

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12-13

TO: Jim -

FROM: Staff Secretary

We need a
letter Thursday
Dec. 14 - back
to me,
T.

FAX

Date 12/13/95

Number of pages including cover sheet 3

TO: ~~The President~~
Nancy Hernreich

FROM: Carolyn Staley
Nat. Institute for Literacy
800 Connecticut Ave NW
#200
Washington, DC 20006

Phone

Fax Phone

Phone (202) 632-1526

Fax Phone (202) 632-1512

CC:

REMARKS: ☐ Urgent ☐ For your review ☐ Reply ASAP ☐ Please Comment

Dear Mr. President:

I hope you are very well and feeling the holiday spirit. We look forward to seeing you Sunday.

*K
8/5/95
*
The attached is a very heart-warming story about a man in San Antonio who is about to get his GED but has terminal cancer and is not expected to live through Christmas. He has four children and enrolled in literacy classes as an example to his children of the importance of an education and was only diagnosed with cancer recently. If you think a congratulatory note or letter would be appropriate in honor of his graduation, I know he and others would appreciate this gesture. Apparently this story has gotten lots of attention in Texas. The adult education state office asked me to bring it to your attention.

Thanks for all you do for us and so many. We continue to pull for you in budget talks and the discussions in Congress about supporting your decision to deploy troops to the Balkans.

I heard from Janice Sjostrand this week—they are all well. Mary Jo called and invited me to come to lunch tomorrow—a Christmas get-together of our friends. Miss them all.

Lots of love and prayers.

Carolyn

Texas Literacy Resource Center
Texas A & M University
College of Education
Dept. of Educ. Human Resource Development

From: Dr. JoAnn Martin

To: Carolyn / Talcott

Date: December 12, 1996

Please accept my apology for being informal in sending the following information, but as we spoke on the telephone about the determination of Mr. Antonio Talamantez, San Antonio, to complete his program of study for his General Equivalency Diploma for his high school studies the following information is being sent on his behalf.

**Mr. Antonio Talamantez, Age 46
Wife: Janie
Four Children: Ages 12, 8 (twins), 6**

- **Dropped out of school 2 months before graduation**
- **Wanted to stress the importance of education to his children so he enrolled in Adult Education classes to complete his high school GED program.**
- **Six months ago (during his program of study) he was diagnosed as having terminal cancer; was given 6 months to live.**
- **Mr. Talamantez was determined to complete his program of study and get his GED.**
- **Because of his weakening condition, special arrangements had to be made and many people have been touched and helped in the efforts.**
- **On Monday, December 11, 1996, Mr. Kaiser received word that Mr. Talamantez had passed all of the tests required for the GED.**
- **Mr. Talamantez will receive his GED certificate in cap and gown, on Dec. 13, 7:10pm at Fox Tech High School, San Antonio, where he was attending when he dropped out of school.**
- **Mr. Talamantez is not expected to live past Christmas**

- **Mr. Talamantez attended class at Project Learn to Read, directed by Mary Cantu, San Antonio. Ms Cantu's telephone numbers are listed:**

**210-223-6687 or 210-226-2818
home 210-684-3026**

The director of this program and contact for this information is

**Mr. Roy Kaiser
Social Services Manager
Literacy Services Division
City of San Antonio
Phone: 210-299-7149
Fax: 210-299-7843**

Thank you for your interest and consideration of recognition for Mr. Talamantez's efforts to leave a legacy for his family as to the importance of education.

**Dr. JoAnn Martin
Director
Texas Literacy Resource Center
409-845-6965**

Fax: 409-862-1858

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
12.13.95

95 DEC 12 P7:04

December 12, 1995

12/14
SOSNIK E
scheduling
copied
DB

RECOMMENDED TELEPHONE CALL

TO:

✓
Jerry Estruth
Cellular phone: 415/308-1534
Home: 408/298-2494 (tomorrow)
Pager: 408/534-9025 (Steve Preminger-tonite)

DATE:

December 12 or 13, 1995

RECOMMENDED BY:

Doug Sosnik, Political Affairs

PURPOSE:

To congratulate him on winning or on running
a great Congressional campaign

BACKGROUND:

Due to the high profile this race has
assumed on a national level, we recommend a
phone call from the President if Estruth
wins and a congratulatory call from the
Vice President if he loses or if the race
goes into a runoff. Estruth has come from
behind a 40 point deficit to a 6-10 point one
within the course of this campaign. As you
know, this race became a referendum on Newt
Gingrich and the politics of the right wing.

Submitted:

December 12, 1995

ACTION:

✓
Mier call
to be asked
to be in with
in Calif

C. C. Cullinane
The Cullinane Group, Inc. *2 files*

Specializing in technology issues for Senior Management

John J. Cullinane
President

MEMORANDUM

cc: SS (Rahm)
What's your name
THE PRESIDENT HAS SEEN

12-13-95

TO: President William J. Clinton

FROM: John J. Cullinane *[Signature]*

DATE: December 13, 1995

SUBJECT: Action Items Per White House Breakfast 12/13/95

I was most pleased to have the opportunity to have breakfast with you at The White House this morning. As a result of the meeting, I have listed the following items. They are:

White House Conference For CEO's Who Control Advertising On Television

Per your request, a White House Conference will be organized to invite those CEO's of American corporations who control most of the advertising that appears on television. The purpose is to discuss how they can make television a more positive force in America via their advertising dollars. I will need to discuss this with an appropriate person at The White House to determine dates, format, invitees, etc. I am delighted that you want to hold such a conference because I have been promoting this concept for five years with many people, including Senator John Kerry, Congressman Joseph Kennedy, Al From, and Senator Joseph Lieberman, etc. They all have liked it. I will be happy to help as needed.

Securities Litigation Reform

I have some personal experience that will serve to explain why the issue of class action law suits by a small group of law firms is such an emotional issue with many high tech CEO's. My company was the first company formed to specialize in computer software as a product. We also were the first in the industry to have a public offering, to be listed on the New York Stock Exchange, and to reach \$1 billion in valuation.

After thirteen years of growth of 50% or more in both sales and earnings, we had a drop in sales and a drop in the price of our shares. We immediately were hit with three class action suits. All were settled out of court with the law firms being the major beneficiaries. The losers were the insurance companies and the company. It is also

important to note that the company in these thirteen years never had a single lawsuit with a client. To be hit with these lawsuits when you are under all kinds of pressure, anyway, infuriates most CEO's. However, there are clear cases of blatant fraud but, in my opinion, at few companies. They should be prosecuted because when they occur, the losses are big. Most of these losses have to do with "cooking" the books, including phoney revenue recognition. This is where the accounting firms bear a major responsibility. I suspect that the accounting firms are using the high tech CEO issue to further their own cause of avoiding liability, etc.

Frankly, I feel that most high tech CEO's could sit down with Congressman Ed Markey and Arthur Leavitt, both reasonable and very knowledgeable people, and agree on a clause that would protect CEO's from unfair lawsuits.

JJC/mb

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

John J. Cullinane
President

TELEFAX

**TO: Nancy Hernreich
Office of The Honorable William J. Clinton**

FROM: John J. Cullinane

DATE: December 13, 1995

The attached memorandum is for President Clinton as a follow up to my breakfast meeting with him this morning.

Thank you for forwarding this correspondence to him.

JJC/mb

**If you do not receive all of this transmission,
please telephone us at 617-499-2724**

As requested - Please
brought by -

From John Sexton -

BL - what's your answer
to this?

Bc

THE PRESIDENT HAS SEEN
12.13.95

NEW YORK UNIVERSITY
A private university in the public service

THE PRESIDENT HAS SEEN

12.13.95

School of Law

40 WASHINGTON SQUARE SOUTH, NEW YORK, N.Y. 10012-1099
TELEPHONE: (212) 998-6000
FACSIMILE: (212) 995-3156

John Sexton
Dean

December 13, 1995

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500-20000

Dear Mr. President:

I am a student and teacher of Civil Procedure and the principal active author of the most widely used textbook on the subject. I approach matters of Civil Procedure not as an advocate for particular parties, but as a scholar interested in coherence, fairness and efficiency in the system. I am imposing upon your time with this letter because I feel compelled to convey my view that the Conference Committee Securities Litigation Reform bill (which in critical respects is dramatically different from the Senate bill) is a procedural nightmare that will chill meritorious litigation by victims of securities fraud -- and equally importantly, will provide a precedent for substantive procedural rules which most certainly will be copied with disastrous consequences in other areas (for example, in the area of civil rights).

The Conference Committee bill affects far-reaching procedural changes that will govern both class and individual litigation in one type of federal case -- litigation under the federal securities laws. These will affect not only shareholder claims, but also insurance policyholders and limited partnership claims, among others, which seek relief under federal securities laws. The bill advances these procedural changes, which undermine fifty years of procedural reform, without consulting even a single judicial witness in its hearings. Cumulatively, the reforms will impose obstacles that will make it impossible for the average citizen to pursue, let alone to prevail on virtually any securities claims, no matter how valid.

I will not examine every section of the bill; rather, I will confine my comments to the provisions which, viewed from the perspective of a proceduralist, seem most perverse.

Heightened Pleading Requirements

Although the Senate bill purported to adopt the Second Circuit's already elevated (beyond Rule 9) pleading requirements for fraud, the Conference Report goes beyond that, requiring that the complaint shall "state with particularity facts giving rise to a strong inference" that the defendant acted with scienter (emphasis supplied). In addition, the Conference Report contains an automatic stay of discovery pending adjudication of a motion to dismiss.

* In essence, the Conference Report establishes almost insurmountable hurdles in the form of pleading requirements as a barrier to federal court. Absent the most extraordinary circumstances (such as a prior federal indictment), it simply will be impossible for the plaintiff, without discovery, to meet the standard inserted by the Conference Committee at the last minute, which is to state "with particularity" facts that give rise to a strong inference that a defendant acted with the required state of mind at the outset of the case. While the Statement of Managers recites that the words "with particularity" were added to make this requirement consistent with Federal Rule of Civil Procedure 9, that Rule explicitly states that facts on state of mind need not be specifically set forth. No other type of case requires such precise pleading -- because it was long ago recognized as impossible to achieve except for those intimately involved in an action, a status not enjoyed by people buying stock on the open market.

In addition, the pleading requirement states that "if an allegation regarding a fraudulent statement or omission is made on information and belief, the complaint shall state with particularity all facts on which that belief is formed." That requirement would appear to provide that the plaintiff would have to set forth all confidential sources in the complaint, including the names of whistleblowers and members of the media. This disclosure requirement deters pre-complaint investigation and completely reverses the attorney-work product protection afforded other types of litigants.

Enhanced Sanctions and Bond Requirement

I am opposed to fee-shifting, and I always have understood that was your policy as well. Any significant chance of fee-shifting will deter all meritorious cases in which a plaintiff has little to gain in potential recovery in relation to the magnitude of the fees to be shifted, as is frequently the case in securities class action litigation. In these circumstances, any significant chance of fee-shifting is going to be a major deterrent. The simple mathematics of the situation suggests the obvious effect of these provisions: who but a fool would risk the remainder of his or her life savings, having already been defrauded out of

much of them? Even wealthy interests will not expose their assets to the possible onslaught of unlimited defense costs, or judicial fee-shifting excesses.

Similarly the bond provision, which has no standard to guide its administration, is completely inequitable and will operate only against plaintiffs. The notion that such a bond provision could run against defendants is preposterous, as it is clearly unconstitutional to require an individual to post a bond in order to defend himself or herself in court.

Perverse Cumulative Synergy of Procedural Changes

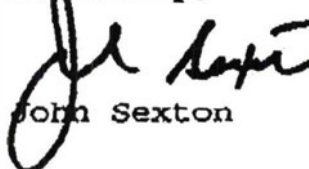
The disastrous effects of all these changes on meritorious litigation can be seen easily if one hypothetically shifts the context to Title VII litigation -- the likely next target for the "reformers" if this bill becomes law. Given the extraordinarily high economic exposure (resulting from the possibility of sanctions), the necessity of a bond, and the difficulty in meeting the pleading requirement without discovery, is it possible to imagine many plaintiffs (even those with what appear to be winning cases) taking the risk even of initiating litigation? And, of course, this will be the case in securities litigation as well. Essentially, through "procedural reform" and a selective return to Nineteenth Century pleading rules, real victims will be prevented from seeking redress.

Because much litigation will never come to be, it would be wrong to assert that the courts will be able to ameliorate these rules. Moreover, in the case of the highly problematic pleading requirements, even in those suits which materialize, the courts would not have the power to overrule a directive from a statute. Thus, though the Second Circuit could promulgate its interpretation of the pleading requirement of Rule 9 on matters other than intent, it could not have applied its test in the area of intent, because the Rule (by its terms) exempted intent; so also, if the Committee Bill becomes law, the Second Circuit would not be free to exempt intent, because the statute includes it.

In my opinion, you should veto this bill. -I would appreciate any consideration you can give to my views. If any member of your staff has questions, please do not hesitate to call me at 212-998-6000.

Best of luck in this and all things. Love to all.

Sincerely,


John Sexton

bc: Bruce Lindsey
Melvyn Weiss

The Detroit News

FINAL WORD

20¢ daily for home delivery; 50¢ outside 6-county metropolitan

Engler signs sweeping welfare reform law

Bill can't take effect until Congress acts. Engler flies to Washington today to lobby lawmakers.

By Mark Hornbeck
and Carol Stevens
The Detroit News

Gov. John Engler jets to Washington today with the nation's first state welfare overhaul law tucked in his briefcase.

Engler signed the reform measure Wednesday evening, just hours after final legislative approval of a plan aimed at pushing people off welfare and into jobs.

"I'll take this bill to Washington as proof that states are ready to lead in moving people from welfare to work," said Engler during a bill-signing ceremony. The governor introduced the complex package on Halloween; it moved rapidly through the Legislature and was signed in only five weeks.

Putting Michigan's plan into practice, however, depends on congressional approval of a federal law giving unprecedented authority to the states to run welfare programs.

Efforts at a compromise snagged Wednesday when a House-Senate committee could not agree whether the federal school lunch program should be turned over to states as a block grant.

Republican congressional leaders hope to schedule a floor vote before the House adjourns for Christmas. The conference bill must be passed by the House and Senate and signed by President Clinton before it becomes law.

The federal bill replaces federal guarantees of cash assistance for the poor with state-administered block grants, puts a five-year

limit on cash assistance and sets up a timetable under which welfare recipients must find work.

"It is time for us to have more faith in states and to allow them to go forward" with welfare reform, said Rep. Clay Shaw, R-Fla.

But Democrats said the bill skimps on federal child care funding and does not set aside enough money to help states during a recession.

Armed with Michigan's reform law, Engler planned to lobby Congress today to pass the enabling legislation. He'll meet with House Republican leaders.

"We're ready to take the next step. All we need Washington to do is get out of the way," said Engler, who has visited the capital frequently this year to push block grants.

THE PRESIDENT HAS SEEN

12-13-95

Details of package

Highlights of the welfare reform package signed Wednesday by Gov. John Engler:

- Teen-age welfare mothers must live with a parent, adult relative or guardian.
- Recipients must work, perform community service or attend job training classes 20 hours a week. Exceptions: teen-age mothers, people with disabilities and those who care full-time for disabled spouses.
- New mothers must look for a job or take parenting classes once their infant is 13 weeks old.
- Recipients who don't meet the work requirements will lose some benefits after 60 days and all benefits after four months.
- Working welfare recipients will receive money for child care.
- Recipients who earn \$350 a month for three consecutive months will receive cash payments in lieu of food stamps.
- The state Department of Social Services is renamed the Family Independence Agency.

Can we give welfare which is this plan under present law - The newspaper report looks pretty good - R



Thursday,
Dec. 7, 1995

METRO EDITION



High 31
Low 21

Complete forecast, 2A



Dale G. Young / The Detroit News

Clinton vows to protect AIDS funding

U-M lags:
Just 10% of

SPORTS
CAPTAIN RISES
TO CHALLENGE

The life of a team captain is

12-14-95

✓
Leon / ✓
SB

Don't we have
to do a meet
at least w/ UP

VERNER · LIIPFERT
BERNHARD · McPHERSON & HAND
CHARTERED

901 - 15TH STREET, N.W.
WASHINGTON, D.C. 20005-2301
(202) 371-6000
FAX: (202) 371-6279

THE PRESIDENT HAS SEEN
12.13.95

MEMORANDUM

TO: Nancy Herrnreich
FROM: Amy Bondurant
RE: Request for Meeting with President Clinton
DATE: December 5, 1995

*Sent to
State Sec
to send to
adviser. 12/13/95
last week
Sent to Sunday
for Clinton*

I appreciated your help in recently passing along to the President the attached letters from the CEO's of seven major aerospace companies dealing with U.S. policy on space launch services agreements with Ukraine and Russia. They continue to be very concerned that the Administration is now, apparently, proposing to implement a policy that they believe will seriously jeopardize the domestic commercial space launch industry.

Because of their deep concerns, they would like to meet with the President on this matter. They propose the afternoon of December 12 or any time on December 13 for such a meeting, but obviously would be available at any time.

I appreciate any help you can give on this matter. I will call you later today to follow up.

HOUSTON, TEXAS OFFICE
2000 TEXAS CONGRESS TOWER
600 TRAVIS
HOUSTON, TEXAS 77002
(713) 237-9034
FAX: (713) 237-1216

AUSTIN, TEXAS OFFICE
SAN JACINTO CENTER
94 SAN JACINTO BLVD., SUITE 1440
AUSTIN, TEXAS 78701
(512) 703-6000
FAX: (512) 703-6003

HONOLULU, HAWAII OFFICE
HAWAII TRUST BUILDING
925 NUUANU AVE., SUITE 400
HONOLULU, HAWAII 96817
(808) 566-0999
FAX: (808) 566-0985

MCLEAN, VIRGINIA OFFICE
8280 OMBROSDALE DRIVE
SUITE 801
MCLEAN, VIRGINIA 22102
(703) 749-6000
FAX: (703) 749-6027

VERNER · LIIPFERT
BERNHARD · McPHERSON & HAND
(CHARTERED)

901 - 15TH STREET, N.W.
 WASHINGTON, D.C. 20005-2301
 (202) 371-6000
 FAX: (202) 371-6279

WRITER'S DIRECT DIAL
 (202) 371-6034

November 15, 1995

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

Dear Mr. President:

I have been asked to transmit to you the attached letters from the Chief Executive Officers of Alliant Techsystems, Allied Signal Aerospace, GenCorp Aerojet, ITT Defense & Electronics, McDonnell Douglas Aerospace, Rockwell and Thiokol.

As you see, these companies are extremely concerned about the impact which proposed space launch services agreements with Russia and the Ukraine will have on their businesses and on the continued viability of the domestic U.S. launch industry. They fear a significant loss of jobs, in such states as California, Colorado, New Jersey, Florida, Utah, and Minnesota, among others, should the current proposal be implemented.

We understand that the U.S. position is now being finalized. We hope that you will give due regard to the positions of these companies as you consider this issue. We appreciate your attention to this matter and I look forward to seeing you and Hillary during the Holidays.

Sincerely,


 Amy Bordurant

Enclosures

HOUSTON, TEXAS OFFICE
 2800 Texas Commercial Tower
 608 Texas
 Houston, Texas 77002
 (713) 251-9254
 Fax: (713) 227-1316

AUSTIN, TEXAS OFFICE
 East Tower Center
 96 East Lavaca Street, Suite 1440
 Austin, Texas 78701
 (512) 703-6000
 FAX: (512) 703-6003

HONOLULU, HAWAII OFFICE
 Kamehameha Building
 928 Kamehameha Ave., Suite 600
 Honolulu, Hawaii 96817
 (808) 244-0000
 FAX: (808) 244-0001

MCLEAN, VIRGINIA OFFICE
 1280 Commonwealth Drive
 Suite 601
 McLean, Virginia 22102
 (703) 749-0000
 FAX: (703) 749-8017

(Original sent directly to The President)



Richard Schwartz
President and
Chief Executive Officer

Alliant Technology Systems Inc.
MN11-2012
600 Second Street NE
Hopkins, MN 55343-8384

Tel 612 831-5900

14 November 1995

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

Dear Mr. President:

The Administration's 1994 National Space Transportation Policy recognized the importance of the U.S. commercial space transportation industry and sought to promote free and fair trade so that the U.S. industry could fully compete in the world markets. The U.S. space launch industry supports the goals set out in the Policy; and, based on that Policy, significant investments have been undertaken to assure that we have the capabilities to meet the demands of the marketplace.

The Policy contained a commitment to negotiate and enforce commercial space launch services agreement with relevant non-market economy countries and a commitment to keep all U.S. government launches on U.S. launchers. We now understand, however, that the Administration is planning to negotiate a new space launch agreement with Ukraine and reopen the current agreement with the Russians. The cumulative impact may be to more than double the number of launches available to the non-market economy countries.

We believe that this result will have a significant adverse impact on the viability of the U.S. space launch effort. We are concerned that the remaining number of addressable launches will not be sufficient to sustain a viable, competitive U.S. industry. Such a result has the potential of eliminating tens of thousands of high technology, high wage jobs in key states such as California, Florida, Utah, and Minnesota, among others.

Representatives of our industry would like to meet with U.S. policy makers prior to the Ukrainian and Russian negotiations so that they are fully aware of the implications of this apparent change in U.S. policy on the U.S. launch industry. Thank you for your consideration. We look forward to working with you on this critical national policy issue.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Schwartz".
Richard Schwartz



AlliedSignal Inc.
2525 West 190th Street
Torrance, CA 90504-6099

310 512 3636
310 512 1197 Fax

Daniel P. Burnham
President

November 15, 1995

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

Dear Mr. President:

The Administration's 1994 National Space Transportation Policy recognized the importance of the U.S. commercial space transportation industry. It sought to promote free and fair trade so that the U.S. industry could fully compete in world markets. The U.S. space launch industry supports the goals set out in the Policy and, based on that Policy, significant investments have been undertaken to assure that we have the capabilities to meet the demands of the marketplace.

The Policy contained a commitment to negotiate and enforce commercial space launch services agreements with relevant non-market economy countries, and a commitment to keep all U.S. government launches on U.S. launchers. We now understand, however, that the Administration is planning to negotiate a new space launch agreement with Ukraine and to reopen the current agreement with Russia. We are told that there are plans to use the new agreements to more than double the number of launches available to the non-market economy countries under current arrangements.

We believe that this result will have a significant adverse impact on the viability of the U.S. space launch effort. We are concerned that the remaining number of addressable launches will not be sufficient to sustain a viable and competitive U.S. industry. Such a result has the potential of eliminating tens of thousands of high technology, high wage jobs in states such as California, Florida, New Jersey, Utah, and Minnesota, among others.

We ask you to provide an opportunity for representatives of our industry to meet with relevant U.S. policy makers prior to Ukrainian and Russian negotiations. Our intention would be to provide data in sufficient detail to make these officials fully aware of the implications of this apparent change in U.S. policy on the U.S. launch industry.

Thank you for your consideration. We look forward to working further with your Administration on this critical national policy issue.

Sincerely,

D. P. Burnham

GENCORP
AEROJET

P O Box 13222
Sacramento CA 95813-6000
(916) 351-8616

Roger I. Ramseier
President

14 November 1995

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

Dear Mr. President:

The Administration's 1994 National Space Transportation Policy recognized the importance of the U.S. commercial space transportation industry and sought to promote free and fair trade so that the U.S. industry could fully compete in the world markets. The U.S. space launch industry supports the goals set out in the Policy and, based on that Policy, significant investments have been undertaken to assure that we have the capabilities to meet the demands of the marketplace.

The Policy contained a commitment to negotiate and enforce commercial space launch services agreement with relevant non-market economy countries and a commitment to keep all U.S. government launches on U.S. launchers. We now understand, however, that the Administration is planning to negotiate a new space launch agreement with Ukraine and reopen the current agreement with the Russians. The cumulative impact may be to more than double the number of launches available to the non-market economy countries.

We believe that this result will have a significant adverse impact on the viability of the U.S. space launch effort. We are concerned that the remaining number of addressable launches will not be sufficient to sustain a viable competitive U.S. industry. Such a result has the potential of eliminating tens of thousands of high technology, high wage jobs in key states such as California, Connecticut, Massachusetts, New Mexico, Colorado, New Jersey, Florida, Utah and Minnesota, among others.

Representatives of our industry would like to meet with U.S. policy makers prior to the Ukrainian and Russian negotiations so that they are fully aware of the implications of this apparent change in U.S. policy on the U.S. launch industry. Thank you for your consideration. We look forward to working with you on this critical national policy issue.

Sincerely,





ITT Defense & Electronics

Louis J. Giuliano
President and CEO

November 15, 1995

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

Dear Mr. President:

The Administration's 1994 National Space Transportation Policy recognized the importance of the U.S. commercial space transportation industry. It sought to promote free and fair trade so that the U.S. industry could fully compete in world markets. The U.S. space launch industry supports the goals set out in the Policy and, based on that Policy, significant investments have been undertaken to assure that we have the capabilities to meet the demands of the marketplace.

The Policy contained a commitment to negotiate and enforce commercial space launch services agreements with relevant non-market economy countries, and a commitment to keep all U.S. government launches on U.S. launchers. We now understand, however, that the Administration is planning to negotiate a new space launch agreement with the Ukraine and to reopen the current agreement with Russia. We are told that there are plans to use the new agreements to more than double the number of launches available to the non-market economy countries under current arrangements.

We believe that this result will have a significant adverse impact on the viability of the U.S. space launch effort. We are concerned that the remaining number of addressable launches will not be sufficient to sustain a viable and competitive U.S. industry. This could also undermine ITT's developing California Spaceport at Vandenberg Air Force Base, as well as Florida's commercial spaceport. Such a result has the potential of eliminating tens of thousands of high technology, high wage jobs in states such as California, Florida, Utah, and Minnesota, among others.

We ask you to provide an opportunity for representatives of our industry to meet with relevant U.S. policy makers prior to the Ukrainian and Russian negotiations. Our intention would be to provide data in sufficient detail to make these officials fully aware of the implications of this apparent change in U.S. policy on the U.S. launch industry.

Thank you for your consideration. We look forward to working further with your Administration on this critical national policy issue.

Sincerely,

02200107-
84300703-# 8

MCDONNELL DOUGLAS

JOHN P. CAPELLUPO
President McDonnell Douglas Aerospace

November 15, 1995

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

Dear Mr. President:

The Administration's 1994 National Space Transportation Policy recognized the importance of the U.S. commercial space transportation industry. It sought to promote free and fair trade so that the U.S. industry could fully compete in world markets. The U.S. space launch industry supports the goals set out in the Policy and, based on that Policy, significant investments have been undertaken to assure that we have the capabilities to meet the demands of the marketplace.

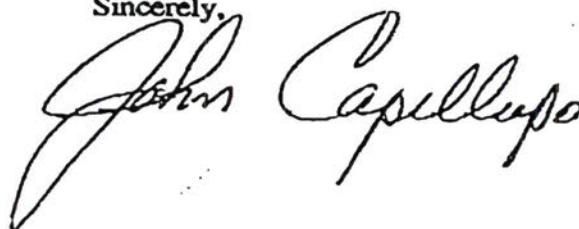
The Policy contained a commitment to negotiate and enforce commercial space launch services agreements with relevant non-market economy countries, and a commitment to keep all U.S. government launches on U.S. launchers. We now understand, however, that the Administration is planning to negotiate a new space launch agreement with the Ukraine and to reopen the current agreement with Russia. We are told that there are plans to use the new agreements to more than double the number of launches available to the non-market economy countries under current arrangements.

We believe that this result will have a significant adverse impact on the viability of the U.S. space launch effort. We are concerned that the remaining number of addressable launches will not be sufficient to sustain a viable and competitive U.S. industry. Such a result has the potential of eliminating tens of thousands of high technology, high wage jobs in states such as California, Florida, Utah, and Minnesota, among others.

We ask you to provide an opportunity for representatives of our industry to meet with relevant U.S. policy makers prior to the Ukrainian and Russian negotiations. Our intention would be to provide data in sufficient detail to make these officials fully aware of the implications of this apparent change in U.S. policy on the U.S. launch industry.

Thank you for your consideration. We look forward to working further with your Administration on this critical national policy issue.

Sincerely,





Rockwell International Corporation
World Headquarters
2201 Surf Beach Boulevard
PO Box 4250
Surf Beach, CA 90740-8250
310.797.5127
drbeall@corporate.remna.rockwell.com

November 14, 1995

Donald R. Beall
Chairman of the Board and
Chief Executive Officer

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

Dear Mr. President:

The Administration's 1994 National Space Transportation Policy recognized the importance of the U.S. commercial space transportation industry and sought to promote free and fair trade so that the U.S. industry could fully compete in the world markets. The U.S. space launch industry supports the goals set out in the Policy and, based on that Policy, significant investments have been undertaken to assure that we have the capabilities to meet the demands of the marketplace.

The Policy contained a commitment to negotiate and enforce commercial space launch services agreements with relevant nonmarket economy countries and a commitment to keep all U.S. government launches on U.S. launchers. We now understand, however, that the Administration is planning to negotiate a new space launch agreement with Ukraine and reopen the current agreement with the Russians. The cumulative impact may be to more than double the number of launches available to the nonmarket economy countries.

We believe that this result will have a significant adverse impact on the viability of the U.S. space launch effort. We are concerned that the remaining number of addressable launches will not be sufficient to sustain a viable competitive U.S. industry. Such a result has the potential of eliminating tens of thousands of high-technology, high-wage jobs in key states such as California, Connecticut, Massachusetts, New Mexico, Colorado, New Jersey, Florida, Utah and Minnesota, among others.

Representatives of our industry would like to meet with U.S. policy makers prior to the Ukrainian and Russian negotiations so that they are fully aware of the implications of this apparent change in U.S. policy on the U.S. launch industry. Thank you for your consideration. We look forward to working with you on this critical national policy issue.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Don Beall', written in a cursive style.

Donald R. Beall

THIOKOL CORPORATION
2475 WASHINGTON BOULEVARD
OGDEN, UTAH 84401-2398
801-629-2052 FAX: 801-629-2422

THIOKOL
SPACE • DEFENSE • FASTENING SYSTEMS

JAMES R. WILSON
PRESIDENT AND CHIEF EXECUTIVE OFFICER

November 14, 1995

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

Dear Mr. President:

The Administration's 1994 National Space Transportation Policy recognized the importance of the U. S. commercial space transportation industry and sought to promote free and fair trade so that the U. S. industry could fully compete in the world markets. The U. S. space launch industry supports the goals set out in the Policy and, based on that Policy, significant investments have been undertaken to assure that we have the capabilities to meet the demands of the marketplace.

The Policy contained a commitment to negotiate and enforce commercial space launch services agreements with relevant non-market economy countries and a commitment to keep all U. S. government launches on U. S. launchers. We now understand, however, that the Administration is planning to negotiate a new space launch agreement with Ukraine and reopen the current agreement with the Russians. The cumulative impact may be to more than double the number of launches available to the non-market economy countries.

We believe that this result will have a significant adverse impact on the viability of the U. S. space launch effort. We are concerned that the remaining number of addressable launches will not be sufficient to sustain a viable competitive U. S. industry. Such a result has the potential of eliminating tens of thousands of high technology, high wage jobs in key states such as California, Connecticut, Massachusetts, New Mexico, Colorado, New Jersey, Florida, Utah, Maryland and Minnesota, among others.

Representatives of our industry would like to meet with U. S. policy makers prior to the Ukrainian and Russian negotiations so that they are fully aware of the implications of this apparent change in U. S. policy on the U. S. launch industry. Thank you for your consideration. We look forward to working with you on this critical national policy issue.

Sincerely,



James R. Wilson
Chairman, President and
Chief Executive Officer

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
12.13.95

95 DEC 12 P7:04

December 12, 1995

RECOMMENDED TELEPHONE CALL

TO:

✓
Jerry Estruth
Cellular phone: 415/308-1534
Home: 408/298-2494 (tomorrow)
Pager: 408/534-9025 (Steve Preminger-tonite)

DATE:

December 12 or 13, 1995

RECOMMENDED BY:

✓
Doug Sosnik, Political Affairs

PURPOSE:

To congratulate him on winning or on running
a great Congressional campaign

BACKGROUND:

Due to the high profile this race has
assumed on a national level, we recommend a
phone call from the President if Estruth
wins and a congratulatory call from the
Vice President if he loses or if the race
goes into a runoff. Estruth has come from
behind a 40 point deficit to a 6-10 point one
within the course of this campaign. As you
know, this race became a referendum on Newt
Gingrich and the politics of the right wing.

Submitted:

December 12, 1995

ACTION:

*After call
to be called
in Calif*

THE WHITE HOUSE

WASHINGTON

December 13, 1995

Dear Representative Shaw:

Thank you for your recent letter about your current conference report on welfare reform.

I am determined to keep working with the Congress to enact real, bipartisan welfare reform. The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are trapped in it. But the welfare bill you are trying to report out of conference along narrow, partisan lines is not real reform. If Congress sends me that conference report, with or without child nutrition provisions, I will veto it, and insist that you do better.

Real welfare reform should be tough on work and tough on responsibility, not tough on children or tough on parents who are responsible and who want to work. The current conference report does too little to move people from welfare to work, and is burdened with deep budget cuts that are tough on children and undermine real reform. Americans know we have to reform the broken welfare system, but they also know that cutting child care that helps mothers move from welfare to work, cutting help for abused and disabled children, and cutting nutrition programs and school lunch is not welfare reform.

My Administration has and will continue to set forth in full detail our goals for reform and our objections to your current legislation. We remain ready at any moment to sit down in good faith with Republicans and Democrats in Congress to work out an acceptable welfare reform plan that is motivated by the urgency of reform rather than by budget politics. As I have said throughout this debate, there is a bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy for this Congress to squander this historic opportunity to achieve it:

- **Work and Child Care:** Welfare reform is first and foremost about work. An overwhelming majority of Senators in both parties agreed on measures that are vital to welfare reform's success in moving people from welfare to work: providing more resources for child care, requiring states to maintain their stake in the success of reform, rewarding states for placing people in jobs, and providing states adequate resources to

continue to promote work in economic downturns. The current conference report weakens all these important work provisions. It makes no sense to cut child care and strand thousands of mothers on welfare when they ought to be going to work. For the same reason, it makes no sense to scale back health coverage for low-income families or the Earned Income Tax Credit, powerful work incentives that are critical to welfare reform. The final welfare reform legislation should provide more child care, not less, and restore the bipartisan work-based reforms that are the heart and soul of real welfare reform.

- **Work Incentives:** In addition to child care, it is essential that single parents with children have additional incentives to move from welfare to work. In particular, it is crucial to maintain our current investment in the Earned Income Tax Credit, as well as the guarantee of Medicaid coverage for poor women and children. Removing the guarantee of health insurance coverage, as the welfare reform conference report does, runs counter to our goals, because many poor women now choose welfare over work simply because they or their children need health care.
- **Protecting Children:** The conference report makes deep budget cuts that would fall hardest on children. Making deep cuts in foster care and adoption, child nutrition, food stamps, help for disabled children, and health coverage is not welfare reform. Instead of making unacceptably deep cuts in these and other areas, the final welfare reform legislation should reflect the national consensus that we must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes.
- **Budget Cuts:** The conference report was designed to meet an arbitrary budget target rather than to achieve serious reform, and, overall, includes deep cuts that would undermine states' ability to move people from welfare to work, protect children, and carry out real reform. We should work together to balance the budget and reform welfare, but Congress shouldn't use the words "welfare reform" as just another cover to violate our values. The final welfare reform legislation needs to reduce the magnitude of budget cuts in low-income programs, especially those that have little connection to the central goal of work-based reform, such as childhood disability, child protection, nutrition, and benefits for legal immigrants.

I will not let Congress squander this historic moment by putting budget politics ahead of real and lasting reform. If Congress sends me the current conference report, I will veto it. But I am deeply committed to working with Congress to reach bipartisan agreement on an acceptable welfare reform bill that addresses the Administration's concerns including those I have set forth in this letter. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Clinton".

The Honorable E. Clay Shaw, Jr.
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

December 13, 1995

Dear Mr. Chairman:

Thank you for your recent letter about your current conference report on welfare reform.

I am determined to keep working with the Congress to enact real, bipartisan welfare reform. The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are trapped in it. But the welfare bill you are trying to report out of conference along narrow, partisan lines is not real reform. If Congress sends me that conference report, with or without child nutrition provisions, I will veto it, and insist that you do better.

Real welfare reform should be tough on work and tough on responsibility, not tough on children or tough on parents who are responsible and who want to work. The current conference report does too little to move people from welfare to work, and is burdened with deep budget cuts that are tough on children and undermine real reform. Americans know we have to reform the broken welfare system, but they also know that cutting child care that helps mothers move from welfare to work, cutting help for abused and disabled children, and cutting nutrition programs and school lunch is not welfare reform.

My Administration has and will continue to set forth in full detail our goals for reform and our objections to your current legislation. We remain ready at any moment to sit down in good faith with Republicans and Democrats in Congress to work out an acceptable welfare reform plan that is motivated by the urgency of reform rather than by budget politics. As I have said throughout this debate, there is a bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy for this Congress to squander this historic opportunity to achieve it:

- **Work and Child Care:** Welfare reform is first and foremost about work. An overwhelming majority of Senators in both parties agreed on measures that are vital to welfare reform's success in moving people from welfare to work: providing more resources for child care, requiring states to maintain their stake in the success of reform, rewarding states for placing people in jobs, and providing states adequate resources to

continue to promote work in economic downturns. The current conference report weakens all these important work provisions. It makes no sense to cut child care and strand thousands of mothers on welfare when they ought to be going to work. For the same reason, it makes no sense to scale back health coverage for low-income families or the Earned Income Tax Credit, powerful work incentives that are critical to welfare reform. The final welfare reform legislation should provide more child care, not less, and restore the bipartisan work-based reforms that are the heart and soul of real welfare reform.

- **Work Incentives:** In addition to child care, it is essential that single parents with children have additional incentives to move from welfare to work. In particular, it is crucial to maintain our current investment in the Earned Income Tax Credit, as well as the guarantee of Medicaid coverage for poor women and children. Removing the guarantee of health insurance coverage, as the welfare reform conference report does, runs counter to our goals, because many poor women now choose welfare over work simply because they or their children need health care.
- **Protecting Children:** The conference report makes deep budget cuts that would fall hardest on children. Making deep cuts in foster care and adoption, child nutrition, food stamps, help for disabled children, and health coverage is not welfare reform. Instead of making unacceptably deep cuts in these and other areas, the final welfare reform legislation should reflect the national consensus that we must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes.
- **Budget Cuts:** The conference report was designed to meet an arbitrary budget target rather than to achieve serious reform, and, overall, includes deep cuts that would undermine states' ability to move people from welfare to work, protect children, and carry out real reform. We should work together to balance the budget and reform welfare, but Congress shouldn't use the words "welfare reform" as just another cover to violate our values. The final welfare reform legislation needs to reduce the magnitude of budget cuts in low-income programs, especially those that have little connection to the central goal of work-based reform, such as childhood disability, child protection, nutrition, and benefits for legal immigrants.

I will not let Congress squander this historic moment by putting budget politics ahead of real and lasting reform. If Congress sends me the current conference report, I will veto it. But I am deeply committed to working with Congress to reach bipartisan agreement on an acceptable welfare reform bill that addresses the Administration's concerns including those I have set forth in this letter. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Clinton".

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE
WASHINGTON

December 13, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA D'ANDREA TYSON *LD*

RE: CPI BIAS

You requested information on the bias in the consumer price index and about the effects that correcting for the bias would have on the budget deficit. Attached is the CEA's consensus on these issues.

95 DEC 13 P3:49

COS

Rubin

George S.



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

December 13, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: JOSEPH STIGLITZ *JS*
SUBJECT: CPI Bias

You asked about the CEA's consensus on the bias in the consumer price index and about the effects that correcting for the bias would have on the budget deficit. We respond below to your questions.

Our view on the extent of bias in the CPI.

- There has been a range of estimates of the amount by which the CPI overstates inflation. In a preliminary review, Administration economists agreed that an estimate of 0.5 percentage point was a reasonable lower bound to the bias.
- After additional research and discussions, the CEA's best estimate is that the CPI has been overstating inflation about 1.2 percentage points per year. We are fairly certain that 0.7 percentage point of the bias comes from technical problems inherent in constructing the index, but we are less certain about the magnitude of the remaining bias that comes from hard-to-fix problems of accounting for quality changes in new and existing products. Our provisional estimate of this remaining bias is 0.5 percentage point.
- In January of 1995, the Bureau of Labor Statistics changed the treatment of housing, food, and prescription drugs, and estimated that these changes would lower the rate of increase in the CPI by about 0.1 percentage point per year. This change was incorporated into the economic assumptions for our budget forecast earlier this year.
- The correction of 0.1 percentage point leaves a bias of 0.6 of the total 0.7 that could be fixed by technical adjustments to current data. The BLS plans to make adjustments in the way the CPI is computed by January 1997 that would remove about 0.2 percentage point of this bias. These adjustments have been incorporated into our latest 7-year budget forecast as well as in the new CBO forecast. With this adjustment, however, 0.4 percentage point of this "fixable" bias would remain.
- As discussed in the Weekly Economic Briefing, December 8, a well-established alternative method for constructing price indexes (using geometric averaging) could be used to eliminate the entire 0.6 percentage point of bias that is fixable. BLS is developing an "experimental index" that in part uses this alternative method, but this experimental index would not encompass the complete set of technical corrections that are possible with the alternative method, and the correction accordingly would be smaller, in the range of 0.3 to 0.4 percentage point.

- The alternative method still would leave the “quality” bias of about 0.5 percentage point, but would go much further than the adjustments currently planned by BLS. While we believe that the estimate of 0.5 for the “quality” bias is reasonable, economists have a range of opinion. At the current time, the only way to address this part of the bias is through a legislated adjustment (for example, “CPI inflation minus 0.5”).

The effects of CPI adjustment on the budget deficit.

- The amount of actual budget savings depends on the timing and amount of the CPI adjustment. Changes in the construction of the index which occur beginning in 1997 would start to have budgetary impacts in fiscal 1998. Postponing the introduction of CPI adjustments would significantly reduce savings, both cumulatively over the 7 years and in 2002.
- According to CBO estimates (February baseline), a reduction in the CPI inflation rate of 0.5 percentage point per year (in addition to any change already incorporated in baseline) with effects beginning in fiscal year 1996, would yield a cumulative reduction in the budget deficit over the next seven years of \$140 billion and a cumulative reduction over ten years of \$317 billion (see table). The budget savings in each year grows over time, and reaches \$70 billion a year in the year 2005. Starting the indexation in 1997 or 1998 leads to somewhat smaller effects on the deficit, as estimated by OMB and CEA (Mid-Session Review baseline). (Using the baseline just released by CBO would give slightly different estimates. The qualitative pattern, however, would remain.)

Change in the Deficit from a 0.5 Percentage Point
Reduction per Year in CPI Inflation with Initial Effects in Year Indicated
(billions of dollars)

	Beginning in 1996 (CBO Estimates)	Beginning in 1997 (OMB Estimates)	Beginning in 1998 (OMB and CEA Estimates)
7-year cumulative	-140	-97	-65
10-year cumulative	-317	-256	-198
Effect in 2002	-41	-34	-26
Effect in 2005	-70	-64	-54

(Whether the budget savings come from scoring relative to a fixed baseline or from a change in the baseline depends on whether or not the adjustment is included in legislation.)

- Because of the large savings from introducing the CPI adjustment early, several proposals involve in part legislating a CPI adjustment for the years 1996 and 1997 equal to the magnitude of the bias that eventually would be corrected by technical adjustments.

How should we proceed?

A variety of alternative approaches have been proposed, ranging from legislating a fixed adjustment to CPI inflation (i.e., CPI inflation minus 0.5), to adopting BLS's "experimental" index, to instructing BLS to implement the more thorough revision of its methodology. And, these approaches can be combined in a variety of ways, all of which are consistent with the objective of ensuring that social security beneficiaries and taxpayers not be adversely affected by increases in the rate of inflation.

To avoid confusion between the traditional CPI and any of the proposed indexes, there have been suggestions that the new indexes be referred to as "cost-of-living indexes." Note that the CPI measures the cost of a fixed basket of goods, while a cost-of-living index attempts to measure the cost of maintaining the same living standard, taking into account changes in buying patterns, changes in quality, and the introduction of new products. Among the proposals that have been discussed in the press or in proposed legislation (Coalition proposal), some of which would use a new cost-of-living index, are the following (savings listed are in addition to CPI adjustments already incorporated in the June budget):

A. Simply accept and "score" the already announced adjustments in CPI methodology, scheduled for January 1997, and which therefore would affect CPI adjustments beginning in fiscal year 1998. We have incorporated this in our recent 7-year budget proposal, where these changes were scored at \$32 billion for an adjustment of 0.24 percentage point.

B. Legislate a 0.5 percentage point initial adjustment to the increase in the CPI, but when the already announced methodological adjustments in the CPI occur, the "legislated" component would drop down to 0.3 percentage point. This has been scored at approximately \$100 billion over 7 years. (Coalition Proposal.)

C. Develop a new cost-of-living index (using geometric averaging), ready for use beginning in January 1997, which would affect CPI adjustments beginning with fiscal year 1998. Preliminary estimates are that such an index would result in a 0.6 percentage point adjustment to the increase in the CPI, for a savings of \$78 billion over 7 years.

D. Legislate a 0.6 percentage point adjustment to the increase in the CPI for 1997, followed by the methodological changes of alternative C for 1998 and beyond, for a savings of \$116 billion over 7 years.

E. Legislate a 0.8 percentage point adjustment to the increase in the CPI for the year 1997, followed by the methodological changes of alternative C, plus a 0.2 "quality adjustment," for a savings of \$155 billion over 7 years.

THE WHITE HOUSE
WASHINGTON

December 11, 1995

THE PRESIDENT HAS SEEN
12-12-95

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
HELEN HOWELL *HH*

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

cc Leon/203
(A) **Kennedy letter on reconciliation.** He congratulates you on veto message, then argues a few Medicare points: (i) \$89 billion in cuts -- the amount the Democrats have said is necessary to preserve the Trust Fund for a decade -- should have been our starting point rather than \$124 billion, since that amount leaves too little room for further compromise; (ii) we should at least net the \$124 billion against the \$26 billion you propose in new health care investments; (iii) the \$8.8 billion premium increase in your initial offer is a mistake because it diminishes distinction between us and GOP in out-of-pocket costs -- "the area... the elderly are most concerned" about. Part B premiums in 2002 would be \$60.50 under current law; \$77 under our plan and \$88.90 under GOP plan. Kennedy would rather cut \$8.8 billion elsewhere in Medicare in order to hold to current law on premiums.

cc Leon
Gene
George
dave 12/13
(B) **Biden letter on reconciliation.** He applauds your veto, and urges you to insist on the inclusion of a tax cut for the costs of higher education, noting that public college tuition and fees have risen nearly three times faster than inflation and family income since 1980. "A \$10,000 tax deduction for the costs of a college education -- as you proposed a year ago [and as Daschle and Biden have proposed] would be...a real help to middle-class families." He says it makes no sense to give businesses tax breaks for investing in R&D and physical capital, but no tax breaks for middle class families investing in their children. He adds: "Keep up the pressure, Mr. President."

cc Leon
(B) **Judith Gueron letter on welfare reform.** Via Carol Rasco. Gueron, President of the Manpower Demonstration Research Corporation in New York, argues that both the Senate and House bills are bad legislation, which cut funding and leave it to the states to reconcile the unreconcilable goals of promoting work, protecting children, and containing costs. She says the idea the system can't get any worse is wrong. The unintended consequences of the proposed changes could be grave -- "an increase in our already alarming rate of child poverty and a diminished future for our nation."

United States Senate

WASHINGTON, DC 20510-0802

THE PRESIDENT HAS SEEN
12-12-95

95 DEC 7 P 1:16

December 7, 1995

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I applaud your veto of H.R. 2491, the budget reconciliation bill. Now, as you negotiate over a possible compromise budget package, I urge you to insist on the inclusion of a tax cut for the costs of a higher education.

Some in our party believe that a tax cut is not needed or justified at this time. I disagree, and I urge you to reject such arguments. Middle-class families are being squeezed, and nothing epitomizes this squeeze more than the rapidly rising costs of a college education.

According to data from the National Center for Education Statistics and the College Board, the costs of public college tuition and fees rose 236 percent between 1980 and 1994. Meanwhile, the median family income during the same period rose 82 percent -- just barely keeping pace with inflation, even though many families now have two workers and even though many workers now have more than one job. In other words, public college tuition and fees have risen nearly three times faster than inflation and family incomes.

Putting it in slightly different terms: in 1980, it took 4.5 percent of median household income to pay for tuition and fees at a public college. Today it takes 8.4 percent. And, if we take into account private colleges and the costs of room and board, the overall average cost of college is now 30 percent of median household income. That's for sending *one* child to college.

Statistics can be somewhat abstract, but real families are not. I recently received a letter about the costs of college from a typical middle-class family from Dover, Delaware. They have worked hard and played by the rules all of their lives. And, like most middle-class families, I suspect their main goal is to see that their son has the opportunity for a better life than they have. But, to send their son to college -- the ticket to a better life in today's world -- they have depleted most of their life's savings and are heavily in debt. They were willing to make that sacrifice -- as most middle-class parents do -- but the sacrifice should not have to be so high.

The Honorable William J. Clinton
December 7, 1995
Page Two

A \$10,000 tax deduction for the costs of a college education -- as you proposed a year ago, as Senator Daschle introduced in February, and as I offered as an amendment to the reconciliation bill in October -- would be real tax relief and a real help to middle-class families. As the Delaware family put it in their letter to me, this tax relief would be too late for them, but "it would go a long way to giving other middle income kids a chance at the American Dream."

But, make no mistake. Although it is important in and of itself, this is about more than middle-class tax relief. It is also about investing in America's future.

A recent editorial in *The Washington Post* noted, "Nothing will influence the development of the American economy more powerfully than the extent to which its work force has been to college. Education and advanced training are the most productive investments of all." And, yet, the tax code does not recognize such an investment. Indeed, the Nobel Prize-winning economist Theodore Schultz has pointed out that the tax code treats people worse than machines. We give businesses a tax break for investing in research and development. We give businesses a tax break for investing in physical capital -- machines. But we do not give middle-class families a tax break for investing in themselves or in their children.

We could make a huge step toward improving this situation -- and could help millions of middle-class families now -- by providing a tax deduction for the costs of a college education. Again, I urge you to insist on such a proposal in negotiations over the budget reconciliation bill.

Thanks for your interest in this important issue. If there is anything I can do to help you on this matter, please let me know.

Sincerely,



Joseph R. Biden, Jr.
United States Senator

AS Keep up the pressure,
Mr. President -

THE WHITE HOUSE
WASHINGTON

December 13, 1995

TO: Kathy Whalen

FROM: Phil Caplan

Are we allowed to do this? Do
we want to do this?

Who's Who in America®

MARQUIS Who's Who
121 Chanlon Road
New Providence, NJ 07974
Phone: 1-800-621-9669 ext. 7003
Outside of U.S.: 1-908-464-6800
Fax: 1-908-771-8645

Marquis Who's Who™

Who's Who in America
Who Was Who in America
Who's Who in the World
Who's Who in the East
Who's Who in the Midwest
Who's Who in the South and Southwest
Who's Who in the West
Who's Who in American Education
Who's Who in American Law
Who's Who in American Nursing
Who's Who of American Women
Who's Who of Emerging Leaders in America
Who's Who in Entertainment
Who's Who in Finance and Industry
Who's Who in Religion
Who's Who in Science and Engineering
Index to Marquis Who's Who Publications
The Official ABMS Directory of Board Certified Medical Specialists

Bill Clinton
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Bill Clinton:

As publisher of Marquis Who's Who, I am pleased to include your biography among other reference-worthy profiles in the new 13th Edition of **Who's Who in the World**.

The Marquis editors appreciate your continued participation in the compilation of this distinguished biographical reference. In turn, Marquis Who's Who will continue to safeguard and ensure the accuracy of your biographical data.

We are now in the final stage of our publication cycle. Although we cannot make changes to your biographical profile at this time, you may wish to check your address and make any corrections needed so that we can contact you when we begin to prepare the 14th Edition.

Also, this is the perfect time to order your copy of **Who's Who in the World**. Although the 13th Edition will sell to public, academic, and corporate libraries for \$339.95, as a Biographee you may order at the special pre-publication price of \$279.95*—a savings of \$60.00! Ordering information is enclosed.

Upon receiving your order, we'll commission a Marquis Who's Who Certificate of Recognition, with your name inscribed in fine calligraphy. As a special way to commemorate your inclusion in the 13th Edition of **Who's Who in the World**, you may wish to purchase a hand-crafted mahogany plaque that provides an ideal setting for your Marquis Who's Who certificate. The presentation is simple yet distinctive. I've enclosed an order card that includes a photograph of this special memento.

Your participation in the compilation of Marquis **Who's Who in the World** has been of vital importance to this historic reference work. We thank you in advance for your continued cooperation.

Sincerely,



Sandra S. Barnes
Publisher

WO/bc

P.S. The 13th Edition of **Who's Who in the World** will be published in a few weeks. Our special Biographee savings offer expires immediately upon publication. To enjoy this discount, you must order now.

MARQUIS WHO'S WHO

121 Chanlon Road • P.O. Box 5 • New Providence NJ 07974-0005

U.S. : 1-800-621-9669 ext. 7003 Outside of the U.S. : 1-908-464-6800 ext. 7003 Fax: 1-908-771-8645

Reproduced below is your biographical sketch as it will appear in the 13th edition of WHO'S WHO IN THE WORLD. Our files for the 13th edition are now closed. Please, however, take this opportunity to update your biographical file, thus keeping our database current and up-to-date for future reference.

—IF YOU NEED TO MAKE UPDATES OR ADDITIONS, please print or type them in the blank area to the right of the text. Be sure to spell out all abbreviations.

UPDATES SUBMITTED AT THIS TIME WILL APPEAR IN THE 14TH EDITION.

—IF NO UPDATES OR ADDITIONS ARE NEEDED, keep this copy for your records.

Sign form to verify any additions or updates. Note change of address in box below.

RETURN FORM ONLY IF UPDATES OR CHANGES HAVE BEEN INDICATED.

Bill Clinton
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

POST PUB UPDATE BCMO
WORLD-13 02295183

MARQUIS WHO'S WHO exercises the greatest care in proofing, editing, and otherwise handling data submitted to it. Biographical sketches, which are based on information submitted by nominees, are edited by Marquis Who's Who, and, in most cases, are returned to nominees to check for accuracy. In the event of errors in publication, the sole responsibility of Marquis Who's Who will be to correct such errors in a succeeding edition of the publication. Such correction is in lieu of any other remedy. Marquis Who's Who expressly disclaims all other liability for loss or incidental or consequential damage whether arising from negligence, contract, or other cause to any party for errors in publishing.

Signature _____ Date _____

FOR OFFICE USE ONLY 02295183/N/913/990/ /1946/M/NNNNNN----/A

© Copyright 1995, MARQUIS Who's Who. All rights reserved.

**Underlined information will not appear
in the published biography.**

CLINTON, BILL (WILLIAM JEFFERSON CLINTON),
President of the United States; b. Hope,
Ark., Aug. 19, 1946; m. Hillary Rodham,
Oct. 11, 1975; 1 child, Chelsea Victoria.
BS in Internat. Affairs, Georgetown
U., 1968; postgrad., Oxford U., 1968-70;
JD, Yale U., 1973. Prof. U. Ark.
Sch. Law, Fayetteville, 1973-76; pvt.
practice law, 1973-76; atty. gen. State
of Ark., Little Rock, 1977-79, gov.,
1979-81, 83-92; of counsel Wright,
Lindsey & Jennings, Little Rock, 1981-82;
President of the United States, 1993—;
chmn. So. Growth Policies Bd., 1985-86.
Chmn. Edn. Commn. of the States, 1986-87,
mem. steering com.; mem. Task Force on
Adolescent Edn., Carnegie Found.; chmn. Dem.
Leadership Coun., 1990-91. Rhodes
scholar Univ. Coll., Oxford U., 1968-70.
Mem. ABA, Ark. Bar Assn., Nat. Govs.
Assn. (vice chmn. 1986, chmn. 1986-87, exec.
com., fin. com., com. on human resources,
com. on internat. trade and fgn. rels., task
force on rural devel., co-chmn. task force
for edn. 1990-92). Home and Office:
The White House 1600 Pennsylvania Ave NW
Washington DC 20500 (202) 456-1414

**Please indicate the exact placement of
corrections and additions to your sketch
by use of lines and arrows.
DO NOT retype the entire sketch.
Additions are included only when
appropriate to Marquis style.**

CHANGE

See enclosed reservation form offering biographee discounts.

NO-CHANGE

*W013BCMO--0229518311

O

O

*W013BCMO--0229518301

*W013BCMO--0229518310

N-O

N-O

*W013BCMO--0229518300

FOR OFFICE USE ONLY

ROUNDTABLE PARTICIPANTS

Cassidy Sir

Former U.S. Senator George Mitchell

Sammy Douglas, Chairman, E. Belfast Partnership

Andrew Tweedie, Tweedie & Neill Architects,
East Belfast Enterprise Park

Lynne McGregor, owner, Altered Images,
East Belfast Enterprise Park

Andrew McAuley, owner, Tiles & Terrazo Ltd.,
tenant, Bryson St. Community Enterprises
in the "Short Strand"

Pata wants rate sent
to all of those who
participated in Summit
Also wants to sign letter
to Cassidy -

95 DEC 12 P 6:15

12/12

1000

Send to who to get ltr
prepared

NSC

ASAP

These
should be
done for

P. 319. Friday.

Also copy in
ticken

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: Dec 13, 1995

TO: Nancy Hernreich

FROM: Staff Secretary

FYI

THE WHITE HOUSE
WASHINGTON

December 11, 1995

Mr. Bobby L. Roberts
Central Arkansas Library System
700 Louisiana Street
Little Rock, Arkansas 72201

Dear Mr. Roberts:

Thank you for your letter of November 27 to President Clinton and for your request to use his name as a holder of one of the first ten cards in the Central Arkansas Library System's new automated checkout system.

The White House Counsel's Office hereby grants you permission to use the President's name for this purpose one time only. We ask that no other personal information held by the Central Arkansas Library System be released and that no subsequent use be made without written approval.

Sincerely,

Kathleen M. Whalen

Kathleen M. Whalen
Associate Counsel to the President

*Send over
letter to
Nancy
Hemmerich*



Gift to 0
see decision
7/8
DEC 4 1995
PI/2: 04

November 27, 1995

The Honorable William Jefferson Clinton
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20050-2000

Dear President Clinton:

Enclosed is your library card for our new automated checkout system. Had-it not been for your support of proposed Amendment 3 back in the 1990 session of the General Assembly, we would not have had the means to secure the funds for this project.

You will notice on the back of the card the numbers 800.4. The 4 means you have the fourth card that has been issued. The first card was issued to our senior employee, Martha Priest. Fred Darragh got card number 2 and Tom Dillard (our board president) received the third card. I got card number 5 (my old little league number for luck).

We would like to do a press release of the first ten card holders. Act 903 of 1989 (which you also supported) will not allow us to use you name without your permission-- Sec. 2 (b) (2). It would be good publicity for us to include your name if you would give us permission. For your convenience, I have enclosed a draft consent letter.

I went to a surprise birthday party for Chris Burrow last weekend and enjoyed seeing many friends from my days on your staff. You did an excellent job in the recent budget battles. Given time, I believe that the party can recover much of the political center and I am glad to see that you are leading us in that direction.

Sincerely,

Bobby Roberts

Encl.

P.S. I need the approval by December 11. Thanks.

CENTRAL ARKANSAS LIBRARY SYSTEM

2801 Louisiana Street
Little Rock, Arkansas 72201-3079
(501) 375-1000

1995-96 Fiscal Year Budget: \$1,000,000

DRAFT

DRAFT

DRAFT

DRAFT

DRAFT

DRAFT

November 27, 1995

Bobby L. Roberts
Central Arkansas Library System
700 Louisiana St.
Little Rock, AR 72201

Dear Bobby:

Per Act 903 of 1989 Sec. 2 (b) (2) you have my permission to release my name in a press release as a library card holder. I understand that this permission is only granted for this one time use and that no subsequent use shall be made without my written approval. I also understand that no other personal information held by the library is to be released.

Sincerely,

Bill Clinton

1 State of Arkansas AS ENGROSSED 2/09/89 AS ENGROSSED 2/14/89
2 77th General Assembly AS ENGROSSED 2/16/89 AS ENGROSSED 2/23/89
3 Regular Session, 1989

A Bill

HOUSE BILL

1541

4 By: Representative Lendall

For An Act To Be Entitled

8 "AN ACT TO PROVIDE THAT LIBRARY RECORDS CONTAINING NAMES OR
9 OTHER PERSONALLY IDENTIFYING DETAILS REGARDING THE PATRONS OF
10 THE LIBRARY SHALL BE CONFIDENTIAL; AND FOR OTHER PURPOSES."

12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

14 SECTION 1. (a) "Patron" means any individual who requests, uses or
15 receives services, books or other materials from a library.

16 (b) "Confidential library records" means documents or information in any
17 format retained in a library that identify a patron as having requested,
18 used or obtained specific materials including, but not limited to, circulation
19 of library books, materials, computer data base searches, inter-library loan
20 transactions, reference queries, patent searches, requests for photocopies of
21 library materials, title reserve requests or the use of audio-visual
22 materials, films or records.

24 SECTION 2. (a) Library records which contain names or other personally
25 identifying details regarding the patrons of public, school, academic and
26 special libraries and library systems supported in whole or in part by public
27 funds shall be confidential and shall not be disclosed except as permitted by
28 this act.

29 (b) A library may disclose personally identifiable information
30 concerning any patron:

- 31 (1) to the patron;
- 32 (2) to any person with the informed, written consent of the patron
33 given at the time the disclosure is sought; or
- 34 (3) to law enforcement agency or civil court, pursuant to a search
35 warrant.

36 (c) Personally identifiable information obtained in any manner other

AS ENGROSSED 2/16/89 AS ENGROSSED 3/17/89

1 than as provided in this act shall not be received in evidence in any trial,
2 hearing, arbitration or other proceeding before any court, grand jury,
3 department, officer, agency, regulatory body, legislative committee or other
4 authority of the state or political subdivision of the state.

5 (d) No provision of this act shall be construed to prohibit any library
6 or any business operating jointly with a library from disclosing information
7 for the purpose of collecting overdue books, documents, films or other items
8 and/or materials owned or otherwise belonging to such library. Nor shall
9 any provision of this act be construed as to prohibit or hinder any such
10 library or business office from collecting fines on such overdue books,
11 documents, films or other items and/or materials.

12 (e) Aggregate statistics shown from registration and circulation records
13 with all personal identification removed may be released or used by library or
14 library system for research or planning purposes.

15 (f) Any person who knowingly violates any of the provisions of this act
16 shall be guilty of a misdemeanor and shall be punished by a fine of not more
17 than two hundred dollars (\$200.00) or thirty (30) days in jail, or both, or a
18 sentence of appropriate public service or education, or both.

19 (g) No liability shall result from any lawful disclosure permitted by this
20 act.

21 (h) No action may be brought under this act unless such action is begun
22 within two (2) years from the date of the act complained of or the date of
23 discovery.

24 (i) Public libraries shall use an automated or Gaylord type circulation
25 system that does not identify a patron with circulated materials after
26 materials are returned.

27

28 SECTION 3. All provisions of this act of a general and permanent nature
29 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
30 Revision Commission shall incorporate the same in the Code.

31

32 SECTION 4. All laws and parts of laws in conflict with this act are
33 hereby repealed.

34

35 SECTION 5. EMERGENCY. It is hereby found and determined by the General
36 Assembly that present law provides no protection of privacy for library

AS ENGROSSED 2/16/89 AS ENGROSSED 3/17/89

1 ~~records; that it is in the best interests of the people of this state to have~~
2 ~~their privacy protected; that this act will, in fact, protect the privacy of~~
3 ~~library patrons. Therefore, an emergency is hereby declared to exist and this~~
4 ~~act being necessary for the preservation of the public peace, health and~~
5 ~~safety shall be in full force and effect from and after its passage and~~
6 ~~approval.~~

7
8
9 /s/ J. Lendall
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36



B. H. Lendall
SPRINT



47 -

If this is legal,
please get back to
Bobby ASAP.

Thanks -

L

Clinton



12-13-95
95 DEC 8 A 8:47

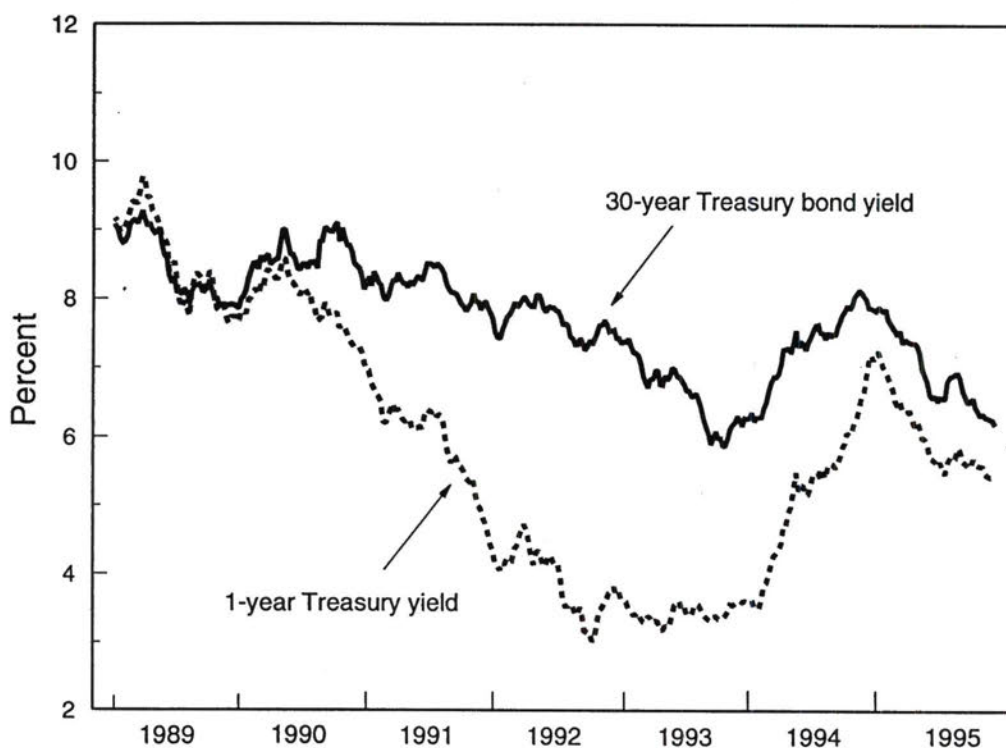
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

December 8, 1995

CHART OF THE WEEK

Interest Rates



The 30-year Treasury rate dipped below 6 percent this week for the first time in over 2 years. Since peaking late last year at just over 8 percent, the rate has fallen steadily. Although the 1-year Treasury rate also has fallen this year, the spread between the 30-year and 1-year rates is much smaller than the last time bond rates were this low. The narrowing of the spread, along with falling long-term rates, suggests that investors expect short-term interest rates to decline, possibly as soon as later this month following the Federal Reserve's next Federal Open Market Committee meeting.

CONTENTS

TREND

Labor Force Growth Projected to Slow	1
--	---

SPECIAL ANALYSIS

Credit Card Use Soaring	2
-------------------------------	---

ARTICLE

A Possible Fix for the CPI	4
----------------------------------	---

DEPARTMENTS

Business, Consumer, and Regional Roundup	6
International Roundup	7
Releases	8
U.S. Economic Statistics	9
Financial and International Statistics	10



"So, we look to the fourth quarter as a time of healing."

TREND

Labor Force Growth Projected to Slow

The Bureau of Labor Statistics has released revised projections showing the labor force will grow at an annual rate of 1.1 percent over the period 1994-2005, down from the 1.4 percent rate recorded during 1982-93. Growth in the labor force at this lower rate entails creating about 1.5 million new jobs per year to keep unemployment from rising, somewhat less than the 2.5 million pace of the past 3 years.

Analysis. The labor force is projected to grow more slowly because:

- Labor force participation is expected to rise more slowly, as the ongoing decline in participation by men accelerates and the ongoing increase in participation by women moderates (see table).
- The working-age population is expected to grow more slowly due entirely to a small decline in growth of men over the age of 16.

Growth in the Labor Force (Average annual percent change)			
1982-1993	All	Male	Female
Population 16 and over	1.1	1.2	1.0
Participation Rate	0.3	-0.2	0.8
Total Labor Force Growth	1.4	1.0	1.8
1994-2005	All	Male	Female
Population 16 and over	1.0	1.0	1.0
Participation Rate	0.1	-0.3	0.4
Total Labor Force Growth	1.1	0.7	1.4

The new BLS projections are significantly lower than those released previously, and are close to projections presently used by the Social Security Administration.

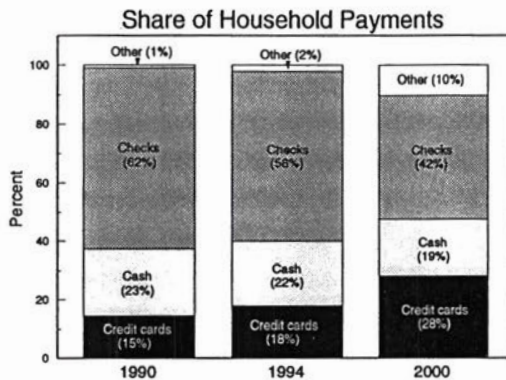


They also are close to those used by the Council of Economic Advisers in developing our economic forecasts. The main reason for the downward revision is a lower projected rate of growth in labor force participation (see chart). The earlier BLS projections had assumed the drop in participation by men during the early 1990s would be reversed once the economic recession ended, but the new projections assume the drop is part of a long-term trend.

SPECIAL ANALYSIS

Credit Card Use Soaring

Credit card use by American households has skyrocketed in recent years, as the country moves toward a cashless economy. Close to 18 percent of payments by households were charged on credit cards in 1994, up from 15 percent in 1990, and this share is expected to grow to roughly 28 percent by 2000 (see chart). The dollar volume of these charges rose by 50 percent from 1990 to 1994, more than twice the rate of growth in overall consumer spending.



About three-quarters of all households now have at least one major credit card, and roughly a third have three or more. In total, households have a combined national credit limit of just over \$1 trillion dollars, double the limit of 5 years ago. This sharp increase in easily available credit and the rapid growth in charge volume have sparked concern that households

could quickly face debt difficulties if the economy were to weaken.

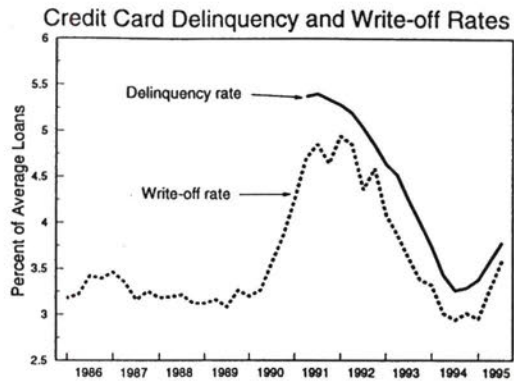
Convenience use versus debt use. Credit cards are both a convenient means of payment and a readily available source of funds for borrowing:

- The use of credit cards for convenience, where charges are paid off each month without interest, is growing more rapidly than debt use, where charges are not paid off each month and interest accrues.
- Convenience use has been propelled by the proliferation of rebates, frequent-flier miles, and credits toward auto purchase, and by the increasing acceptance of credit cards by supermarkets, health and dental clinics, college tuition offices, and even the postal service.
- Despite growth in convenience use, a survey this past July found roughly three-fifths of cardholders do not pay off their balances. On average, these cardholders carry a balance of about \$3,200 and owe about \$45 in interest each month.
- The share of total charges paid off each month is only about 25 percent. As a result, interest payments on credit card debt continue to be an important burden on consumers.

Will the holiday season be merry? Consumers generally load up on debt during the holiday shopping season. But this year rising delinquency rates on credit cards and increasing write-offs by banks of bad credit-card debts suggest that some

consumers may have stretched beyond their means (see chart). Although early returns indicate a mixed overall start to holiday shopping, some individual retailers

of large ticket items like big screen televisions and computers are reporting strong sales. Thus, it is still too early to say whether rising consumer debt will restrain spending this holiday season.



ARTICLE

A Possible Fix for the CPI

Most economists now believe that changes in the consumer price index overstate changes in the cost of living. Part of this bias occurs because of difficulties accounting for new products and quality change in the index. Part of this bias occurs because the index does not adequately account for the way people substitute products whose prices are rising slowly for products whose prices are rising quickly—so-called “substitution bias.” And the remainder of this bias occurs because of certain technical problems with the way the index is constructed—so-called “formula bias.”

A method for simultaneously fixing substitution and formula bias has been developed, however, and would find broad support among economists and other experts. The new method is technically feasible and could be implemented with available data on a timely basis. We estimate that changes in such an index would be 0.6 percentage point lower per year compared to the current CPI.

What is the problem? It is helpful to think of the CPI as being put together in two stages representing two levels of aggregation. At the first level of aggregation, prices for individual items, such as McIntosh, Winesap, and Delicious apples, are collected and used to construct a price index for apples. The price index for apples is just a weighted average of the prices of individual varieties of apples. At the second level of aggregation, the price index for apples is combined with price indexes for other product categories (televisions, autos, etc.) to construct a price index for the entire market basket. Substitution bias occurs at the second level because the weight applied to each category is based on 1982 consumption patterns and therefore fails to account for the way consumers substitute products whose prices are rising slowly for products whose prices are rising quickly.

At the first level of aggregation (McIntosh-Winesap-Delicious), in addition to substitution bias, formula bias occurs. This formula bias arises because some of the data needed to construct the index at this level are not available and must be estimated, and the estimation procedure induces a built-in error that overweights rising prices (such as prices of items coming off of a sale) and underweights falling prices.

How would the new method work? The new method of computing the CPI would differ from the current method in two important ways:

- The new method would use weights that are updated regularly to combine prices of product categories (apples, televisions, autos) into a single index, rather than the current practice of constant weights held equal to their values in a base year. Continually updating the weights would directly

account for the way consumers substitute toward products that experience relatively low inflation.

- The new method would use a geometric average rather than an arithmetic average both to combine the prices of individual items into prices for product categories, and to combine prices of product categories into a single index. The use of a geometric average would reduce substitution bias and eliminate formula bias.

Is the new method feasible? The new method requires data on household expenditure patterns to update the weights used in computing the CPI. Although BLS collects these data, they are available only with a lag of 3 to 6 months. It would be possible, however, to update weights each month by using statistical techniques to project trends in expenditure patterns. Accordingly, the new method of computing the CPI could be implemented using data presently collected by the BLS.

What is BLS doing? Beginning in 1997, BLS plans to make adjustments in how they calculate the CPI which would only partially address these problems. These adjustments should reduce the change in the CPI by about 0.2 percentage point per year. BLS currently is not planning the major revamping of the CPI entailed by using a geometric rather than an arithmetic average. In fact, they would regard such a change as altering the basic nature of the CPI. As a result, it might be easier to introduce a new separate cost-of-living index based on geometric weights, rather than fix the existing CPI, which could continue to be produced and used in labor contracts. The decision could be made at the policy level to ask BLS to produce a new index and then to use the new index for adjusting taxes and benefits.

Comparing Geometric and Arithmetic Averages

Suppose the price of a product increases from \$1 to \$1.50 this year, and then decreases to \$1 next year. The price increase is 50 percent this year and the price decrease is 33 percent next year. An arithmetic average of the price change over the 2 years would equal 8.5 percent ($0.5 \times [50-33]$). A geometric average of the price change over the 2 years would give 0 percent change ($1 - [1+0.5] \times [1-0.33]$). The reason for this difference is that an arithmetic average weights each percentage change equally, whereas a geometric average weights larger changes proportionately less than smaller changes. And they say economics isn't interesting!

INTERNATIONAL ROUNDUP

Japanese Economy Continues to Stagnate. Japan's GDP expanded by a weak annualized rate of 0.6 percent in the third quarter, slightly above private sector expectations, as the banking-sector crisis and subdued confidence continued to suppress activity. Strong growth in personal consumption expenditure was offset by the continued weakness of capital spending and housing. Net exports declined dramatically, falling by 32 percent in the third quarter, in part reflecting a narrowing in the bilateral trade surplus with the United States. Deflation continued, as prices fell for the fifth consecutive quarter. Japan is unlikely to attain the 2.8 percent real growth rate forecast by the government for the 1995-96 (April-March) fiscal year. The government's Economic Planning Agency has recently suggested that growth of only 1 percent is more likely.

German Economy Sluggish. Real GDP in Germany was essentially unchanged in the third quarter, and was up only 1.5 percent over the same period in 1994. Unemployment (including the self-employed) rose to 9.3 percent during November from 9.2 percent in October. Labor market conditions differ significantly between the new and the old states of Germany: unemployment is 14 percent in the east and 8.2 percent in the west. The German government, engineering employers, and the influential union of metal-workers have agreed to reach consensus on a "jobs pact" by late January. The pact drafted by the union proposes wage freezes in return for job creation and security measures. Renewed growth in Germany and Japan—two of our top trading partners—would boost U.S. exports.

Venezuela Faces Tough Challenges. Problems faced by Venezuela's current government were highlighted this week when the opposition party won a majority of the regional governorships at stake. Poor economic performance has produced strong criticism of President Rafael Caldera's government: the budget deficit stands at 7 percent of GDP, inflation is expected to remain high at 50 percent for 1995, and more than 40 percent of Venezuelans live in abject poverty. The Venezuelan government is seeking an agreement with the International Monetary Fund (IMF) in order to bolster its foreign exchange reserves. But the IMF does not seem satisfied with the government's economic plan for 1996. In particular, the government is hesitant to meet the IMF requirement that gasoline prices be increased. Past attempts to reform the Venezuelan economy resulted in violent riots in February 1989 which left hundreds dead.

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, December 8, 1995****

In November, the unemployment rate rose to 5.6 percent from 5.5 percent in October. Nonfarm payroll employment increased by 166,000 in November.

Leading Indicators

The index of leading economic indicators fell 0.5 percent in October.

Domestic Auto Sales

Domestic autos were sold at an annual rate of 7.1 million units in November.

MAJOR RELEASES NEXT WEEK

Producer Prices (Tuesday)

Retail Sales (Wednesday)

Consumer Prices (Thursday)

Industrial Production and Capacity Utilization (Thursday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1994	1995:1	1995:2	1995:3
Percent growth (annual rate)					
Real GDP:					
Fixed weights	2.5	4.1	2.7	1.3	4.2
Chain weights	2.7	3.7	1.7	0.7	3.0
GDP implicit price deflator:					
Fixed weights	5.5	2.3	2.2	1.6	0.6
Chain weights*	5.4	2.7	2.8	2.2	1.9
Productivity, nonfarm business (NFB):					
Fixed weights	1.2	1.8	2.5	4.9	2.0
Chain weights	1.4	0.9	0.2	3.4	0.7
Real compensation per hour (NFB):					
Using CPI	0.6	0.6	1.0	0.3	1.0
Using NFB deflator:					
Fixed weights*	1.1	1.1	2.9	2.5	3.2
Chain weights*	1.2	0.7	1.8	1.4	1.8

* CEA estimates.

Shares of Real GDP (percent)

Business fixed investment	11.0	12.6	13.6	13.9	14.1
Residential investment	4.7	4.3	4.2	4.0	4.1
Exports	8.0	12.3	12.9	13.1	13.3
Imports	9.2	14.4	15.1	15.4	15.5

Shares of Nominal GDP (percent)

Personal saving	4.9	3.0	3.8	2.9	3.1
Federal surplus	-2.8	-2.4	-2.1	-1.8	N.A.

	1970- 1993	1994	Sept. 1995	Oct. 1995	Nov. 1995
Unemployment Rate					
	6.7**	6.1**	5.6	5.5	5.6
Payroll employment (thousands)					
increase per month			94	66	166
increase since Jan. 1993					7687
Inflation (percent per period)					
CPI	5.8	2.7	0.1	0.3	N.A.
PPI-Finished goods	5.0	1.7	0.3	-0.1	N.A.

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

New or revised data in **boldface**.

Employment and unemployment data **embargoed until 8:30 a.m., Friday, December 8, 1995.**

FINANCIAL STATISTICS

	1993	1994	Oct. 1995	Nov. 1995	Dec. 7, 1995
Dow-Jones Industrial Average	3522	3794	4760	4936	5159
Interest Rates					
3-month T-bill	3.00	4.25	5.28	5.36	5.34
10-year T-bond	5.87	7.09	6.04	5.93	5.72
Mortgage rate, 30-year fixed	7.33	8.35	7.48	7.38	7.18
Prime rate	6.00	7.15	8.75	8.75	8.75

INTERNATIONAL STATISTICS

Exchange Rates	Current level December 7, 1995	Percent Change from Week ago	Year ago
Deutschemark-Dollar	1.444	-0.2	-8.2
Yen-Dollar	101.4	-0.4	+1.3
Multilateral \$ (Mar. 1973=100)	85.15	-0.2	-4.8

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	3.3 (Q3)	5.6 (Nov)	2.8 (Oct)
Canada	1.9 (Q3)	9.2 (Sept)	2.4 (Oct)
Japan	0.6 (Q2)	3.2 (Sept)	0.2 (Sept)
France	2.1 (Q3)	12.1 (Aug)	1.8 (Oct)
Germany	2.1 (Q2)	6.6 (Aug)	2.0 (Aug)
Italy	2.9 (Q2)	12.0 (Jul)	5.8 (Oct)
United Kingdom	2.0 (Q3)	8.6 (Sept)	3.2 (Oct)

U.S. unemployment data embargoed until 8:30 a.m., Friday,
December 8, 1995.

Handwritten note:
The 8:30 a.m. embargo
on Dec 8, 1995
was lifted at 8:30 a.m.
on Dec 8, 1995

MEMORANDUM TO THE PRESIDENT

THE PRESIDENT HAS SEEN

12-13-95

From: RBR *RBR*

December 8, 1995

I'm informed that neither School-to-work apprenticeships nor the GI Bill for America's workers is deemed a "priority investment" for budget purposes. Have you made this decision or has it been made elsewhere?

*See
Have we fixed this?*

EMMIS
BROADCASTING

Gateway Plaza
980 North Meridian Street
Suite 1200
Indianapolis, IN 46204

THE PRESIDENT HAS SEEN
12-13-95

TO VP

(need to respond
to him - I thought
we were concerned
about concentration
of TV + papers + radio
not within radio category -
Be

EMMIS BROADCASTING

THE PRESIDENT HAS SEEN
12-13-95

Jeffrey H. Smulyan
Chairman of the Board

Gateway Plaza
950 North Meridian Street, Suite 1200
Indianapolis, IN 46204
317/266-0100 • FAX 317/631-3750

December 11, 1995

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

While I do not wish to disrupt you during the White House Holiday Reception, I feel compelled to share my thoughts about radio as it relates to the Communications Act currently in Congress.

I fully understand and appreciate your concerns about media concentration. I hope, however, that you will consider studying radio further. Historically, our industry has been characterized as 10,000 stations run like independent fiefdoms. When the FCC enacted duopoly regulations in 1993, the goal was to allow stronger stations to purchase their weaker counterparts. At the time, more than half of the radio stations in the United States were losing money.

Duopoly allowed several benefits to our industry; most importantly, financial security, which enables radio to better serve its listeners, employees, communities and shareholders. Programming became more innovative and diversified, the stations were more responsive to the needs of their communities and the market, and sales became more professional.

As our industry has consolidated, we have become able to attract capital. In fact, for the first time, radio companies, including Emmis Broadcasting, have had access to the public markets. This has enabled radio to finally be able to compete more effectively with television, newspaper and cable industries.

In deference to your concern regarding undue media concentration, I feel certain that further consolidation in our industry would not approach that which exists in other media. Furthermore, as we become more professional, the most outrageous operations will continue to be eliminated. As I have studied consolidation, I have watched serious, responsible broadcasters replace irresponsible ones.

I also believe that as our industry grows, international opportunities will become available. Our own company continues to discover significant global opportunities, and I am hopeful that other American broadcasters will showcase the best traditions of free enterprise in nations throughout the world.

Serving your Administration as head of the U.S. Delegation to the ITU has been one of my great pleasures, and I remain committed to your ideals. I deeply respect the many challenges you face each day, and thank you for your consideration of this matter.

I wish you and your family a very happy holiday season and a successful 1996.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Jeff Smulyan", followed by a horizontal line.

Jeffrey Smulyan
Chairman and CEO

MEMORANDUM TO THE PRESIDENT

RE: 60 Minutes this Sunday

From: RBR

Date: Dec. 8, 1995

Suggestion: There's a danger that the budget debate may become characterized as hard-headed (fiscally responsible) Republicans versus soft-hearted (elderly, children, poor) Democrats. One way to prevent this is to be clearer about the Republicans' motives (without being shrill). The 60 Minutes program is an opportunity for you to do so.

Some themes:

-- We want to balance the budget through equal sacrifice; they don't (e.g., their tax cut for the top 1 percent--over \$350,000 in incomes--is \$8500, which just about matches the yearly income of a minimum-wage worker whose incomes they refuse to raise.)

-- Your better jobs and wages strategy depends on (a) education and job training, (b) an expanded EITC and a hike in the minimum wage. They propose to cut or block these initiatives.

Finally, this may be an opportunity to raise the possibility of providing tax relief beyond your middle-class tax cut, but only for investments in companies that bring their workers along (on-the-job training, health and pension benefits, profit or gain-sharing).

Go / Beer
What do you think?
B

TO VP ✓ THE PRESIDENT HAS SE
12-12-95

Wtun given
to me on 12/12/95
Mr. Dole's ~~position~~
work for RBOCs —

BC

December 7, 1995

Chairman Thomas J. Bliley, Jr.
United States House of Representatives
Washington, DC 20515-4607

Dear Chairman Bliley:

There may be some misunderstanding about the position of the seven Regional Bell Operating Companies (RBOCs) on the House and Senate telecommunications legislation being considered by the Conference Committee. We want to clarify the RBOC position on what we consider to be the major components of the legislation as they impact our ability to compete in the telecommunications market place. We feel we have made major concessions in the past year, but feel now is the time to finish the job of telecommunications reform without any further concessions being required of the RBOCs.

Following is a list of the major areas in the legislation where we have accepted something other than what we would prefer:

- Date certain for RBOC entry into the long distance business — Initially we argued strongly for a date certain. Neither bill now contains this provision.
- Public interest test — We wanted to avoid inclusion of any requirements that others could manipulate. Therefore, we opposed the public interest test since others could control our destiny. It now appears the public interest test will be part of any final legislation.
- The checklist — Our opponents wanted a specific and certain checklist of items that we had to meet to assure our networks were open to competitors. They wanted certainty about things like number portability, local dialing parity, unbundling, etc. Even though we did not feel it was necessary, we gave on this issue and accepted the checklist.
- Role for DOJ — We opposed any role for the DOJ, consultative or otherwise. We have now accepted a consultative role for the DOJ.

- Existence of a facilities based competitor -- We opposed the requirement that a facilities based competitor must exist before we are allowed into the long distance market. We felt such a requirement could be "gamed" by our competitors, thus allowing competitors into our markets without our ability to compete in their markets. We have accepted the House solution to this issue.
- Resale at wholesale rates -- While initially opposed to this concept, we now have accepted language that allows resale at wholesale rates, even for subsidized universal service, in order to enable competition.
- Separate subsidiary for providing long distance service -- AT&T, MCI, and Sprint will not have to set up a separate subsidiary when they offer local service. We do not feel such a requirement should be imposed on the RBOCs when they offer long distance service, but we have accepted that provision.

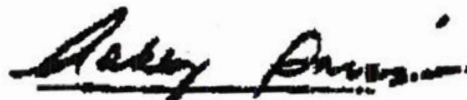
We feel the above concessions are significant and represent examples of our cooperative efforts to assist the process of reforming telecommunications law. Now, at the last minute, new language has been introduced into the debate that erects further hurdles in the RBOC entry test (see attached). Given how far we have come in the past year and the number of concessions we have accepted, we are unwilling to accept this latest suggested language. These issues have been thoroughly debated, and it is now time to pass telecommunications reform without further delay.

We hope these comments have been helpful and clarify the position of the RBOCs.

Sincerely,



Gary Lytle
Ameritech



Aubrey Sarvis
Bell Atlantic



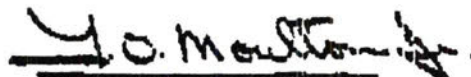
Tom Barry
SBC Communications



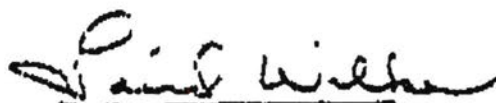
David Markey
BellSouth



Tom Tauke
NYNEX



Tom Moulton
Pacific Telesis



Laird Waller
US West



G. W. McEe
Alliance for Competitive
Communications

LANGUAGE REJECTED BY RBOC's

H.R. 1535, on page 20, line 22, after the word "subscribers", insert:

"To an extent that affirms that the local exchange market is experiencing viable competition and is open on a non-discriminatory basis to other providers of telephone exchange services."

With the following definition:

"For purposes of this section, viable competition is deemed to be the presence of a competitor or competitors offering local telephone service that provides business and residential customers with a fungible choice of services available on a permanent, and non-trial, basis. Further, viable competition is deemed to mean that the competitor or competitors offer such service over its network such that it is available to a meaningful number of customers within a state."

STANFORD UNIVERSITY
STANFORD, CALIFORNIA 94305-6072

DEPARTMENT OF ECONOMICS

415-725-ECON
FAX 415-725-5702

October 6, 1995

Honorable Thomas Bliley
Rayburn House Office Building
Room 2241
Washington, D.C. 20515

Dear Congressman Bliley:

We have reviewed S. 652 and H.R. 1555 as they head to Conference to determine whether they are likely to achieve the goal of enhancing competition throughout telecommunications markets. We have concluded that, unless the bills are substantially changed, they are highly unlikely to meet that goal. Indeed, they are likely to have exactly the opposite effect. We therefore strongly encourage the Conference Committee to incorporate language in the final bill that would promote true local exchange competition and better protect fair and open long distance competition.

The Bell Companies are monopolists that face little if any real competition for most essential local exchange services. This means that virtually every long distance call in those regions must physically originate and be completed over the Bell Companies' network facilities. Because of this fact, the Bell Companies could seriously impede competition if they were allowed into the long distance market before they face market discipline from competition in their own local market. The Bell Companies would have powerful incentives -- and the ability -- to discriminate against, and degrade the quality of, their competitors' long distance services in order to promote their own. The Bell Companies would also have every reason and ample opportunity to raise local telephone rates in order to subsidize their long distance businesses, a practice that would be difficult for regulators to monitor and to prevent.

Therefore, the Bell Companies' market power would be a substantial danger to competition in the long-distance market. Since competition in the long distance market has fostered innovation, reduced prices, and improved quality, any threat to that competition is a threat to the public interest.

These concerns would not be present if the Bell Companies were to enter long distance after consumers have a choice of carriers for their local service and for access to their long distance carriers. Both S. 652 and H.R. 1555 make entry into the long distance market contingent upon compliance with "competitive checklists," which contain some of the necessary prerequisites for potential local exchange competition. Promoting local exchange competition is strongly in the public interest. But true local exchange competition requires, among other things, the existence of

aggressive and cost-efficient facilities-based competitors, and unencumbered and vigorous resale competition. As currently drafted, neither bill guarantees that these broader conditions will be satisfied before the Bell Companies are allowed into the long distance market.

There is simply no basis for predicting that meaningful local competition would develop under legislation such as S. 652 or H.R. 1555; indeed, the historical record shows otherwise. It is likely that the Bell Companies will retain substantial market power in essential local services even after the provisions in the competitive checklists are implemented, and even after resellers appear in the market. As long as most local customers still subscribe to the Bell Companies' networks (or to carriers reselling Bell Companies' services), new local service entrants will still be completely dependent on the Bell Companies to complete local calls, and the Bell Companies' market power will be essentially undiminished.

It is therefore absolutely essential that regulators and the Department of Justice have the ability to assess the state of local competition, and to permit Bell Company entry into the long distance market only after substantial facilities-based local competition develops. If the Bell Companies are allowed in prematurely, they will be able to extend their market power into services that are currently competitive, and to consolidate their power over local service by discriminating against the long-distance carriers upon which the new local service competitors rely. This would harm consumers both by threatening competition in the long distance market, as well as by delaying the arrival of true local competition, contrary to the objectives of the proposed legislation.

Sincerely,



B. Douglas Bernheim
Lewis and Virginia Eaton Professor
of Economics
Stanford University

Additional signatories:

William J. Baumol
Director, C.V. Starr Center
for Applied Economics
New York University

Robert Glenn Hubbard
Russell L. Carson Professor of
Economics and Finance
Columbia University

Robert D. Willig
Professor of Economics
Princeton University

Janusz A. Ordover
Professor of Economics
New York University

COMPETITIVE TELECOMMUNICATION SERVICES PAST, PRESENT AND FUTURE

*An oral presentation given to the Arizona State
Legislative Committee on Competitive Telecommunication
Services by Kathryn Haycock on October 26, 1995.*

The year is 1982. It is two years before the divestiture of the Bell system which separated the local Bell companies from their long distance subsidiary AT&T. The FCC has just authorized WATS resale in an attempt to encourage competition in the long distance marketplace. Call-America decides to become a "pure" WATS reseller and has the distinction of being the first small company to enter the competitive marketplace in Arizona, preceded only by MCI and Sprint.

The playing field in 1982 was far from level! By virtue of its government granted monopoly, Mountain Bell (later renamed US West) had tremendous market power and a host of unfair competitive advantages. It controlled the signalling,¹ the network, and access to every customer in Arizona.

Mountain Bell, and the other Bell monopolies, fought hard against competition in the long distance marketplace. They used the monopoly bottleneck to discriminate against their fledgling competitors in many instances, including the following:

1. The Bells refused to give competitors dialing parity. Competitors had to dial 23 or more digits to place a long distance call. This resulted in enormous customer inconvenience and frustration.
2. Competitors were denied the superior signalling available to the Bells, as well as many enhanced features necessary to complete long distance calls.

¹ Electronic data which transmits vital information such as the telephone number of the party placing the call, the area code and number of the called party, if the call is answered, how the call is routed and other information which is necessary to compute the duration of a long distance call.

3. Without the signalling which provides vital information, competitors were forced to devise systems to simulate this data. To compete, long distance companies had to use computers that could read touch-tone signals. This meant limiting their customers to only those who had a touch tone telephone, which was a luxury in the early eighties. Besides, touch tone technology was rarely available in rural areas, thus delaying competition in vast areas of Arizona and other states.
4. Additionally, without the data which verified who was placing the call, customers had to identify themselves by dialing an authorization code. The resulting opportunity for fraud and abuse was very great. Many companies lost hundreds of thousands of dollars through the abuse of this primitive system.
5. Because the Bells would not forward the data that confirmed when the called party had answered the telephone, long distance competitors could not accurately determine if, or when to start billing a call. Although the telephone was often answered by the first or second ring, Call-America was forced to give away nearly a minute on each phone call. Customers had to be instructed to let the telephone ring no longer than seven times to avoid being inadvertently charged for a completed call.
6. Competitors were dependant on the Bells for the installation and provisioning of lines. Orders were often delayed, resulting in busy signals and unkept customer commitments. Long distance carriers appeared disorganized and incompetent.
7. The Bells refused to provide high quality lines to new companies like Call-America. These competitors could not order the engineering specifications necessary to assure quality connections. Consequently, the long distance competitors' lines suffered a bad reputation for poor quality, static, echo and low volume. This problem was so severe that even today many consumers have the perception that alternative carriers provide a discount to compensate for service that is inferior.

Trying to compete under such severe competitive disadvantages was difficult. Even when divestiture occurred in 1984, conditions did not immediately improve. It was not until 1985, when the Justice Department implemented Equal Access in Arizona, that the long distance competitors had a fair opportunity to compete.

Equal Access is a Justice Department order which requires the Bell monopolies to provide service to all carriers that is equal in price, quality and type. For the first time, long distance companies had an opportunity to compete on a relatively level playing field. Accordingly, the industry began to flourish. Consumers benefited not only by dramatically decreased long distance rates, but by an explosion of enhanced services, features and technological advancements, including the deployment of fiber optics.

As Congress and the Arizona Legislature ponder how best to implement local competition, it is critical to understand the existing limitations. The same monopoly bottleneck which controlled the early long distance competitor's access to its own customers still exists today. Think of the potential for abuse if the Bell companies were simultaneously allowed to serve their own long distance affiliate, while directly competing with long distance competitors who remain entirely dependant on them!

When a consumer picks up the telephone to place a long distance call, they are not directly routed to their carrier of choice. Instead customers are routed to the nearest Bell switching office. The local monopoly is responsible for routing each call to the selected long distance carrier, along with the signalling necessary to complete that call. This scenario is true, regardless of the size of the long distance provider. AT&T is just as dependant on the Bell monopolies for access to its customers as Call-America.

The Bell monopolies also control many other critical functions such as the assignment of local telephone numbers, System 7 Signalling, the billing system, provisioning, the network and the 800 database. To allow the Bells into the long distance marketplace, before their monopolies are broken, creates a potential conflict of interest. In the case of a network outage, whose lines would they bring up first, theirs or a competitor's?

Today most incentives for the Bell Monopolies to disadvantage a competitor have been removed, therefore the system works relatively well. Nevertheless, if the Bells are allowed to compete in the long distance arena before real competition exists, and without adequate safeguards to assure that they can not use their monopoly power against competitors, there is a danger that the competitive long distance market could be destroyed. This would result in higher prices and fewer options for consumers.

It is for this reason the Justice Department, in Section VIII(c) of the Modification of Final Judgement (MFJ), determined that the Bells could not enter the long distance marketplace until they could demonstrate that there was no substantial possibility that they could use their monopoly power to impede competition. This entry test is based on common sense and reason. After all, the Bell system was divested because of anti-competitive behavior. History must not be repeated.

This concern is not limited to the long distance marketplace. The local exchange competitors, who are entering this new local service market, face the same bottleneck disadvantages as the long distance industry. Until such time as there are several connections to every home and business, the new local competitors will be forced to rely on the Bell monopolies to bring subscribers from their home or business to the first Bell switch for interconnection. With the Bell monopolies as direct competitors, while still controlling essential services such as signalling and access to the customer, the potential for anti-competitive abuse is enormous!

Because of the dependance of both long distance and local service providers on the Bell monopoly bottleneck, the necessity of separate subsidiaries for the new Bell retail entities is essential. The Bell retail entities must be established as separate subsidiaries with high "fire walls". These entities must not have access to any information, facilities, services, products or resources that is not readily available to all other competitors, on the same terms and conditions. The Bells must not have any advantage by virtue of their monopoly. In short, the new Bell competitive entities must look, act and operate exactly like every other competitor.

Additionally, the establishment of rates based on direct economic cost for local service resale is essential for several reasons. It will take time and a great deal of resources to duplicate the Bell system, bringing additional connections to consumers. The rural areas will be the last to realize the benefits of facility based competition. Until this goal is realized, the only viable way of competing with the Bells for local service is via the resale of their local exchange network. Fair, reasonable rates are critical if local competition is ever to become a reality.

Indeed, the only opportunity for small long distance companies to be able to provide local and long distance services to its customers is through an economically feasible resale option. If US West can offer "one stop shopping" to its customers, all competitors must be able to do the same.

All local exchange services (including elements, features, functions and capabilities) must be made available to all competitors on an Equal Access basis and at prices based on direct economic cost. It is critical that local service resellers have the same opportunity to provide the many vertical and access services which make local service profitable. All revenues from any local exchange or access service must flow to the reseller.

Simultaneous entry of competitors into the long distance and local service markets is not conceivable in today's environment. Because of the Bells' infrastructure and vast network, their entry into long distance would be relatively swift and easy. This is not true of local service providers who must build facilities and establish a customer base. Additionally, Without a fair and equitable resale opportunity, real competition will never develop. The sequencing which determines when to allow the Bell monopolies into the long distance market is critical. The question is not if they should be allowed in, but rather when it is safe to do so.

Although change can often be threatening, it is only through change that we can grow. When the Bell system was separated from AT&T in 1984, AT&T's chairman, Bob Allen, was concerned. He feared that AT&T would lose a great deal of its market share to competitors. He was right. Thanks to companies like Call-America, AT&T did lose nearly half of its market

share. Nevertheless, today Mr. Allen reports that AT&T is more profitable and successful than ever before. It has learned to become a more efficient company. More importantly, because of the dramatic decrease in long distance prices over the past 10 years, consumers are calling more often and talking longer. Today AT&T carries more traffic on its network than it did at the time of divestiture. I believe this same opportunity for growth and excellence is available to the Bell monopolies as they enter the competitive marketplace.

In 1995, we stand on the threshold of a new competitive telecommunications era, that of local competition. Legislation will impact every citizen in this nation and could effect the economy and national security, therefore it is important to get it right, the first time. If competition is allowed to develop, if fair rules are established to create a level playing field, the real winners in the competitive race will be the consumers of Arizona and America.

Memorandum

DATE: November 29, 1995
TO: The White House
FROM: Ray Marshall *RM*
RE: Small Business and the Telecommunications Bill

A critical segment of the U.S. economy has been largely ignored in the telecommunications reform debate. That segment is small business. Small businesses have much to gain from competitive telecommunications markets, but would be greatly damaged unless the bills currently being considered by the Conference are changed to require real competition in local markets before the Bell companies are allowed into long distance markets.

Small businesses gain directly from competition both from being able to enter competitive markets as suppliers of telecommunications services and as purchasers of a full range of choices of competitively priced, quality telecommunications services. Small businesses would benefit indirectly from the positive economic growth resulting from competitive conditions. Small long distance companies have come to depend, as have their small business customers, on the vigor of the competitive long distance market. It has been noted that it is easier to start a long distance company than to get a cab license. However, if the Bell company monopoly is allowed to leverage its monopoly power into long distance and maintain its bottleneck monopoly in local service, then these small companies—and in fact all of us—lose twice. Lost are the huge gains already made in the existing competitive long distance marketplace and lost are the opportunities for future competition and its benefits for the local market.

In other words, positive outcomes for small businesses depend heavily on the reality of competition in local markets before the Bell companies are allowed to enter the competitive long distance industry. Small company survival and prosperity depend on the breaking of the monopoly bottleneck. The reality is simple: break the bottleneck and competition in local and long distance can thrive; leave it significantly intact and the very survival of small companies is threatened.

Real competition requires: (a) the removal of all barriers to entry, especially to competitors' ability to buy telecommunications infrastructure services now controlled by the Bell companies on cost-based pricing terms and not as markups on monopoly prices; and (b) the determination by an independent public agency like the Justice Department that markets are actually competitive. Unfortunately, the bills currently in Conference are designed to protect the Bell monopolies, not to ensure the development of real competition in local markets. These bills therefore would seriously damage small businesses, as well as consumers.

Conversely, small businesses could be hurt dramatically—directly and indirectly—if there is no real competition in the local telecom market before the Bell companies are allowed to enter long distance markets. If the Bell companies are deregulated before their markets become competitive, hundreds of small businesses already in competitive long distance markets risk being put out of business because they would no longer be able to compete effectively with monopolies, who would control access to the small companies' customer base.¹ Businesses of all sizes would, in addition, have to pay higher prices for telecommunications services as a result of Bell monopolies leveraging their monopoly power in local and long distance markets.

These conclusions are supported by the following evidence.

¹ For more details from the perspective of a small telecommunications entrepreneur, see Attachment A.

1. Many small businesses would be able to establish themselves in competitive markets. The basic characteristics of competitive markets are (a) freedom of entry by new businesses and (b) freedom of consumer choice. Since the breakup of the Bell system, over 500 companies have been established in long distance markets. All of these businesses started small by buying AT&T's network services at deep discounts, adding value, and selling those services at a profit. Intelligent transition regulations and oversight provided by the Federal Communications Commission, the Modification of Final Judgment (MFJ) that broke up the Bell system in 1984, and state regulatory authorities assured that competition developed in long distance markets. As a consequence, long distance markets are extremely easy to enter and it is very easy for consumers to switch long distance carriers. Resellers can buy from AT&T at deeply discounted wholesale prices, interconnect with AT&T facilities at cost-based prices, and establish beachheads in the industry until they construct their own facilities.

Three of these new companies have established nationwide digital fiber optic systems, and many others have established advanced regional networks. Competition from these competitive companies even forced AT&T to advance its schedule to complete the deployment of a national fiber optic network from 2010 to 1991. Thus, competition has become firmly enough established in long distance markets to deprive AT&T of even residual monopoly power. Indeed, competition has transformed AT&T from a regulated monopoly to probably the most competitive international telecommunications company. AT&T has lost over 40 percent of its former market share but has maintained its revenues by concentrating on productivity, quality, and flexibility, as any high performance company must do in intensely competitive global markets.

Consumers, including businesses of all sizes, have benefited from a reduction of long distance prices of over 60 percent adjusted for inflation, numerous choices for long distance service,

higher quality service and products, and the deployment of at least four advanced digital telecommunications networks. Because they remain regulated monopolies with virtually guaranteed revenue streams and profits, the Bell companies' networks are much less advanced and prices of local telephone service have actually increased over the last ten years by about 15 percent, adjusted for inflation.

If the telecommunications legislation is not changed to ensure real local competition before the Bell companies are allowed into long distance, these companies could leverage their monopoly power to damage competition in long distance markets, as five leading telecommunications experts emphasized in the attached letter to the Congressional leadership (Attachment B). These experts point out that S. 652 and H.R. 1555 contain competitive checklists, but that these are not adequate to ensure real competition; they conclude that "It is therefore absolutely essential that regulators and the Department of Justice have the ability to assess the state of local competition, and to permit Bell Company entry into the long distance market only after substantial facilities-based local competition develops."² The larger companies like AT&T, MCI, Sprint and WorldCom (LDDS) would be damaged, and many small companies simply would not survive. Moreover, the growth of small telecommunications businesses would be slowed because new local companies would be unwilling to make the investments required to compete with the Bells.

2. Competition in local telephone markets would greatly benefit small businesses which have become dependent on telecommunications services to remain competitive in their industries. Indeed, advanced telecommunications infrastructures are largely responsible for the rapid growth of small businesses in America and other countries. In Italy and Denmark, for example, telecommunications services have enabled networks of small companies to acquire the

² Identical letters were sent to Senators Bob Dole and Larry Pressler, House Speaker Newt Gingrich, and Congressman Thomas Bliley.

advantages of large companies, while avoiding many of the disadvantages, and becoming world class high performance organizations.³ Telecommunications networks enable small businesses to acquire market information, target and serve customers in distant places, reduce down time and inventories, assure timely deliveries to markets, facilitate flexible responses to market cycles, lower travel costs, permit coordination with other small companies, and facilitate distance learning activities that otherwise would not be possible.

3. An assessment of the economic impact of establishing viable local competition comes from the WEFA econometric model. Using the WEFA model based on realistic assumptions—that long distance markets are already competitive but local markets are not—reveals that lifting the restraints on the Bell companies before competition is established in local markets would cause telephone prices to rise by 9 percent, reducing gross domestic product (GDP) and employment by \$24.4 billion and 322,000, respectively, over ten years. By contrast, requiring that local markets become competitive before allowing the RBOCs into long distance would reduce prices by 13 percent over ten years and increased GDP and employment by \$37 billion and 478,000, respectively.⁴

Summary

As noted, small businesses would be major beneficiaries of real competition in the local telecom markets, but could also be the principal victims, along with small long distance companies and consumers, if competition in the local monopolies is not assured. The right incentives for a monopolist to open its market to full, real, viable competition is the key to economic growth for all segments of the U.S. economy—especially for the engine of growth—small business.

³ Stuart Rosenfeld, *Competitive Manufacturing: New Strategies for Regional Development* (New Brunswick, NJ: Center for Urban Policy Research, 1992).

⁴ The Competitive Long Distance Coalition, "The Economic Ramifications of Opening America's Local Telephone Markets to Greater Competition," 1994.

United States Senate

WASHINGTON, DC 20510-1801

December 6, 1995

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
H232 Capitol
Washington, D.C.

Dear Mr. Speaker:

Three years ago, a Democrat-controlled Congress overrode President Bush's veto on Cable TV reregulation. This was a tremendous blow to America's future competitiveness. Fortunately, time is the ultimate judge. Since then, our belief that competition, not government, is the best regulator of the telecommunications market place has been proven correct.

In one year alone, both chambers of Congress passed reforms that dwarf all previous efforts. I am concerned many of these gains could be compromised, if not lost, should the conference on telecommunications continue to consider regulatory solutions that are clearly outside the scope of either bill. Whether it is moving backwards on regulation of phone rates, expanding the House provision on facilities-based competition, or weakening my forbearance provisions to gut useless regulations, it is all counter productive. There also appears to be considerable differences on the Universal Service provisions that must be resolved.

There is no question we should pass telecommunications reform this year, but it must be a good bill. Without further delay, it is imperative both chambers put their differences aside and seek pro-competitive solutions that will ensure America's economic leadership well into the new century. I thank you in advance.

Sincerely,



BOB DOLE
U.S. Senate Majority Leader

United States Senate

WASHINGTON, DC 20510

December 6, 1995

The Honorable Larry Pressler
Chairman
Senate Committee on Commerce, Science
and Transportation
254 Russell
Washington, DC 20510

Dear Mr. Chairman:

The purpose of this letter is to urge you to ensure that the Conference Report on S. 652, the Telecommunications Competition and Deregulation Act of 1995, contains a meaningful role for the Justice Department.

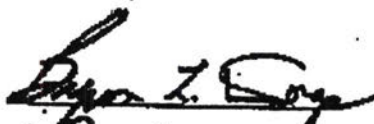
As you know, when S. 652 was considered by the Senate, we supported the Thurmond/Dorgan amendment, which would have required the Justice Department to review a Bell company application for entry into the long distance market. This amendment would have helped ensure that the goal of the bill -- true competition in all telecommunications markets -- is realized.

While the public interest test included in S. 652 is essential to realizing this goal, we do not believe this provision alone can or will ensure success. Therefore, we believe the Conference Report must include additional provisions to ensure that local markets are truly open to competition before the Bell companies are allowed to enter long distance.

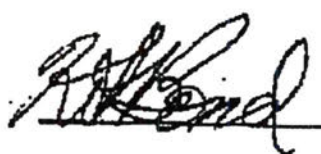
We look forward to working with you on this historic bill. However, we must reiterate our strong belief that a satisfactory Conference Report should address a DOJ role to ensure competition in the telecommunications market.

Thank you for your consideration on this matter.

Sincerely,







Jim Bulase
Frank Le

Paul D. Willstone

Tom Harkin

Nancy Kingold

Frank R. Lautenberg

Carl Handberg

Harry Reid

Steve

Richard Shelby

Patrick Leahy

Dale Bumpers

Mike

Samuel Raskin

Mike Andry

John Glenn

J. L. Linn

Bob

Herb Kohl

Paul

Chuck Grassley

Clyde Darnall

Olympic Group

Lee Kennedy

Cliff

Tom Kaschke

Jay Rabinowitz

Barbara Boyer

Mike DeWine

Paul L. Lerner

LETTER TO SENATOR PRESSLER ON DOI (12/6/95)

Senators:

Akaka
Bond
Boxer
Bradley
Bumpers
Cohen
Conrad
D'Amato
Daschle
DeWine
Dodd
Dorgan
Feingold
Glenn
Grassley
Harkin
Inhofe
Inouye
Kennedy
Kerry
Kohl
Lautenberg
Leahy
Leiberman
Mossely-Braun
Pell
Reid
Rockefeller
Sarbanes
Shelby
Simon
Snowe
Thurmond
Wellstone

Bony Study
BS

THE PRESIDENT HAS ST
12-13-95

Main Peril for G.I.'s in Bosnia Lies Just Beneath the Surface

A1

By PHILIP SHENON

TUZLA, Bosnia and Herzegovina, Dec. 9 — Tech. Sgt. Lou Nelson marched up to the edge of an asphalt taxiway at Tuzla's air base today, and refused to take another step.

"I want to know without a doubt that this area is clear," he demanded in a booming voice, his steel-tipped Air Force-issue boots stopping just short of a patch of untrod-den grass where he feared a land mine might lurk. "I don't want my men to go anywhere where it's not 100 percent absolutely safe. I don't want anybody hurt."

Only after he was assured by other troops standing nearby that the area had been swept for mines, Sergeant Nelson, a 32-year-old Air Force communications specialist from Deptford Township, N.J., led his team out onto the marshy field, where they are installing an aircraft beacon this weekend.

"This is definitely the most hostile situation I've ever seen," Sergeant

Nelson said, stepping forward gingerly as if the field were thin glass. "Mines are the big concern."

As American troops begin arriving here to enforce a peace agreement meant to end more than three years of war in Bosnia, they are being warned that the biggest danger they face may not come from snipers hiding behind groves of trees or from shells fired from across Bosnia's snow-capped mountains.

The biggest danger is likely to be buried beneath their feet. Bosnia has been seeded with land mines — four million to eight million of them, according to United Nations estimates — and it is a given among military planners that mines and booby traps will take the lives of at least several American servicemen.

Among United Nations peacekeeping troops deployed in Bosnia, 24 soldiers have been killed in mine accidents.

"Mines are a very serious hazard that have to be dealt with, and we think they can be dealt with," said Capt. John Suttle, a spokesman in Germany for the Army's First Armored Division, which will soon take control of much of northeastern Bosnia under the American-brokered peace agreement, replacing United Nations troops.

"There's a wide variety of mines, from high tech mines all the way to crude, hastily fabricated mines," he

Continued From Page 1

said. "Some of the mines are hand-made — out of wooden boxes."

In few other war-shattered countries is the array of mines and booby traps so varied and so dangerous. Before it fragmented into warring ethnic and religious factions, Yugoslavia had been one of the world's leading manufacturers and exporters of explosives.

It was notorious for developing mines of deadly craftiness. Yugoslavia was also one of the few countries that acknowledged that it had manufactured booby-trapped consumer items like flashlights, fountain pens and door handles.

After Yugoslavia's collapse, most of the army's vast stocks of mines were transferred to the Serbian military, while the Croats and Muslims retained control of at least one factory to make mine fuses.

During the war, mines were laid down with abandon as territory changed hands several times in fighting. If maps were kept of the mine fields, they were often hastily scribbled on scraps of paper long since thrown away.

"Mine fields have been put into place hastily, and without any good records kept of where they are,"

Captain Suttle said.

It is not just Yugoslav-made mines that threaten American soldiers here. United Nations peacekeeping troops have also found mines buried here that were manufactured in Britain, Austria, Hungary, South Africa and Sweden.

In training sessions before leaving for Bosnia, American soldiers are being told to touch nothing that they

do not own, and to go nowhere that has not been cleared with mine sweepers. The mine problem will only grow worse as snow covers most of Bosnia in a few weeks, making it virtually impossible to detect some mines made of plastic.

"Anything out there could be dangerous," said Senior Airman Joseph Taylor of Phoenix, a 25-year-old communications specialist who anxiously sat today at the back of a C-130 cargo plane heading for Tuzla, his rifle balanced between his knees.

"They've got some booby traps that are as small as a match box," he said. "The rule is that if you didn't bring it, don't go near it. I listened to that."

At some of the training sessions, American soldiers are watching videos produced by the United Nations that show the wounds of mine victims, bloody stumps where their legs had been, as a grisly reminder of the dangers faced by the troops here.

No matter how careful the training, American military planners fear that soldiers will confront situations in which everything in their vicinity is mined or booby trapped, and that there will be little hope of quick escape.

Jane's Intelligence Review, the defense journal, said in an article this year on Yugoslav explosives that mine clearance teams sent into Bosnia "could be faced with a nightmare scenario in which virtually any action undertaken might initiate an explosion."

Of particular concern are two types of Yugoslav-manufactured mines — the PMR-2, which looks like a hand grenade set on a wooden stake, and the MRUD, a ground mine containing hundreds of ball bearings. Both fragment when they explode, sending tiny bits of metal scattering in the air.

"Those mines can have a nasty effect," said Maj. James D. Shumway, an Army engineer who offers mine training to American soldiers based in Germany. Unlike some smaller Yugoslav-made mines that can maim or kill only the soldier who steps on it, he said, the PMR-2 and MRUD "are particularly potent" because they can kill soldiers over a large area.

American troops will get an idea of the extent of the threat as soon as they begin arriving in large numbers at the air base outside the grimy industrial city of Tuzla, which will be

the landing point for most of the Americans in the NATO deployment.

The base has been heavily mined, most of it by Bosnian Serb forces as they withdrew from the area in 1992,

and virtually all of the forests on the base are ringed with loops of barbed wire and wooden stakes painted red — a warning of mine fields. Mine fields are only a few dozen feet from the barracks where American soldiers now live on the base.

"We've been told that there were 3,000 mines on the base and that they found only 500 of them," said Staff Sgt. David Saffran, 35, of Flint, Mich., who is part of the Air Force advance party sent here to renovate the air base in time for the American airlift scheduled to begin next week.

"I'm looking down wherever I walk."

THE NEW YORK TIMES, SUNDAY, DECEMBER 10, 1995

Continued on Page 14, Column 1

THE WHITE HOUSE
WASHINGTON

12-11-95

THE PRESIDENT HAS SEEN
12-13-95

From:

Herschel Fisher

~~CC: [unclear]~~
~~Boer~~
~~McCurry~~

White House honors veterans

BY HERSHEL W. GOBER
Special to the Arkansas Democrat-Gazette

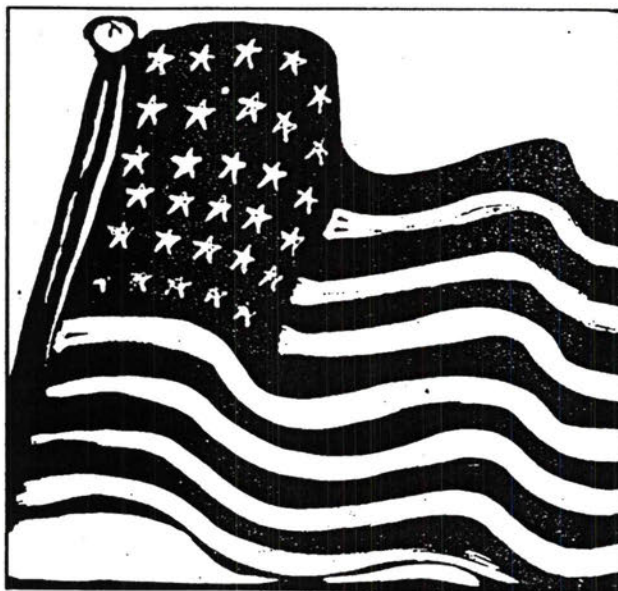
As a native Arkansan who regularly reads the *Democrat-Gazette* while in Washington I was looking forward to seeing some Veterans Day sentiments in keeping with the spirit of this treasured national holiday. Instead, you gave space (column Nov. 12) to John Wheeler's shameful attack on the president's and first lady's alleged slighting of veterans. His charges are absurd and it's time to label them as such.

Wheeler's torrent of anecdotes is straight out of a tabloid mentality designed to portray President and Mrs. Clinton as innately hostile to present and former members of the military. His vocabulary includes "degrades . . . disdain . . . looks down on . . . hypocritical." Every turn of phrase of Wheeler leads to the bald-faced charge that anti-veteran sentiment is rampant in the Oval Office. It would be hoped that your discerning readers would suspect that perhaps Wheeler has a personal agenda here. This is not the first time he's managed to find a newspaper willing to publish his attack and it's reasonable to ask just what is his motivation?

Take for example his charge that veterans are not well-represented in the administration. Many senior advisers, including the vice president, plus five cabinet secretaries and the White House chief of staff are military veterans. But even more telling is the entire pattern of veteran employment in federal jobs and a strong commitment to the principles of veterans preference. President Clinton's policies have raised the percentage of newly hired veterans by some 44 percent

Commentary

between 1992 and 1994; we now have a federal workforce with a ratio of veterans employed that is double the private sector. And all this during a downsizing of the federal workforce of some 160,000. There are many veterans who have obtained jobs in this administration. Wheeler is not one of them. Maybe his disappoint-



Arkansas Democrat-Gazette/JOHN DEERING

ment explains his vitriolic behavior.

Wheeler's alleged "proof" and conclusion that "there is no other explanation" come in the form of imagined slights and irrational suspicion. But let the true record of this administration and its advocacy on behalf of veterans speak for itself.

With policies transmitted directly from President Clinton, we have implemented an expansion of disease-related benefits for Vietnam veterans exposed to Agent Orange, the push to establish a law allowing disability payments to Persian Gulf veterans with undiagnosed illnesses and efforts to substantially aid homeless veterans.

Veterans have also had increased access to the councils of government and gained support for important causes over the last three years. The president and Mrs. Clinton have hosted veterans and military personnel at White House functions and regularly attend ceremonies and commemorative activities. Memorial Day, Veterans Day, World War II observances and even calls from the Oval Office to veterans' bedsides

have been the marks of this president's respect. I was proud to lead the team of emissaries he appointed that gained new cooperation from Vietnam for an accounting of our missing-in-action.

Instead of giving Wheeler's near-childish carping a platform, why not to have better observed Veterans Day by applauding President Clinton for his push to properly fund VA health-care services and benefits?

No one who heard the president's remarks at Normandy, Hawaii or Arlington National Cemetery can doubt his personal commitment to veterans.

Speaking as someone who has first-hand knowledge of president and Mrs. Clinton's profound and sincere respect for those who wear the uniform and who have served this nation, I am bitterly disappointed that you gave Wheeler status as an "authority" on this subject.

His hostile viewpoints contribute little to what should be the honest and informed discussion of issues that your newspaper typically brings to its readers.

Hershel W. Gober is deputy secretary for veterans affairs by appointment of President Clinton. He is a decorated veteran who served two tours of duty in Vietnam and 20 years in the military.

Lobbying Bill Being Delayed By Lobbying

Bid for Exemptions Holds up Enactment

By ADAM CLYMER

WASHINGTON, Dec. 9 — A Senate effort to protect Blue Cross and Blue Shield from new lobbying restrictions has stalled final action on landmark legislation requiring thousands of lobbyists to report who pays them to lobby on what issues.

Even though both houses of Congress have passed the identical lobbying bill, it has not been enrolled — legislative terminology for given a fancy printing — and sent to President Clinton, who has praised the bill and said he would sign it.

The core of the problem is an amendment Senator Alan K. Simpson, Republican of Wyoming, proposed when the bill was considered in the Senate last summer. It was adopted and prohibits any nonprofit organization that lobbies from receiving "any Federal funds, constituting an award, grant, contract, loan or any other form."

Senator Simpson's amendment, which was less sweeping than an earlier effort by several House Republicans to impose a similar ban on all charities that lobby, was aimed at the American Association of Retired Persons, which he charged improperly mixed its nonprofit status with its businesses, its Federal aid and its lobbying.

But wherever it was aimed, the amendment squarely hit the Blue Cross and Blue Shield organizations, which have contracts to process Medicare claims and to provide health insurance to Federal employees. Known as the Blues, they handle \$118 billion out of a total of \$140 billion in Medicare payments and insure 3.5 million Federal workers or 44 percent of the total Federal work force. The organizations protested to Mr. Simpson, and he said he would fix the problem for them.

The Senate had expected the House to amend the Senate's lobbying bill, and either exempt the two organizations then or send it to conference so the change could be accomplished there. But, fearing delaying or crippling amendments, House advocates passed the Senate bill intact.

But the House did pass a resolution directing the clerks who clean up the bill for a Presidential signature to correct a few erroneous cross-references. If the bill both houses passed, that resolution was sent to the Senate, where instead of the automatic passage such matters usually get, it has languished since Nov. 29, the day the House passed both measures.

"Now you see why we didn't want to send the bill back to the Senate," said Representative Christopher Shays, the Connecticut Republican

who was a leading sponsor of the bill in the House. "Since the bill has an effective date of Jan. 1, 1990, the sooner we get it to the President, the better," he said.

Representative Charles T. Canady, the Florida Republican who managed the bill, agreed, saying, "It's very important that we get it to the President as soon as possible."

Senators have talked of amending the technical corrections resolution to remove the word "contracts" and thus leave Blue Cross free to lobby. An aide to Senator Simpson said today that Mr. Canady and Representative Barney Frank, a Massachusetts Democrat who is a leading backer of the lobbying bill, had agreed to such changes. He said neither Senator Simpson nor anyone else wanted to prevent the lobbying bill, which passed the Senate 98 to 0, from becoming law.

But Mr. Canady denied he had made that agreement. Mr. Frank demurred as well, saying that if it is too burdensome to pass Mr. Simpson's separate correction now, then it should be delayed for all nonprofit organizations, not just the Blues.

Mr. Shays said the bill should be sent to the President promptly, "with or without the technical corrections," and with or without help for Blue Cross. He said the delay illustrated what happened when bills are drafted badly and hit unintended

that a locality cannot just arbitrarily override it."

THE PRESIDENT HAS SEEN
12-13-95

Leon/65
can we (send us)
push for over?
RZ

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

John J. Cullinane
President

THE PRESIDENT HAS SIGNED
12-13-95

TELEFAX

TO: The Honorable William J. Clinton
FROM: John J. Cullinane
DATE: December 8, 1995
SUBJECT: Northern Ireland

C. Tony / Tony / Tony
Do try to get me to sign
to John -
BC

Frank Costello told me a story that I am sure you would like to be aware of.

Sinn Fein representatives, led by City Councillor Máirtín O'Muilleoir, in the interest of securing participation in the RADIUS Program for West Belfast, visited IRTU Headquarters located in Lisburn, outside of Belfast. They had never visited the town in their lives and certainly not IRTU. I understand that they were cordially received by the IRTU people who took the time to explain what they did at IRTU. Apparently, Sinn Fein representatives visiting IRTU was quite a momentous occasion for the IRTU as well.

The Sinn Fein representatives came back with a commitment of eight jobs for West Belfast. They were feeling quite good about their efforts. Eight jobs may not seem like a lot but, in many ways, the communication leading to the jobs is a major beginning, and just a week after you left Belfast.

Frank and I feel good that all the work that went into RADIUS on our part and the Commerce Department (Chuck Meissner and Virginia Manuel) has actually produced immediate and very meaningful results. Of course, these efforts could never have been undertaken without your support of peace in Northern Ireland.

JJC/mb

PAGE 1 OF 1

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

John J. Cullinane
President

TELEFAX

TO: Nancy Hernreich
Office of The Honorable William J. Clinton

FROM: John J. Cullinane

DATE: December 8, 1995

The attached memorandum is for President Clinton. Thank you for forwarding this correspondence to him.

JJC/mb

PAGE 1 OF 2

**If you do not receive all of this transmission,
please telephone us at 617-499-2724**

bcc The Hon. William Clinton
The Hon. Chelsea Clinton
The Hon. Joan

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

John J. Cullinane
President

THE PRESIDENT HAS SEEN
12-13-95

December 1, 1995

Mr. Durk Jager
President
Procter & Gamble
P. O. Box 599
Cincinnati, OH 45201

*WJH / GS / K...
to put it true
it's a good idea
to get on it -
Adviser -
PGR*

Dear Mr. Jager:

Congratulations on your efforts to clean up television by withdrawing your company's advertising from offensive shows. Ironically, the Communications Act of 1933 states that our airwaves are supposed to be used for the good of the American people.

Since virtually nothing appears on television without corporate sponsorship via advertisements, American and Foreign corporations have a unique opportunity to help deliver on the great promise of television.

It has been said that just 14 CEO's control about 85% of the advertising that appears on television. Thus, my colleagues in Massachusetts have requested that President Clinton call a White House Conference and invite these 14 CEO's to discuss how they can work to produce a more positive television environment through their advertising dollars. God knows, it can't get any worse. In this way, we wouldn't have to deal with any First Amendment issues. Besides, there is nothing like peer pressure to get things done.

I am sure if the Boards of these corporations only knew some of the programs that their respective companies support, they would be furious. Since you, along with other CEO's have voluntarily moved in this direction, we would love to see President Clinton ask you to lead such a conference. Attached is a copy of a letter we sent to President Clinton recently as part of the Democratic Action Committee Agenda '96 requesting this conference.

I am scheduled to have lunch with President Clinton this Wednesday and will bring Procter & Gamble's leadership in this most important movement to his attention.

Very truly yours,



JJC/mb
Enclosure

John J. Cullinane
President

December 1, 1995

Mr. Arthur Martinez
Chairman of the Board & CEO
Sears, Roebuck & Co.
3333 Beverly Road
Hoffman Estates, IL 60179

Dear Mr. Martinez:

Congratulations on your efforts to clean up television by withdrawing your company's advertising from offensive shows. Ironically, the Communications Act of 1933 states that our airwaves are supposed to be used for the good of the American people.

Since virtually nothing appears on television without corporate sponsorship via advertisements, American and Foreign corporations have a unique opportunity to help deliver on the great promise of television.

It has been said that just 14 CEO's control about 85% of the advertising that appears on television. Thus, my colleagues in Massachusetts have requested that President Clinton call a White House Conference and invite these 14 CEO's to discuss how they can work to produce a more positive television environment through their advertising dollars. God knows, it can't get any worse. In this way, we wouldn't have to deal with any First Amendment issues. Besides, there is nothing like peer pressure to get things done.

I am sure if the Boards of these corporations only knew some of the programs that their respective companies support, they would be furious. Since you, along with other CEO's have voluntarily moved in this direction, we would love to see President Clinton ask you to lead such a conference. Attached is a copy of a letter we sent to President Clinton recently as part of the Democratic Action Committee Agenda '96 requesting this conference.

I am scheduled to have lunch with President Clinton this Wednesday and will bring Sears' leadership in this most important movement to his attention.

Very truly yours,



JJC/mb
Enclosure

The Hon. William Clinton
The Hon. Cheryl Jacques
The Hon. Joan Menard

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

John J. Cullinane
President

December 1, 1995

Mr. Arthur Martinez
Chairman of the Board & CEO
Sears, Roebuck & Co.
3333 Beverly Road
Hoffman Estates, IL 60179

Dear Mr. Martinez:

Congratulations on your efforts to clean up television by withdrawing your company's advertising from offensive shows. Ironically, the Communications Act of 1933 states that

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

John J. Cullinane
President

TELEFAX

TO: Nancy Hernreich
Office of The Honorable William J. Clinton

FROM: John J. Cullinane

DATE: December 1, 1995

PAGE 1 OF 3

JJC/mb

**If you do not receive all of this transmission,
please telephone us at 617-490-2724**

20 University Road Cambridge, MA 02138 617/499-2724 617/497-6890 FAX

bcc The Hon. William Clinton
The Hon. Charles Schumer
The Hon. Joan Menard

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

John J. Cullinane
President

December 1, 1995

Mr. Durk Jager
President
Procter & Gamble
P. O. Box 599
Cincinnati, OH 45201

Dear Mr. Jager:

Congratulations on your efforts to clean up television by withdrawing your company's advertising from offensive shows. Ironically, the Communications Act of 1933 states that our airwaves are supposed to be used for the good of the American people.

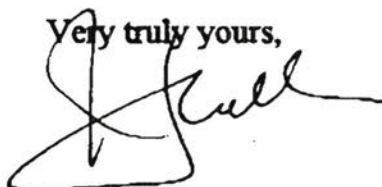
Since virtually nothing appears on television without corporate sponsorship via advertisements, American and Foreign corporations have a unique opportunity to help deliver on the great promise of television.

It has been said that just 14 CEO's control about 85% of the advertising that appears on television. Thus, my colleagues in Massachusetts have requested that President Clinton call a White House Conference and invite these 14 CEO's to discuss how they can work to produce a more positive television environment through their advertising dollars. God knows, it can't get any worse. In this way, we wouldn't have to deal with any First Amendment issues. Besides, there is nothing like peer pressure to get things done.

I am sure if the Boards of these corporations only knew some of the programs that their respective companies support, they would be furious. Since you, along with other CEO's have voluntarily moved in this direction, we would love to see President Clinton ask you to lead such a conference. Attached is a copy of a letter we sent to President Clinton recently as part of the Democratic Action Committee Agenda '96 requesting this conference.

I am scheduled to have lunch with President Clinton this Wednesday and will bring Procter & Gamble's leadership in this most important movement to his attention.

Very truly yours,



JJC/mb
Enclosure

The Cullinane Group, Inc.

Specializing in technology issues for Senior Management

As Requested

John J. Cullinane
President

TELEFAX

TO: Nancy Hernreich
Office of The Honorable William J. Clinton

FROM: John J. Cullinane

DATE: December 1, 1995

PAGE 1 OF 3

JJC/mb

**If you do not receive all of this transmission,
please telephone us at 617-499-2724**

✓(G)

Higgins follow-up to Nov. 3 Cabinet Report -- SSI to inmates. SSA has launched an intensive effort to identify SSI recipients incarcerated for over a month so they can suspend their benefits. SSA is asking that 3,500 local and county jails provide social security numbers of all inmates on a monthly basis. SSA will also submit a legislative proposal to OMB (by December 12) to give financial incentives to institutions that identify SSI recipients, with funding via dollars saved by the suspension of benefits.

✓(D)
J.H.

Higgins follow-up to Nov. 3 Cabinet Report -- Oklahoma City grants. The Daily Oklahoman has credited your Administration with clearing the way for businesses damaged by the Oklahoma City bombing to get HUD grants without first having to apply for (and be denied) SBA loans.

✓(E)

Higgins follow-up to Nov. 9 Cabinet Report -- WTI incinerator items. The risk assessment for the WTI hazardous waste incinerator in East Liverpool, Ohio is in draft form now, subject to peer review January 11-12. The risk assessment will then be made final by EPA Region 5 and submitted to the State of Ohio for its use in the permit process. The draft assessment concludes that the risk of cancer from routine incinerator emissions is less than one in 100,000 (highest risk group is subsistence farmers who consume beef and milk from their own farms); the risk of adverse effects to plants or animals is very low or negligible (unless you make a worst-case assumption that certain toxic substances will be continuously emitted at the highest levels allowed under the permit); and the risk of catastrophic accidents is very low.

✓(F)

Higgins follow-up to Nov. 17 Cabinet Report -- Oregon Medicare waiver. HHS/Oregon negotiations continue, and Sec. Shalala has met with Gov. Kitzhaber in an effort to resolve open issues relating to collecting premiums from new enrollees and "raising the line" to reduce the number of covered procedures.

THE PRESIDENT HAS SEEN

12-12-95

THE WHITE HOUSE 95 DEC 8 P4:23
WASHINGTON

December 6, 1995

MEMORANDUM FOR ERSKINE BOWLES

FROM: KITTY HIGGINS
KRIS BALDERSTON *KB*

SUBJECT: FOLLOW-UP TO THE WEEKLY REPORT

Attached for the President's review are the answers to his comments regarding the Cabinet Weekly Report of November 3, 1995.

Small Business Administration

- **Oklahoma City Grants.** *Attachment 1* is a press clipping from the November 16, 1995, issue of The Daily Oklahoman regarding the Administration's efforts in clearing the way for businesses damaged by the Oklahoma City bombing to get federal grants without first having to apply for loans.

ATTACHMENT 1

FROM: HUD FTW

TO:

NOV 16, 1995 9:33AM #606 P.02

Leon
Hurd
Ersine
7/22
K.

White House Clears Way For Federal Bombing Aid

The Daily Oklahoman 11-16-95

By Chris Casteel
Washington Bureau

WASHINGTON — The Clinton administration has cleared the way for businesses damaged by the Oklahoma City bombing to get federal grants without first having to apply for loans, city and federal officials announced Wednesday.

Ward 2 City Councilman Mark Schwartz and Rep. Frank Lucas, R-Cheyenne, said their appeal for a precedent-setting grant program went all the way to White House Chief of Staff Leon Panetta.

Schwartz said administration officials focused on the problem "even in the midst of everything that was going on" in Washington, meaning the budget that has led to a partial shutdown of the federal government.

Lucas said, "I am very pleased to finally make it to this point. To my knowledge, as of this moment, we have cleared all the hurdles."

Congress and the president approved \$39 million in disaster aid earlier this year to help rebuild downtown Oklahoma City from the devastation of the April 19 bombing of the Alfred P. Murrah Federal Building.

The city received the money in the form of Community Development Block Grant funds from the Department of Housing and Urban Development.

Oklahoma officials believed at the time that the city would be able to award grants to businesses to pay for uninsured physical damage.

They later found out, however, that federal law didn't allow for disaster relief grants to businesses unless they were turned down first for disaster loans by the Small Business Administration.

Schwartz and Lucas argued to the administration that the Oklahoma City situation should be treated differently since the businesses were victims of an attack on the federal government rather than victims of a natural disaster.

They said the businesses shouldn't have to apply for loans and, if approved, pay interest to the federal government.

A memo dated Nov. 15 from Robert B. Litan, associate director of the Office of Management and Budget, says the office "agrees it is important to meet the city's request, given the unique circumstances surrounding the Oklahoma City

tragedy.

Litan's memo was sent to Bruce Katz, chief of staff at the Department of Housing and Urban Development, an agency which had been pushing to give the city as much flexibility as it wanted in awarding the money.

Lucas praised Schwartz for "working through the White House," and Schwartz said Lucas' efforts made him a "hero."

Schwartz said the administration's approval "showed how much they are concerned about the people of Oklahoma City."

Schwartz said the city is still working to establish criteria for the grants. From \$7 million to \$10 million of the disaster funds will be used for grants to businesses, he said.

Lucas said the rest of the money will cover a wide range of costs, from reimbursing the city for its expenses to assisting downtown churches damaged by the explosion.

He said businesses that had already applied for SBA loans "can now apply directly for a grant instead of having to finish out the loan process."

U.S. TRADE REPRESENTATIVE

THE PRESIDENT HAS SEEN
11/6/95

- **Fast Track Meeting:** At the request of Representatives Dreier and Richardson, a meeting was convened with the two members and Amb. Kantor on fast track. The door is open slightly on a possible compromise, although the Administration and Dreier, on behalf of House Republicans, reiterated their positions on labor and the environment. Amb. Kantor indicated that the current Republican language is unacceptable. The Administration is drafting language on the consultation process to see if further specification will lead to an acceptable compromise.

SMALL BUSINESS ADMINISTRATION

- **DELTA Program:** On November 10, Administrator Lader and Senator Dianne Feinstein are scheduled to roll out the DELTA program at an event in Los Angeles. On November 14, the Administrator will do a similar event with Representative Mike Forbes in NY.
- **Oklahoma City Grants:** The November 1 Daily Oklahoman read "City Bomb Relief Hits Red Tape" and focused on HUD grants and SBA loans. There is some question as to whether or not disaster victims should have to apply for (and be denied) an SBA loan before applying for a HUD grant. We are currently working with HUD and OMB on this issue.

DEPARTMENT OF JUSTICE

- **Removals of Criminal Aliens Exceed Projections for FY 95:** On October 26, INS released preliminary statistics showing a total of 31,244 criminal alien removals during fiscal 1995, nearly 10 percent more than the projected goal of 28,500. Total removals for the year, which include both deportations and exclusions in all categories, were 48,361, or about 6.7 percent higher than the previous year's total.
- **The Ninth Circuit Denies Request In Oregon Timber Case For An Emergency Stay Pending Appeal Of An Injunction Requiring The Release Of 62 Timber Sales Under The Rescissions Act:** *Northwest Forest Resources Council v. Glickman, et al.* (D. Ore.). The sales at issue were released on October 26, 1995, to the extent that they were not otherwise subject to Court Order or high bidders no longer existed. In related matters, Federal District Judge Michael Hogan will hear cross motions for summary judgment on the major remaining issue in the Section 318 litigation on November 7, 1995. The government has withheld 228 million board feet (mmbf) of Forest Service section 318 timber sales on the grounds that murrelets are "known to be nesting" in these sale units. Industry challenges the government's interpretation and argues for a much narrower interpretation which would require release of almost all of this old growth acreage.
- **Agreement Reached with Shoshone-Bannock Tribes re: Passage of Navel Nuclear Spent Free Shipments to Facility in Idaho:** In October, the U.S. and Idaho reached a settlement in *U.S. v. Batt* providing for a 40 year plan for the storage of spent nuclear fuel at the Idaho National Engineering Laboratory. On October 24, members of the Shoshone-Bannock Tribes

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12-13

TO:

Leon
ERSKINE

FROM: Staff Secretary

Nancy H. has asked that
you both bless this before
3 pm today. Looks fine to
me. OK with you?



December 13, 1995

MEMORANDUM FOR THE WHITE HOUSE STAFF

As we approach the end of another year, I want to thank you for all your hard work. The hours have been long and the pressures intense, but you continue to give your best effort every day.

I am looking forward to seeing you at the Holiday Open House on December 21. Also, during the coming year, I hope to visit with you and have photos taken with each of your offices. In the meantime, Hillary and I want you to know how much we appreciate what you do each day, and we send best wishes to you and your families for a joyous holiday season.

THE WHITE HOUSE
WASHINGTON

December 11, 1995

THE PRESIDENT HAS SEEN
12-12-95

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
HELEN HOWELL *HH*

SUBJECT: Recent Information Items

Susan
Brophy

We are forwarding the following recent information items:

Call 12/12/95
(A) **Kennedy letter on reconciliation.** He congratulates you on veto message, then argues a few Medicare points: (i) \$89 billion in cuts -- the amount the Democrats have said is necessary to preserve the Trust Fund for a decade -- should have been our starting point rather than \$124 billion, since that amount leaves too little room for further compromise; (ii) we should at least net the \$124 billion against the \$26 billion you propose in new health care investments; (iii) the \$8.8 billion premium increase in your initial offer is a mistake because it diminishes distinction between us and GOP in out-of-pocket costs -- "the area... the elderly are most concerned" about. Part B premiums in 2002 would be \$60.50 under current law; \$77 under our plan and \$88.90 under GOP plan. Kennedy would rather cut \$8.8 billion elsewhere in Medicare in order to hold to current law on premiums.

OK ☒
(B) **Biden letter on reconciliation.** He applauds your veto, and urges you to insist on the inclusion of a tax cut for the costs of higher education, noting that public college tuition and fees have risen nearly three times faster than inflation and family income since 1980. "A \$10,000 tax deduction for the costs of a college education -- as you proposed a year ago [and as Daschle and Biden have proposed] would be...a real help to middle-class families." He says it makes no sense to give businesses tax breaks for investing in R&D and physical capital, but no tax breaks for middle class families investing in their children. He adds: "Keep up the pressure, Mr. President."

12/12/95
(B) **Judith Gueron letter on welfare reform.** Via Carol Rasco. Gueron, President of the Manpower Demonstration Research Corporation in New York, argues that both the Senate and House bills are bad legislation, which cut funding and leave it to the states to reconcile the unreconcilable goals of promoting work, protecting children, and containing costs. She says the idea the system can't get any worse is wrong. The unintended consequences of the proposed changes could be grave -- "an increase in our already alarming rate of child poverty and a diminished future for our nation."

United States Senate

WASHINGTON, DC 20510-0802

THE PRESIDENT HAS SEEN
12-12-95

95 DEC 7
P 1:16

December 7, 1995

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I applaud your veto of H.R. 2491, the budget reconciliation bill. Now, as you negotiate over a possible compromise budget package, I urge you to insist on the inclusion of a tax cut for the costs of a higher education.

Some in our party believe that a tax cut is not needed or justified at this time. I disagree, and I urge you to reject such arguments. Middle-class families are being squeezed, and nothing epitomizes this squeeze more than the rapidly rising costs of a college education.

According to data from the National Center for Education Statistics and the College Board, the costs of public college tuition and fees rose 236 percent between 1980 and 1994. Meanwhile, the median family income during the same period rose 82 percent -- just barely keeping pace with inflation, even though many families now have two workers and even though many workers now have more than one job. In other words, public college tuition and fees have risen nearly three times faster than inflation and family incomes.

Putting it in slightly different terms: in 1980, it took 4.5 percent of median household income to pay for tuition and fees at a public college. Today it takes 8.4 percent. And, if we take into account private colleges and the costs of room and board, the overall average cost of college is now 30 percent of median household income. That's for sending *one* child to college.

Statistics can be somewhat abstract, but real families are not. I recently received a letter about the costs of college from a typical middle-class family from Dover, Delaware. They have worked hard and played by the rules all of their lives. And, like most middle-class families, I suspect their main goal is to see that their son has the opportunity for a better life than they have. But, to send their son to college -- the ticket to a better life in today's world -- they have depleted most of their life's savings and are heavily in debt. They were willing to make that sacrifice -- as most middle-class parents do -- but the sacrifice should not have to be so high.

The Honorable William J. Clinton
December 7, 1995
Page Two

A \$10,000 tax deduction for the costs of a college education -- as you proposed a year ago, as Senator Daschle introduced in February, and as I offered as an amendment to the reconciliation bill in October -- would be real tax relief and a real help to middle-class families. As the Delaware family put it in their letter to me, this tax relief would be too late for them, but "it would go a long way to giving other middle income kids a chance at the American Dream."

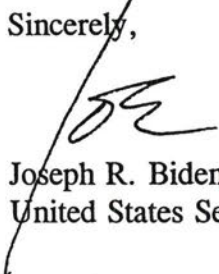
But, make no mistake. Although it is important in and of itself, this is about more than middle-class tax relief. It is also about investing in America's future.

A recent editorial in *The Washington Post* noted, "Nothing will influence the development of the American economy more powerfully than the extent to which its work force has been to college. Education and advanced training are the most productive investments of all." And, yet, the tax code does not recognize such an investment. Indeed, the Nobel Prize-winning economist Theodore Schultz has pointed out that the tax code treats people worse than machines. We give businesses a tax break for investing in research and development. We give businesses a tax break for investing in physical capital -- machines. But we do not give middle-class families a tax break for investing in themselves or in their children.

We could make a huge step toward improving this situation -- and could help millions of middle-class families now -- by providing a tax deduction for the costs of a college education. Again, I urge you to insist on such a proposal in negotiations over the budget reconciliation bill.

Thanks for your interest in this important issue. If there is anything I can do to help you on this matter, please let me know.

Sincerely,



Joseph R. Biden, Jr.
United States Senator

B Keep up the pressure,
Mr. President -

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

12-12-95

December 11, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
HELEN HOWELL *HH*

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

Callahan/Res
(A) **Kennedy letter on reconciliation.** He congratulates you on veto message, then argues a few Medicare points: (i) \$89 billion in cuts -- the amount the Democrats have said is necessary to preserve the Trust Fund for a decade -- should have been our starting point rather than \$124 billion, since that amount leaves too little room for further compromise; (ii) we should at least net the \$124 billion against the \$26 billion you propose in new health care investments; (iii) the \$8.8 billion premium increase in your initial offer is a mistake because it diminishes distinction between us and GOP in out-of-pocket costs -- "the area... the elderly are most concerned" about. Part B premiums in 2002 would be \$60.50 under current law; \$77 under our plan and \$88.90 under GOP plan. Kennedy would rather cut \$8.8 billion elsewhere in Medicare in order to hold to current law on premiums.

Callahan/Res
(B) **Biden letter on reconciliation.** He applauds your veto, and urges you to insist on the inclusion of a tax cut for the costs of higher education, noting that public college tuition and fees have risen nearly three times faster than inflation and family income since 1980. "A \$10,000 tax deduction for the costs of a college education -- as you proposed a year ago [and as Daschle and Biden have proposed] would be...a real help to middle-class families." He says it makes no sense to give businesses tax breaks for investing in R&D and physical capital, but no tax breaks for middle class families investing in their children. He adds: "Keep up the pressure, Mr. President."

Callahan/Res
(B) **Judith Gueron letter on welfare reform.** Via Carol Rasco. Gueron, President of the Manpower Demonstration Research Corporation in New York, argues that both the Senate and House bills are bad legislation, which cut funding and leave it to the states to reconcile the unreconcilable goals of promoting work, protecting children, and containing costs. She says the idea the system can't get any worse is wrong. The unintended consequences of the proposed changes could be grave -- "an increase in our already alarming rate of child poverty and a diminished future for our nation."

NANCY LONDON KASSEBAUM, KANSAS, CHAIRMAN

JAMES M. JEFFORDS, VERMONT
DAN COATS, INDIANA
JUDD GREGG, NEW HAMPSHIRE
BILL FRIST, TENNESSEE
MIKE DeWINE, OHIO
JOHN ASHCROFT, MISSOURI
SPENCER ABRAHAM, MICHIGAN
SLADE GORTON, WASHINGTON

EDWARD M. KENNEDY, MASSACHUSETTS
CLAIBORNE PELL, RHODE ISLAND
CHRISTOPHER J. DODD, CONNECTICUT
PAUL SIMON, ILLINOIS
TOM HARKIN, IOWA
BARBARA A. MIKULSKI, MARYLAND
PAUL WELLSTONE, MINNESOTA

SUSAN K. HATTAN, STAFF DIRECTOR
NICK LITTLEFIELD, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

THE PRESIDENT HAS SEEN

12-12-95

United States Senate

COMMITTEE ON LABOR AND
HUMAN RESOURCES

WASHINGTON, DC 20510-6300

December 6, 1995

The President
The White House
Washington, DC 20500

Dear Mr. President:

Congratulations on your strong veto message. Your eloquent description of the fundamental values that separate your approach **95 DEC 7 P12:08 a** a balanced budget from the Republican plan was extremely effective.

As I mentioned to you in our discussion, I felt strongly that \$89 billion in Medicare cuts should have been the starting point for negotiations. That is the amount we have said is necessary to preserve the Trust Fund for a decade. That is the amount every Senate Democrat has voted for--not once but several times. And it is an amount that the Senate Democratic budget task force--which includes some of the most conservative members of our caucus--agreed should be the starting point for negotiations.

It is my view that it makes little sense to move \$35 billion toward the Republicans in our initial offer, because that leaves too little room for further compromise. Any cuts to Medicare above that would cap the per capita growth in the program substantially below the private sector, would alienate the elderly advocacy organizations, and would blur the firmness of your position on this critical issue. One important change in the presentation would be to net the \$124 billion in Medicare cuts against all or part of the \$26 billion in new investments in health already included in your program. At least the \$10 billion in State grants for long-term care could appropriately be netted against the Medicare cut number, and I think a case can be made for netting the other items as well.

Eliminating the \$8.8 billion premium increase from your initial offer is also especially important. The concern of the elderly and their families about Medicare cuts and the support of the senior organizations have been critical in turning around the public perception of who is on our side in this fight. The area about which the elderly are most concerned is additional out-of-pocket costs. Our goal should be to maximize the difference between us and the Republicans in this area--not to minimize it. As a matter of simple fairness, a Medicare premium increase is extremely regressive: almost two-thirds of the cost is paid by elderly Americans with incomes below \$25,000 a year.

The Medicare Part B premium this year is equal to 31.5% of program costs--a level that Congress never intended and that was the result of an estimating error. In 1993, this mistake was corrected and premiums were set at 25% of program costs for 1996-1998.

In 1999 and subsequent years, the law provides that the percentage increase in premiums will be no greater than the percentage increase in the Social Security COLA. This returns the calculation of premiums to the method established in 1974, when Congress decided that excessive medical cost inflation should not be permitted to eat up an ever larger share of the COLA. This limitation was temporarily suspended in 1982 and subsequent years. Retaining current law means that the premiums will drop below 25% in 1999 and beyond.

The practical effect of your proposal to change the law to make the 25% level permanent is to increase premiums for the elderly by \$8.8 billion beyond the increases already scheduled under current law. In terms of public perception of the differences between the two plans, this change is potentially devastating. CBO currently calculates the Republican monthly premium in 2002 at \$88.90. The current law premium is estimated at \$60.50, for a difference of almost \$30 a month. OMB calculates the premium under the 25% proposal in your plan at \$77--a difference of less than \$12 a month. The Concord Coalition is already running ads attempting to trivialize the difference between your Medicare proposal and the Republicans by pointing to the small monthly difference in the premiums between the two plans; we should not play into their hands.

In his letter to Speaker Gingrich of November 24, Leon Panetta stated that one of your principles was to "Protect Medicare beneficiaries from premium increases beyond current law" That was the right principle. Independently of whether you bring the total Medicare level down to \$89 billion, it should not be difficult to find an additional \$8.8 billion in cuts in the rest of the program over a seven year period.

Mr. President, you are winning this fight. The public is finally beginning to understand the real differences between the two parties. We can continue to be successful--if Democrats stick together and they stick to the values that the country shares: fundamental fairness for working families, a decent life for our children and our seniors, protecting Medicare and Medicaid, and investing in our future through education and training. Negotiations with the Republicans should not result in a compromise that sacrifices any of these fundamental values. A bad deal is far worse for our country than no deal at all.

Respectfully,

A handwritten signature in black ink, appearing to be "E. M. Kennedy", written over the word "Respectfully,".

Edward M. Kennedy

United States Senate

WASHINGTON, DC 20510-0802

December 7, 1995

95 DEC 7 P 1:16

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I applaud your veto of H.R. 2491, the budget reconciliation bill. Now, as you negotiate over a possible compromise budget package, I urge you to insist on the inclusion of a tax cut for the costs of a higher education.

Some in our party believe that a tax cut is not needed or justified at this time. I disagree, and I urge you to reject such arguments. Middle-class families are being squeezed, and nothing epitomizes this squeeze more than the rapidly rising costs of a college education.

According to data from the National Center for Education Statistics and the College Board, the costs of public college tuition and fees rose 236 percent between 1980 and 1994. Meanwhile, the median family income during the same period rose 82 percent -- just barely keeping pace with inflation, even though many families now have two workers and even though many workers now have more than one job. In other words, public college tuition and fees have risen nearly three times faster than inflation and family incomes.

Putting it in slightly different terms: in 1980, it took 4.5 percent of median household income to pay for tuition and fees at a public college. Today it takes 8.4 percent. And, if we take into account private colleges and the costs of room and board, the overall average cost of college is now 30 percent of median household income. That's for sending *one* child to college.

Statistics can be somewhat abstract, but real families are not. I recently received a letter about the costs of college from a typical middle-class family from Dover, Delaware. They have worked hard and played by the rules all of their lives. And, like most middle-class families, I suspect their main goal is to see that their son has the opportunity for a better life than they have. But, to send their son to college -- the ticket to a better life in today's world -- they have depleted most of their life's savings and are heavily in debt. They were willing to make that sacrifice -- as most middle-class parents do -- but the sacrifice should not have to be so high.

The Honorable William J. Clinton
December 7, 1995
Page Two

A \$10,000 tax deduction for the costs of a college education -- as you proposed a year ago, as Senator Daschle introduced in February, and as I offered as an amendment to the reconciliation bill in October -- would be real tax relief and a real help to middle-class families. As the Delaware family put it in their letter to me, this tax relief would be too late for them, but "it would go a long way to giving other middle income kids a chance at the American Dream."

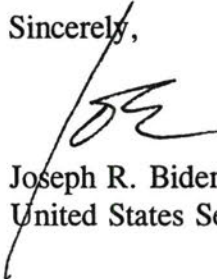
But, make no mistake. Although it is important in and of itself, this is about more than middle-class tax relief. It is also about investing in America's future.

A recent editorial in *The Washington Post* noted, "Nothing will influence the development of the American economy more powerfully than the extent to which its work force has been to college. Education and advanced training are the most productive investments of all." And, yet, the tax code does not recognize such an investment. Indeed, the Nobel Prize-winning economist Theodore Schultz has pointed out that the tax code treats people worse than machines. We give businesses a tax break for investing in research and development. We give businesses a tax break for investing in physical capital -- machines. But we do not give middle-class families a tax break for investing in themselves or in their children.

We could make a huge step toward improving this situation -- and could help millions of middle-class families now -- by providing a tax deduction for the costs of a college education. Again, I urge you to insist on such a proposal in negotiations over the budget reconciliation bill.

Thanks for your interest in this important issue. If there is anything I can do to help you on this matter, please let me know.

Sincerely,



Joseph R. Biden, Jr.
United States Senator

B Keep up the pressure,
Mr. President -

THE WHITE HOUSE
WASHINGTON

December 12, 1995

THE PRESIDENT HAS SEEN
12-12-95

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
HELEN HOWELL *HPH*

SUBJECT: Recent Political Information Items

We are forwarding the following recent political information items:

(A) **AFL-CIO poll.** Via Harold. Geoff Garin sampled 800 adults of the general public during the week of November 13. The highest response rates came on the budget. Those polled strongly believe you should reject a Republican budget that: allows corporations to take money out of their employee's pension funds (86%); gives new tax breaks to big corporations and wealthy individuals (81%); makes major cuts in Medicaid that would make it harder to afford nursing home care (73%); cuts the student loan program; or makes major cuts in Medicare (71%).

(B) **Ickes memo on Penn and Schoen polling budget for Re-elect from 10/95 to 8/96.** Penn and Schoen's budget report outlines the \$1.2 million expenditures for national polling for 6/95-7/96. The budget does NOT include state-by-state polling which Mark Penn estimates will cover 10 to 15 states this spring. Penn and Schoen have incurred approximately \$700,000 in polling fees so far (including the so-called "mall tests" of tv spots). These costs are being shared by the DNC, but a higher percentage of polling costs will have to be covered by the Re-elect as we move into 1996. Based on the amount of polling currently being done, Harold believes that the \$1.2 million figure is "way low."

(C) **Panetta note re: Hollings and location of Border Patrol training facility.** Leon forwards a copy of a Hollings' press release saying that a "House-Senate committee today killed a Justice Department plan to locate a Border Patrol training facility in Arkansas instead of Charleston." Leon notes, "Fritz is working but bill will be vetoed."

*Went with
Hollings to the
training facility*



CHIEF OF STAFF TO THE PRESIDENT

To the President —
Fritz is 'wonder' but
will not be returned.
C

Nov. 29, 1995 7:55PM CONGRESSIONAL

No. 8321 P. 5/5

THE PRESIDENT HAS SEEN
12-12-95**U.S. SENATOR
FRITZ HOLLINGS**

FOR IMMEDIATE RELEASE: Wednesday, Nov. 29, 1995
CONTACT: Andy Brack or Debra Anderson at (202) 224-6654

NEWS**HOLLINGS SAYS COMMITTEE KILLS ATTEMPT
TO MOVE BORDER PATROL FACILITY TO ARKANSAS**

WASHINGTON, D.C. — U.S. Sen. Fritz Hollings announced that a House-Senate committee today killed a Justice Department plan to locate a Border Patrol training facility in Arkansas instead of Charleston.

Hollings, the ranking Senate Democrat on the committee that is developing a compromise on 1996 Justice Department funding, said the 11-1 vote meant that Justice Department would now have to continue its plan to put the facility in Charleston.

"I'm delighted that we're going to get the Border Patrol facility after all because Charleston is the best place for it," Hollings said. "And when the Border Patrol leaves in three years, our local law enforcement agencies will be able to use firing and driving ranges for their training."

On July 28, Hollings announced that U.S. Border Patrol, a branch of U.S. Immigration and Naturalization Service, would upgrade buildings and facilities at Charleston Naval Base to train up to 2,400 federal INS agents over three years.

In late October, press reports indicated that the school was moving to Arkansas instead.

But today's vote stopped that plan — primarily because the Charleston location remains the best for the patrol.

"The same thing that was true in July is true today — Charleston is the best place for this auxiliary training center because the buildings are available and they're easy to convert for this use," Hollings said. "This also makes the most sense for the Border Patrol because the Charleston site is only two hours from the patrol's chief training installation near Brunswick, Georgia."

Plans call for the patrol to train up to 2,400 agents over three years — 1,000 in the first year and 700 in the second and third years. At least 60 full-time instructors will direct the training sessions, each of which will last about 16 weeks. Up to 500 students will be trained at a time.

Hollings said that the additional training center was needed because of the nation's efforts to add agents to strengthen the borders, curb illegal immigration and slash the amount of illegal drugs brought into the country.

###

MILTON FENSTER ASSOCIATES INC.

Public Relations
654 Madison Avenue, New York, NY 10022 Tel: 212-758-3540 Fax: 212-758-5620
95 DEC 12 5:25

December 7, 1995

Ms. Betty Currie
Personal Assistant to the President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Ms. Currie:

Thank you so much for the courtesy extended to me on the occasion of my visit to your office. I know how busy you must be and I appreciate the time you set aside for our meeting.

I am in hope that by the time this reaches you an opportunity to show the President the letter we shared, will have presented itself. In any case, I eagerly await your response.

Again, thank you.

Sincerely,



Milton Fenster

12/12

Jim Dorskind,

The Milton Fenster letter that had been attached to this was sent to you previously.

Can you hook these two up?

Thanks.

Sharon

12-12-95

From the Oval
Send to USC for ~~appropriate~~ ^{them records.}
~~action?~~

Yes ☒
no ☐

C.

JACQUES CHIRAC

PRESIDENT DE LA REPUBLIQUE FRANCAISE

A

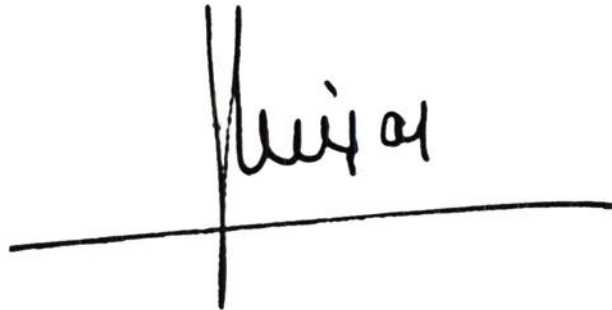
SON EXCELLENCE MONSIEUR WILLIAM JEFFERSON CLINTON

PRESIDENT DES ETATS-UNIS D'AMERIQUE

TRES CHER ET GRAND AMI, Ayant décidé de confier de nouvelles fonctions à Monsieur Jacques ANDREANI, J'ai mis fin à la haute mission qu'il remplissait auprès de VOTRE EXCELLENCE en qualité d'Ambassadeur Extraordinaire et Plénipotentiaire de la République française.

Je l'ai autorisé à solliciter son audience de congé.

*Je ne doute pas qu'il ne profite de cette occasion pour
remercier VOTRE EXCELLENCE de toutes les marques de bienveillance dont
Elle l'a honoré pendant tout le temps de sa résidence à Washington. Je lui ai
particulièrement recommandé d'offrir à VOTRE EXCELLENCE les assurances
de Ma haute estime et de Ma constante amitié./.*

A handwritten signature in black ink, appearing to read "Louis", written over a horizontal line.A handwritten signature in black ink, appearing to read "Luis", written below the main signature.

JACQUES CHIRAC

PRESIDENT DE LA REPUBLIQUE FRANCAISE

A

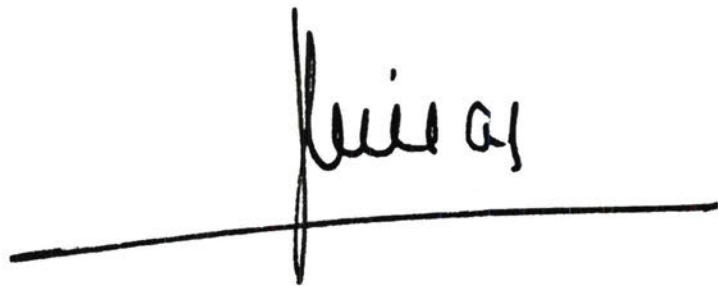
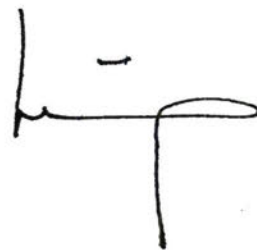
SON EXCELLENCE MONSIEUR WILLIAM JEFFERSON CLINTON

PRESIDENT DES ETATS-UNIS D'AMERIQUE

TRES CHER ET GRAND AMI, Désireux d'entretenir et de resserrer les cordiales relations qui existent entre Nos deux Pays, J'ai décidé d'accréditer auprès de VOTRE EXCELLENCE en qualité d'Ambassadeur Extraordinaire et Plénipotentiaire de la République française, Monsieur François BUJON, Chevalier de la Légion d'Honneur et Chevalier de l'Ordre National du Mérite.

Les qualités qui le distinguent Me sont garantes du soin qu'il mettra à s'acquitter de la haute mission qui lui est confiée de façon à obtenir Votre confiance et mériter ainsi Mon approbation.

C'est dans cette conviction que Je Vous prie, TRES CHER ET GRAND AMI, de l'accueillir avec Votre bienveillance accoutumée et d'ajouter foi et créance entière à tout ce qu'il Vous dira de Ma part, surtout lorsqu'il exprimera à VOTRE EXCELLENCE les assurances de Ma haute estime et de Ma constante amitié./.

A handwritten signature in dark ink, appearing to read "Luis Al". A single horizontal line is drawn across the signature, intersecting it.A second handwritten signature in dark ink, also appearing to read "Luis Al".

Ok
m

WHITE HOUSE
WASHINGTON

December 11, 1995

Victor K. Ray
212 Linwood Court
Little Rock, Arkansas 72205

Dear Victor:

Kay Goss showed me the article you wrote for *The Hillcrest Gazette*, and I just wanted to thank you. It was an excellent piece on the need for American involvement in Bosnia.

I hope you'll continue speaking out. Have a wonderful holiday season.

Sincerely,

Victor Ray
Str.

Then

AP

12-12-95

a fine
discussion
of

Even before the atomic bomb, war had become unthinkable. It had become too destructive of human life and civilization's treasures. Events of war that come to mind include the bombing of London in World War II, and the destruction of Dresden. The atomic bomb was simply the last straw.

permanent, I believe, with U.S. troops to be sent where needed in our national interest to keep peace at trouble-spots around the world.

We live in a world whose cultures have been schooled for thousands of years to believe that disputes can be settled by violence. No region has a bloodier history than Europe. It was

properly a United Nations role. But at present it can be left to such regional organizations as NATO. Approval of the UN should be sought. Efforts to expand NATO should continue.

Not all nations are ready to outlaw war, of course. Yet it is instructive, and perhaps surprising to some, to

ent that World
evo, and that
urrent efforts,
launching
ar III. In earlier
and to hand.
words, lances
ns. Guns grew
I were enhanced
explosives. The
s the atomic
power could
ds or millions,
ity to make en-
world, perhaps,
r.

devastating
gulated its affairs
d have been
Indeed,
steps have been
on. The forma-
ations was such
too bold a step
d they oppose it
need for it has

believe war
by nations, and
ould be a crime,
se to engage in
ough to believe
e achieved in the
very long term
e nuclear disar-
--should be the

e all, peace keep-
uld not, and must
unilateral. It is

THE WHITE HOUSE
WASHINGTON

December 12, 1995

Mr. Edgar M. Bronfman
Chairman
Joseph E. Seagram and Sons, Inc.
375 Park Avenue
New York, New York 10152-0192

Dear Edgar:

Thank you so much for your letter. I appreciate your kind words about our work on the budget. I think we're on the right track, and I'm glad to know that you agree. Thanks also for your interest in our continuing efforts to reinvent government.

There is much to be done to make our government work for the America of today and tomorrow, and we can learn a great deal from the experiences of American businesses. I appreciate your ideas about re-engineering as well as capitalizing on the availability of tried and true talents like Ed Woolard.

I have passed along a copy of your letter to the Vice President and his reinvention team, and as we look for new ways to make government leaner, more effective, and more responsive, we will certainly keep your suggestions in mind.

Hillary joins me in sending best wishes for a joyous holiday season.

Sincerely,

Jim
This should
be seriously
vetted
w/ KAMARCK

T
12/12

Good
Lamona
letter

"New Pacific
Community" 12/12
H2 -
check v/
Dan Buakhordt
on corr'es./gift
unit. T.

Although I was unable to attend the Osaka APEC Leaders' Meeting, I was pleased to learn from the Vice President that the meeting was a success. When I convened the first Leaders' Meeting at Blake Island two years ago, my goal was to demonstrate that Asia and the United States could work together to build a peaceful and prosperous New Pacific Community by focusing on expanding trade and investment. The meetings at Bogor and Osaka have proven that our dreams are realistic and realizable. I am sure that next year's meeting in Manila will continue this successful process, and I pledge you all my assistance to make it so.

pending

Sincerely,

His Excellency
Fidel Ramos
President of the Republic
of the Philippines
Manila

THE WHITE HOUSE
WASHINGTON

CC: B. L. Kerry
C. L. Kerry
H. L. Kerry
J. L. Kerry

December 11, 1995

Kerry Kirschner
The Argus Foundation
Post Office Box 49361
Sarasota, Florida 34230-6361

Dear Kerry:

Thanks so much for your letter of December 1 and for sending the memo from Michael Langton on Goodwill's Welfare to Work "Job Connection." I'm glad the program is getting such well-deserved recognition.

Thanks, too, for what you said about Bruce and Alexis. I know they're working very hard to get a good welfare reform bill passed by Congress.

Have a wonderful holiday season.

Sincerely,

Bin



M. Kirschner
mfr
rec'd 12/17

PRESIDENT

Stephen E. Kunk

PRESIDENT-ELECT

C. William Curtis

VICE PRESIDENT

Bruce E. Franklin

SECRETARY

M. Rod Macon

TREASURER

William E. North

EXECUTIVE DIRECTOR

Kerry G. Kirschner

BOARD OF DIRECTORS

Rebecca S. Allen

Barnett Bank of Southwest Florida

Robert W. Benjamin

Williams, Parker, Harrison,

Dietz & Getzen

Kimball R. Bobbitt

Bobbitt Pittenger & Company

C. William Curtis, Jr.

First Union National Bank of Florida

Frederick M. Derr

Frederick Derr & Company

H. Ron Foxworthy

Rusty Plumbing, Inc.

Bruce E. Franklin

The ADP Group, Inc.

Michael J. Furen

Icard, Merrill, Cullis, Timm,

Furen & Ginsburg, P.A.

Stephen E. Kunk

Enterprise National Bank

M. Rod Macon

Florida Power & Light Company

William E. North

North, Armentrout & Co.

Richard A. Para

Poe & Brown Insurance

Donald L. Roberts

Goodwill Industries

Manasota, Inc.

Lemuel Sharp III

W.G. Mills, Inc.

Ronald L. Spector

Ronald L. Spector

Charles E. Stottlemeyer

FCCI Fund

H. Lee Sullivan

Jack Graham, Inc.

James L. Turner

Hi-Hat Ranch

David M. Wachtel

Bishop & Associates

December 1, 1995

President William J. Clinton
The White House
Washington, D.C. 20500-2000

Dear Bill:

I just received the enclosed copy of a memo to Bruce Reed regarding the Goodwill Industries welfare to work "Job Connection," welfare reform bill and wanted to let you know how appreciative everyone who knows about, and supports this program, is of the work of your staff.

In particular both Bruce and Alexis have demonstrated real commitment to fight to get this program in the final welfare bill. I also understand that Goodwill representatives have spoken to Robert Reich at the National DLC meeting and that he personally plans to visit the program.

I have spoken to Lorrie McHugh about setting up time together for an interview. I'm excited about the opportunity to be able to bring out the fact that "Putting People First" wasn't just an empty campaign slogan!

See you soon.

Best Regards,

Kerry Kirschner

To: Bruce Reed, White House Office of Domestic Policy
From: Michael Langton
Subject: Goodwill in Welfare Reform Bill
Date: November 21, 1995

MEMORANDUM

Thanks again for your willingness to fight to have us in the final Welfare Reform Bill along with the President's other priorities. While you are personally very familiar with our program by now I am still attaching a one page description of the Job Connection and the Proposed Conference Committee Agreement Language we are seeking, Attachment 1.

For your benefit, a quick overview of where we are:

- The Democratic Alternative, Work First Plan, S. 1117, had our proposed language in the bill. Senators Breaux, Graham, and Johnston collectively requested this inclusion with strong support from DLC. See enclosed as Attachment 2.
- The Senate Labor, HHS, and Education Appropriations Bill has language specifically addressing our program. Senators Breaux, Mack, Graham, Johnston, and Moynihan all requested its inclusion. This language remains in the bill today. See enclosed as Attachment 3.
- On record, personally supporting our Program includes Senators: Breaux, Graham, Mack, Johnston, Dole, Kassebaum, Ford, Grassley, and Moynihan. In the House only Congressman: Dan Miller, Jimmy Hayes, Clay Shaw, and DeLay's staff. We have been weak in the House which is the primary reason we have not been fully successful already.
- Senator Dole pushed for our inclusion in the Conference Bill but was not successful according to his staffer, Nelson Rockefeller, Jr. due to the House not wanting any demonstration language in the Bill. The language Senator Dole was pushing is enclosed within Attachment 1.
- Attachment 1 is the language we still are seeking for inclusion in the final Welfare Bill. Bruce, as you can see it does not specifically identify our program, but sets up a demonstration program at HHS which would support efforts like ours to put Welfare recipients back to work.

I'll contact or come see you after the Thanksgiving holiday to see what I can do to assist you in getting a Welfare Bill the President can support and which will actually help solve the problems with welfare in this county. Have a great holiday with your family!

cc: Alexis Herman, Office of Public Liaison
Lyn Hogan, PPI
Kerry Kirschner ✓
Rich Tarplin, HHS

104TH CONGRESS
1ST SESSION

S. 1117

To repeal AFDC and establish the Work First Plan, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 3 (legislative day, JULY 10), 1995

Mr. DASCHLE (for himself, Mr. BREAX, Ms. MIKULSKI, Mr. ROCKEFELLER, Mr. REID, Mr. KERREY, Mr. FORD, Mr. DORGAN, Mr. DODD, Mr. KERRY, Mr. LIEBERMAN, Mr. CONRAD, Mr. BINGAMAN, Mr. BRYAN, Mr. INOUE, and Mr. ROBE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To repeal AFDC and establish the Work First Plan, and
for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Work First Act of
5 1995".

6 SEC. 2. TABLE OF CONTENTS.

7 The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. Amendment of the Social Security Act.

TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE

Wait
First

ments, and self-sufficiency with respect to temporary employment assistance clients under State plans; and

“(iii) foster the development of child care.

“(B) ADDITIONAL PARAMETERS.—Demonstrations implemented under this paragraph—

“(i) may provide one-time capital funds to establish, expand, or replicate programs;

“(ii) may test performance-based grant to loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a pro-rated basis; and

“(iii) should test strategies in multiple States and types of communities.

“(3) FEDERAL EVALUATIONS.—

“(A) IN GENERAL.—The Secretary shall conduct research on the effects, benefits, and costs of different approaches to operating welfare programs, including an implementation study based on a representative sample of States and localities, documenting what policies

V:\07REPT\1996\07REPT.001

11

(\$5,060,000), Glass Ceiling Commission phaseout (\$142,000), and women in apprenticeship (\$684,000).

Under pilots and demonstrations, the Committee has provided sufficient funding to continue the continuing partnerships, community-based partnerships, and persons with disability partnerships. The Committee has also provided \$2,250,000 for microenterprise grants and \$5,000,000 for the American Samoan job training program. The Committee directs the Secretary to give funding priority to a State agency with a proven track record in successful job training programs for American Samoans.

The Committee recommendation also provides, under pilots and demonstrations, \$1,500,000 to expand a pioneering industrial employment program for the disabled to include training severely handicapped individuals to operate and maintain specially modified computer milling machines. The Committee is aware of a proposal by the Cerebral Palsy Research Foundation of Wichita, KS, in this area, and encourages full and fair consideration of a proposal from this institution.

With regard to the National Occupational Information Coordinating Committee [NOICC], the Committee supports the continuation of career development programs to train personnel in assisting students to understand themselves in the context of their career development, to be aware of the world of work, to understand the linkage between academic skills and work-related skills, and to make effective career decisions. The Committee recommends that NOICC expend up to \$2,500,000 in fiscal year 1996 for the continuation of such programs.

The Committee encourages the Secretary to give full and fair consideration to a proposal for a disability employment and training initiative in connection with the 10th Paralympic games. These games, an international celebration of the abilities of people with disabilities, will be hosted by Atlanta in the summer of 1996.

The Committee recognizes the past success and strong potential of the Goodwill Industries Manassas, Inc. and Goodwill Industries of Acadiana, Inc. Job Connection Program for successfully moving people off of welfare and into real and permanent jobs. Its performance-based loan-to-grant concept, in conjunction with its self-sustaining operations, makes the Goodwill Job Connection a strong candidate for funding. The Committee encourages full and fair consideration of a proposal from this organization.

The Committee is aware of a proposal from the Eisenhower Foundation to replicate the Argus project at two additional sites. Argus combines remedial education, job training, and job placement in a strictly violence-free and drug-free environment. The Committee encourages full and fair consideration of a proposal from this organization.

The Committee is aware of a proposal for a workforce literacy training grant for the Great Falls Area Labor Management Committee in Great Falls, MT. The program is designed to provide literacy assistance which would improve the productivity of the workforce through improvement of literacy skills needed in the workforce. The Committee encourages full and fair consideration of a proposal from this organization.

Goodwill's Welfare to Work "Job Connection"

The JOB CONNECTION aggressively targets, employs, and places chronically unemployed welfare recipients into unsubsidized, private sector employment by utilizing the business activity and payroll generated by the donated goods business. Located in neighborhood settings, the Job Connection is easily accessible to the donors of usable discards, shoppers, as well as persons seeking job experience and job placement outside the typical welfare track. Because the donated goods business is self-supporting once Goodwill JOB CONNECTION'S are constructed, there is no need for public sector subsidies to employ and place chronically unemployed persons into unsubsidized, private sector employment.

The JOB CONNECTION program, fully replicated nationally, would create 100,792 jobs within Goodwill, a payroll nearing \$2 Billion annually, and would graduate 218,267 persons from Welfare to Work in unsubsidized, private sector employment.

Since the inception of the JOB CONNECTION which we operate in 14 neighborhoods in SW Florida and have replicated the prototype in 3 neighborhoods in Central Louisiana, we have successfully placed over 1,500 persons from welfare to work in unsubsidized, private sector employment.

We are seeking \$10 Million in Federal support to capitalize Goodwill's innovation network of JOB CONNECTIONS within two diverse communities to reach full market penetration and to demonstrate the replicability and impact of the JOB CONNECTION model nationally.

Proposed Conference Committee Agreement Language

The Secretary may conduct research on the effects, benefits, and costs of operating different State programs of Temporary Assistance to Needy Families, including time limits for eligibility. The research shall include studies on the effects of different programs and the operation of the programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other appropriate area. The Secretary may conduct studies of the welfare caseloads of States operating welfare reform programs. The Secretary may assist States in developing, and shall evaluate innovative approaches for reducing welfare dependency and increasing the well-being of minor children, using random assignments in these evaluations "to the maximum extent feasible. The Secretary shall implement and evaluate demonstrations of innovative and promising strategies which provide one-time capital funds to establish, expand, or replicate programs; tests performance-based grant to loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a pro-rated basis; and test strategies in multiple States and types of communities.

The Secretary shall develop innovative methods of disseminating information on research, demonstrations, evaluations, and studies, including ways to facilitate sharing of information via computers and other technologies.