golan Heights is the stumbling block to a peace agreement between Syria and Israel. True, Israel, sensitive to its security needs, is insisting on monitors on the heights. Syria, sensitive to its rights of sovereignty, objects. But that matter can be solved by the presence of international troops or perhaps even by electronic devices or airborne monitors that would provide advance warning of any aggressive movement.

The real problem has to do with President Hafez Assad's perception of his role in a comprehensive peace and its aftermath and the perception of other parties of his role.

All parties agree that there can be no Middle East peace without an agreement between Syria and Israel. Since Syria controls Lebanon, such an agreement would mean that all Arab states bordering on Israel would have made peace.

But Assad has been unwilling to deal because he has been cut out of the process of reconfiguring the Middle East since the Gulf War.

With the defection of Saddam Hussein's two sons-in-law from Iraq to Jordan in August, the area was not only rife with speculation about the stability of Hussein's regime; more important in this context were the reports of discussions, even negotiations, about what the role of Iraq should be in a new Middle East in the likely event of the regime's collapse.

These talks had been simmering beneath the surface well before the family defections. Toward the end of the Gulf War, the question of Iraq without Saddam Hussein was a matter of such critical importance that the United States called an early halt to the military operation rather than pursue the Iraqi Republican Guard, already on the run, and capture Baghdad. Apparently, the United States couldn't decide whether regional security would be better served by

Israel—not any Arab state or set of Arab states—were seeking to be the dominant players in shaping the future. Jordan was then still outside the fold because of its tilt toward Iraq during the Gulf War. Assad's nose was out of joint at not having been included in the discussions about the fate of Iraq even though he was a U.S. ally in the war.

By the time of the Iraqi defections in August, Jordan was no longer out of the picture. The Israeli-Jordanian agreement was well under way, and Jordan's interest in reconfiguring the region was coming through loud and clear: an alliance with a successor government in Baghdad. Assad became fearful that such domination of an area from central Iraq to Israel on the west would become a barrier to Syria's access to the gulf.

Now, even though Saddam Hussein's demise no longer seems immediately imminent, Assad, always thinking geopolitically, is looking toward working with Turkey to the north and even, with "the devil," Iran, to the east. Such an alliance would not be in the interest of a peaceful Middle East.

Assad must be brought into the peace process. His cooperation is essential for putting in place the last piece of the Middle East puzzle. The United States cannot continue to hold him at arm's length, an official pariah on the U.S. terrorist list. If we are realistic enough about Bosnia to deal with Serbian President Slobodan Milosevic, why not Assad? For example (although too late now), would it not have advanced the peace process if the new regional economic development bank had been located in Damascus?

One of the ironies about Assad is that all the while he feels snubbed, he remains determined to deal only through the United States. From personal conversations with him, I know that he will not deal with Israel directly. Given his desire to be seen as the leader of the Arab world, that would be demeaning.

Fair enough. But Washington must understand that no amount of lip-service, not even in the form of a visit to Damascus by President Clinton himself, will bring Assad around. If the United States is serious about a Middle East peace, this proud man, must be dealt with substantively. Certainly as much of our national interest is at stake as in the former Yugoslavia.

Tolu

December 1, 1995

Memorandum

To: THE PRESIDENT

From: Nancy Hernreich  
Jenny Ritter

Re: Edwin Yoder Column

THE PRESIDENT HAS SEEN

12-5-95

In his December 4 column, Yoder argues that NATO will disintegrate and the US will slip into isolationism if Congress refuses to send troops to Bosnia. He thinks it is wasteful for the US to spend billions of dollars on a military that is little more than a "museum piece". "We can withdraw from the European security system, but we can be sure that in our absence our destiny will be shaped by others as before."

*Don't (Stacy)  
good piece - might  
be able to cut  
it*



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^bc-yoder-column advIMMEDIATE<

^EDWIN YODER COLUMN<

^(FOR IMMEDIATE RELEASE--Normally advance for Monday, December 4, 1995)<

^(For Yoder Clients Only)<

^By EDWIN M. YODER, JR.=

WASHINGTON--For a very long time, and especially since the demise of isolationism, American presidents have found it useful to clothe international duties in high-minded sentiment--''making the world safe for democracy'' or assuring ''the four freedoms everywhere in the world.''

Bill Clinton's plea for support of the pending U.S. armed mission in Bosnia is in that tradition. His evocation of the suffering innocents of Bosnia fits the usual mold.

But to base U.S. intervention in the Balkans on exalted sentiment may increase the already substantial risk of disillusionment. Perhaps it would not be amiss to say a word or two for dry-eyed realism. The more so, since in this instance realism is a kind of idealism. The best reason to send 20,000 or more American troops to Bosnia has less to do with the future of Bosnia itself than with the future of the North Atlantic Treaty Organization.

The NATO alliance, originally conceived to contain the threat of Stalinist imperialism, stands alone as the only deliberate commitment the United States has ever made in peacetime to collective security. It was the offshoot of a hard lesson. This country had to be goaded, belatedly, into both world wars--the first, by submarine warfare against neutral shipping on the high seas, the second by Japanese attack and Hitler's ensuing declaration of war against us. The hard lesson was that when the United States took no active interest in Europe's destiny, Europe's destiny would take an eventual interest in us. It is historical fact that however

(more)

energetically Americans have sought to flee ``European wars,`` they have had a way of overtaking us.

NATO is thus a great exception in American history, an investment in the idea that the stability of the Atlantic community is essential to our own. Indeed, it has historically been easier for presidents to rouse this country to intervene in the Pacific theater (as far back as the Boxer Rebellion in China) than in Europe, where most of our ancestral roots lie.

The explanation of that paradox is for another day. But when wise and informed people speculate that an American failure to ante up now in Bosnia could spell the end of NATO, it is no joke. There is no present prospect that NATO will be needed to deter and contain Russian aggression. So if NATO cannot or will not attempt to put out a nationalist fire in the Balkans, the seedbed of so much European misery in this century, it runs the risk of being seen to have no useful role at all and perishing of missionlessness.

On the other hand, if it can measure up to this difficult task, NATO's prestige will be enhanced and, with it, the security and stability of the continent on which our own ultimately rests. The United States is the lynchpin, the horseshoe nail, for want of which the mission will not succeed and may not be attempted.

The risks are obviously great. Not for nothing are the Balkans a byword for disorder and dissolution. The errand may turn out to be beyond us. But it is surely wrong to reach that conclusion without trying, or because of the military risks. Oddly, since the end of the draft and the beginning of the all-volunteer army, we have become increasingly skittish about military risk anywhere--as if so expensive and excellent an armed force were a collector's bauble, to be gazed at and admired but too fragile to risk in use. If this is so, we are wasting hundreds of billions a year on a museum piece.

This disabling attitude, in part a hangover from Vietnam, must change if the United States isn't to slink back into the isolationist shell that we once found so deceptively comfortable. We can withdraw from the European security system, but we can be sure that in our absence our destiny will be shaped by others, and those mainly the mischief-makers, as before.

(more)



These are among the considerations that ought to govern the debate about the unpleasant and risky duty in Bosnia. We may not succeed there, but it would be disgraceful not to try.

(c) 1995, Washington Post Writers Group

McClary (columnists) / COLUMNISTS *Baker* THE PRESIDENT HAS SEEN 12-5-95

# Budget impasse isn't Bill Clinton's fault

**W**hee! Spin City. Who's responsible for shutting down the federal government and quite possibly sending the financial markets into a hopeless tizz?

"You hit me first."

"Did not."

"Did too."

"Did not."

"Did so."

We live in a great nation. Amen.

Actually, taking the popular, fail-safe, appearin'-as-wise-as-a-treeful-of-owls, plague-on-both-their-houses position here is as gutless as it is easy.

The who-to-blame conundrum is just not that tough a nut to crack, although it appears to have sent the Washington press corps back into the most timid form of objectivity: "We only report what other people say; we do not find the facts." For example, here's a dandy story from The Associated Press, reporting on how we got into this pickle: "Clinton said Gingrich promised in the spring to force a budget crisis, if necessary, to impose the GOP will." Now, how much effort does it take to determine that House Speaker Newt Gingrich said exactly that, at several times in several places? He did, he did, as we Texans say.

Don't know if you were privileged to hear Gingrich on Saturday blaming the entire impasse on President Clinton, but it was a bravura performance. He sounded exactly like Oliver Hardy saying to Stan Laurel, "Here's another fine mess you've gotten us into." Unable to restrain himself, Gingrich also took several cheap shots at Clinton for having gone off to play golf after announcing that he wouldn't sign a continuing budget resolution draped with extraneous matter, including a Medicare premium increase. The idea of Clinton golfing (!) at such a time almost rendered the speak-

**Molly Ivins**



er apoplectic; the implication was that this president (a word that Gingrich manages to invest with contempt) is a lazy do-nothing.

Now, there are many things for which Clinton can be criticized, but not working hard enough is not one of them. His famous 15-hour days are a matter of both record and legend. As a matter of negotiating technique, when you have to resolve a critical issue with an unfriendly adversary, it is not wise to start out blaming everything on your opposite number and then to take cheap shots at same. This is ill-advised. Unproductive.

Clinton never gets credit for anything, so let me bravely swim against the entire Washington press corps and point out that Bill Clinton, faced for the past 11 months with the most hostile, nasty, relentlessly partisan Congress we have ever seen, has behaved like a real grown-up. In fact, I wish Virginia Clinton Kelley were still around so I could congratulate her on having taught that man good manners.

Newt Gingrich, who appears to have no sense of restraint whatever, has blamed Susan Smith's drowning her two children in South Carolina on the Democrats. He has blamed the death of a 3-year-old in a drive-by shooting in Los Angeles on New Dealism, and he has called Democrats "morally bankrupt" while he himself has been embroiled in a series of ethical imbroglios, less than half of which were enough to drive Jim Wright from the same office.

It is true that while out on the campaign

trail, at clearly political rallies, Clinton taken some shots at the Republicans engaged in a little ridicule of them. When he is in Washington, speaking as president, he has been consistently manne serious and (in the opinion of this liberal populist) more than adequately ready to reach compromise. To blame Clinton for the current budget impasse is outside enough, and it's damn time someone s so.

Lee Howell, former press secretary Gingrich, said: "There is the Newt Gingrich who is the intellectual, appealing and fun be with.

"And there's the Newt Gingrich who the bloodthirsty partisan who'd just as scut your guts out as look at you. And w very candidly, is mean as hell."

On Nov. 29, 1994, Gingrich said: "I don't particularly want to have a single ounce of compromise with those who s believe they can somehow improve a prop up and make work a bureaucratic w fare state."

My own modest contribution to Gingrichiana is the observation that the m regularly accuses others of that of which is guilty himself. In a recent attack on Clinton, Gingrich said, "When you have a president who is capable of making up whatever fantasies fit his current position, I do know how, as a serious person, you can anything."

I am informed that this is a phenomenon well-known to psychiatrists; I've never seen it so clearly or so often in politics before. Pardon me, but I see no reason to preter to objectivity on this. The facts are there and the record is there—we can all fairly blame Newt Gingrich for this fine mess.

Molly Ivins is a columnist for the Fort Worth Star-Telegram.



DATE: 12.5

TO: ~~Ickes~~  
~~O'Connor~~

FROM: Staff Secretary

Proposed Poth's  
statement for today's  
40th anniversary of  
AKL + CID merger.  
You want to do  
this? *Thel*

# ROUTING SLIP

DATE: 12 / 4 / 95

95 DEC 4 P5:43

FROM: STEPHEN B. SILVERMAN  
Deputy Assistant to the President and  
Deputy Secretary to the Cabinet

SUBJECT: Yok Am. of AFL-CIO

|                   |           |                                     |                        |            |                                     |
|-------------------|-----------|-------------------------------------|------------------------|------------|-------------------------------------|
| John Angell       | 178 oeob  | <input checked="" type="checkbox"/> | Lorrie McHugh          | 166 oeob   | <input type="checkbox"/>            |
| Don Baer          | g fl / ww | <input checked="" type="checkbox"/> | Janet Murguia          | 112 ew     | <input type="checkbox"/>            |
| Jeremy Ben-Ami    | 218A oeob | <input type="checkbox"/>            | Jennifer O'Connor      | 111 oeob   | <input checked="" type="checkbox"/> |
| Erskine Bowles    | 1 fl / ww | <input type="checkbox"/>            | Tom O'Donnell          | 320 oeob   | <input type="checkbox"/>            |
| Susan Brophy      | 2 fl / ww | <input type="checkbox"/>            | Leon Panetta           | 1 fl / ww  | <input type="checkbox"/>            |
| Gabrielle Bushman | 197 oeob  | <input type="checkbox"/>            | Ron Klain              | 276 oeob   | <input type="checkbox"/>            |
| Barbara Chow      | 107 ew    | <input type="checkbox"/>            | Nancy Soderberg        | g fl / ww  | <input type="checkbox"/>            |
| Michael Deich     | 233 oeob  | <input type="checkbox"/>            | Patti Solis            | 185.5 oeob | <input type="checkbox"/>            |
| Rahm Emmanuel     | 1 fl / ww | <input type="checkbox"/>            | Doug Sosnik            | g fl / ww  | <input type="checkbox"/>            |
| Janice Enright    | 1 fl / ww | <input type="checkbox"/>            | Gene Sperling          | 2 fl / ww  | <input checked="" type="checkbox"/> |
| Jason Goldberg    | 2 fl / ww | <input checked="" type="checkbox"/> | George Stephanopoulos  | 1 fl / ww  | <input type="checkbox"/>            |
| Pat Griffin       | 2 fl / ww | <input type="checkbox"/>            | Todd Stern/Phil Caplan | g fl / ww  | <input checked="" type="checkbox"/> |
| Marcia Hale       | 2 fl / ww | <input type="checkbox"/>            | Stephanie Streett      | g fl / ww  | <input type="checkbox"/>            |
| Karen Hancox      | g fl / ww | <input checked="" type="checkbox"/> | Ginny Terzano          | g fl / ww  | <input type="checkbox"/>            |
| Nancy Heinrich    | 1 fl / ww | <input type="checkbox"/>            | Kim Tilley             | 287 oeob   | <input type="checkbox"/>            |
| Alexis Herman     | 2 fl / ww | <input type="checkbox"/>            | Melanne Verveer        | 100 oeob   | <input type="checkbox"/>            |
| Kitty Higgins     | 160 oeob  | <input type="checkbox"/>            | Michael Waldman        | 214 oeob   | <input type="checkbox"/>            |
| Harold Ickes      | 1 fl / ww | <input type="checkbox"/>            | Ann Walley             | g fl / ww  | <input type="checkbox"/>            |
| Tim Keating       | 2 fl / ww | <input type="checkbox"/>            | Dan Wexler             | 117 oeob   | <input type="checkbox"/>            |
|                   |           |                                     | Jim Oushind            |            | <input checked="" type="checkbox"/> |

Comments: Labor sent this over for (AFL-CIO) 40th  
tomorrow. Should Potus put this out? Bush  
is commemorating



FAX TRANSMITTAL SHEET



RECEIVER TELECOPIER NUMBER: \_\_\_\_\_

TO: STEVE SILVERMAN

FROM: Bibb Howard

DATE: 12/14 TIME: \_\_\_\_\_

PAGE NUMBER ONE OF \_\_\_\_\_ PAGES

TRANSMITTER TELECOPIER: (202) 219-7971

ADDITIONAL COMMENTS:

40th Anniversary of the AFL-CIO  
DRAFT statement for POTUS.

IF YOU HAVE QUESTIONS REGARDING THIS FAX CALL: \_\_\_\_\_

DRAFT-- Dec. 4, 1995, 2:30 pm -- A. Yarrow

STATEMENT BY THE PRESIDENT  
40th Anniversary of the AFL-CIO  
December 5, 1995

Today we celebrate the 40th anniversary of the merger between two organizations who have worked long and hard to improve the lives of working Americans -- the American Federation of Labor and the Congress of Industrial Organizations.

This successful 40-year partnership that began on December 5, 1955, required great courage on the part of the AFL's leader, George Meany, and the CIO's leader, Walter Reuther. Not only did it require them to accept each other as partners, but for the first time to compromise on behalf of their shared self-interests. They had the wisdom to see that unity would make them stronger and better equipped to face the challenges of the time.

The challenges facing labor today are no less daunting: global competition, the shift to a post-industrial economy, a changing workplace, and a dramatically changing work force. But through its ability to adapt to change as it did in 1955, it is clear that the American labor movement and the AFL-CIO will continue to be an essential and effective part of our democracy.



TO: FRED DONSE  
FR: TORD STERN

as we  
discussed

(9753)  
COPY

8015

THE WHITE HOUSE

WASHINGTON

December 4, 1995

95 DEC 4 P1:27

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: ANTHONY LAKE *AL*  
PATRICK GRIFFIN *PG*

SUBJECT: Report to Congress on Yugoslavia Emergency  
Declaration

Purpose

To forward the semi-annual Presidential report to the Congress on the Yugoslavia (Serbia and Montenegro) emergency declared in Executive Order No. 12808 on May 30, 1992.

Background

In accordance with the International Emergency Economic Powers Act of 1992, the Department of the Treasury has submitted a draft Presidential report on Yugoslavia for your approval and transmittal to the President of the Senate and the Speaker of the House of Representatives. The report also meets the requirement in the National Emergencies Act that every six months a report be submitted on the total expenditures incurred by the United States Government. These expenditures must be directly attributable to the exercise of the powers and authorities conferred by the declared emergency.

RECOMMENDATION

That you sign the message to the Congress at Tab A.

Attachment

Tab A Message to the Congress

cc: Vice President  
Chief of Staff



*TO THE CONGRESS OF THE UNITED STATES:*

On May 30, 1992, in Executive Order No. 12808, the President declared a national emergency to deal with the threat to the national security, foreign policy, and economy of the United States arising from actions and policies of the Governments of Serbia and Montenegro, acting under the name of the Socialist Federal Republic of Yugoslavia or the Federal Republic of Yugoslavia, in their involvement in and support for groups attempting to seize territory in Croatia and the Republic of Bosnia and Herzegovina by force and violence utilizing, in part, the forces of the so-called Yugoslav National Army (57 FR 23299, June 2, 1992). I expanded the national emergency in Executive Order No. 12934 of October 25, 1994, to address the actions and policies of the Bosnian Serb forces and the authorities in the territory of the Republic of Bosnia and Herzegovina that they control.

The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c) and covers the period from May 30, 1995 to November 29, 1995. It discusses Administration actions and expenses directly related to the exercise of powers and authorities conferred by the declaration of a national emergency in Executive Order No. 12808 and Executive Order No. 12934 and to expanded sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S&M)") and the Bosnian Serbs contained in Executive Order No. 12810 of June 5, 1992 (57 FR

24347, June 9, 1992), Executive Order No. 12831 of January 15, 1993 (58 FR 5253, Jan. 21, 1993), Executive Order No. 12846 of April 25, 1993 (58 FR 25771, April 27, 1993), and Executive Order No. 12934 of October 25, 1994 (59 FR 54117, October 27, 1994).

1. Executive Order No. 12808 blocked all property and interests in property of the Governments of Serbia and Montenegro, or held in the name of the former Government of the Socialist Federal Republic of Yugoslavia or the Government of the Federal Republic of Yugoslavia, then or thereafter located in the United States or within the possession or control of U.S. persons, including their overseas branches.

Subsequently, Executive Order No. 12810 expanded U.S. actions to implement in the United States the United Nations sanctions against the FRY (S&M) adopted in United Nations Security Council ("UNSC") Resolution 757 of May 30, 1992. In addition to reaffirming the blocking of FRY (S&M) Government property, this order prohibited transactions with respect to the FRY (S&M) involving imports, exports, dealing in FRY-origin property, air and sea transportation, contract performance, funds transfers, activity promoting importation or exportation or dealings in property, and official sports, scientific, technical, or other cultural representation of, or sponsorship by, the FRY (S&M) in the United States.

Executive Order No. 12810 exempted from trade restrictions (1) transshipments through the FRY (S&M), and (2) activities related to the United Nations Protection Force ("UNPROFOR"), the



Conference on Yugoslavia, or the European Community Monitor Mission.

On January 15, 1993, President Bush issued Executive Order No. 12831 to implement new sanctions contained in U.N. Security Council Resolution 787 of November 16, 1992. The order revoked the exemption for transshipments through the FRY (S&M) contained in Executive Order No. 12810, prohibited transactions within the United States or by a U.S. person relating to FRY (S&M) vessels and vessels in which a majority or controlling interest is held by a person or entity in, or operating from, the FRY (S&M), and stated that all such vessels shall be considered as vessels of the FRY (S&M), regardless of the flag under which they sail.

On April 25, 1993, I issued Executive Order No. 12846 to implement in the United States the sanctions adopted in UNSC Resolution 820 of April 17, 1993. That resolution called on the Bosnian Serbs to accept the Vance-Owen peace plan for the Republic of Bosnia and Herzegovina and, if they failed to do so by April 26, called on member states to take additional measures to tighten the embargo against the FRY (S&M) and Serbian-controlled areas of the Republic of Bosnia and Herzegovina and the United Nations Protected Areas in Croatia. Effective April 26, 1993, the order blocked all property and interests in property of commercial, industrial, or public utility undertakings or entities organized or located in the FRY (S&M), including property and interests in property of entities (wherever organized or located) owned or controlled by such

undertakings or entities, that are or thereafter come within the possession or control of U.S. persons.

On October 25, 1994, in view of UNSC Resolution 942 of September 23, 1994, I issued Executive Order No. 12934 in order to take additional steps with respect to the crisis in the former Yugoslavia. (59 FR 54117, October 27, 1994.) Executive Order No. 12934 expands the scope of the national emergency declared in Executive Order No. 12808 to address the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States posed by the actions and policies of the Bosnian Serb forces and the authorities in the territory in the Republic of Bosnia and Herzegovina that they control, including their refusal to accept the proposed territorial settlement of the conflict in the Republic of Bosnia and Herzegovina.

The Executive order blocks all property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons (including their overseas branches) of: (1) the Bosnian Serb military and paramilitary forces and the authorities in areas of the Republic of Bosnia and Herzegovina under the control of those forces; (2) any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; (3) any entity, wherever organized or located, which



is owned or controlled directly or indirectly by any person in, or resident in, those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; and (4) any person acting for or on behalf of any person within the scope of the above definitions.

The Executive order also prohibits the provision or exportation of services to those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or to any person for the purpose of any business carried on in those areas, either from the United States or by a U.S. person. The order also prohibits the entry of any U.S.-flagged vessel, other than a U.S. naval vessel, into the riverine ports of those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces. Finally, any transaction by any U.S. person that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in the order is prohibited. Executive Order No. 12934 became effective at 11:59 p.m., E.D.T., on October 25, 1994.

2. The declaration of the national emergency on May 30, 1992, was made pursuant to the authority vested in the President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3 of the United States Code. The emergency declaration was reported to Congress on May 30, 1992, pursuant to section 204(b) of the International Emergency Economic Powers Act

(50 U.S.C. 1703(b)) and the expansion of that National Emergency under the same authorities was reported to Congress on October 25, 1994. The additional sanctions set forth in related Executive orders were imposed pursuant to the authority vested in the President by the Constitution and laws of the United States, including the statutes cited above, section 1114 of the Federal Aviation Act (49 U.S.C. App. 1514), and section 5 of the United Nations Participation Act (22 U.S.C. 287c).

3. Effective June 30, 1995, the Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations, 31 C.F.R. Part 585 (the "Regulations"), were amended to implement Executive Order No. 12934 (60 FR 34144, June 30, 1995). The name of the Regulations was changed to reflect the expansion of the national emergency to the Bosnian Serbs, and now reads "Federal Republic of Yugoslavia (Serbia & Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations." A copy of the amended Regulations is attached.

Treasury's blocking authority as applied to FRY (S&M) subsidiaries and vessels in the United States has been challenged in court. In Milena Ship Management Company, Ltd. v. Newcomb, 804 F.Supp. 846, 855, and 859 (E.D.La. 1992) aff'd, 995 F.2d 620 (5th Cir. 1993), cert. denied, 114 S.Ct. 877 (1994), involving five ships owned or controlled by FRY (S&M) entities blocked in various U.S. ports, the blocking authority as applied to these vessels was upheld. In IPT Company, Inc. v. United States



Department of the Treasury, No. 92 CIV 5542 (S.D.N.Y. 1994), the district court also upheld the blocking authority as applied to the property of a Yugoslav subsidiary located in the United States, and the case was subsequently settled.

4. Over the past six months, the Departments of State and Treasury have worked closely with European Union (the "EU") member states and other U.N. member nations to coordinate implementation of the U.N. sanctions against the FRY (S&M). This has included continued deployment of Organization for Security and Cooperation in Europe ("OSCE") sanctions assistance missions ("SAMS") to Albania, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Hungary, Romania, and Ukraine to assist in monitoring land and Danube River traffic; support for the International Conference on the Former Yugoslavia ("ICFY") monitoring missions along the Serbia-Montenegro-Bosnia border; bilateral contacts between the United States and other countries for the purpose of tightening financial and trade restrictions on the FRY (S&M); and ongoing multilateral meetings by financial sanctions enforcement authorities from various countries to coordinate enforcement efforts and to exchange technical information.

5. In accordance with licensing policy and the Regulations, OFAC has exercised its authority to license certain specific transactions with respect to the FRY (S&M) which are consistent with U.S. foreign policy and the Security Council sanctions. During the reporting period, OFAC has issued 90

specific licenses regarding transactions pertaining to the FRY (S&M) or assets it owns or controls, bringing the total specific licenses issued as of October 13, 1995, to 1,020. Specific licenses have been issued (1) for payment to U.S. or third-country secured creditors, under certain narrowly-defined circumstances, for pre-embargo import and export transactions; (2) for legal representation or advice to the Government of the FRY (S&M) or FRY (S&M)-located or controlled entities; (3) for the liquidation or protection of tangible assets of subsidiaries of FRY (S&M)-located or controlled firms located in the U.S.; (4) for limited transactions related to FRY (S&M) diplomatic representation in Washington and New York; (5) for patent, trademark and copyright protection in the FRY (S&M) not involving payment to the FRY (S&M) Government; (6) for certain communications, news media, and travel-related transactions; (7) for the payment of crews' wages, vessel maintenance, and emergency supplies for FRY (S&M)-controlled ships blocked in the United States; (8) for the removal from the FRY (S&M), or protection within the FRY (S&M), of certain property owned and controlled by U.S. entities; (9) to assist the United Nations in its relief operations and the activities of the U.N. Protection Force; and (10) for payment from funds outside the United States where a third country has licensed the transaction in accordance with U.N. sanctions. Pursuant to U.S. regulations implementing UNSC Resolutions, specific licenses have also been issued to



authorize exportation of food, medicine, and supplies intended for humanitarian purposes in the FRY (S&M).

During the period, OFAC addressed the status of the unallocated debt of the former Yugoslavia by authorizing non-blocked U.S. creditors under the New Financing Agreement for Yugoslavia (Blocked Debt) to exchange a portion of the Blocked Debt for new debt (bonds) issued by the Republic of Slovenia. The completion of this exchange will mark the transfer to Slovenia of sole liability for a portion of the face value of the \$4.2 billion unallocated debt of the FRY (S&M) for which Slovenia, prior to the authorized exchange, was jointly and severally liable. The exchange will relieve Slovenia of the joint and several liability for the remaining unallocated FRY (S&M) debt and pave the way for its entry into international capital markets.

During the past six months, OFAC has continued to oversee the liquidation of tangible assets of the fifteen U.S. subsidiaries of entities organized in the FRY (S&M). Subsequent to the issuance of Executive Order No. 12846, all operating licenses issued for these U.S.-located Serbian or Montenegrin subsidiaries or joint ventures were revoked, and the net proceeds of the liquidation of their assets placed in blocked accounts.

In order to reduce the drain on blocked assets caused by continuing to rent commercial space, OFAC arranged to have the blocked personalty, files, and records of the two Serbian banking institutions in New York moved to secure storage. The personalty

is being liquidated, with the net proceeds placed in blocked accounts.

Following the sale of the M/V Kapetan Martinovic in January 1995, five Yugoslav-owned vessels remain blocked in the United States. Approval of the UNSC's Serbian Sanctions Committee was sought and obtained for the sale of the M/V Kapetan Martinovic (and the M/V Bor, which was sold in June 1994).

With the OFAC-licensed sales of the M/V Kapetan Martinovic and the M/V Bor, those vessels were removed from the list of blocked FRY entities and merchant vessels maintained by OFAC. As of October 12, 1995, five additional vessels have been removed from the list of blocked FRY entities and merchant vessels maintained by OFAC as a result of sales conditions that effectively extinguished any FRY (S&M) interest: the M/V Blue Star, M/V Budva, M/V Bulk Star, M/V Hanuman, and M/V Sumadija. The new owners of several other formerly Yugoslav-owned vessels, which have been sold in other countries, have petitioned OFAC to remove those vessels from the list.

During the past six months, U.S. financial institutions have continued to block funds transfers in which there is a possible interest of the Government of the FRY (S&M) or an entity or undertaking located in or controlled from the FRY (S&M), and to stop prohibited transfers to persons in the FRY (S&M). The value of transfers blocked has amounted to \$137.5 million since the issuance of Executive Order No. 12808, including some \$13.9 million during the past six months.



To ensure compliance with the terms of the licenses that have been issued under the program, stringent reporting requirements are imposed. More than 318 submissions have been reviewed by OFAC since the last report, and more than 130 compliance cases are currently open.

6. Since the issuance of Executive Order No. 12810, OFAC has worked closely with the U.S. Customs Service to ensure both that prohibited imports and exports (including those in which the Government of the FRY (S&M) or Bosnian Serb authorities have an interest) are identified and interdicted, and that permitted imports and exports move to their intended destination without undue delay. Violations and suspected violations of the embargo are being investigated and appropriate enforcement actions are being taken. Numerous investigations carried over from the prior reporting period are continuing. Since the last report, OFAC has collected ten civil penalties totaling more than \$27,000. Of these, five were paid by U.S. financial institutions for violative funds transfers involving the Government of the FRY (S&M), persons in the FRY (S&M), or entities located or organized in or controlled from the FRY (S&M). One U.S. company and one air carrier have also paid penalties related to unlicensed payments to the Government of the FRY (S&M) or other violations of the Regulations. Two companies and one law firm have also remitted penalties for their failure to follow the conditions of OFAC licenses.

7. The expenses incurred by the Federal Government in the six-month period from November 30, 1994, through May 29, 1995, that are directly attributable to the declaration of a national emergency with respect to the FRY (S&M) and the Bosnian Serb forces and authorities are estimated at about \$3.5 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in OFAC and its Chief Counsel's Office, and the U.S. Customs Service), the Department of State, the National Security Council, the U.S. Coast Guard, and the Department of Commerce.

8. The actions and policies of the Government of the FRY (S&M), in its involvement in and support for groups attempting to seize and hold territory in the Republics of Croatia and Bosnia and Herzegovina by force and violence, and the actions and policies of the Bosnian Serb forces and the authorities in the areas of Bosnia and Herzegovina under their control, continue to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The United States remains committed to a multilateral resolution of the conflict through implementation of the United Nations Security Council resolutions.



I shall continue to exercise the powers at my disposal to apply economic sanctions against the FRY (S&M) and the Bosnian Serb forces, civil authorities, and entities, as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

William J. Clinton

The White House

November \_\_, 1995

and the areas of the Republic of Bosnia and Herzegovina that they control, in view of United Nations Security Council Resolution No. 942; provide an agency interpretation of the new prohibitions as preventing certain financial services to the areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces and to entities worldwide owned or controlled from such areas; make additional conforming amendments to reflect the implementation of Executive Order 12846 of April 25, 1993; and make certain clarifying and technical amendments.

**EFFECTIVE DATE:** June 30, 1995.

**FOR FURTHER INFORMATION CONTACT:**

Steven I. Pinter, Chief of Licensing, tel.: 202/622-2480, or William B. Hoffman, Chief Counsel, tel.: 202/622-2410, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

**SUPPLEMENTARY INFORMATION:**

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**Background**

On October 25, 1994, the President issued Executive Order 12934, 59 FR 54117 (October 27, 1994), expanding the scope of the national emergency declared in Executive Order 12808 to extend certain sanctions to the Bosnian Serb forces and authorities and the areas of the Republic of Bosnia and Herzegovina that they control, taking into account the provisions of United Nations Security Council Resolution No. 942 of September 23, 1994. Effective October 25, 1994, the Executive order blocks all property and interests in property of the Bosnian Serb military and paramilitary forces and the authorities in those areas of the

Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; entities organized or located in those areas; entities owned or controlled directly or indirectly by any person in, or resident in, those areas; and any person acting for or on behalf of any of the above. A partial listing of such persons was published on April 18, 1995, 60 FR 19448. The part heading is revised to read: "The Federal Republic of Yugoslavia (Serbia and Montenegro) and the Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR part 585 (the "Regulations")," and § 585.201 of the Regulations is amended to implement this provision. E.O. 12934, section 1.

Section 585.217 of the Regulations is amended to implement the Executive order's prohibition in section 2(b) against the entry of U.S.-flag vessels into the riverine ports of those areas of the Republic of Bosnia and Herzegovina controlled by Bosnian Serb forces. Section 585.218 of the Regulations, which already prohibits exportation to, importation from, and transshipment through those areas of the Republic of Bosnia and Herzegovina controlled by Bosnian Serb forces, is amended to reflect the Executive order's prohibition in section 2(a) against the provision or exportation of services to those areas or to any person for the purpose of any business carried on in those areas, either from the United States or by a U.S. person.

The prohibitions of Executive Order 12934 apply notwithstanding any prior contracts, international agreements, licenses or authorizations, but may be modified by regulation, order or license issued pursuant to that Executive order.

In addition to implementing the provisions of Executive Order 12934, this final rule amends several provisions of the Regulations pertaining to property interests blocked under § 585.201 by substituting a simple reference to "property or interests in property blocked pursuant to § 585.201" for a lengthy list of all persons whose property interests are blocked pursuant to Executive Orders 12808, 12810, 12846, or 12934.

Section 585.420 is added interpreting new §§ 585.201(c) and 585.218(b) of the Regulations to prohibit the transfer of funds by U.S. financial institutions to or for the benefit of persons whose property and interests in property are blocked pursuant to § 585.201(c), on the basis that such transfers are blocked by operation of law upon their initiation, and that such transfers involve an illegal exportation of financial services from

**31 CFR Part 585**

**Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations; Bosnian Serb Sanctions**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule; amendments.

**SUMMARY:** This rule amends the Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations to: Implement Executive Order 12934 of October 25, 1994, imposing sanctions on the Bosnian Serb forces and authorities



the United States or by a United States person.

Finally, paragraph (c) of § 585.512 of the Regulations, which states that charge cards may not be used by U.S. persons authorized to engage in certain travel-related transactions under this section while in the FRY (S&M), is amended to clarify (but not modify) the authorizations contained in that section.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act, 5 U.S.C. 601-612 does not apply.

#### List of Subjects in 31 CFR Part 585

Administrative practice and procedure, Banks, banking, Foreign investments in United States, Foreign trade, Penalties, Reporting and recordkeeping requirements, Securities, Transportation, Yugoslavia.

For the reasons set forth in the preamble, 31 CFR part 585 is amended as set forth below:

1. The heading to part 585 is revised to read as follows:

#### **PART 585—FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO) AND BOSNIAN SERB-CONTROLLED AREAS OF THE REPUBLIC OF BOSNIA AND HERZEGOVINA SANCTIONS REGULATIONS**

2. The authority citation for part 585 is revised to read as follows:

Authority: 3 U.S.C. 301; 22 U.S.C. 287c; 49 U.S.C. 40106(b); 50 U.S.C. 1601-1651; 50 U.S.C. 1701-1706; E.O. 12808, 57 FR 23299, 3 CFR, 1992 Comp., p. 305; E.O. 12810, 57 FR 24347, 3 CFR, 1992 Comp., p. 307; E.O. 12831, 58 FR 5253, 3 CFR, 1993 Comp., p. 576; E.O. 12846, 58 FR 25771, 3 CFR, 1993 Comp., p. 599; E.O. 12934, 59 FR 54117 (October 27, 1994).

#### **Subpart B—Prohibitions**

3. Section 585.201 is amended as follows: In paragraph (a) by removing "are" wherever it appears and adding "is"; by removing "come" wherever it appears and adding "comes"; by redesignating paragraph (c) as paragraph (d); and by adding new paragraph (c) to read as follows:

#### **§ 585.201 Prohibited transactions involving blocked property; transactions with respect to securities.**

(c) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before 11:59 p.m. EDT, October 25, 1994, no property or interest in property of the following persons that is in the United States, that hereafter comes within the United States, or that is or hereafter comes within the possession or control of United States persons, including their overseas branches, may be transferred, paid, exported, withdrawn, or otherwise dealt in:

(1) The Bosnian Serb military and paramilitary forces and the authorities in those areas of the Republic of Bosnia and Herzegovina under the control of those forces;

(2) Any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces;

(3) Any entity, wherever organized or located, which is owned or controlled directly or indirectly by any person in, or resident in, those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; and

(4) Any person acting for or on behalf of any person included within the scope of paragraphs (c)(1), (2) or (3) of this section.

4. Paragraphs (a), (b), and (e) of § 585.202 are revised to read as follows:

#### **§ 585.202 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date specified in § 585.301 which is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, license, or other authorization hereunder and involves any property or interest in property blocked pursuant to § 585.201 is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property or property interests.

(b) No transfer before the effective date shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property or interest in property blocked pursuant to § 585.201, unless the person with whom such property is held or maintained, prior to such date, had written notice of the

transfer or by any written evidence had recognized such transfer.

(e) Unless licensed or authorized pursuant to this part, any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property or interest in property blocked pursuant to § 585.201.

#### **§ 585.203 [Amended]**

5. Section 585.203 is amended as follows: In paragraph (a)(2) by removing "entity of the FRY (S&M)" and adding "person(s)" in its place, and in paragraph (c) by revising the first sentence to read as follows: "U.S. financial institutions receiving instructions to execute a payment or transfer of funds they hold in which a person has an interest whose property or interests in property are blocked pursuant to § 585.201, shall block the funds and provide written notification to the Compliance Programs Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Ave., NW—2131 Annex, Washington, DC 20220, within 10 business days from the value date of the payment or transfer."

6. Section 585.217 is revised to read as follows:

#### **§ 585.217 Entry into the territorial waters of the FRY (S&M) or the riverine ports of the Republic of Bosnia and Herzegovina prohibited.**

Except as otherwise authorized by the Director of the Office of Foreign Assets Control pursuant to this part, no vessel registered in the United States or owned or controlled by U.S. persons, other than a United States naval vessel, may enter:

(a) The territorial waters of the FRY (S&M); or

(b) The riverine ports of those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.

7. Section 585.218 is revised to read as follows:

#### **§ 585.218 Trade in United Nations Protected Areas of Croatia and those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.**

The following are prohibited, except as otherwise authorized by the Director of the Office of Foreign Assets Control pursuant to this part:

(a) Any dealing by a United States person relating to the importation from, exportation to, or transshipment of goods through the United Nations Protected Areas in the Republic of Croatia and those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or



activity of any kind that promotes or is intended to promote such dealing (see § 585.524); and

(b) The provision or exportation of services to those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or to any person for the purpose of any business carried on in those areas, either from the United States or by a United States person.

#### Subpart C—General Definitions

8. Section 585.301 is amended as follows: In paragraph (a) by removing the reference “§§ 585.201 (a) & (c)” and adding “§§ 585.201 (a) and (d)” in its place; in paragraph (e) by adding “(a)” after the references to “585.217” and “585.218”; and by removing “and” from the end of paragraph (d) and the period from the end of paragraph (e), by adding a semicolon and “and” to the end of paragraph (e), and by adding a new paragraph (f) to read as follows:

**§ 585.301 Effective date.**

(f) With respect to §§ 585.201(c), 585.217(b), and 585.218(b), 11:59 p.m. EDT, October 25, 1994.

9. Section 585.302 is revised to read as follows:

**§ 585.302 Blocked account; blocked property.**

The terms *blocked account* and *blocked property* shall mean any account and any property or interest in property blocked pursuant to § 585.201 with respect to which payments, transfers, exportations, withdrawals, or other dealings may not be made or effected except pursuant to an authorization or license from the Office of Foreign Assets Control authorizing such action.

#### Subpart D—Interpretations

10. Section 585.403 is revised to read as follows:

**§ 585.403 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) from a person whose property or property interests are blocked pursuant to § 585.201, such property shall no longer be deemed to be property blocked pursuant to § 585.201, unless there exists in the property another interest that is blocked pursuant to § 585.201 or any other part of this chapter, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to a person whose property or property interests are blocked pursuant to § 585.201, such property shall be deemed to be property in which that person has an interest and therefore blocked.

**§ 585.405 [Amended]**

11. Section 585.405 is amended by removing “the Government of the FRY (S&M) or the former Government of the Social Federal Republic of Yugoslavia,” and adding “a person whose property or interests in property are blocked pursuant to § 585.201”, and by removing “and” between the references to “§ 585.201” and “§§ 585.204–585.212”, adding a comma in its place, and adding “and §§ 585.217–585.218” to the end of the first sentence.

12. Paragraph (a) of § 585.406 is revised to read as follows:

**§ 585.406 Extensions of credits or loans.**

(a) The prohibition in § 585.210 applies to the unlicensed renewal of credits or loans held in the name of a person whose property or interests in property are blocked pursuant to § 585.201 that were in existence on the effective date, whether by affirmative action or operation of law.

13. Paragraph (a) of § 585.408 is revised to read as follows:

**§ 585.408 Offshore transactions.**

(a) The prohibitions contained in §§ 585.201 and 585.206 apply to transactions by U.S. persons in locations outside the United States with respect to property in which the U.S. person knows, or has reason to know, that a person whose property or interests in property are blocked pursuant to § 585.201 has or has had an interest since the effective date specified in § 585.301, or that such property is held in the name of a person whose property or interests in property are blocked pursuant to § 585.201.

14. The note to § 585.412 is revised to read as follows:

**§ 585.412 Release of goods originating in the FRY (S&M) from a bonded warehouse or foreign trade zone.**

(Note: property blocked pursuant to § 585.201 may not be released unless authorized or licensed by the Office of Foreign Assets Control.)

**§ 585.413 [Amended]**

15. Section 585.413 is amended by revising the second sentence to read as follows: “However, any payment in connection with such importation is subject to the prohibitions contained in §§ 585.201 and 585.210.”

16. Section 585.420 is added to subpart D to read as follows:

**§ 585.420 Prohibited transfer of funds involving those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.**

Sections 585.201(c) and 585.218(b) prohibit U.S. financial institutions from committing or transferring, directly or indirectly, funds or other financial or economic resources to or for the benefit of any person whose property or interests in property are blocked pursuant to § 585.201(c).

#### Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

17. The introductory text and paragraph (c) of § 585.504 are revised to read as follows:

**§ 585.504 Investment and reinvestment of certain funds.**

U.S. financial institutions are hereby authorized to invest and reinvest assets blocked pursuant to § 585.201, subject to the following conditions:

(c) No immediate financial or economic benefit accrues (e.g., through pledging or other use) to any person whose property or interests in property are blocked pursuant to § 585.201.

18. Paragraphs (a) and (b) of § 585.505 are revised to read as follows:

**§ 585.505 Completion of certain transactions related to bankers acceptances authorized.**

(a) Persons other than those whose property or interests in property are blocked pursuant to § 585.201 are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, relating to a property interest blocked pursuant to § 585.201, as long as the bankers acceptances were created or the deferred payment undertakings were incurred prior to the effective date.

(b) Persons other than those whose property or interests in property are blocked pursuant to § 585.201 are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, relating to the importation or exportation of goods to or from the FRY (S&M) that do not involve a property interest blocked



pursuant to § 585.201, as long as the bankers acceptances or the deferred payment undertakings were accepted prior to the effective date.

19. The section heading and paragraphs (a) and (b) of § 585.506 are revised to read as follows:

**§ 585.506 Payments of obligations to persons within the United States authorized.**

(a) The transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person not blocked pursuant to this chapter solely for the purpose of payment of obligations of a person whose property or interests in property are blocked pursuant to § 585.201 to persons or accounts within the United States is authorized, provided that the obligation arose prior to the effective date, and the payment requires no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to a person whose property or interests in property are blocked pursuant to § 585.201 must be to a blocked account in a U.S. financial institution.

**§ 585.512 [Amended]**

20. Paragraph (c) of § 585.512 is amended by removing ", or to engage in transactions, while traveling in the FRY (S&M)." and by adding "in the FRY (S&M) in connection with any transactions authorized by this section." in its place.

**§ 585.524 [Amended]**

21. The section heading of § 585.524 is amended by removing "Serb-controlled areas of Bosnia-Herzegovina" and adding "those areas of the Republic of Bosnia and Herzegovina controlled by Bosnian Serb forces" in its place. Paragraphs (a) and (b) of § 585.524 are amended by removing "Bosnia-Herzegovina" wherever it appears and adding "Bosnia and Herzegovina" in its place.

Dated: June 23, 1995.

Richard Newcomb,

Director, Office of Foreign Assets Control.

Approved: June 23, 1995.

John P. Simpson,

Deputy Assistant Secretary (Regulatory, Tariff and Trade Enforcement).

FR Doc. 95-16122 Filed 6-28-95; 9:20 am

ILLING CODE 4810-25-F

**Message to the Congress on the  
Federal Republic of Yugoslavia  
(Serbia and Montenegro)**

July 18, 1995

*To the Congress of the United States:*

On May 30, 1992, in Executive Order No. 12808, the President declared a national emergency to deal with the threat to the national security, foreign policy, and economy of the United States arising from actions and policies of the Governments of Serbia and Montenegro, acting under the name of the Socialist Federal Republic of Yugoslavia or the Federal Republic of Yugoslavia, in their involvement in and support for groups attempting to seize territory in Croatia and the Republic of Bosnia and Herzegovina by force and violence utilizing, in part, the forces of the so-called Yugoslav National Army (57 FR 23299, June 2, 1992). I expanded the national emergency in Executive Order No. 12934 of October 25, 1994, to address the actions and policies of the Bosnian Serb forces and the authorities in the territory of the Republic of Bosnia and Herzegovina that they control. The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c). It discusses Administration actions and expenses directly related to the exercise of powers and authorities conferred by the declaration of a national emergency in Executive Order No. 12808 and Executive Order No. 12934 and to expanded sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S/M)") and the Bosnian Serbs contained in Executive Order No. 12810 of June 5, 1992 (57 FR 24347, June 9, 1992), Executive Order No. 12831 of January 15, 1993 (58 FR 5253, Jan. 21, 1993), Executive Order No. 12846 of April 25, 1993 (58 FR 25771, April 27, 1993), and Executive Order No. 12934 of October 25, 1994 (59 FR 54117, October 27, 1994).

1. Executive Order No. 12808 blocked all property and interests in property of the Governments of Serbia and Montenegro, or held in the name of the former Government of the Socialist Federal Republic of Yugoslavia or the Government of the Federal Republic of Yugoslavia, then or thereafter located in the United States or within the possession or control of U.S. persons, including their overseas branches.

Subsequently, Executive Order No. 12810 expanded U.S. actions to implement in the United States the United Nations sanctions against the FRY (S/M) adopted in United

Nations Security Council ("UNSC") Resolution 757 of May 30, 1992. In addition to reaffirming the blocking of FRY (S/M) Government property, this order prohibited transactions with respect to the FRY (S/M) involving imports, exports, dealing in FRY-origin property, air and sea transportation, contract performance, funds transfers, activity promoting importation or exportation or dealings in property, and official sports, scientific, technical, or other cultural representation of, or sponsorship by, the FRY (S/M) in the United States.

Executive Order No. 12810 exempted from trade restrictions (1) transshipments through the FRY (S/M), and (2) activities related to the United Nations Protection Force ("UNPROFOR"), the Conference on Yugoslavia, or the European Community Monitor Mission.

On January 15, 1993, President Bush issued Executive Order No. 12831 to implement new sanctions contained in U.N. Security Council Resolution 787 of November 16, 1992. The order revoked the exemption for transshipments through the FRY (S/M) contained in Executive Order No. 12810, prohibited transactions within the United States or by a U.S. person relating to FRY (S/M) vessels and vessels in which a majority or controlling interest is held by a person or entity in, or operating from, the FRY (S/M), and stated that all such vessels shall be considered as vessels of the FRY (S/M), regardless of the flag under which they sail.

On April 25, 1993, I issued Executive Order No. 12846 to implement in the United States the sanctions adopted in UNSC Resolution 820 of April 17, 1993. That resolution called on the Bosnian Serbs to accept the Vance-Owen peace plan for the Republic of Bosnia and Herzegovina and, if they failed to do so by April 26, called on member states to take additional measures to tighten the embargo against the FRY (S/M) and Serbian controlled areas of the Republic of Bosnia and Herzegovina and the United Nations Protected Areas in Croatia. Effective April 26, 1993, the order blocked all property and interests in property of commercial, industrial, or public utility undertakings or entities organized or located in the FRY (S/M), including property and interests in property of entities (wherever organized or located) owned or controlled by such undertakings or entities, that are or thereafter come within the possession or control of U.S. persons.

On October 25, 1994, in view of UNSC Resolution 942 of September 23, 1994, I is-



sued Executive Order No. 12934 in order to take additional steps with respect to the crisis in the former Yugoslavia. (59 FR 54117, October 27, 1994.) Executive Order No. 12934 expands the scope of the national emergency declared in Executive Order No. 12808 to address the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States posed by the actions and policies of the Bosnian Serb forces and the authorities in the territory in the Republic of Bosnia and Herzegovina that they control, including their refusal to accept the proposed territorial settlement of the conflict in the Republic of Bosnia and Herzegovina.

The Executive order blocks all property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons (including their overseas branches) of: (1) the Bosnian Serb military and paramilitary forces and the authorities in areas of the Republic of Bosnia and Herzegovina under the control of those forces; (2) any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; (3) any entity, wherever organized or located, which is owned or controlled directly or indirectly by any person in, or resident in, those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; and (4) any person acting for or on behalf of any person within the scope of the above definitions.

The Executive order also prohibits the provision or exportation of services to those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or to any person for the purpose of any business carried on in those areas, either from the United States or by a U.S. person. The order also prohibits the entry of any U.S.-flagged vessel, other than a U.S. naval vessel, into the riverine ports of those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces. Finally, any transaction by any U.S. person that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in the order is prohibited. Executive Order No. 12934 became effective at 11:59 p.m., e.d.t., on October 25, 1994.

2. The declaration of the national emergency on May 30, 1992, was made pursuant to the authority vested in the President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3 of the United States Code. The emergency declaration was reported to the Congress on May 30, 1992, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)) and the expansion of that National Emergency under the same authorities was reported to the Congress on October 25, 1994. The additional sanctions set forth in related Executive orders were imposed pursuant to the authority vested in the President by the Constitution and laws of the United States, including the statutes cited above, section 1114 of the Federal Aviation Act (49 U.S.C. App. 1514), and section 5 of the United Nations Participation Act (22 U.S.C. 287c).

3. There have been no amendments to the Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations (the "Regulations"), 31 C.F.R. Part 585, since the last report. The Treasury Department had previously published 853 names in the Federal Register on November 17, 1994 (59 FR 59460), as part of a comprehensive listing of all blocked persons and specially designated nationals ("SDNs") of the FRY (S/M). This list identified individuals and entities determined by the Department of the Treasury to be owned or controlled by or acting for or on behalf of the Government of the FRY (S/M), persons in the FRY (S/M), or entities located or organized in or controlled from the FRY (S/M). All prohibitions in the Regulations pertaining to the Government of the FRY (S/M) apply to the entities and individuals identified. U.S. persons, on notice of the status of such blocked persons and specially designated nationals, are prohibited from entering into transactions with them, or transactions in which they have an interest, unless otherwise exempted or authorized pursuant to the Regulations.

On February 22, 1995, pursuant to Executive Order 12934 and the Regulations, Treasury identified 85 individuals as leaders of the Bosnian Serb forces or civilian authorities in the territories in the Republic of Bosnia and Herzegovina that they control. Also on February 22, Treasury designated 19 individuals and 23 companies as SDNs of the FRY (S/



M). These designations include FRY (S/M)-connected companies around the world that are being directed from Cyprus, two Cypriot-owned firms that have had a central role in helping establish and sustain sanctions-evading FRY (S/M) front companies in Cyprus, and the head of the FRY (S/M)'s Central Bank who is also the architect of the FRY (S/M) economic program.

Additionally, on March 13, 1995, Treasury named 32 firms and eight individuals that are part of the Karic Brothers' family network of companies as SDNs of the FRY (S/M). Their enterprises span the globe and are especially active in former East Bloc countries. These additions and amendments, published in the Federal Register on April 18, 1995 (60 FR 19448), bring the current total of Blocked Entities and SDNs of the FRY (S/M) to 938 and the total number of individuals identified as leaders of the Bosnian Serb military or paramilitary forces or civilian authorities in the territories in the Republic of Bosnia and Herzegovina that they control to 85. A copy of the notice is attached.

Treasury's blocking authority as applied to FRY (S/M) subsidiaries and vessels in the United States has been challenged in court. In *Milena Ship Management Company, Ltd. v. Newcomb*, 804 F.Supp. 846, 855, and 859 (E.D.L.A. 1992) *aff'd*, 995 F.2d 620 (5th Cir. 1993), *cert. denied*, 114 S.Ct. 877 (1994), involving five ships owned or controlled by FRY (S/M) entities blocked in various U.S. ports, the blocking authority as applied to these vessels was upheld. In *IPT Company, Inc. v. United States Department of the Treasury*, No. 92 CIV 5542 (S.D.N.Y. 1994), the district court also upheld the blocking authority as applied to the property of a Yugoslav subsidiary located in the United States. The latter case is currently on appeal to the Second Circuit.

4. Over the past 6 months, the Departments of State and Treasury have worked closely with European Union (the "EU") member states and other U.N. member nations to coordinate implementation of the U.N. sanctions against the FRY (S/M). This has included visits by assessment teams formed under the auspices of the United States, the EU, and the Organization for Security and Cooperation in Europe (the "OSCE") to states bordering on Serbia and Montenegro; continued deployment of OSCE sanctions assistance missions ("SAMs") to Albania, Bulgaria, Croatia, the

former Yugoslav Republic of Macedonia, Hungary, Romania, and Ukraine to assist in monitoring land and Danube River traffic; support for the International Conference on the Former Yugoslavia ("ICFY") monitoring missions along the Serbia-Montenegro-Bosnia border; bilateral contacts between the United States and other countries for the purpose of tightening financial and trade restrictions on the FRY (S/M); and ongoing multilateral meetings by financial sanctions enforcement authorities from various countries to coordinate enforcement efforts and to exchange technical information.

5. In accordance with licensing policy and the Regulations, FAC has exercised its authority to license certain specific transactions with respect to the FRY (S/M) that are consistent with U.S. foreign policy and the Security Council sanctions. During the reporting period, FAC has issued 109 specific licenses regarding transactions pertaining to the FRY (S/M) or assets it owns or controls, bringing the total as of April 25, 1995, to 930. Specific licenses have been issued (1) for payment to U.S. or third-country secured creditors, under certain narrowly-defined circumstances, for pre-embargo import and export transactions; (2) for legal representation or advice to the Government of the FRY (S/M) or FRY (S/M)-located or controlled entities; (3) for the liquidation or protection of tangible assets of subsidiaries of FRY (S/M)-located or controlled firms located in the U.S.; (4) for limited transactions related to FRY (S/M) diplomatic representation in Washington and New York; (5) for patent, trademark and copyright protection in the FRY (S/M) not involving payment to the FRY (S/M) Government; (6) for certain communications, news media, and travel-related transactions; (7) for the payment of crews' wages, vessel maintenance, and emergency supplies for FRY (S/M) controlled ships blocked in the United States; (8) for the removal from the FRY (S/M), or protection within the FRY (S/M), of certain property owned and controlled by U.S. entities; (9) to assist the United Nations in its relief operations and the activities of the U.N. Protection Force; and (10) for payment from funds outside the United States where a third country has licensed the transaction in accordance with U.N. sanctions. Pursuant to U.S. regulations implementing UNSC Resolutions, specific licenses have also been issued to authorize exportation of food, medicine, and supplies intended for humanitarian purposes in the FRY (S/M).



During the past 6 months, FAC has continued to oversee the liquidation of tangible assets of the 15 U.S. subsidiaries of entities organized in the FRY (S/M). Subsequent to the issuance of Executive Order No. 12846, all operating licenses issued for these U.S.-located Serbian or Montenegrin subsidiaries or joint ventures were revoked, and the net proceeds of the liquidation of their assets placed in blocked accounts.

In order to reduce the drain on blocked assets caused by continuing to rent commercial space, FAC arranged to have the blocked personalty, files, and records of the two Serbian banking institutions in New York moved to secure storage. The personalty is being liquidated, with the net proceeds placed in blocked accounts.

Following the sale of the M/V Kapetan Martinovic in January 1995, five Yugoslav-owned vessels remain blocked in the United States. Approval of the UNSC's Serbian sanctions Committee was sought and obtained for the sale of the M/V Kapetan Martinovic (and the M/V Bor, which was sold in June 1994) based on U.S. assurances that the sale would comply with four basic conditions, which assure that both U.S. and U.N. sanctions objectives with respect to the FRY (S/M) are met: (1) the sale will be for fair market value; (2) the sale will result in a complete divestiture of any interest of the FRY (S/M) (or of commercial interests located in or controlled from the FRY (S/M)) in the vessel; (3) the sale would result in no economic benefit to the FRY (S/M) (or commercial interests located in or controlled from the FRY (S/M)); and (4) the net proceeds of the sale (the gross proceeds less the costs of sale normally paid by the seller) will be placed in a blocked account in the United States. Negotiations for the sale of the M/V Bar, now blocked in New Orleans, are underway and are likely to be concluded prior to my next report.

Other than the M/V Bar, the four remaining Yugoslav-owned vessels are beneficially owned by Jugooceanija Plovidba of Kotor, Montenegro, and managed by Milena Ship Management Co. Ltd. in Malta. These vessels have many unpaid U.S. creditors for services and supplies furnished during the time they have been blocked in the United States; moreover, the owner appears to have insufficient resources to provide for the future upkeep and maintenance needs of these

vessels and their crews. The United States is notifying the UNSC's Serbian Sanctions Committee of the United States's intention to license some or all of these remaining four vessels upon the owner's request.

With the FAC-licensed sales of the M/V Kapetan Martinovic and the M/V Bor, those vessels were removed from the list of blocked FRY entities and merchant vessels maintained by FAC. The new owners of several formerly Yugoslav-owned vessels, which have been sold in other countries, have petitioned FAC to remove those vessels from the list. FAC, in coordination with the Department of State, is currently reviewing the sale terms and conditions for those vessels to ascertain whether they comply with U.N. sanctions objectives and UNSC's Serbian Sanctions Committee practice.

During the past 6 months, U.S. financial institutions have continued to block funds transfers in which there is an interest of the Government of the FRY (S/M) or an entity or undertaking located in or controlled from the FRY (S/M), and to stop prohibited transfers to persons in the FRY (S/M). Such interdicted transfers have accounted for \$125.6 million since the issuance of Executive Order No. 12808, including some \$9.3 million during the past 6 months.

To ensure compliance with the terms of the licenses that have been issued under the program, stringent reporting requirements are imposed. More than 279 submissions have been reviewed by FAC since the last report, and more than 125 compliance cases are currently open.

6. Since the issuance of Executive Order No. 12810, FAC has worked closely with the U.S. Customs Service to ensure both that prohibited imports and exports (including those in which the Government of the FRY (S/M) or Bosnian Serb authorities have an interest) are identified and interdicted, and that permitted imports and exports move to their intended destination without undue delay. Violations and suspected violations of the embargo are being investigated and appropriate enforcement actions are being taken. There are currently 37 cases under active investigation. Since the last report, FAC has collected nine civil penalties totaling nearly \$20,000. Of these, five were paid by U.S. financial institutions for violative funds transfers involving the Government of the

FRY (S/M), persons in the FRY (S/M), or entities located or organized in or controlled from the FRY (S/M). Three U.S. companies and one air carrier have also paid penalties related to exports or unlicensed payments to the Government of the FRY (S/M) or persons in the FRY (S/M) or other violations of the Regulations.

7. The expenses incurred by the Federal Government in the 6-month period from November 30, 1994, through May 29, 1995, that are directly attributable to the authorities conferred by the declaration of a national emergency with respect to the FRY (S/M) and the Bosnian Serb forces and authorities are estimated at about \$3.5 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC and its Chief Counsel's Office, and the U.S. Customs Service), the Department of State, the National Security Council, the U.S. Coast Guard, and the Department of Commerce.

8. The actions and policies of the Government of the FRY (S/M), in its involvement in and support for groups attempting to seize and hold territory in the Republics of Croatia and Bosnia and Herzegovina by force and violence, and the actions and policies of the Bosnian Serb forces and the authorities in the areas of Bosnia and Herzegovina under their control, continue to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The United States remains committed to a multilateral resolution of the conflict through implementation of the United Nations Security Council resolutions.

I shall continue to exercise the powers at my disposal to apply economic sanctions against the FRY (S/M) and the Bosnian Serb forces, civil authorities, and entities, as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

William J. Clinton

The White House,  
July 15, 1995.



THE WHITE HOUSE  
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Sally Katzan

Fax Number: 53047

Phone Number:

FROM: Todd Stern

SUBJECT: Tomatoes

DATE: December 4, 1995

NUMBER OF PAGES (including cover sheet): 6

MESSAGE:

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

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## THE WHITE HOUSE

WASHINGTON

October 11, 1995

95 OCT 11 PM 12:49

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK *J*FROM: ANTHONY LAKE *AL*  
LAURA D. TYSON *LD*SUBJECT: Delegation of Authority to USTR Regarding  
Reallocation of Mexican Tomato QuotaPurpose

To delegate authority to USTR, after consulting with other interested agencies, as well as the NEC and the NSC, to reallocate the tariff-rate quota on tomatoes imported from Mexico.

Background

With the devaluation of the peso, there has been a significant influx of tomatoes from Mexico into the United States. Tomato imports from Mexico have increased by more than 18%, and the Florida Congressional delegation believes that this influx has contributed significantly to the loss of 10,000 farm jobs in Florida.

As a result, the Florida tomato growers have pressed for import relief under U.S. trade laws. The International Trade Commission (ITC) denied their request due, in part, to the manner in which it defined the relevant market. (By including California tomato producers, who do not compete with Mexican tomatoes, with Florida's production, the ITC found insufficient injury to justify import relief.)

Following the ITC decision, Ambassador Kantor told the Florida producers that the Administration would take whatever steps it could to provide relief. In that regard, the NEC Principals recommend that the Administration support two bills offered by Senator Graham which would amend U.S. trade and agriculture marketing laws to improve the competitive position of Florida tomatoes.

cc: Vice President  
Chief of Staff



In addition, section 321(c) of the NAFTA Implementing Act provides that the President, in implementing the agricultural tariff-rate quotas, "shall take such action as may be necessary to ensure that imports of agricultural goods do not disrupt the orderly marketing of commodities in the United States."

Under this authority, Ambassador Kantor recommends that, following President Zedillo's visit, the Administration publish a Federal Register notice and call for public comment on a proposal to reallocate the tariff-rate quota on a weekly (vs. quarterly) basis. (The size of the quota would remain the same, but be divided into weekly, rather than quarterly, allotments.) This would provide some modest economic benefits to Florida tomato producers by mitigating periodic surges in cheap imports which overwhelm domestic competitors. However, Mexico might view this move as an irritant and seek to retaliate (e.g., by reallocating the quota for California avocados).

Secretary Glickman supports the publication of the Federal Register notice, but is concerned about Mexico's possible retaliation against California agriculture interests. He and other Cabinet officers would like to revisit this issue following the public comment period before recommending any further action.

#### RECOMMENDATION

That you sign the delegation of authority at Tab A.

#### Attachments

Tab A      Delegation of Authority  
Tab B      Memorandum from Ambassador Kantor

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR THE UNITED STATES TRADE REPRESENTATIVE

SUBJECT: Delegation of Authority Under Section 321(c)  
of the North American Free Trade Agreement  
Implementation Act

By virtue of the authority vested in me as President by the Constitution and laws of the United States, including section 301 of title 3 of the United States Code, I hereby delegate to the United States Trade Representative (USTR) the powers vested in the President by section 321(c) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3391(c)) with respect to the tariff rate quotas for tomatoes.

In carrying out this authority, USTR shall consult with interested agencies, as well as the National Economic Council and the National Security Council.

You are authorized and directed to publish this memorandum in the Federal Register.



THE WHITE HOUSE

WASHINGTON

October 16, 1995

Leon --

I gave the attached Lake/Tyson memo to the President Saturday since NSC/NEC was pushing for him to get it before leaving on his trip.

It concerns relief for Florida tomato growers facing an import surge from Mexican tomatoes, and specifically seeks approval to delegate to Mickey Kantor authority to reallocate quotas from a quarterly to a weekly basis. Kantor would publish a notice of reallocation in the Federal Register, which would trigger a public comment period.

Sec. Glickman supports publication, but wants to revisit the issue after public comment out of concern that Mexico might retaliate against California growers. As you can see from the President's note, he wants to be sure you are ok with moving forward as Tony and Laura recommend.

  
Todd

THE WHITE HOUSE

WASHINGTON

October 14, 1995

MR. ~~PRESIDENT~~:

In the attached memo, Tony and Laura recommend that you delegate authority to Ambassador Kantor to reallocate tariff-rate quotas on Mexican tomatoes. The purpose for the delegation would be to provide relief to Florida tomato growers who have been injured by a significant surge of Mexican imports.

The quotas would be reallocated from a quarterly to a weekly basis, limiting the periodic surges. (If the quota is quarterly, a whole quarter's worth of tomatoes can be dumped quickly into the U.S. market; if it's week by week, the surges are limited.)

If you approve, Mickey would have a quota reallocation notice published in the Federal Register for comment. **Secretary Glickman supports publication, but would like to revisit the issue after the public comment period because he is concerned that Mexico might retaliate against California agricultural interests.**

(Laura and Tony's memo also recommends that we support two bills (concerning packaging requirements and the way the ITC defines "industry") offered by Sen. Graham to help Florida growers, but this isn't a decision point for you -- our support is being conveyed.)

Approve delegation ☒ Disapprove ☐ Discuss ☐

Todd Stern

*Handwritten notes:*  
Leon Buretta  
W. C. Clif  
Be caught  
1st



THE WHITE HOUSE  
WASHINGTON, D.C. 20500

DATE: 12/4/95

TO: John Emerson      Ann Waller  
Alexis Herman      Jen Klein  
Stephanie Street

FROM: Staff Secretary

Any views re: this  
invitation? Please let  
me know.

Velen Howell



November 24, 1995

95 NOV 29 1:55  
President William Jefferson Clinton  
The White House  
Washington, D.C. 20500

Dear President Clinton,

When I attended your inauguration in January 1993, I was prepared to sleep on the street for a night and call it another awesome adventure, just because I wanted to be able to say I was there when a new voice was heard. But as it turned out, I got much more and it was then that I became convinced that the time was now to make a difference in the African American community. "Now", because I not only had the time and energy to do the research and write the plan, but like you, I had the inspiration to believe and hope in America in a whole new way.

For the past several years I have been pursuing a dream of being able to make a difference in my community. But being more than just a dreamer, I have put in three years of hard work, detailing just how that difference can be most effective. And now I have a plan. But a lot of people have plans and like myself, a lot of other people are working to better the health of African Americans. However, I am more than just a good dreamer and strategist, I have access to the most influential African American leaders.

Mr. President, in order to be a successful community health project, Healthy Visions 2000 will take more than knowledge, a good plan, and commitment. It will also take the participation of doctors, lawyers, executives, small business owners, community leaders, teachers, social workers, nurses, and celebrities. But Healthy Visions 2000 cannot be done without the commitment of the black clergy. They not only have access to the community, but they also have the tools to create a receptive climate to health information and motivation to change.

When I first presented my ideas to Dr. E. Edward Jones, president of the National Baptist Convention of America, he listened quite intently and then said he was not only impressed, but I had his full endorsement. At that point I realized that although the leaders of the five largest African American national religious organizations do not normally collaborate on projects, my lifelong relationships with them have allowed me to approach them on a personal level -- and they have been receptive indeed. The bottom line is that collectively, they alone have access to the largest number of African American votes.

President Clinton, I knew that since I had been well trained as a psychologist, researcher, and administrator, I could develop a good program for the leaders of the black clergy to endorse and further use political and business contacts to implement it. But I saw something else -- *my people are dying*. Black Americans are not dying from violence for the most part, or from AIDS or cancer, but one out of every three African Americans dies from a hypertension related illness such as heart disease, stroke, or kidney disease.



President William Jefferson Clinton  
November 24, 1995  
Page 2

I have done good programs and good conferences before, but Mr. President, my people are dying. Commendations for a good program will not stop them from dying, but only a program that works. At Inner City Resources, Inc. we have put everything we know, think, feel, and believe into developing Healthy Visions 2000. This is more than just a good strategy, this is a strategy that will work and help more African Americans in California live longer and healthier lives.

Mr. President, I am requesting your presence at a statewide leadership conference to be held in Los Angeles. If you will give your commitment to attend the last day of this 3-day conference, I will give you my commitment that the leaders of the African American community will be there as well. We are in the final planning stages of the conference which we will schedule in the next month. For your review, I am enclosing a copy of our summary proposal as well as a copy of our comprehensive proposal and strategic plan. If you are unable to attend, I am requesting *First Lady Hillary Rodham Clinton* or *Commerce Secretary Ronald H. Brown* as second and third-choice speakers.

President Clinton, thank you for your time and consideration. I am confident that you will find Healthy Visions 2000 in general, and the H.E.R.C.U.L.E.E.S. Statewide Leadership Conference in particular, to be valuable projects for bringing healing, health, and hope to the African American community in California. We invite you to become a part of our vision.

Sincerely,



Katharine J. Richardson  
Executive Director

Enclosures

*Healthy Visions 2000*

*Making a turnaround by the turn of the century.*

## EXECUTIVE SUMMARY

**Envision It!** The best minds with the best hearts in three days of focused energy, intellect, and commitment. That's what the H.E.R.C.U.L.E.E.S. Statewide Leadership Conference is all about. This comprehensive proposal will guide you through a detailed step by step strategy for making this conference the biggest and best ever congregation of the most influential African American community leaders.

At Inner City Resources, Inc., our current focus is on decreasing the high rates of disease, disability, and death due to hypertension, heart disease, stroke, and kidney disease among California's African American population. Our Healthy Visions 2000 five-point strategy specifically focuses on increasing knowledge, decreasing risks, reducing complications, and expanding resources, while ultimately maximizing profits of healthy African American lives.

The first strategy of *increasing knowledge* about hypertension and related diseases means breaking the African American community's silence on the prevalence, predictability, and prevention of these diseases. The second strategy of *decreasing risks* means motivating more African Americans to live healthier lives by making positive changes in their behaviors and environments. Decreasing risks also means helping more African Americans understand and appreciate the importance of increasing hypertension research relevant to the black community.

The third strategy of *reducing complications* means decreasing the alienation between the African American community and the health care system, thereby reducing the incidence of uncontrolled high blood pressure, and the resulting complications of heart disease, stroke, and kidney disease. The alienation between the community and the health care system can be alleviated by increasing the community's access to health promotion and disease prevention programs, African American health care providers, and the health care policymaking process.

The fourth strategy of *expanding resources* provides program frameworks for implementing Strategies 1-3: "Breaking The Silence" Programs target the California African American community as a whole, while Community Empowerment Programs target specific subgroups. All Healthy Visions 2000 programs capitalize upon our access to the largest segment of the California African American community as well as our commitment to implementing self-help strategies through communications and research resources.

Finally, *maximizing profits of increased years of healthy life* while minimizing losses in disease, disability, and death rates is vital to the justification of any community health project. But in corporate terms, hypertension prevention sales (motivating change) are down, program investments (public funding) are diminishing, shareholders (American taxpayers) are restless, the customer base (African Americans) is dying, and there is no effective strategy in place to make a turnaround. *That is until Healthy Visions 2000.*



We are committed to maintaining high quality and low costs for our information processes, increasing motivation through innovative marketing strategies, and increasing investments by enhancing the infrastructure of existing communications and leadership networks within the African American community. *At Healthy Visions 2000, we are committed to making a turnaround by the turn of the century.*

Inner City Resources, Inc. is unique in 5 respects: 1) our 5-year term limit for the Executive Management Team continually brings new and innovative ideas to communities in crisis; 2) our mandate for a comprehensive written strategic plan brings ongoing focus and accountability to our mission and objectives; 3) our commitment to expanding valuable resources aids in successfully implementing self-help strategies; 4) our use of corporate business practices helps us strive for tangible results and excellence; and 5) our project was not developed externally and imposed upon the community, rather, we are initiated and operated *from within* a community in need.

Part I (Chapters 1-5) of this proposal provides supportive data and expert opinion on each aspect of the five-point strategy. Part II (Chapters 6-8) outlines the Executive Management Team's journey from the inception of Inner City Resources, Inc. to the development and implementation of Healthy Visions 2000 and the detailed planning of the H.E.R.C.U.L.E.E.S. conference. Part III provides detailed data and reflects the diverse and widespread support already generated from the most influential African American community leaders to the untiring contributions of Healthy Visions 2000 volunteers. While the California African American community is the target population, the H.E.R.C.U.L.E.E.S conference has also gained the support and endorsement of influential leaders from other key states, including Michigan, Florida, Texas, and Louisiana.

Our goals for this conference are to: 1) decrease the high rate of hypertension in the African American community by enhancing the leadership infrastructure; and 2) raise \$2 million for expanding our CalCEP programs. We currently require \$500,000 for reserving the Los Angeles Convention Center and for partial confirmation of conference speakers, workshop leaders, and group facilitators.

*Whether through the H.E.R.C.U.L.E.E.S. conference, the California H.O.O.P.S. Women's Basketball Tournaments, or our California Community Empowerment Partnerships, we are in the business of motivating change through quality services and products designed to increase years of healthy life for more African Americans. We have the vision, commitment, and community access to make a tangible difference in the African American community and we invite you to also . . .*

CATCH THE VISION!!!



Katharine J. Richardson  
Executive Director

CL:

Leon

Bruce

Lawrence Tyson

George



THE WHITE HOUSE  
WASHINGTON

5 December 1995

95 DEC 5 A11 : 47

MEMORANDUM TO THE PRESIDENT

CC: Leon Panetta  
Bruce Lindsey

From: Harold Ickes *HI*

Re: Securities "reform"

Attached is a self explanatory memorandum to me from Bill Carrick, dated 30 November 1995, which I requested, in which he urges the President to veto the securities reform law now moving through Congress. As he states, his client is the California Consumer Attorneys, who is very much opposed to this legislation.

He argues that initiatives basically dominate California campaigns and, as he states in the first two pages, he thinks that various initiatives over the years have been responsible for the outcome of specific candidate elections.

According to Bill, silicon valley interests intend to back a comprehensive tort reform package to hide their own special interest agenda - - namely, to stop class action shareholder lawsuits. He claims that silicon valley interests have been unable to broaden their coalition to enlist other corporate interests, particularly the insurance industry and, therefore, they are isolated both financially and politically.

While there is no guarantee, he thinks that a Presidential veto of the federal securities litigation reform bill might prevent a pitched battle next year on this issue in California. He argues that if there is no federal securities litigation reform, there will be no reason to finance a California shareholders/securities reform initiative. In short, a Presidential veto of the federal bill would take all the financial energy out of a silicon valley initiative campaign.

In summary, it is his view that the "tort war" will hurt Democrats financially, will dominate the advertising and free media environments, will distract voter attention from the Clinton/Gore campaign message and will inhibit Democrats ability to finance a popular initiative like a minimum wage increase which could do for the Democrats in 1996 what proposition 187 did

for the Republicans in 1984.

Also attached is a two page memo from Paul Maslin, the pollster, to me, dated 29 November 1995 arguing that securities litigation reform that would limit class action shareholder lawsuits is not popular in California.

Let's discuss if you wish.



# Bill Carrick

FAX

## Memorandum

To: Harold Ickes  
Fr: Bill Carrick  
Dt: November 30, 1995  
Re: Per your request

---

Harold,

Here's the information that you requested. Hope it is helpful in your decision making. Although it is in my own economic self-interest for the "Tort Wars" to blow up, it is clearly not in the interest of the President's re-election for this war to be waged in the California Initiative process.

7 pages with cover

# MORRIS & CARRICK

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## MEMORANDUM

**To: Harold Ickes**  
**Fr: Bill Carrick**  
**Dt: November 30, 1995**  
**Re: Effect of Silicon Valley Tort Initiatives on California Election**

Since 1990, I have been the lead strategist and media consultant in five competitive statewide races. I believe very strongly that the California political culture is very different than the political culture in the rest of America in many ways.

Californians care less about politics, government, and campaigns. California campaigns are dominated to an overwhelming extent by paid media and not free media. The actual turnout of voters in General Elections is very volatile and differs from election to election. Support for minor parties can have a determining impact on election outcomes, even without Ross Perot's Party in the equation. I can elaborate on the differences between California and other states for pages, but the most powerful difference between California and the rest of the country is the Initiative process.

### Initiatives dominate California campaigns!

In 1988, the insurance wars were a more powerful influence on turnout than the Presidential campaign. In 1990, Dianne Feinstein would have beaten Pete Wilson if Big Green had not turned rural Inland voters out in large numbers to vote against Big Green and Big Green supporter, Dianne Feinstein. In 1994, Proposition 187 polarized swing voters against 187 opponent Kathleen Brown and influenced the turnout negatively for all Democrats.

What's going to be the initiative battle of 1996? Affirmative Action? Minimum Wage? Probably not, because all the money is going to be spent on the big battle of 1996 - the fight over tort issues. Silicon Valley interests are sponsoring and financing a package of three initiatives for the March 26, 1996 Primary ballot; all are aimed at the legal profession: Pure No-Fault Insurance (Prop 200), Shareholders Lawsuits "Reform" (Prop 210), and Attorney Fee Caps (Prop 202).



Memo  
Page 2

My client, the California Consumer Attorneys are leading the opposition to this package. Both sides are planning to spend \$10 million on the March campaign.

The apparent strategy of the Silicon Valley folks is to back a comprehensive tort reform package to hide their own special interest agenda; namely, to stop class action Shareholder Lawsuits. Almost every major Silicon player has been nailed in these suits, principally for insider trading. These companies and their executives are almost exclusively the financial backers of these initiatives. (Hardly what Hiram Johnson had in mind when he created the initiative process to counter the railroads stranglehold on the California Legislature.) To date, this special interest has failed to broaden their coalition beyond the Silicon Valley universe. Their failure to enlist other corporate interests, particularly the insurance industry, has isolated them in their campaign, financially and politically.

The preliminary skirmishes indicate that this will be a very ugly campaign. All the rhetoric from the Silicon side is about "ambulance chasers" and "greedy lawyers".

The Consumer Attorneys are preparing a major assault on the Silicon Valley corporations that are financing an initiative campaign to remove their own insider trading schemes from the scrutiny and accountability of shareholder lawsuits. California voters are quick to reject any initiative proposed by a special interest to advance its own economic interest. In 1988, the Insurance Industry's \$60 million campaign to pass a no-fault initiative was rejected by the voters by a margin of 87% to 13%. The 1994 tobacco industry campaign to repeal local restrictions on smoking was soundly defeated.

Polling conducted on behalf of the Consumer Attorneys indicates weakness in all three initiatives, but the Shareholder Lawsuits initiative, which is modeled on the federal securities legislation is the weakest. It will lose. And, the Silicon Valley corporations sponsoring it will be depicted as arrogant and greedy corporate interests oblivious to the rights of their shareholders.

**Memo**  
**Page 3**

This initiative fight will be very polarizing politically. Ultra-conservative California Republican politicians, like Orange County Senator and Senate Minority Leader Rob Hurtt and Orange County Republican Assembly Leader, Curt Pringle, are lined up with the Silicon corporations.

The California Democratic Party, the labor movement, elected Democratic officials, civil rights groups, senior groups, and every significant California consumer group are opposing these initiatives.

This initiative battle will spill into the November election. The Consumer Attorneys are sponsoring a November initiative dealing directly with restricting frivolous lawsuits which would also restore the contingent fee system if the Silicon Valley Fee Cap initiative wins in March. A coalition of Consumer Attorneys, Class-Action and Securities Attorneys, Senior Citizens Groups and Consumer groups is also sponsoring an initiative to protect individual retirement and pension funds from fraudulent investment practices through the tort system. The Keating scandal, the Orange County bankruptcy, and now Secretary Reich's report on 401K fraud have made California voters very sensitive to these issues. The Silicon Valley corporate interests are working on a counter initiative to gut the November Retirement and Pension Security Initiative.

These initiatives and counter initiatives, with well funded campaigns behind them, will shape and structure Election 1996 in California.

**Can this be avoided?**

{ A Presidential veto of the federal Securities Litigation Reform might prevent all of this. If there is no federal Securities Litigation Reform, there is no reason to finance a California Shareholders/Securities Reform Initiative. Once the Silicon Valley interests understand that they will still be liable in federal court for their insider trading security law violations, they will see little reason to wage a multi-million dollar campaign to protect them from California state shareholder suits. A Presidential veto would take all the financial energy out of the Silicon Valley initiative campaign.



**Memo**  
**Page 4**

Without the initiative threat, the Consumer Attorneys, Bill Lerach and the Security Attorneys, the consumer groups, and the senior groups would concentrate on carrying California and electing the rest of the Democratic ticket. The Democratic Party Coordinated Campaign would be the beneficiary of much of the money that the Consumer Attorneys will now be spending on initiatives.

These tort wars will hurt Democrats financially, will dominate the advertising and free media environments, will distract voter attention from the Clinton/Gore campaign message and will inhibit the Democrats ability to finance a popular initiative like a Minimum Wage Increase, which could do for us what 187 did for Republicans in 1994.

Let me know if I can provide any more information.

# Fairbank, Maslin, Maullin & Associates

Opinion Research &  
Public Policy Analysis

TO: Harold Ickes  
FROM: Paul Maslin  
RE: California attitudes toward tort reform  
DATE: November 29, 1995

Fairbank, Maslin, Maullin & Associates (FMMA) has recently conducted public opinion research on behalf of the Consumer Attorneys of California. The results suggest that there is very little support for tort reform measures pertaining to class action shareholder lawsuits.

On October 31 through November 4, 1995, FMMA conducted a telephone survey of 1000 likely voters throughout California. The margin of error for the sample as a whole is approximately three percent.

As Table One demonstrates, support for a measure designed to limit shareholder and class action lawsuits receives little support and has a slim chance of passing. Just 36 percent of voters said they would support this measure. This is a particularly weak finding given that voters generally move toward voting No on initiatives as election day draws near. Thirty-four percent of voters were against the measure, with another 20 percent undecided.

Table 1: Shareholder Actions Class Actions Initiative

*(Another) initiative is called the Attorneys' Fees Shareholder Actions Class Actions Initiative Statute. It would require the losing party to pay the winning party's reasonable attorneys fees and expenses in shareholder actions against corporations and in class actions based on securities law violations. The plaintiff's attorneys may have to pay a bond to cover the defendant's attorney fees and all expenses. If the election were held today, would you vote Yes or No on the Attorneys' Fees Shareholder Actions Class Actions Initiative Statute?*

|                     |            |      |
|---------------------|------------|------|
| Definitely Yes      | 19%        | ] 36 |
| Probably Yes        | 17%        |      |
| <b>Total Yes</b>    | <b>36%</b> |      |
| Undecided, lean Yes | 5%         | ] 34 |
| Undecided, lean No  | 5%         |      |
| Undecided           | 20%        |      |
| Probably No         | 17%        | ] 34 |
| Definitely No       | 17%        |      |
| <b>Total No</b>     | <b>34%</b> |      |

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Fax: (415) 546-7541



The proportion supporting the measure drops significantly after voters hear the arguments in favor and against the measure. In the second vote, just 21 percent of voters said they would support the measure and 43 percent were opposed (with 36 percent undecided). These results further suggest the weakness of both the initiative and the issue for those espousing tort reform.

Conversely, research done earlier in the year (April 1995, sample of 600 likely California voters), showed that there is actually strong support for measures designed to help protect people with money in pension and retirement funds. Seventy percent of voters said they would vote Yes on an initiative requiring full disclosure of information affecting the value of pension and retirement funds and give people holding pension plans and retirement funds or savings an opportunity to sue if they believe they have suffered from losses resulting from fraudulent misrepresentation or reckless investment practices. Just 12 percent of voters were against this measure, with the remaining 18 percent uncertain.

This support is an outgrowth of senior citizens and younger families worrying about losing their savings and investments to fraud or mismanagement and awareness of recent scandals such as the Charles Keating savings and loan debacle and the insolvency of Orange County.

In essence, FMMA's research shows that voters do not want to limit their ability to be compensated for corporate and/or individual mismanagement of their funds and do not support tort reform measures designed to do so.

Fairbank,  
Maslin,  
Mauldin &  
Associates

THE WHITE HOUSE  
WASHINGTON

November 28, 1995

*Safe*  
*See*  
95 DEC 4  
All: 53

MEMORANDUM

TO: NANCY HERNREICH, DEPUTY ASSISTANT TO THE PRESIDENT FOR  
APPOINTMENTS AND SCHEDULING

FROM: REX W. SCOUTEN, CURATOR *Rex W. Scouten*

SUBJECT: Forward; White House Grounds and Gardens

The White House Historical Association is publishing the first ever book on the White House grounds and gardens. It will be in the same format as, The White House: An Historic Guide and The Living White House.

Traditionally, the President or the First Lady contributes the forward for Association publications. We would like the President to do the forward for the grounds and gardens book.

Enclosed is a draft forward prepared by the book's author, Dr. William Seale.

We would deeply appreciate having an approved forward with the President's signature by January 5.

Thank you very much.

12-4-95  
Send to Speedwriters  
for appropriate action?  
Yes ☒  
No ☐  
Put in my  
tackler  
C



To the visitor:

Perhaps the most peaceful place in the world is the White House garden. Set in the midst of constant activity, it is a tranquil, green retreat, with swelling green lawns beneath a vast sky. The ancient trees practically all represent some president in the past, and beneath their limbs we've had about every activity you can imagine, from concerts for a thousand to family picnics for the three of us. This book is the story of the garden, its trees and plants, its boundaries, and it tells you also of the many pleasures it offers presidents and their families. I hope in these pages you will learn to know the garden and admire it as I do.

Bill Clinton

from Erskine's office

to Jim Dorskind ?

~~Pat Griffin ?~~

~~Mack McLarty ?~~

copy: make reply

With Tyson / NEC





SMALL BUSINESS  
LEGISLATIVE  
COUNCIL

95 DEC 1 P5:16

November 30, 1995

*Smith  
JEC*

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

I am writing today to urge you to support several modest initiatives to provide needed tax relief for small business. In particular, we believe you can address some inequities in current law by concurring with the Congress' proposals with respect to estate tax relief for family-owned business, increasing the deduction the self-employed may take for their own health care costs, increasing the amount a small business can write off in the first year for equipment and machinery purchases, pension system simplification reforms, and S Corporation rule reforms. I am told the total cost of all these changes is less than \$10 billion.

We believe these changes would be acceptable under your litmus test, "No tax breaks for special interests." These issues affect broad numbers of small businesses and have more to do with long-standing anomalies in tax policy than simply reducing tax liability.

There is no better example of this than the current status of a sole proprietor, partner, or S Corporation shareholder's ability to deduct the costs of his/her own health care costs. The policy that permits such business owners to deduct only 30 percent of their own costs is a throwback to a 1950's view of the tax code. With few exceptions, we believe almost everyone would agree that in the modern day business environment, this policy is simply unfair. If not for the issue of revenue, Congress would have already changed this law. It should be increased to a 100 percent parity. The budget reconciliation bill passed by Congress would have increased it to 50 percent. That is an important step in the right direction.

The estate tax system has long been a priority of the small business community. The more compelling arguments center on the unfairness of the current system rather than whether it is a "tax cut." While it may have revenue implications, the real issue of the estate tax system is it alters the equation for the maintenance of an independent, family-owned business sector. We have often said, discussions that focus on the revenue implications of estate tax reform are looking under the wrong rock. Rather, they should

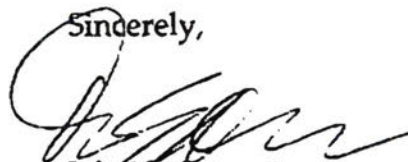
be looking at the huge boulder of estate tax planning. Small businesses spend huge amounts of time and money on estate planning. And for what purpose? Not to enhance personal wealth, but for the purpose of finding a way to transfer the business from one generation to the next without liquidating the business to find the cash to pay the estate tax. It is time we made a distinction between family business assets and personal wealth.

In 1993, you voiced your support for an increase in the direct expensing provision. You called for an increase to \$25,000. It was increased to \$17,500. This year's reconciliation bill, passed by Congress, would have increased it to \$25,000. We know you are aware of how small businesses are frequently caught between by cash flow demands and the need to invest in technology to remain competitive. Direct expensing is an important element in balancing that equation.

Mr. President, we are encouraged that you and the Congress are sitting down to discuss ways to balance the budget. That concern is our top priority. But we do believe we can accomplish that goal and address these tax policy concerns.

The Small Business Legislative Council (SBLC) is a permanent, independent coalition of nearly one hundred trade and professional associations that share a common commitment to the future of small business. Our members represent the interests of small businesses in such diverse economic sectors as manufacturing, retailing, distribution, professional and technical services, construction, transportation, and agriculture. Our policies are developed through a consensus among our membership. Individual associations may express their own views. For your information, a list of our members is enclosed.

Sincerely,



John S. Satagaj  
President

S3499/JSS  
Enclosure



12-4-98

Send to Dorshind  
for reply

Yes

No

Coordinate  
with Press?

Yes

No

SHALOM INTERNATIONAL

"THE CHAI SOCIETY"

ROBERT P. KUNST, PRESIDENT

B'H

Dec. 3, 1995

President Clinton  
Fax 202-456-2464

Sir:

I do a Monday through Friday radio talk show on WSRF, 1580 A.M., 9:30 A.M. to 12:30 P.M., and I also include music.

I wish to invite you to talk to the S. Fla. community, about Bosnia, in this critically important state for '96, and on a very critically important issue-Bosnia, which this community, station and nation are most divided on.

Personally I know something has to be done, but Bosnia Muslims and Croats were allies to Nazi Germany in WWII, and are also aggressors today, as well as the Serbs.

Mr. President, two weeks ago I stood before the State meeting of Fla. GOP folks in Orlando with a poster that said: "America Betrayed: Dole & GOP, Mean and extreme" and had a fine and positive reaction to my activism from drivers coming by me.

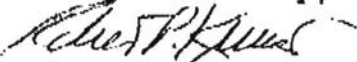
I would be honored if you would consider using my humble medium to further explain to the American people and the world community the necessity of an active role in Bosnia.

I believe a wider war is possible otherwise that could engulf European Nationalism again.

I just represent the grassroots and not the big media, but I'm already having to deal with daily updates on 'Bosnia' and a new listening audience that appreciates it.

Thank you for your kind attention to this appeal.

Yours Faithfully,

  
Robert P. Kunst.

To call into the show is (305) 581-1580 or (305) 949-5052.

P.O. BOX 402263, MIAMI BEACH, FLORIDA 33140-0263

PHONE & FAX (305) 866-8558