

THE WHITE HOUSE
WASHINGTON

96 FEB 9 P 9 : 37

February 9, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
February 2 - February 9

FEMA

North West Floods: Today you declared two major disasters in Washington State and Oregon. Individual assistance will begin to reach the regions promptly. The announcement was well received in local press and by elected officials. James Lee Witt recommends that you visit the flooded areas after the flood fight is completed; perhaps during your West Coast swing in the next two weeks. Individuals and communities are battling the worst floods in 30 years.

✓ ☒ In Oregon at least 400 highways (federal, state and local) and roads are closed due to water, mud slides, debris and trees over roadways. Also in Oregon close to 20,000 people have been evacuated and 1,438 persons are living in shelters. In Washington State 4 major highways have been intermittently closed. The estimated shelter population in Washington is 1,263, with 24 shelters open and 9 on standby. Also in the North West, Idaho has experienced severe flooding in Pinehurst and Cataldo in Kootenai County due to a rupture in the Pinecreek dike. The local sheriff's department and the Idaho National Guard are evacuating both towns and the surrounding areas and as many as 1,000 people may be evacuated.

North East Floods: Throughout the North East FEMA's teleregistration line has received a total of more than 42,000 applications for disaster aid from flood victims. On February 6, federal disaster funds were made available to help local governments rebuild flood-damaged public facilities in seven more Pennsylvania counties. All 67 Pennsylvania counties have been declared eligible for individual assistance (aid to individuals, families and businesses) and hazard mitigation funds. A total of 47 counties are now qualified for public property and infrastructure repair assistance.

Hearst: On Sunday, February 11, Hearst Newspaper will run a story ranking and evaluating the Cabinet. The story is based on a survey Hearst did of academics with expertise on Cabinet issues. Some of the findings are critical of certain members of the Cabinet. Prior to the release of the

article, Mike McCurry met with the reporter and countered the findings with substantive back up. He highlighted all the Cabinet Member's accomplishments and their amplification of your priorities and initiatives, including job creation and cutting bureaucracy. McCurry also highlighted the positive impact your Cabinet has made on lives of people and on communities.

DEPARTMENT OF TREASURY

- **Secretary's Activities:** On February 12, Secretary Rubin will meet with AFL-CIO President John Sweeney and will also address the National Association of State Treasurers. On February 13, he will travel to Wausau, WI to address the Tri-County Business Representatives.
- **The Cosbys:** Representative Rangel's office, on behalf of entertainer Bill Cosby and his wife Camile, requested information on licensing travel to Cuba.
- **State and Local Investment Practices:** In late February, Secretary Rubin will meet with SEC Chairman Levitt and various state and local officials to review progress towards improving state and local investment policies and practices since the Orange County bankruptcy.
- **Customs' Southwest Border Strategy:** Later this month, Commissioner Weise will meet with Senator Feinstein to discuss her concerns regarding Customs' Southwest Border strategy. Deputy Secretary Summers is leading an effort to work with Commissioner Weise and Treasury's Office of Enforcement on drug and border issues.
- **International Counterfeiting:** On February 5, Treasury officials and CIA representatives provided House Banking Committee Chairman Jim Leach with a classified briefing on the status of international counterfeiting. The Committee will hold hearings in late February on developments in international organized crime, particularly in Russia. Oversight Subcommittee Chairman Spencer Bachus is continuing his review of Treasury's rollout of the new currency design and has stated his intention to hold similar hearings in late February on international counterfeiting.
- **Flat Tax:** Treasury's Offices of Economic Policy and Tax Policy are working to assess the macroeconomic effects of a flat tax.
- **Farmer Mac Legislation:** You will sign Farmer Mac legislation Saturday. Treasury has agreed with Chairman Roberts' (House Agriculture Committee) request that Treasury participate with the Farm Credit Administration (Farmer Mac's regulator) to conduct periodic evaluations of Farmer Mac's financial operations so long as its capital requirements are deferred.

- **Currency Redesign:** The United States Information Service (USIS), the State Department, the Federal Reserve and Treasury continue worldwide distribution of printed materials on currency redesign in 20 different languages, as well as training guides and videos in 8 different languages. The training seminars for banks and other large cash handling businesses are heavily booked in the U.S., and plans have been made by the Russian Central Bank to conduct training throughout Russia.
- **District of Columbia:** Last week, the House passed the FY 96 District of Columbia Appropriations Bill at the previously agreed upon budget level of \$4.994 billion. The bill has been sent to the Senate for consideration. Also last week, the District's Audited Financial Statements were released. Statements revealed several weaknesses in the District's data processing and information systems and noted violations of Environmental Protection Agency regulations and some federal grant requirements. Mayor Barry did not release the District's four-year financial plan on the due date of February 1 and announced that he will not release the plan until February 15th. The Authority ordered the District's Chief Financial Officer to submit the draft plan that he recommended to the Mayor, and the Authority intends to produce a plan of its own.
- **Community Development Financial Institutions Fund:** The application deadline for the CDFI Fund was January 29. The Fund received 262 applications for the Community Development Financial Institutions Program -- representing more than \$300 million in funding requests. The Fund received 50 applications from banks and thrifts for assistance under the Bank Enterprise Award Program.
- **Chinese Arms and Ammunition:** The U.S. Court of Appeals for the Federal Circuit issued a favorable decision in the B-West Imports case upholding both the President's authority to impose an import ban on Chinese arms and ammunition under the Arms Export Control Act and upholding Treasury's authority to implement the ban.

DEPARTMENT OF COMMERCE

- **Oil Spill Recovery Efforts:** On February 14, Senator Chafee's Environment and Public Works Committee will hold a field hearing on the oil spill and the recovery efforts. At that hearing, a Commerce representative will deliver a \$1 million grant award to the state of Rhode Island, which was announced on February 4. Two weeks ago, EDA issued a \$600,000 grant to a Rhode Island revolving loan fund for recovery assistance.
- **Bay Area Address:** Secretary Brown departed for Northern California this evening, where Secretary Brown will address over 200 business executives from the Bay Area and announce two new Commerce Department-led initiatives that will help more California companies successfully enter lucrative export markets: the Oakland Trade Office, and the creation of TradePort, a DoC-funded Web site which will prove to be a cost-effective method to bring

export services onto the information superhighway. Today Secretary Brown met with the Oakland Editorial Board on these and other DoC-related issues.

- **Mission to Sub-Saharan Africa:** Secretary Brown will lead a trade mission to Sub-Saharan Africa from February 17 through February 26, 1996 to focus on emerging markets and increased trade with African countries. This five-country trip includes stops in Cote D'Ivoire, Ghana, Uganda, Kenya and Botswana. The mission seeks to expand U.S. African business development and commerce, and to advocate on behalf of U.S. companies with contracts pending in Sub-Saharan Africa.
- **Roll Out for the 2000 Census:** On February 28, 1996, Secretary Brown will be joined by Under Secretary Ev Ehrlich, Census Director Martha Riche and OMB Director Alice Rivlin in presenting the Roll Out for the 2000 Census at a half-day, town-hall meeting at the Department of Commerce. The Bureau will announce the details of how it will conduct the next decennial census. Stakeholders have been invited to attend this major event, and significant press coverage is anticipated.
- **Commerce will Release the Following Economic Indicators:**

Third Quarter State Personal Income	February 15
Manufacturers' Shipments, Inventories and Orders (November and December 1995)	February 15
Wholesale Trade (December 1995)	February 15
Value of New Construction Put in Place (November and December 1995)	February 16
Manufacturing and Trade: Inventories and Sales (November 1995)	February 16.
- **Contract for the Nantong Power Plant in China Awarded:** The U.S. consortia of Babcock & Wilcox, General Electric and Black & Veatch was awarded the contract for the Nantong power plant in China. The total value of the contract is \$300 million, and the expected U.S. content is \$250 million. This project received extensive U.S. Government advocacy support, including a message from you and verbal and written support from Secretary Brown.
- **Confirmation Hearing for Ambassador Eizenstat:** The Senate Finance Committee, chaired by Senator Roth (R-DE), has tentatively scheduled a confirmation hearing on Wednesday, February 14, for Ambassador Eizenstat to be Under Secretary for International Trade.

DEPARTMENT OF LABOR

- **Malden Mills, Methuen, MA:** On Monday, February 12, Secretary Reich will travel to Methuen, MA to meet with workers dislocated by the fire at the Malden Mills textile facility. The C.E.O. of Malden Mills, Aaron Feuerstein, has continued to pay his workers -- with benefits -- while the plant is being re-built. Secretary Reich will acknowledge Mr. Feuerstein's sense of corporate responsibility at an event with Senator Kerry and Congressman Marty Meehan. This event will be covered by *CBS This Morning*. *NBC Dateline* may attend as well.
- **Corporate Citizenship Press:** On Tuesday, February 13, Secretary Reich will focus on corporate citizenship in an interview with the *National*, the most popular public affairs program in Canada. The *National* also reaches a million U.S. viewers. That evening, Secretary Reich will appear on *Larry King Live* to discuss corporate citizenship. On Thursday, February 15, Secretary Reich will participate in a *Harper's* magazine forum on corporate citizenship. That evening, he will appear on the *CNBC's Chris Matthews Show* and will meet with the moderator of *PBS's Washington Week in Review* on February 16.
- **Workplace Injuries and Rule Changes:** Beginning this week, the Occupational Safety and Health Administration, will begin collecting injury and illness data from 80,000 employers in high hazard industries. At the same time, OSHA will propose revised rules for record-keeping and reporting to simplifying the process for collecting data on workplace deaths, injuries, and illnesses. OSHA estimates the proposed rule will reduce the regulatory burden to businesses by \$4.7 million.
- **Black History Month:** On Tuesday, February 13, Secretary Reich will celebrate Black History Month with a ceremony at the Labor Department. Major General Marcelite J. Harris, the first African-American woman to become a two star general in the U.S. armed forces, will join the Secretary at the event.
- **United Parcel Service:** On January 31, Office of Federal Contract Compliance Programs entered into a conciliation agreement with UPS, concluding the two year investigation of a class retaliation complaint of five white males against UPS. The terms of the settlement provide for the payment of \$450,000 in back wages. The investigation concluded that the men had been terminated for attempting to "blow the whistle" on local UPS management for falsifying data for an OFCCP compliance review.
- **Immigration:** The Senate Judiciary Committee has scheduled a mark-up (February 22) for the Immigration Reform Act. DOL has submitted six amendments to OMB for clearance, with the most significant focusing on enforcement issues. The Department is working with Senate immigration committee staff on a bipartisan basis in an effort to have the amendments included in a package Simpson and Kennedy may offer at the mark-up. DOL has also supplied comments for the Administration's views letter and is working with OMB and a

number of science and education related agencies to address concerns they have with the legislation.

- **President's G.I. Bill for American Workers:** Conference activities continue on legislation to reform the job training system consistent with the President's G.I. Bill for American Workers. Staff-level meetings are taking place, and are expected to continue into early March. Member-level meetings will begin in mid-March.
- **United Airlines:** On February 7, United Airlines and the Association of Flight Attendants announced that they reached a tentative agreement on a new contract. According to the AFA, the union represents about 20,000 flight attendants at United. Although details of the settlement are not yet public, the tentative agreement has been approved by the labor committee of United's board of directors. A membership mail ratification vote is expected to be completed by the end of April.
- **SEIU and Realty Advisory Board Reach Agreement in NY Strike:** On February 4, the Service Employees International Union and the Realty Advisory Board in New York reached an agreement ending a strike which began on January 4, 1996. The stoppage involved some 30,000 cleaners, porters, and elevator operators employed by owners and managers of about 1,000 New York City office buildings.
- **Amoco:** On February 2, the Oil, Chemical and Atomic Workers International Union accepted an offer from Amoco which is expected to establish a pattern for settling some 340 contracts covering 40,000 petroleum industry workers. By February 5, the OCAW had received settlement offers from Shell, Shell Chemical, Conoco, Arco, Quaker State, Total, and Mobil. Although the prior labor contracts expired on January 31, they were extended on a day-to-day basis as negotiations continued. Earlier, the OCAW indicated that the union was preparing for selective strikes to begin by February.
- **Yale University Strike:** Some 2,600 clerical and technical employees struck Yale University at 6:00 a.m. February 7. The workers are represented by the Hotel Employees and Restaurant Employees International Union. A separate local of the same union, representing 1,100 service and maintenance workers, are continuing to work without a contract, but will share their earnings with those on strike.
- **Machinists Ratify Four Year Agreement with McDonnell Douglas:** On February 5, the International Association of Machinists announced membership ratification of a four-year agreement with McDonnell Douglas. The IAM represents about 1,900 workers at McDonnell Douglas aircraft facilities in Southern California. The terms of the agreement are retroactive to October 23, 1995, the expiration date of the prior contract.
- **Bridgestone/Firestone:** On January 31, the NLRB regional office in Indianapolis issued a consolidated complaint charging Bridgestone/Firestone with unfair labor practices during and

after the 10-month strike by 4,200 rubber workers. The NLRB will seek an order requiring the company to reinstate workers illegally terminated and to reimburse lost pay and benefits. The charges now go to an administrative law judge for hearing.

DEPARTMENT OF TRANSPORTATION

- **Head-on Train Collision in NJ:** Two New Jersey Transit Rail Operations passenger trains collided head-on at Secaucus, New Jersey during the morning rush hour February 9. Three fatalities and more than 100 injuries have been confirmed. One train was headed for Suffern, New York; the other to Hoboken, NJ.
- **Airline Crash - Dominican Republic:** On February 6, Coast Guard cutters and aircraft began searching for survivors of Ala Nacionales flight 301, which crashed into the ocean 12 miles northeast of Porta Plata, Dominican Republic. As of 12:00 p.m. on February 7, 79 bodies had been recovered. No survivors have been located; several empty liferafts were sighted. Coast Guard assets on-scene include four cutters and four aircraft. Dominican naval vessels, U.S. Navy and Customs aircraft are also participating in the search.
- **Flood States Activities:** From January 29 to 31, FHWA Administrator Rodney Slater traveled to New York, Pennsylvania and West Virginia, where he met with local officials, toured areas damaged by recent flooding and announced the release of emergency relief funds in all three states. In Albany, NY, he announced \$5 million in relief funds for New York. In Harrisburg, PA, the Administrator announced \$5 million in additional relief funds for Pennsylvania; and in West Virginia, he announced \$2 million in relief aid. Relief funds were also released for four other flood-damaged states: \$626,000 for Florida; \$4.2 million for Oregon; \$18.5 million for Washington; and one million for Maryland. On January 30, 1996, you declared portions of Virginia as a disaster area resulting from recent flooding, and preliminary ER estimates indicate \$12 million damage to roads and bridges in 15 counties.
- **Possible Announcement of Title XI Project:** Next week, Secretary Pena may announce approval of a federal financing guarantee for the building of five modern, double-hull tankers by Newport News Shipbuilding and Drydock Co, of Newport News, VA. The total value of the loan guarantees will be in the amount of \$215,862,000, and the total value of the ship constructions contract is \$246,700,000. Since you expanded the Title XI shipbuilding financing program in October, 1993, the Administration has approved guarantees which are generating more than \$1.5 billion in work for American shipyards.
- **Burlington Northern Santa Fe Derailment Emergency Order:** On February 6, DoT issued an emergency order requiring trains to maintain an "end of train" braking system or implement other comparable safety measures on trains operating in the California Cajon Pass area. The FRA also began a comprehensive inspection effort to ensure the safety of freight trains in the region.

- **Chesapeake Bay--Tankbarge Runs Aground, Threatening Oil Spill:** On February 1, the tankbarge "T/B 563" and tug "CHARLESTON," transporting a cargo of 630,168 gallons of high sulfur diesel ran aground in Chesapeake Bay about five miles east of Tangier Island, VA. Coast Guard Marine Safety Office (MSO) Hampton Roads responded immediately and directed emergency response operations. On February 2, the barge was refloated, and suffered only minor damage. As a result of the quick response of the vessel owner and MSO Hampton Roads, less than 15 gallons of oil were spilled. The barge was then towed to Norfolk for inspection on February 2.
- **ValuJet DC-9 Landing Gear Failure:** The FAA is participating in the on-scene and follow-up activities related to the landing gear failure on a ValuJet DC-9. The accident, which occurred at Nashville, Tennessee, on February 1, 1996, resulted in an emergency evacuation with no injuries reported.
- **Los Angeles Subway Construction:** On February 13, FTA officials will meet with the LA County Metropolitan Transportation Authority as part of a quarterly review of the Red Line subway project.
- **National Child Passenger Safety Awareness Week:** On February 12, the National Highway Traffic Safety Administration (NHTSA) will conduct a National Child Passenger Safety Awareness Week press event at the National Automobile Dealers Association (NADA) convention in Las Vegas, NV. NHTSA will announce a new injury prevention effort--*Adopt a Dealer*--designed to educate the consumer about the proper use of child safety seats, the dangers of children riding in the cargo area of pick-up trucks, and kids and air bags. Other advocacy groups supporting these efforts include the DANA Foundation, the National Safety Council, and law enforcement agencies nationwide.
- **Primary Seat Belts:** On February 16, Secretary Pena will join Florida's Governor Lawton Chiles in Tallahassee to participate in a number of events in support of his primary seat belt initiative, allowing police to pro-actively enforce seat belt laws.
- **Affirmative Action Goal-Setting Post-Adarand:** DoT and DoJ staff met to discuss the impact of goal-setting in the aftermath of the Supreme Court's *Adarand* decision. Staff from the two agencies will continue to meet to ensure consistency between goal-setting in government-wide programs and goal-setting in DoT-specific programs.
- **Ford Recall:** Ford will recall 108,000 1991-1994 Explorer sport utility vehicles and Ranger compact pickup trucks sold or currently registered to owners residing in southern California, as soon as replacement parts become available. These vehicles are susceptible to stress corrosion, which causes cracking of the master cylinder to brake booster mounting studs. Ford is developing an inspection and remedy program for these vehicles.

- **Child Seat Recall:** Evenflo Child Seat will recall 10,423 Trooper convertible child seats manufactured from November 27, 1995 through January 29, 1996. The instructions included with the seat incorrectly imply that an infant less than 20 pounds can ride in the seat facing forward. Evenflo will provide owners with new, corrected instructions and retrieve all unsold seats and repackage with new instructions.
- **Rhode Island Oil Spill:** On February 6, RI Rep. Patrick Kennedy, Sens. Claiborne Pell and John Chafee and Governor Almond met with Vice Admiral Henn in Washington, DC. They expressed complete satisfaction with the Coast Guard's efforts in response to the oil spill off Point Judith, Rhode Island. Concern now focuses on the enforcement of fishery closures and damage claims by Rhode Islanders who have been affected by the spill. Vice Admiral Henn pledged continued support for fishery closures. The Coast Guard will work with claims adjusters hired by the barge owner's insurance company to better educate potential claimants.
- **Migrant Interdiction:** The Coast Guard Cutter Knight Island interdicted 51 Dominican migrants and one Haitian migrant in a forty foot yola, eight miles west of Rincon, PR. The U.S. Border Patrol (USBP) interdicted 56 Dominican migrants on Mona Island, in the Mona Pass. A Coast Guard helicopter was used to transfer INS personnel to Mona Island to interview the migrants.

UNITED STATES TRADE REPRESENTATIVE

- **Canadian Broadcasting Policies Deny National Treatment and Market access:** On February 6, Ambassador Kantor announced his determination that certain Canadian broadcasting policies deny national treatment and market access to U.S.- owned television programming services. The determination was made in response to a Section 301 petition filed by the Country Music Television (CMT), which was required by the Government of Canada in 1994 to discontinue operating in Canada. Since negotiations between private parties are ongoing, no retaliatory action will be taken at this time, pending further negotiations.
- **Release of Nov. 1995 Trade Statistics:** On February 7, Ambassador Kantor announced that U.S. exports continue to make solid, steady increase toward reduction of the overall U.S. goods and services deficit. He noted that this progress in being driven by an impressive increase in U.S. exports. Goods exports for the month of November of \$49.4 billion were the second highest on record, while services exports of \$17.9 billion were at a record high. Amb. Kantor also noted that the U.S. trade deficit with Japan has decreased (for the period Jan.-Nov. 1995): \$55.8 billion, as compared to last November, year to date of \$60.1 billion. This is 7.1% decrease through November of 1995.
- **U.S. Initiates Formal WTO Dispute Settlement Process Against Japan:** On February 9, Ambassador Kantor initiated formal WTO dispute settlement process by requesting

consultation with Japan on its failure to fully protect U.S.-origin sound recordings produced between 1946 and 1971. Following a 60-day consultation period with the Japanese, if Japan does not agree to change its law, he will refer the matter to a WTO dispute settlement panel.

- **Deliberations Over Access to Japanese Photographic Film Market:** Ambassador Kantor met separately with representatives of U.S. and Japanese film producers (respectively Kodak and Fuji) in preparation for a meeting with Kodak's CEO next week regarding Kodak's section 301 which alleges that U.S. operators face discrimination in the Japanese market.

DEPARTMENT OF JUSTICE

- **Court Dismisses Challenge To Assault Weapons Ban:** On February 1, the district court granted the United States' motion for summary judgment in *Navegar v. United States*, dismissing constitutional challenges by two gun manufacturers to the 1994 assault weapons ban. The court found that economic injury such as that alleged by plaintiffs is merely a "consequence of plaintiffs' choice to cease the prohibited conduct rather than risk prosecution," and does not satisfy the causation prong of the standing test.
- **Complaint Filed Against NYC Department of Education:** On January 30, the U.S. filed a complaint against the New York City Board of Education, New York City and its Department of Personnel, alleging that the defendants have discriminated against blacks, Hispanics, Asians and women in their recruitment, hiring, and promotion of custodians and custodial engineers in violation of Title VII. The Department's investigation of the City found that they used a written examination for the selection and promotion of custodians and custodial engineers which had an adverse impact on otherwise qualified black and Hispanic test-takers, and which could not be demonstrated to be job-related.
- **Solicitor General to Argue that New Telecommunications Act Renders Moot Several Court Cases:** Passage of the Telecommunications Act of 1996 will require the Department to make supplemental filings in the Supreme Court in several cases to inform the Court of relevant changes in the law. The most significant of these filings will be suggestions of mootness in *United States v. Chesapeake and Potomac Telephone Co.*, which was argued on December 6, 1995, and in our related pending certiorari petition in *United States v. US West, Inc.*
- **Federal Inmate Transferred under International Treaty to the Republic of Ireland:** On January 30, inmate Michael Martin was released from the Federal Correctional Institution (FCI), Oakdale, Louisiana, into the custody of INS Deportation Officers for the purpose of transferring him under international treaty to the Republic of Ireland. Martin was serving a 16-month sentence for conspiracy to obtain weapons and munitions for the Irish Republican Army and conspiracy to commit offenses against the United States. He will complete his sentence in Irish custody.

- **AZ Alien Apprehensions Set Record in January:** Apprehensions of illegal aliens crossing into Arizona from Mexico in the Tucson sector hit a record high for a single month in January. The Border Patrol apprehended 42,114 aliens in the 281-mile sector during the month, more than twice as many as were apprehended in January 1995. The 90-day detail of Border Patrol agents to the sector was a major factor in the increased apprehensions.
- **1997 Diversity Immigrant Visa "Lottery" Program Begins:** The application period for the visa program begins on February 12, and ends at midnight on Tuesday, March 12. The Visa "Lottery" Program will issue 55,000 visas for diversity immigrants worldwide. 2,455 of the total number of visas will go to individuals in eligible countries in South and Central America and the Caribbean except Colombia, Dominican Republic, El Salvador, Jamaica and Mexico.
- **Ranchers Request The Court To Enjoin The 1996 Release Of Wolves:** On February 2, a hearing was held in *Keller and MT Stockgrowers, et al. v. Babbitt*, (D. Mont.). A group of ranchers is seeking a temporary restraining order and preliminary injunction enjoining the implementation of the second wave of the wolf recovery program on grounds that the Park Service has violated the National Environmental Policy Act (NEPA). Approximately 20 wolves were released into Idaho last weekend and 17 wolves were released into pens in Yellowstone National Park. Hearing on the preliminary injunction is scheduled for this week.
- **Government Responds To Elko County Grand Jury Investigation:** On February 8, a grand jury was empaneled in Nevada to investigate an alleged conspiracy among federal officials and others to deprive local residents of their constitutional right to use federal lands. This appears to be the latest attack on federal land management by adherents to the county supremacy movement. DOJ is coordinating with Interior and Agriculture to determine the appropriate response.
- **Brief Filed In MS Desegregation Case.** On February 7, the U.S. filed its brief as appellant in *Ayers & United States v. Fordice*, (5th Cir.), a case involving the desegregation of Mississippi's eight universities. The district court ruled that Mississippi has not discharged its duty to dismantle its dual system of higher education, but the court largely adopted Mississippi's proposed remedy. The U.S. maintains that the court's order impermissibly places the burdens of desegregation disproportionately on black students, and that the district court erred in failing to determine whether alternative remedial proposals put forth by the private plaintiffs and the United States are educationally sound.
- **Attorney General's Schedule:** On Tuesday, February 13, Attorney General Reno will address the DEA Law Enforcement Conference in Arlington, VA regarding methamphetamine use. On Thursday, February 15, she will travel to Ohio to conduct a forum on youth violence in Columbus. She will also tour and conduct a community forum at the Cleveland Residential Area Policing Program House. On February 21, the Attorney

General will travel to TN to address the American Academy of Forensic Science and to KY to address the KY State Legislature on Domestic Violence and the Violence Against Women's Act.

- **INS "Roll Out" Schedule:** On February 12-16, Commissioner Meissner will be on the West Coast to outline the INS "Roll Out" for the remainder of FY96. The Commissioner's tentative schedule is: Monday, February 12, Los Angeles and San Diego; Tuesday, February 13, San Diego and Tucson and Nogales; Wednesday, February 14, Douglas and Tucson and El Paso; Thursday, February 15, El Paso, Austin and McAllen; Friday, February 16, McAllen.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Montana and HHS Will Work to Revise Mental Health Proposal:** Secretary Shalala met with Montana Governor Racicot on February 7, to discuss the Department's previous disapproval of the State's mental health managed care proposal. As a result of the meeting, Secretary Shalala agreed to work with the State to revise its goals to provide mental health services to the medicaid population and to an expansion population the federal goals to assure that beneficiaries have coverage for a basic benefit package of mental and physical health services. HCFA and the State will begin working on the details of the approach.
- **Questionable Medicaid Claims for 4th Quarter FY95 Reported:** Thirteen states have submitted questionable 4th quarter Medicaid claims, totalling \$1.59 billion, \$888 million of which is the federal share. Almost all of the claims were submitted by nine states: MA (\$405m), NC (\$268m), OH (\$262m), MI (\$163m), D.C. (\$150m), NH (\$89m), HI (\$79m), IL (\$62m) and TN (\$50m). HCFA plans to defer all these claims for detailed review.
- **Tennessee Official to Meet with HCFA to Discuss TennCare:** On February 14, Robert Corker, Finance Commissioner will meet with HCFA Administrator Vladeck to discuss several issues regarding the operation of the State's TennCare demonstration. Among the issues to be discussed are the State's proposal to capitate services for the severely and persistently mentally ill; the potential closure of the State's second largest HMO, Access MedPlus; and graduate medical education payments. TennCare provides health care benefits in managed care settings to 1.3 million Medicaid beneficiaries, uninsured State residents and those whose medical conditions make them uninsurable.
- **New York State Staff to Meet with HCFA on HIV/AIDS Care under Demonstration:** Staff from the New York State Department of Health and its consultants will meet with HCFA staff during the week of February 12 to discuss approaches to care for individuals with HIV/AIDS to be covered under the State's proposed health care reform demonstration. The State's proposal, "The Partnership Plan," would enroll the State's Medicaid population

(excluding the elderly and institutionalized disabled) and its Home Relief population into managed care programs. The Plan also establishes new health plans to meet the needs of special populations, including individuals with HIV/AIDS and mentally ill adults and children.

- **Report on Nutrition of Americans:** In the next week or two, USDA and HHS will release the Third Report on Nutrition Monitoring in the United States. The report, which is required by law every 5 years, shows that while many Americans are eating healthier diets, there are still too many who are overweight or do not have enough to eat. Most of the public health information in the report was covered with the January release of the new Dietary Guidelines.
- **Expansion of Choice for Medicare Beneficiaries in HMOs:** In the next few weeks, HHS will announce another step in its continuing efforts to expand health care choices for Medicare beneficiaries. Soon, 48 health maintenance organizations (HMOs) that provide services to Medicare beneficiaries will be approved to offer "out of network" benefits. Such benefits will allow beneficiaries in these HMOs to obtain care outside of the provider network for a specified number of Medicare-covered services. Of the 48 plans approved to offer the benefits, 14 are in California; 4 in Florida; 4 in New York; and 3 in Pennsylvania. The other 23 plans are spread throughout the country.
- **42 Cities Get Partial Grants for AIDS Care:** In the next few days, HHS will announce the award of \$80 million in funding under the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act. These grants will be awarded to 42 cities to help provide medical and support services to people living with HIV disease and AIDS. The 42 metropolitan areas receiving the grants are in 19 states, the District of Columbia and Puerto Rico. However, because of the failure of Congress to appropriate full-year funding for the Ryan White program, the cities are presently receiving only about 50 percent of the amount to which they would be normally entitled under the Act.
- **National Jewish Community Relations Advisory Council:** On Monday, February 12, Secretary Shalala will travel to St. Louis, Missouri to address the National Jewish Community Relations Advisory Council (NJCRAC) Annual Plenary Session. NJCRAC is the national coordinating body for the field of Jewish community relations representing 13 national and 117 local member agencies. Approximately 400-500 national and community leaders from around the nation will attend the speech.
- **Senate Permanent Subcommittee on Investigations to Hold Hearing on Investigational Devices:** On February 14, the Senate Government Affairs Permanent Subcommittee on Investigations will hold a hearing on hospitals that knowingly violated Medicare policy by claiming reimbursement for investigational devices, including types of pacemakers that did not have FDA approval.

- **Definition of "Healthy" Expanded:** Next week the Federal Register will publish a proposed rule--responding to a petition from the American Frozen Food Institute, the National Food Processors Association, and the American Bakers Association--to amend the definition of the term "healthy" to permit processed fruits and vegetables and enriched cereal-grain products to bear this term. These products are precluded from doing so now because they do not meet required levels of vitamin A, vitamin C, calcium, iron, protein or fiber.
- **Home Health Company Convicted of Medicare Fraud:** One of the nation's largest home health care companies was convicted of Medicare fraud in federal court over the weekend. ABC Home Health Services, Inc., now known as First American Health Care of Georgia, Inc., was convicted on 72 counts related to defrauding the Medicare program. Some of the violations by the Georgia-based company involved conspiracy, mail fraud, making false statements, obtaining illegal Medicare kickbacks, witness tampering and money laundering. The court determined ABC defrauded Medicare of at least \$1 million. The convicted firm provides home office services to a group of wholly owned subsidiary home health agencies in 22 States.
- **Press Briefing on Scope of AIDS Epidemic:** On February 9, researchers from the National Cancer Institute and the CDC presented the most recent data available for estimating the incidence of HIV infection in the United States. According to the latest estimates derived from survey data, the rate of AIDS cases among adults born before 1960 appears to be reaching a plateau while the rate among younger Americans continues to grow.
- **HIV-Associated Mortality Among Persons Aged 25-44 Years:** The February 16 weekly issue of Morbidity and Mortality will carry a report stating that in 1993 HIV infection became the most common cause of death among persons aged 25-44 years of age. This report will update national trends based on provisional data for 1993 and 1994, obtained from a 10 percent sample of death certificates.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Innovative Partnership with City of New Orleans and Local Universities Announced:** On February 8, Secretary Cisneros and the New Orleans Mayor Morial announced a "cooperative" management of the housing agency at a press conference in New Orleans. The agreement represents a new partnership model that involves the City, HUD, and two local universities (Tulane and Xavier). Under the agreement, HUD and the City will jointly manage the housing authority. The current Board of Commissioners will be dissolved, and HUD will assume its oversight responsibilities. At the same time, a Board of Advisors, composed primarily of residents, will be established and chaired by the Mayor.
- **Sharpest Rise in Homeownership Rate in 30 Years Announced:** On February 8, Federal Reserve Chairman Greenspan joined Secretary Cisneros in addressing the quarterly meeting

of the National Homeownership Partners. The national homeownership rate rose to 65.1% in the final quarter of 1995, the highest rate since 1981. The nearly 1% gain since 1994 represents the sharpest increase in the rate in at least 30 years, meaning that in 1995 alone, more than 1.4 million Americans have become homeowners.

- **Urban Innovations Announced at U.N. Meeting:** From February 3-16, 1996, the UN will hold its final meeting to prepare for the UN Conference on Human Settlements (more commonly known as the Cities Summit or Habitat II) which will be held in Istanbul this summer. As the Chair of the National Preparatory Committee, Secretary Cisneros will be in New York City on February 12 to participate in this final planning session for the international conference. On February 12, he will announce the 25 winners of the National Excellence Awards for their outstanding accomplishments in meeting the challenges of urban and rural communities. The winning innovations, partnerships, and locally-driven solutions serve as model programs that can be adapted by urban communities throughout this country as well as throughout this world.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Groundwork for the McCaffrey Confirmation:** Preparations will be ongoing this week for the confirmation hearing of General Barry McCaffrey. Endorsements of the nomination are being made by key drug prevention, treatment and education groups.

VETERANS AFFAIRS

- **Presidential Advisory Committee on Gulf War Veterans' Illnesses:** The Department is gearing up for media inquiries that are expected to occur next week with the release of the interim report of the Presidential Advisory Committee on Gulf War Veterans' Illnesses. The report is scheduled to be publicly released on Thursday, February 15. A summary of the findings and recommendations will be provided to you early next week.

SOCIAL SECURITY ADMINISTRATION

- **Report on Rising Costs of the Disability Insurance (DI) Program:** The Social Security Domestic Employment Reform Act of 1994 (P.L. 103-387) requires SSA to conduct a study and report on the reasons for the rising costs to the DI Trust Fund. The report states that there a number of factors that caused the increase in the disability rolls from 1989 - 1994, including economic and demographic factors (e.g., increased unemployment in the late 1980s and the aging Baby Boom generation). SSA expects to receive OMB clearance this week, and expects to transmit the report to the Congress next week.

- **First Meeting of the Social Security Advisory Board:** On February 9, the Social Security Advisory Board held its first meeting in Baltimore. Chairman Harlan Mathews lead a discussion on expectations of the Board. Commissioner Chater gave a status report on the Agency.

DEPARTMENT OF INTERIOR

- **C & O Canal Event:** On Saturday, Secretary Babbitt will kick-off a rally with a broad-based community coalition who are interested in restoring the damaged C&O Canal. He will be joined by Senators Barbara Mikulski and Paul Sarbanes, and Representative Connie Morella, as well as volunteers from the Student Conservation Association, the Boy and Girl Scouts of America and other groups already involved in conservation efforts. The "C&O Restoration Rally" will highlight volunteer efforts and contributions that are already being offered. Mobil Oil Corporation and Fannie Mae have each made a commitment of \$100,000 to assist in the repair of the canal. The Mars Company will contribute \$50,000. Secretary Pena will announce that DoT will contribute \$500,000 from ISTEA funds to help with the rehabilitation effort.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Farm Bill Passes In Senate:** Yesterday, the Senate passed a \$46 billion farm bill, known as the Freedom to Farm Act. The 64-32 vote split largely along party lines. Major amendments approved that address the Administration's priorities include: the Ford amendment, which establishes the Fund for Rural America for research and rural development; the Leahy amendment that, among other things, reauthorizes nutrition and conservation programs; an amendment to retain permanent law; and a Lugar amendment that, among other things, increases the price support for oilseeds and includes research, trade, credit, and rural development titles consisting largely of Administration farm bill recommendations and passed by the Agriculture Committee last year.

Other adopted amendments of note include: the Wellstone amendment, striking the Northeast Dairy Compact; the Brown amendment, restricting the ability of the Forest Service to obtain water rights in certain circumstances; the Bryan-Bumpers amendment, restricting the Market Promotion Program to small businesses and prohibiting brand name promotions; and the Graham amendment, addressing assorted Florida-related crop insurance concerns. The Senate rejected the Dorgan amendment and Daschle substitute, which would have required farmers to plant to earn payments under the bill.

The amended bill also includes wetlands conservation provisions as well as Everglades conservation language. The Everglades language provides for \$200 million to be taken out

of general revenues for land acquisitions in Florida for conservation purposes. Senators from sugar-producing states, particularly Senators Graham and Mack, are pleased with the language because sugar producers would not be taxed to produce the funds, unlike in other legislative proposals. Environmentalists have stated that this legislation provides a useful down payment, but they are looking to the Administration's plan for a comprehensive solution that is also consistent with "polluter pays" principles.

- **USDA Keeps Eye On State Disasters:** Florida producers are reporting significant crop damage after a recent arctic freeze, with the majority of damage in southern counties where the planting season lasts all year. Primary crops reported to be non-recoverable were green beans and sweetcorn. Florida producers are reporting major tomato crop losses. Florida growers expect a normal harvest of oranges and other citrus produce. At this time, there are not any requests for disaster assistance.

Farm Service Agency (FSA) staff has been in close touch with the Oregon FSA state office regarding the severe flooding situation in the state. Local FSA offices are monitoring the impact on crops, livestock, farm structures, and farmland. FSA is prepared to react to any request for a disaster declaration.

Pennsylvania FSA county offices continue to receive inquiries about the Emergency Conservation Program (ECP) as a result of recent floods in the state. With most counties experiencing flooding on farmlands, there is a definite potential for ECP, but at this time there are no funds available. With demand for the program strong in many states, possible consideration is being given to an Administration request for supplemental funding, providing that an offset can be found within the Department's budget.

- **USDA To Release Concentration Report/Announce Advisory Committee:** Next week, USDA will release a long-awaited study on concentration in the meat packing industry. Mandated by Congress, the study was initiated during the previous Administration and examines a number of key issues, including procurement markets for livestock, price determination, the effect of captive supplies, and the potential use of market power in the red meat packing industry. Secretary Glickman will announce the establishment of an advisory committee on concentration which will review the report as well as a number of other issues relative to concentration in agriculture. The advisory committee will issue a report to me by June 1996.
- **Agreement Being Sought On Tongass National Forest Lawsuit:** This week, Agriculture and Justice officials are in Seattle, meeting with Forest Service officials and plaintiffs in AWRTA (Alaska Wilderness Recreation and Tourism Association) v. Morrison, in an effort to seek tentative agreement on a settlement offer. Governor Knowles has appealed to the President and USDA for assistance in attempting to reach an out-of-court settlement to free up some timber. Senator Stevens included sufficiency language to override the injunctions in the

Interior appropriations bill, vetoed by you.

Over 280 million board feet of Tongass National Forest (Alaska) timber is currently enjoined under this lawsuit, which alleges the Forest Service violated the National Environmental Policy Act and the Alaska National Interest Lands Conservation Act by failing to consider, any alternatives in offering timber that had been prepared to meet contract commitments with the Alaska Pulp Company (APC). The contract was terminated because APC failed to operate its pulp mill under the terms of the contract.

- **Congressional Hearings:** On February 15, Senator Bumpers will hold a field hearing in Arkansas regarding a land exchange between Weyerhaeuser and the Ouachita National Forest in Arkansas and Oklahoma.
- **Press Contacts With USDA:** On February 11, "In the Line of Duty: Smokejumpers" will air on *NBC* stations, focusing on the life of Don Mackey as a Forest Service smokejumper who lost his life while fighting the South Canyon Fire in Colorado on July 6, 1994. The decision to make Mackey's life the focus of the movie went against his parents' wishes, thus the Forest Service declined involvement in the movie.

An article in the January issue of *Money* magazine on "How to Afford the American Kid" relies heavily on the annual report prepared by the USDA Center for Nutrition Policy and Promotion, *Expenditures on Children by Families*. The article notes that USDA economists estimate it will cost the average upper-middle income family \$198,060 to support a child born in 1994 through age 17. If one factors inflation into the picture, the figure rises to \$343,630. The amount balloons to \$43,000 for the first child in a family. These figures do not take college education into account.

- **Team Nutrition Program Expands:** There are now nearly 2,000 Team Nutrition Schools in the United States, leading the way to local implementation of the School Meals Initiative for Healthy Children. Last week, Secretary Glickman sent a letter to the nation's school principals, inviting them to join Team Nutrition Schools, which actively engage children and their communities to improve school meals. They are already responding enthusiastically, and we anticipate that there will be 10,000 Team Nutrition Schools by the 50th anniversary of the National School Lunch Program in June.
- **U.S. Agricultural Exports Continue To Grow:** Old-crop wheat prices hit 15-year highs on the strength of foreign demand and damaging weather for prospective new-crop supplies. Exporters reported to USDA sales totaling 2.6 million tons of U.S. wheat for the week ending January 25, the second-highest weekly total since weekly reports began in 1973. China's recent purchases of 2.1 million tons were unexpectedly strong, and now there are trade reports that China may be interested in another million tons, possibly a mix of old and new crop.

On February 12, the Economic Research Service will release *Cattle and Sheep Situation and Outlook Report*, which will reveal that beef exports are forecast to continue to keep growing, with the United States likely becoming a net exporter for the first time since World War II.

- **United States Arrears To FAO Continue to Grow:** As of February 1, U.S. arrears to the United Nations Food and Agriculture Organization (FAO) were about \$148 million, with an additional assessment of \$81 million due in 1996. Although a U.S. payment of about \$2.5 million is expected soon, the level of arrears is rapidly reaching the point where the United States may lose its voting rights and seat on the FAO Council. The availability of funding for all international organizations has remained problematic, as Administration funding requests for these activities are lowered by Congress during the appropriations process.

DEPARTMENT OF ENERGY

- **Meeting with Pakistani Foreign Minister:** Secretary O' Leary will meet with the Pakistani Foreign Minister on Friday to discuss the current nuclear tensions between India and Pakistan as well as several actions taken by Pakistan that may be contrary to our nonproliferation policy.
- **Proposed Sale of the Naval Petroleum Reserves:** A key provision of the Defense Authorization Bill that you are set to sign on Saturday is the congressional authorization that allows the Department to sell the Elk Hills Naval Petroleum Reserve #1 producing oil field near Bakersfield, California. The proposal to sell the Naval Petroleum Reserves was part of your 1995 budget request to Congress. The sale was cited by the Administration's National Performance Review early on as an excellent opportunity to reinvent government; i.e., getting the government out of the business of producing oil and natural gas. The CBO estimates that the sale of the Elk Hills field will net \$1.5 billion to the U.S. Treasury. The legislation also allows the Federal Government to settle a long running "school lands" dispute with California that will enable the California Teachers' Retirement Fund to receive up to nine percent of the net proceeds from the sale of the Elk Hills field. The money will be used to fund pension cost-of-living increases for California's retired public school teachers. Also, by selling Elk Hills, the Administration will release to the private sector an asset that will generate an estimated \$20 million annually in additional property tax revenues for local governments, schools, parks, and the State of California. The Secretary believes that the sale of Elk Hills presents you with an excellent opportunity to tout our common sense approach to government and deliver good news to the citizens of California. The Secretary will hold a conference call with CA press on this issue.
- **Classification Policy Review:** As a follow up to the openness press conference of February 6, the Department is making available for public comment a draft report of the Fundamental Classification Policy Review. On March 16, 1995, the Secretary initiated a year-long

review of the Department's classification policies. Since that time, the review group has examined all areas of classified information to determine which areas continue to require protection to assure the common defense and security, with the objective of promptly declassifying and releasing all information no longer warranting protection. By releasing the report in draft at this time will allow the review panel to give full consideration to stakeholder views before the final report is submitted in April 1996.

ENVIRONMENTAL PROTECTION AGENCY

- **Brownfields Tax Incentive:** EPA is currently working on the development of a Brownfields tax incentive which was announced by you in your State of the Union Address. EPA is working out the details of a tax expensing provision that would allow a developer to deduct the costs of cleaning up a brownfields site more rapidly than would be allowed under current law.
- **Brownfields Conference:** Next week Administrator Browner will address a Brownfields Conference. The audience will be made up of representatives from communities that have received Brownfields Economic Redevelopment Initiative pilot grants. This pilot program -- which provides up to \$200,00 to each recipient to encourage economic redevelopment of contaminated, abandoned sites -- is a key component of EPA's Brownfields Initiative, generating models for the redevelopment of contaminated toxic waste sites.
- **International Environmental Leadership:** On Monday, a report will be issued by the independent Organization for Economic Cooperation and Development (OECD) that finds that the United States has been a leader in environmental programs for the past 25 years and "is entering a new phase in the evolution of environmental protection, one that emphasizes the positive relationship between a healthy environment and a healthy economy."

DEPARTMENT OF EDUCATION

- **Satellite Town Meeting:** The Department's next Satellite Town Meeting is scheduled for February 20. A major focus of the meeting will be how community colleges and Chambers of Commerce are helping students make the transition from school to work.
- **Secretarial Travel:** Secretary Riley will speak at the February 22 meeting of the Illinois Education Association in Chicago. He will deliver the annual State of American Education address February 28 in St. Louis. On March 2, The Secretary is tentatively scheduled to address the New York State teachers convention in New York City. On February 29, he will travel to Chicago for the National Reclaim Our Youth conference.

- **Guidance on Religion in Schools:** The guidance on religion in schools continues to receive press coverage. The *Atlanta Journal & Constitution* reports that, following the guidance, a lawsuit in Orlando is being settled that involved a fifth-grader who was ordered not to bring his Bible to school. In Utah, the guidance is being distributed to more than 600 school PTA presidents.

GENERAL SERVICES ADMINISTRATION

- **Murrah Building Bombing Observance:** Administrator Johnson has authorized leave for all GSA employees in the Oklahoma City area on April 19th in observance of the year anniversary of the Alfred P. Murrah bombing. GSA staff in Oklahoma City and in D.C. are assisting local officials in planning and implementing commemorative events.

OFFICE OF PERSONNEL AND MANAGEMENT

- **National Partnership Awards:** On Wednesday, February 14, the Vice President and Director Jim King, as chair of the National Partnership Council, will confer the 1995 National Partnership Awards in a ceremony at OPM headquarters. The winners are being recognized for making government work better and cost less through improved labor-management relations.

DEPARTMENT OF STATE

- **Trip to Helsinki:** Secretary Christopher is in Helsinki to meet with Russian FM Primakov this weekend. This session offers an opportunity to get acquainted with Primakov, frame the agenda for a full-fledged ministerial meeting in Moscow in mid-March, and begin to set the stage for a successful trip by you in Moscow in April.
- **Middle East Mission:** Secretary Christopher completed his seventeenth shuttle mission to the Middle East, yesterday. He secured agreement from President Asad and PM Peres that Syrian and Israeli negotiators will resume talks at the Wye Plantation in late February. Both parties committed themselves to seek to maintain momentum toward a peace settlement, even if PM Peres decides to call early elections.
- **Haitian President Preval's Inauguration:** Your telephone call to President Preval was the perfect closing touch to Wednesday's inaugural festivities. Preval is facing difficult personnel decisions on both the economic and security fronts. How he handles those decisions will color his future relationship with President Aristide and our ability to sustain Congressional support for Haiti.

- **Bosnia:** Secretary Christopher's visit to Zagreb, Sarajevo and Belgrade last weekend received generally positive coverage throughout the region. Bob Gallucci remains in the region and Dick Holbrooke will return there shortly. They continue to work with the parties in the peace implementation process. However, incidents this week -- such as the apprehension in Sarajevo of several Bosnian Serbs suspected of war crimes -- are a reminder that the implementation process remains fragile. While the "provisional arrest" of the Bosnian Serbs is a War Crimes Tribunal matter, there is a huge political dimension as well.
- **Chinese Vice Foreign Minister Li Visit:** Taiwan dominated discussions Monday and Tuesday with Chinese VFM Li Zhaoxing. Secretary Christopher, Peter Tarnoff, Lynn David and Winston Lord conveyed concerns about tension in the Taiwan Strait and the need to maintain peace and stability there. They urged the Chinese to act with restraint and resume the cross-Strait dialogue. Li reassured them that PRC policy remains peaceful reunification, absent a Taiwan declaration of independence or foreign aggression. Li, however, blamed the U.S. for the increase in tension, citing Lee Teng-hui's visit and U.S. arms sales to Taiwan.
- **China/Taiwan:** Winston Lord and DoD Deputy Assistant Secretary Campbell testified before Senator Thomas' SFRC Asia subcommittee on Chinese threats against Taiwan. Lord testified that the Administration did not see a credible threat of Chinese attack, but acknowledged our obligation under the Taiwan Relations Act to consult immediately with Congress if we did.
- **Ireland:** George Mitchell met with Senators Kennedy, Dodd, Moynihan, and Leahy to brief them on the Mitchell Report. Mitchell told the Senators there is no conflict between the recommendations in the report and London's call for immediate local assembly elections. Elections, Mitchell noted, are probably inevitable and he suggested that members not take public positions on this.

DEPARTMENT OF DEFENSE

- **Bosnia:** The absence of a credible international police presence has become a major issue for peace implementation and has complicated the perception of strict compliance with Dayton deadlines. There is an urgent need for highly qualified international police monitors for the International Police Task Force (IPTF). U.S. push for more international contributions from developed countries has yet to achieve results -- and many third world participants lack the necessary skills to be effective. Approximately 15,500 U.S. troops are now in Bosnia. All U.S. forces deploying into Bosnia should be in the country within ten days. U.S. forces continue to patrol the zone of separation, mark mine locations, and construct base camps. Six of the planned 23 base camps are completed. The first death of an American serviceman in Bosnia happened Saturday in northern Bosnia when Sgt. 1st Class Donald A. Dugan was killed in an explosion. An investigation into the incident continues.

- **C-17 Aircraft Program:** On February 1, Under Secretary Kaminski signed an Acquisition Decision Memorandum asking Congress to approve implementing legislation for a multi-year purchase of 80 C-17 aircraft and engines beginning in FY97 and concluding in 2003. The buys will complete the currently planned 120 aircraft C-17 fleet. By signing a single multi-year contract for these aircraft the Air Force will gain a 5% price reduction, resulting in savings of \$896 million.

UNITED NATIONS

- **Haiti:** The Council will turn its attention to the question of renewing the UN peacekeeping mission in Haiti (UNMIH) next week. They support extension for another six months. Both the Russians and the Chinese have expressed serious misgivings. The Chinese are indignant with the warm reception extended to Taiwan's Vice President at the inauguration of President Preval and are making noises about vetoing the extension for that reason alone.
- **War Crimes Tribunals:** Ambassador Albright has been engaged in numerous consultations with the Secretary-General and others on how to manage the selection of a successor to Justice Goldstone as Chief Prosecutor of the Tribunals. This remains an on-going but intense exercise at this time.
- **UN Finances:** This week both UN Secretary-General Boutros Boutros-Ghali (the SYG) and Under Secretary Joseph Connor addressed the UN's financial crisis in remarks to a General Assembly Working Group on the issue. The SYG identified a 400 million dollar revenue shortfall due to member states' failure to pay their assessments.

CENTRAL INTELLIGENCE AGENCY

- **The Brown Commission Completing its Work:** On February 2, the Commission on the Roles and Capabilities of the United States Intelligence Community, chaired by former Secretary of Defense Harold Brown, met to finalize their report on the future of the Intelligence Community. The Commission will disseminate their unclassified report on March 1. Director Deutch met with the Commission several times throughout its deliberations and joined them at the start of their February 2 session to discuss the substance of the final report. Once the report is issued, CIA officials will need to study its findings and decide how the Executive Branch, in consultations with the Hill, should proceed on its recommendations.

UNITED STATES INFORMATION AGENCY

- **HAITI:** For the first time in five years a major TV station in Haiti used WORLDNET

products in its programming. VOA's Creole Service, which is celebrating its tenth anniversary, expanded its regular broadcast by one hour February 7 to cover the swearing-in ceremony of Haitian President-elect Rene Preval.

- **ISRAELIS ON SYRIA:** Early results from a USIA-commissioned poll in Israel show that six-in-ten Israeli Jews oppose a full withdrawal from the Golan even in exchange for full peace with Syria and adequate security measures. At the same time, the majority feel that Syria is not interested in reaching peace under conditions acceptable to Israel. Most in fact want Syria to take steps toward normalizing relations with Israel before Israel completely withdraws from the Golan. A majority want a role for the US in the peacekeeping force on the Golan, and even more favor a US-Israel defense pact which would include an American commitment to protect Israel in case of an attack.
- **AU PAIR:** USIA's General Counsel has drafted letters to sponsors, a worldwide cable to posts, and a FEDERAL REGISTER announcement concerning operation of the Au Pair Program in light of Public Law 104-72 which extends the programs until September 30, 1997.

cc: The Vice President
Leon Panetta
Evelyn Lieberman
Harold Ickes
George Stephanopoulos
Alexis Herman
Carol Rasco
Maggie Williams
Michael McCurry
Doug Sosnik
Marcia Hale
Donald Baer
Ron Klain
Rahm Emanuel



Copy
any one
of these
also

yes -

all

ASAP

done
cc
2/14/96

THE WHITE HOUSE
WASHINGTON

2-13-96

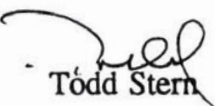
February 5, 1996

MR. PRESIDENT:

Attached is a memo from Leon, Jack, George and Nancy-Ann Min on the partial birth abortion bill, setting forth four policy options and attaching a proposed letter to Senator Hatch. DOJ believes that only Option 4 is constitutional, while our Counsel's office believes any of Options 2-4 are constitutionally sound. In essence these are the options:

1. No use of this procedure in pre- or post-viability stage unless the abortion is being performed because the pregnancy itself threatens life or serious adverse health consequences.
2. Same as Option 1 post-viability, but broader use pre-viability -- namely, if woman chooses an elective (non-health) abortion, she could choose to use this procedure as long as the procedure (as opposed to other procedures) were necessary to avert risk to life or serious adverse health consequences.
3. (Boxer) Same as Option 1 post-viability, but still broader use pre-viability -- namely, procedure could be used in any pre-viability abortion, irrespective of a health rationale.
4. Same as Option 3 pre-viability; differs from Options 1-3 post-viability by requiring only "adverse" rather than "serious adverse" health consequences.

The attached draft letter embodies Option 1 without the bracketed language; Option 2 with such language.


Todd Stern

THE WHITE HOUSE

WASHINGTON

February 2, 1996

7:25 pr

Wright

MEMORANDUM FOR THE PRESIDENT

FROM:

LEON PANETTA, JACK QUINN *Imq*
GEORGE STEPHANOPOULOS, NANCY-ANN MIN

SUBJECT:

PARTIAL BIRTH ABORTION ACT

Detailed below are four ways of amending the Partial Birth Abortion Act. They differ with respect to (1) the meaning and appropriate scope of a life and health exception and (2) the permissibility of imposing any restrictions on use of the procedure in the pre-viability setting. Of course, we need not propose any statutory language. But these formulations will help to bring into sharper focus the question of when the regulation of partial birth abortions is impermissible.

The Office of Legal Counsel of the Justice Department believes that only one of the following proposals meets constitutional standards -- namely, Option 4 (the option, of the ones presented here, allowing greatest use of the partial birth procedure). The White House Counsel's Office disagrees, believing that Options 2, 3, and 4 are all at least arguably constitutional. On the other hand, the White House Counsel's Office agrees with OLC that Option 1 is unconstitutional because it prevents a doctor from using the partial birth procedure in any previability case in which the woman desires the abortion for non-health related reasons, even if the partial birth procedure (as compared to other procedures) is necessary to protect her from serious adverse health consequences.

Attached to this memo is a draft of a letter, which sets out your basic position on the Partial Birth Abortion Act. The penultimate paragraph of the letter, in which you say what kind of bill you could sign, is most consistent with Option 1 in the absence of the bracketed words and is most consistent with Option 2 when those words are included.

* * * * *

1. The prohibition of the Act shall not apply to any abortion performed where, in the medical judgment of the attending physician, the abortion is necessary to preserve the life of the woman or avert a serious adverse health consequence to the woman.

This option allows use of the partial birth procedure, whether in the pre-viability or post-viability stage, in only one circumstance: where the abortion is performed because the pregnancy poses a threat to the life or the serious health interests of the woman.

2. The prohibition of the Act shall not apply to any abortion if, in the medical judgment of the attending physician, the abortion (or, in the case of pre-viability abortions, the abortion or election of particular method of abortion) is necessary to preserve the life of the woman or avert a serious adverse health consequence to the woman.

This option allows use of the partial birth procedure in the post-viability stage in the same circumstance described in Option 1: where the abortion is performed because the pregnancy poses a threat to the life or the serious health interests of the woman. It allows use of the of the partial birth procedure in the pre-viability stage in that circumstance and another: where the abortion is performed for non-health related ("elective") reasons, but the use of the partial birth procedure (as opposed to other abortion procedures) is necessary to avert a threat to the life or the serious health interests of the woman.

3. The prohibition of the Act shall not apply to any abortion performed prior to the viability of the fetus, or after viability where, in the medical judgment of the attending physician, the abortion is necessary to preserve the life of the woman or avert a serious adverse health consequence to the woman.

This is the Boxer Amendment. It allows use of the partial birth procedure in the post-viability stage in the same circumstance described in Option 1: where the abortion is performed because the pregnancy poses a threat to the life or the serious health interests of the woman. It allows use of the partial birth procedure in the pre-viability stage in any case at all, regardless whether the abortion is performed for health-related reasons and also regardless whether in "elective" cases, the use of the partial birth procedure (as opposed to other procedures) is medically necessary.

4. The prohibition of the Act shall not apply to any abortion performed prior to the viability of the fetus, or after viability where, in the medical judgment of the attending physician, the abortion is necessary to preserve the life of the woman or avert an adverse health consequence to the woman.

This option allows use of the partial birth procedure in the post-viability stage where the abortion is performed because the pregnancy poses a threat to the life or the health interests of the woman. Note that in this formulation, the adverse health consequences to the woman do not have to be "serious." The option allows use of the partial birth procedure in the pre-viability stage in any case at all, as does Option 3. This is the option preferred by the Justice Department's OLC.

DRAFT

Dear Senator Hatch:

I understand that the House is preparing to consider H.R. 1833, as amended by the Senate, which would prohibit doctors from performing a certain type of abortion. I want to make the Congress aware of my position on this extremely complex issue.

I have always believed that the decision to have an abortion should be between a woman, her conscience, her doctor, and her God. I strongly believe that legal abortions--those abortions that the Supreme Court ruled in Roe v. Wade must be protected--should be safe and rare. I have long opposed late-term abortions except, as the law requires, where they are necessary to protect the life of the mother or where there is a threat to her health. In fact, as Governor of Arkansas, I signed into law a bill that barred third trimester abortions except where they were necessary to protect the life or health of the woman, consistent with the Supreme Court's rulings.

The procedure described in H.R. 1833 is very disturbing, and I cannot support its use on an elective basis, where the abortion is being performed for non-health related reasons and there are equally safe medical procedures available. As I understand it, however, there are rare and tragic situations that can occur in a

woman's pregnancy in which, in a doctor's medical judgment, this

procedure may be necessary to save a woman's life or to preserve her health. In those situations, the Constitution requires that a woman's ability to choose this procedure be protected.

I have studied and prayed about this issue, and about the families who must face this awful choice, for many months. I believe that we have a duty to try to find common ground: a resolution to this issue that respects the views of those-- including myself--who object to this particular procedure, but also upholds the Supreme Court's requirement that laws regulating abortion protect both the life and the health of American women.

I have concluded that H.R. 1833 as drafted does not meet the constitutional requirements that the Supreme Court has imposed upon us, in Roe and the decisions that have followed it, to provide protections for both the life and the health of the mother in any laws regulating abortions.

I am prepared to support H.R. 1833, however, if it is amended to make clear that the prohibition of this procedure does not apply to situations in which the [~~election of the~~] procedure, in the medical judgment of the attending physician, is necessary to preserve the life of the woman or avert serious adverse health consequences to the woman.

DRAFT

I urge the Congress to amend H.R. 1833 to ensure that it protects the life and the health of the woman, as the law we have been elected to uphold requires.

Sincerely,



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

rec'd 2/12/96
8:52 pm

THE PRESIDENT HAS SEEN
2/14/96

February 12, 1996

MEMORANDUM TO THE PRESIDENT

FROM: KATHLEEN A. MCGINTY

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

HEADWATERS

After a number of interagency meetings chaired by CEQ, John Garamendi and I held an exploratory meeting with Charles Hurwitz and Tommy Boggs -- at their request -- on Friday to discuss Headwaters Forest, which is owned by Hurwitz's Pacific Lumber Company. The Northern California forest contains much of this country's last stand of ancient redwoods; while logging has been stopped pending litigation, it could resume again, depending on the outcome of the litigation. Headwaters Forest holds great significance for Californians, including Governor Pete Wilson. The entire Democratic congressional delegation has written to both you and the Vice President urging some form of government acquisition to ensure conservation of this dwindling resource. Several ideas were discussed at the Friday meeting, including a land swap, which could incorporate a "debt-for-nature" deal in which all or portions of FDIC and Office of Thrift Supervision claims filed against Hurwitz in connection with his role in a savings and loan failure tied to the purchase of Pacific Lumber Co. could be relieved in exchange for Headwaters.

PRESIDENT'S COUNCIL ON SUSTAINABLE DEVELOPMENT REPORT

The New York Times has received a leaked copy of a draft of the PCSD's report from one of the Council members. The findings are featured in a very positive piece that appears as the lead story on the front page of this morning's paper which is attached for your review. The story emphasizes the remarkable consensus that the Council achieved in support of a new environmental management system based upon flexibility with accountability. The Council's findings strongly support the Administration's approach to reinventing environmental regulation exemplified by Project XL and our "reform, yes; rollback, no" message.

The unplanned release of the report only highlights the importance of quickly scheduling an event for the Council to formally transmit the report to you.

JAPANESE WHALING

Early reaction to the letter you sent Congress today on Japanese whaling has been favorable. A World Wildlife Fund official said: "Clinton's direct engagement in this issue hold the first real promise for bringing to an end Japan's rogue whaling . . . Particularly praiseworthy is the President's intention to resolve the issue before the next Antarctic whaling season." (In fact, you said that "(w)e hope to achieve significant progress on these issues" by the beginning of the next season). An official at the Japanese Embassy, while arguing that complaints about Japanese research whaling are unfair, described your decision today as "reasonable."

✓ Note, however, that this is very dicey. We are currently supporting a revision of the Marine Mammal Protection Act to allow harassment of dolphins in tuna fisheries; we will shortly give a permit for the lethal take of California sea lions to conserve endangered salmon; and we will argue before the International Whaling Commission that a Native American group in the State of Washington should be permitted to hunt 5 gray whales. All of this adds up to a potentially major collision with Senator Barbara Boxer (D-CA) and animal rights groups in California. I will therefore urge that you, in fact, have this on your agenda for your meeting with the Japanese Prime Minister and you push it hard with him.

MEETING WITH LABOR LEADERS AND TIMBER INDUSTRY REPRESENTATIVES

Representatives of the Carpenters' Union and timber industry association representatives from the Pacific Northwest asked to meet with us recently to discuss the growing controversy over harvest resulting from passage of the Rescission Act timber rider. Saying that the situation had turned into a war that they wanted to end, they expressed an interest in initiating a dialogue with the Administration to find solutions to the controversy over the old growth sales now being harvested in Oregon and Washington.

*Agree
that
I could
retire
soon*
I believe we should complete our deliberations about the scope of our legislative solution very soon, and then - as part of a series of actions - meet with and ask for the support of timber company CEOs for that solution. The increasing media focus on protests and problems in the Pacific Northwest are clearly having an impact; in short, they'd like to find a way out of the box they constructed for themselves! It was an interesting meeting, indeed.

TIMBER UPDATE

Over the weekend, plaintiffs and the U.S. Forest Service concluded a proposed settlement in the litigation involving timber harvest in the Tongass National Forest. We will get a briefing from U.S. Department of Agriculture and Department of Justice today, but advance reports suggest that the results of the negotiation will give us a good supply of both offered and released timber for small independent operators on the Tongass during FY 96, as well as meeting our contractual obligations with Keitchkan Pulp Corporation (KPC), holder of the 50 year contract on the Tongass. This development should be of value in our discussions

✓ regarding the Tongass rider on the Interior appropriations bill and remove some of the ill will with Senators Ted Stevens (R-AK) and Frank Murkowski (R-AK). Your direct call to Secretary was a significant help here.

FROM OREGON

Governor John Kitzhaber (D-OR) stated that the proposals before Congress to repeal the timber salvage rider are not satisfactory. Governor Kitzhaber wants amendments to include: allowing federal agencies to substitute timber sales when plants or animals could be endangered by logging; a requirement to find ways to modify older sales that are being sold under the salvage law to meet environmental standards; and more protection for the marbled murrelet.

CALIFORNIA SEA LIONS

Federal officials will authorize but not carry out the capture or killing of several California sea lions feeding on endangered steelhead salmon in the Ballard Locks near Seattle, Washington. The National Oceanic and Atmospheric Administration and the National Marine Fisheries Service has proposed to concur with a request from the State of Washington wildlife department to trap the animals, then transfer them to the Muckleshoot Indian Tribe. Tribal officials will kill the seal lions out of the public view on the tribe's reservation. The steelhead run migrating into Lake Washington via the Ballard Locks is on verge of extinction. The run size has dropped from 1,400 individuals in 1989, when the sea lions first appeared at the Ballard Locks, to 146 this year. Every possible form of deterrence short of killing has been used and proven futile.

→ Stop the Sea Lions
be offered to aquarium
around us? at least
some of them?

ADVERSARIES BACK POLLUTION RULES NOW ON THE BOOKS

BUT FLEXIBILITY IS URGED

Clinton Panel of Activists and
Industry to Issue Report —
Campaign Use Hinted

By JOHN H. CUSHMAN Jr.

WASHINGTON, Feb. 11 — After a year in which industry and environmental groups have been at war over Republican-led efforts to roll back Federal environmental regulations, a Presidential panel with adversaries from both sides has reached a rare consensus that while the existing system can be improved, it must not be weakened.

Rather than strip away many environmental regulations, as Republicans in Congress tried to do last fall, the panel calls for a new regulatory framework to give businesses more flexibility in preventing pollution — but only if they can perform better than is required under the current system of strict safeguards.

The group included two sides that are more likely to be found in court than at a negotiating table: leading companies in the oil, paper and chemical industries, all of which have supported Republican proposals for regulatory relief, and major environmental organizations that have accused the industries of trying to undo 25 years of progress. It also included members of President Clinton's Cabinet and labor and civil rights groups.

In its final report, the panel, the President's Council on Sustainable Development, also calls for a comprehensive review of taxes and corporate subsidies, aimed at increasing taxes on pollution and consumption in exchange for cutting income taxes.

It urges long-range steps to stabilize the country's population, including more Federal money for family-planning and contraceptive research. And it says the United States, "even in the face of scientific uncertainty," should lead the world in heading off serious or irreparable global trends like climate change.

The report will be issued by the White House in the next few weeks, and in the months ahead it appears destined to serve as the environmental platform for Mr. Clinton's reelection campaign. Members of the council, created by the President in 1993, gave a copy of the report to The New York Times.

For months, Mr. Clinton has been striving to make environmentalism a key issue separating him from the Republicans. The report offers him a coherent environmental credo that

Continued From Page A1

is not anchored in the status quo and that draws support not only from liberals but also from businesses.

"Implicitly, this denounces the kind of work that the Congress has been up to for a year," said Kathleen A. McGinty, who heads the White House Council on Environmental Quality and who as Mr. Clinton's top environmental aide worked closely with the President's Council on Sustainable Development.

"The environment is something that brings us together as a nation. It is a deplorable idea to use it to polarize the nation."

The President's council spent three years touring the country and debating how to balance economic growth and environmental protection. Among the members were leaders of environmental organizations like the Natural Resources Defense Council, the Sierra Club and the Environmental Defense Fund, and executives of the Georgia-Pacific Corporation, the Enron Corporation, and the Chevron Corporation.

"The current polarization is just the reason why our agreement is important," wrote the council's co-chairmen, Jonathan Lash, president

Proposing more flexibility in preventing pollution.

of the World Resources Institute, and David T. Buzzeil, vice president of the Dow Chemical Corporation.

At the outset, council members could not even agree on the basic issue of whether economic growth in itself was a good thing, they recalled.

The report binds no one and the recommendations are often vaguely couched, but these weaknesses may be offset by the political power of a joint statement from such an unlikely coalition.

Mr. Clinton has already begun to adopt the report's language, as he did in calling for tough but flexible environmental standards in his State of the Union speech in January. And some of the report's language is unmistakably redolent of the campaign trail.

"Americans want to take back control of their lives," the report proclaims, at once acknowledging and endorsing a shift of environmental power and responsibility away from the government and toward individuals and enterprises.

The report's chapter on regulations is perhaps the most pertinent to the current political debate.

"We didn't start the conversation by asking, 'What are we going to roll back?'" said Mr. Buzzeil of Dow Chemical. "You have to say, 'What do we have that is worth keeping, and what do we really need to do to get better?'"

Mr. Lash of the World Resources Institute added, "There was a strong feeling on the council that if you pull the foundation stones out, it is really hard to go ahead and build a new building."

Republicans in Congress, strongly supported by business groups, tried and failed last year to undo many environmental regulations, provoking an intense struggle with environmentalists and the Clinton Administration. While Republican leaders have promised to try once again to push through changes this year, the momentum is going against them,

and they are likely to take a more moderate approach.

In recent weeks, however, many business leaders have begun advising Republicans in Congress that they should scale back their earlier proposals, if they expect to succeed in providing any regulatory relief to industry.

The President's council shares some of the goals but few of the methods of the Republican approach, which would have changed how existing environmental laws are carried out by imposing elaborate new studies of costs and benefits, and by opening up new opportunities for industry to challenge burdensome rules in court.

Instead, the council called for adding, not stripping away, a layer of environmental protection. The current system of standards, deadlines, permits, and inspections, while it might be modified, would be retained as a kind of safety net. At a higher level of performance, companies would be free to innovate.

To this end, the report endorsed using financial incentives instead of dictates to discourage pollution, and putting more emphasis on results than on how they are obtained. The aim less costly, but not less effective, pollution control — and, wherever possible, preventing pollution rather than spending to clean it up.

"Regulations that specify performance standards based on strong protection of health and the environment — but without mandating the means of compliance — give companies and communities flexibility to find the most cost-effective way to achieve environmental goals," the report said.

"But this flexibility must be coupled with accountability and enforcement to insure that public health and the environment are safeguarded."

It called for giving agencies like the Environmental Protection Agency specific authority to move away from "one size fits all" regulations. But it warned that a proliferation of pilot programs and demonstration projects would drive the agency's budget up, not down, as Congress has tried to do.

In interviews, members of the council said the report was no less important for having steered clear of detailed prescriptions for new policies, new legislation, or new programs. Instead, they said the council chose to cite ground-breaking programs that are already getting results, often without much publicity.

The "most important finding" of the council, the report said, is that new approaches can work only if they are based on collaboration and consensus.

That has been a consistent refrain of the Clinton Administration all along, but one that has not always worked as hoped. In disputes over issues like forestry and automobile efficiency, some of the Administration's previous efforts at building consensus were disappointing.

The early arguments over whether growth was good or bad finally were answered in the very first words of the statement of beliefs that all the members finally endorsed:

"To achieve our vision of sustainable development, some things must grow — jobs, productivity, wages, capital and savings, profits, information, knowledge and education — and others — pollution, waste, and poverty — must not."

That formulation, obvious as it might seem, drove the group toward a central conclusion: that efficiency, profit and environmental protection are all linked. "Pollution is waste, waste is inefficient, and inefficiency is expensive," they summed up.

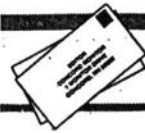
Continued on Page B7, Column 1

Please try to get something done on this in next couple of months.

Agree. Great if could resolve soon.

2/14/96

Opinion



Letters

I've had enough of
all this trash talk

I was struck by Sen. D'Amato's use of the word "troubling" to describe revelations in the investigation of Hillary Clinton. What I find troubling is not the minor inconsistencies between her description and others' relating to her legal work at the Rose law firm and the firing of the White House travel staff but that the Republican Congress has wasted millions of taxpayer dollars in a partisan effort to embarrass President Clinton and his wife.

We are not dealing with grave matters of state such as Watergate or Iran-contra. Rather the incidents are minor matters involving personal judgment. No illegal conduct involving the Clintons has been found.

Now focus is on an alleged cover-up and obstruction of justice with respect to the investigation itself. They didn't break the law in the first instance, but that doesn't matter because now the Republicans claim they may have broken the law anyway by misleading the investigators. It is a game of gotcha.

I am an independent and have no political ax to grind, but I am disturbed that at a time when enormous social and economic issues are confronting our nation, Republican leaders squander resources on such inconsequential matters for cheap political gain. Equally distressing is the uncivil and rude manner in which some of them attack the first family of our country.

They are not alone. Talk show hosts like Rush Limbaugh and Imus pollute the airwaves daily with self-important critical opinions about people and events without any sense of decency and restraint. Their targets are ridiculed and mocked, often for a laugh, with disregard for the facts or the consequences.

Even William Safire, a respected journalist, joined their ranks with his "congenital liar" remark concerning the first lady. Asked why he characterized her as such, he replied that he was in the opinion business and entitled to say what he pleased.

These people are entitled to their opinions. If we don't like their style, we don't have to listen to them. But certain politicians and media stars have lowered the standards of fair play and have stirred up an ugly, angry mood among the populace with their "trash" talk.

It will continue until enough of us voice our objections. Please join the effort if you care.

W. JOHN FUNK
Concord

Clinton Case

EDITORIAL

BY MORTIMER B. ZUCKERMAN
EDITOR-IN-CHIEF

CHAIRMAN GREENSPAN, RETIRED

The Federal Reserve Board cut the federal funds rate last week, right? Wrong! Yes, nominal rates went down a minuscule one quarter of 1 percent. But real rates, adjusted for inflation, actually have increased because the inflation rate has fallen faster over the past several months than has the federal funds rate. Running scared from a phantom inflation, Alan Greenspan's "dear money" leadership has caused the Fed to exert a monetary choke hold on one of the weakest economic recoveries since World War II, at the cost of billions of dollars in lost output and tens of thousands of uncreated jobs.

Just to keep real rates where they were, the federal funds rate would have had to have gone down by as much as a full percentage point. Instead, we have a fed funds rate that is still nearly 3 points above the most recent quarterly inflation rate, much higher than normal by historical standards. What's more, this is not only the wrong battle, it is the wrong target. Higher interest rates hurt manufacturing more than services, yet manufacturing inflation has not been a problem. In fact, we are experiencing the worst manufacturing slowdown since 1991, and the indicators suggest even more weakness ahead. Just last month, for example, nonfarm employment fell by 201,000 jobs. No wonder more and more businesspeople, from the National Association of Manufacturers to Main Street and Wall Street, are so unhappy with Federal Reserve policy.

The traditional central bank role is to take away the booze when the party gets too raucous. But what we have today is a glass of water served to a gathering of teetotalers. There is no inflation to fight. The nominal rate is about 2 percent for the last quarter of 1995, and even that is overstated by as much as 1 percentage point. In short, inflation is declining instead of rising, as it usually does at this point in a business cycle—a clear tip-off that the economy is not in good shape. Even the Fed's key indicator of inflation—the time it takes for vendors to make deliveries of capital goods—is stable, in contrast to the stretching out that occurred at the end of 1994. Unit labor costs (wages and benefits adjusted for productivity), which make up two thirds of a product's price, are no

higher today than they were a year ago—the first time we have had zero growth in this index for 30 years.

The jobless recovery of the early 1990s has become the wageless expansion of the mid-1990s. We have no wage pressure on prices. We also have no import inflation because of a stronger dollar. At the consumer level, spending is very weak, reflecting stagnant personal income and real wages. Retail sales growth, which averaged 7.8 percent during 1994, declined to less than 5 percent in 1995. In the final quarter of the year, consumer spending was growing at an annual rate of 1 percent or so; adjusted for inflation, that's an actual decline. As a

result, so-called demand-pull inflation—when hot consumer spending pulls up prices—is nonexistent. What we do have is a buildup in inventories, especially of durable goods, that is bound to slow the economy even more.

Meanwhile, the deficit continues to decline and in 1996 and 1997 will create more fiscal drag because no agreement has been reached on the budget, thereby squeezing discretionary government spending even more harshly. Exports are constrained by the weakness of our biggest trading partners.

Only corporate investment is booming, boosting supply more rapidly than consumption—another clear antidote to any inflationary pressure. But it isn't enough: Merrill Lynch is justified in lowering its forecast for U.S. economic growth to less than 2 percent for 1996, the first half being particularly weak.

We must do better. The fear of inflation has proved to be a chimera. Short rates have come down too little and too late to boost a weakening economy. The country does not have to endure the effects of the Fed's misjudgments in 1995 being extended into 1996.

Alan Greenspan's term as Fed chairman would not survive a Democratic Congress. It ought not survive a Republican one either. Congressional Republicans should recognize that none of their programs to cut back government will survive a slow-growing economy that fails to provide Americans with good jobs and a sense of optimism about the future. The inflationary obsession of the Fed is not healthy; it is reactionary. It is cramping our todays and sacrificing our tomorrows. ■

The Fed head is chasing inflation ghosts. Congress should just say no if Clinton nominates him to another term.



THE PRESIDENT HAS SEEN
2/14/96

THE WHITE HOUSE
WASHINGTON

February 13, 1996

96 FEB 13 P1:50

MEMORANDUM FOR THE PRESIDENT

FROM: Gene Sperling
Pauline Abernathy

CC: Leon Panetta, Laura Tyson, Alice Rivlin

SUBJECT: Your Request for a Combined Analysis of the Distribution of Your 1993 Economic Plan and our 1996 Balanced Budget Proposal

*agreed good work
Suggesting by further
agreement at end*

*also agree to meet
on families of children
Isr*

You asked what the distributional and fairness picture would look like if we considered the impact of a balanced budget plan together with the 1993 Economic Plan. As we discussed, even though the balanced budget plans being discussed are not as progressive as we would have preferred, when the 1993 plan and potential balanced budget plan are considered as one combined balanced budget plan, the distributional analysis will certainly be stronger considering the highly progressive nature of the 1993 deficit reduction plan.

At this point, we should be cautious of speaking publicly of any distributional impacts, but this preliminary look can be helpful in considering how we can defend our overall balanced budget if there is a deal. More importantly, it can help guide future decisions to ensure that the overall Clinton approach is fair, even considering the non-optimal trade-offs we may be forced to make with a Republican Congress.

SUMMARY OF CONTENTS:

Potential Approaches to Assessing the Distributional Effects of the 1993 Economic Plan and Clinton Balanced Budget Plan Combined:

1. **Combined Tax Distribution Analysis (1993 Economic Plan and 1996 Balanced Budget Plan):** As we had hoped, the tax distribution of the 1993 economic plan and your balanced budget plan combined looked very good. Families with incomes over \$200,000 still bore a large responsibility for deficit reduction (even with an assumed capital gains cut); families between \$100,000 and \$200,000 had a minor tax increase, and families under \$100,000 had a net tax cut.

2. **Combined "Direct Benefits" Analysis:** An analysis of both the tax distribution and spending programs with direct benefits (food stamps, veterans compensation, etc.) would be strengthened by including the 1993 plan -- because of the EITC increase and small food stamps increase -- but it is not clear whether or not it will show low-income Americans being protected. It may largely depend on decisions still to be made on Welfare and Medicaid. An analysis that looks only at families with children is likely to more favorable.

3. **Distribution by Categorizing Programs as Low-Income or Non-Low-Income:** While discretionary programs are very hard to distribute, we can analyze them in three ways:

- a. Do we cut them disproportionately compared to non-low income programs?
- b. Do we spend more -- in nominal terms -- in FY2002 than we did in FY1993 or FY1997?
- c. What is our record for key low-income programs? Can we say we increased Pell Grants, Head Start, WIC, and Title I significantly even while we dramatically cut spending overall?

The answer lies much in decisions that are still to be made and whether or not we assume that the "trigger" takes place. The challenging part will be to show that we are increasing nominal spending on low-income discretionary programs without the trigger (with CBO assumptions).

4. **Poverty Analysis:** At this time, it is difficult to know if a poverty analysis of your 1993 plan and balanced budget plan combined would show a net increase or decrease in child poverty. The Governors' welfare proposal would likely push more children into poverty than the Senate welfare bill and would likely push more children into poverty than your 1993 plan pushed out of poverty. Three factors in welfare reform will affect the net impact on poverty the most:

- a. Whether States Can Withdraw Significant State Funds from AFDC.
- b. Absolute Size of the Food Stamp and SSI Cuts.
- c. Legal Immigrant Provisions.

I. BACKGROUND ON DISTRIBUTIONAL ANALYSIS:

A. **Distributional Analysis of Tax Changes:** Most distributional analysis is done only on tax changes. Even this type of analysis has limitations. Treasury takes each tax change and assumes that it is fully implemented, and then shows the distribution in 1996 dollars for that single full-implementation year.

B. **Distributional Analysis Including Spending Programs:** Distributional analysis of entitlement and discretionary spending is a great deal more complicated. As you can imagine, there is no easy way to do a distributional analysis of a Medicare provider cut or a cut in transportation spending. Nonetheless, there are ways to do distributional analyses that take into account at least some spending programs.

- **OMB Poverty/Distributional Analysis:** The OMB analysis that was the subject of much discussion this fall actually included two different analyses: a poverty analysis and a distributional analysis. The poverty analysis estimated the number of people who could be pushed into poverty based on the tax proposals and the proposed changes in direct benefits (cash and near-cash assistance programs, including food stamps, housing, and child nutrition) contained in the different plans. It did not reflect proposed changes in Medicaid or Medicare.

The distributional analysis assessed the effects of the different plans on people at different income levels, and included the effects of changes in Medicaid and Medicare that directly affect beneficiaries, such as raising the Medicare premium. Neither analysis included the effects of proposed reductions in education, job training, transportation, and public health programs, or the reductions in Medicare and Medicaid payments to providers. The two analyses took considerable time and effort by OMB, HHS, and Treasury, and they found it very difficult to combine the effects of the tax and spending changes. HHS also did a similar analysis based just on the impact on families with children.

- **Center on Budget and Policy Priorities:** Recognizing the difficulty of doing a classic distributional analysis on discretionary spending, the Center on Budget and Policy Priorities often does distributional analyses based on the types of programs that are being cut. In other words, they classify programs that primarily serve low-income Americans as low-income programs and then analyze whether these low-income programs are taking a disproportionate hit. For example, if discretionary programs are being cut by 15% on average, are low-income programs being cut disproportionately hard, less, or the same?

II. POTENTIAL APPROACHES TO ASSESSING THE DISTRIBUTIONAL EFFECTS OF THE COMBINED 1993 AND 1996 CLINTON BALANCED BUDGET PLAN:

At this point, it is hard to get a complete picture of the combined plans, in part because OMB is still working on the programmatic impact of a \$297 billion cut in discretionary spending. Nevertheless, there are a number of ways to look at the distributional impact of your 1993 economic plan and your latest balanced budget plan combined. I describe the benefits and limits of various approaches below.

1. TAX ANALYSIS:

I asked the Treasury Department to do a combined analysis of the distribution of our overall tax changes -- as if the 1993 economic plan and your latest balanced budget plan were one unified plan. Larry Summers and I felt that the most logical analysis to do at this point was the following: to include the 1993 tax changes including the EITC increase; our best formulation of the \$130 billion offer; and the capital gains tax cut proposal that was discussed in the Oval. While we have never offered or proposed a capital gains idea other than for discussion in the Oval, we nonetheless thought it would be best to include it in the analysis since a deal would probably require some capital gains initiative.

Doing a combined analysis of two different tax bills is fairly novel and complicated because it involves unifying different analyses from two different time periods with two different sets of economic assumptions, but Les Samuels and Eric Toder have done an excellent job of doing a first run based on the assumptions mentioned above.

✓ As we had hoped, the preliminary Treasury distributional analysis of the 1993 plan and our latest balanced budget proposal combined comes out strong:

- **Families under \$100,000 get a net tax cut:** The reason is clear: the 1993 plan raised nearly all of the tax revenue from the top 2%, and the EITC expansion gave those making under \$30,000 a net tax cut. The 1993 plan also showed small increases on the middle class because of the 4.3 cent gas tax, the Social Security revenue raiser, and the overall distribution of some of the corporate measures. But your proposed middle class tax cut would overwhelm the 1993 increases on the middle class so that families with incomes under \$100,000 would get a net tax cut under the two plans combined.
- **Families between \$100,000-\$200,000 get a \$11 a month tax increase.**
- **Families with incomes over \$200,000 contribute the most to deficit reduction -- they get a substantial tax increase:** Although the benefits of the capital gains tax cut you discussed are significant, they are not enough to overwhelm the 1993 tax

increases on people with incomes over \$100,000. The combined impact is a very attractive distributional package:

<u>Income</u>	<u>Average Tax Change</u>
• \$0-\$10,000	\$44 tax cut
• \$10-20,000	\$152 tax cut
• \$20-30,000	\$204 tax cut
• \$30-50,000	\$230 tax cut
• \$50-75,000	\$275 tax cut
• \$75-100,000	\$306 tax cut
• \$100-200,000	\$134 tax increase
• \$200,000 +	\$11,354 tax increase

The tax change measured as a percentage of income looks even better. As a percentage of income, the bottom 20% gets the largest tax reduction, the second lowest 20% gets the second largest reduction, and so forth, except for the top 20% which is the only group to face a net tax increase -- and over 85% of the taxes on that group fall on the top 1%.

<u>Income Quintile</u>	<u>Tax Change as a % of Income</u>
• Lowest 20%	-0.96
• Second 20%	-0.85
• Middle 20%	-0.59
• Fourth 20%	-0.45
• Highest 20%	+0.88

Impact on Upper Income Americans: The fact that our overall tax changes will still ask the top 1% to bear a large portion of the tax burden for deficit reduction, even with a generous capital gains tax cut, reaffirms the overall fairness of our tax changes and proposed tax changes. Yet we still need to note the distribution of the capital gains tax cut discussed with the Republican leadership. Over 80% of the benefits go to those with incomes over \$100,000, and 53% of the benefits fall to the top 1% of the income distribution.

 **Caveat: Combined Analysis Could Be Used to Call for Larger Capital Gains Tax Cut.** On the other hand, some on the Republican side would likely use the combined analysis to argue for an even more generous capital gains tax cut. They would argue that since our 1993 plan called for tax increases of \$13,613 on households with incomes over \$200,000, even greater tax cuts for the well-off are justified since they would still be paying net higher taxes with a still more generous capital gains tax cut. The problem with this logic is that the additional cuts for the well-off would be offset by cutting assistance to those far lower on the distributional ladder.

2. **COMBINED (1993 & 1996) "DIRECT BENEFITS" ANALYSIS: Taxes and Income Assistance**

A "direct benefits" analysis, such as the OMB distributional analysis, distributes the effects of changes in items that function as direct benefits on people at different income levels. It therefore distributes tax changes along with changes in cash and near-cash assistance programs, such as AFDC, SSI, veterans benefits, food stamps, housing, and child nutrition, and changes in Medicaid and Medicare that directly affect beneficiaries, such as raising the Medicare premium.

 The benefit of a combined 1993 and 1996 analysis of "direct benefits" is that we strengthen the distributional analysis of our 1996 balance budget proposals by integrating that EITC and food stamp increases in our 1993 deficit reduction plan. These increases help neutralize much of the proposed cuts in poverty programs. While a combined 1993 and 1996 analysis will make the direct benefits analysis stronger, it is still not clear whether it would show an overall positive or negative impact on low-income Americans. The following factors will most affect whether a direct benefits analysis of the two plans combined will be favorable:

- a. **Maintaining the Medicaid Entitlement.** For this analysis to be favorable, it is essential that the Medicaid entitlement be retained. Currently, our Medicaid savings -- over \$19 billion in FY2002 alone -- do not hurt our distributional analysis because the analysis assumes that our per-capita entitlement cap protects all current law populations. If the plan were to reduce the number of people entitled to coverage under current law or loosen the entitlement, the analysis could assume that some of the savings fall on low-income people.
- b. **Medicare Premiums and Maintaining Medicaid Coverage of Low-Income Medicare Beneficiaries' Premiums and Cost-Sharing.** Loss of the Medicaid subsidy for low-income elderly and people with disabilities or a reduction in coverage would hurt the distribution analysis. A general premium would also fall on many low-income elderly.

- c. **Preventing States from Withdrawing Significant State Funds from AFDC.** Distribution analysis makes assumptions about both federal and state spending reductions. If states are allowed to withdraw significant amounts of state funds from AFDC, as the Republican and Governors welfare proposals would allow, it would have a substantial effect on the size of the cuts in the lowest part of the distribution.

- d. **Absolute Size of the Food Stamp, SSI, EITC, and Legal Immigrant Cuts.** The size of these cuts have a large impact on the number of families pushed into poverty.

One Variation: Analysis of Families with Children. One variation of this direct benefits analysis, which would likely be more favorable, would look at the impact of the combined plans on just families with children. Focusing on families with children would not include the Social Security revenue increase from 1993, nor would it cover the cuts in food stamps and SSI for single adults or elderly immigrants. And over 75 percent of our 1993 EITC expansion was for families with children, and nearly all of our 1996 tax cut is for working families. Thus, an analysis of the impact of our combined plans on families with children would include our strong points and exclude some of the less progressive cuts because they do not affect families with children.

3. **DISTRIBUTION BY CATEGORIZING PROGRAMS AS LOW-INCOME:**

Low-Income Discretionary Cross Cut: A new form of analysis that we may wish to engage in for our planning as well as presentation looks at the overall effect of our 1993 and 1996 plans on discretionary programs that can be classified as low-income programs. The Center on Budget and Policy Priorities has developed a list of discretionary programs that primarily serve low-income people (attached). We have not traditionally done this type of low-income discretionary analysis. Instead, we have tended to analyze funding for our key investments and education as a whole. But it may enable us to make a positive case for funding for low-income discretionary programs overall.

The outcome of an analysis of low-income discretionary programs depends on the decisions currently being made on the FY1997 budget. Given the \$297 billion cut in discretionary spending, your balanced budget plan is likely to permit nominal increases in low-income education programs, WIC, and Section 8 housing contract renewals, and to require nominal cuts over the 7 years in most other low-income discretionary program areas, including many housing and health programs. Nevertheless, preliminary work suggests that we may be able to make a positive case for funding for low-income discretionary programs.

Do We Give Out Seven Year Programmatic Numbers? We have not generally given out year-by-year numbers for discretionary programs. Generally, we only give out budget function and subfunction totals. We have occasionally said publicly what our seven year assumptions would be for a specific program -- such as Pell Grants. The advantage of giving out seven year numbers for some programs is that it could allow us to show our commitment to protecting discretionary children's programs, low-income programs, or selected key investments, even as we are cutting some entitlement programs that affect low-income Americans. *For example, a response to someone's stating how much we have cut food stamps for children over seven years, ~~would be to~~ list the large increases in WIC, Head Start and Title I funding over the same period.*

The downside is that giving out some seven year programmatic numbers may create more pressure to give out the seven year numbers for the programs that we are not protecting.

Key Role of the Trigger: Any attempt to analyze the distribution of discretionary spending will be highly dependent on whether or not we assume the trigger in FY2001-2002. With the trigger, if the economy performs as OMB projects, there will be \$52 billion more available for discretionary spending in the final two years. If we assume that the economy will perform as CBO projects, the \$52 billion will not become available. Many will judge us by what we can fund under CBO assumptions, and without the trigger much of the seven year analysis could look tight. We could talk in terms of ranges: Program A will increase a total of \$4-\$6 billion depending on the economic assumptions and trigger.

There are three types of analyses we may wish to do on the discretionary side:

- 1) **Overall Amount of Low-Income Discretionary Spending:** Under this approach we would compare how much spending on low-income programs has gone up or down from FY1993-2002. While we could not show inflation-adjusted increases overall, we may be able to show *nominal* increases in overall low-income discretionary spending -- while having balanced the budget.

It can help to look at the two plans combined -- to use FY1993 as the point of comparison -- because funding for low-income programs increased in FY1994 and FY1995. Alternatively, one could look at the increases from the *post-rescission* FY1995 funding levels, as the FY1995 rescission bills eliminated much of the increase in funding for low-income programs. There are two ways to measure the increase in funding:

- a. **Cumulative Approach:** Here we look at the cumulative increases in funding. For example, Program A's funding was \$1 billion in FY93 and \$1.5 billion in each subsequent year. Instead of saying we increased the program by \$500 million or by 50%, we would look at the cumulative increases beyond the FY1993 number -- so that the cumulative increase from FY1994-

FY2002 was \$4.5 billion. This is a reasonable way to do the calculation because it is how cumulative cuts would be measured.

- b. **Different Levels:** The other way to measure increases is to simply say that we increased Program A by 50%, from \$1 billion in FY93 to \$1.5 billion in FY2002.

2) **Stress Selective Increases in Key Discretionary Programs:**

We could do similar analyses on just selected low-income programs for which our budget increases funding. For example, if we look just at Head Start, Title I, Pell Grants, and WIC, our budget is likely to provide at least \$6 billion more in FY2002 for these programs than was spent in FY1993 -- even if we just keep pace with inflation. When your FY1997 budget is finalized, we will also be able to compare FY1993 and FY1997 funding for these programs.

Cumulative Approach: We could further emphasize our commitment to these selected programs by calculating the cumulative increase over 7 years from their FY1993 levels. If one does this calculation for Head Start, Title I, Pell Grants, and WIC combined, the cumulative increase in funding for these programs is likely to be more than \$30 billion over 7 years, compared to their FY1993 levels. If we assume OMB projections of the economy, triggering the additional discretionary funding, this figure could be even higher.

- 3) **Fair Distribution of Discretionary Cuts:** The Center on Budget and Policy Priorities compares changes in funding for low-income programs to the changes in funding for other non-defense discretionary programs for the current fiscal year. Their analysis of the Republican appropriations bills showed that Congress is proposing to cut low-income discretionary programs 16% in FY1996 while cutting all other discretionary programs by 3% and all other *non-defense* discretionary programs by an average of 7%. (This is compared to *pre-rescission* FY1995 levels.)

Under this approach, even if there are cuts in low-income discretionary programs in a given year, we may be able to show that they are less deep than the cuts in non-low-income discretionary programs. By comparing the depth of the cuts in low-income discretionary programs to the depth of the cuts in other discretionary programs, we can show that we cut low-income programs less on average than other programs and much less than Congressional Republicans. As mentioned above, we may even be able to show a nominal increase in funding for low-income programs from FY1993 to FY1997 and FY2002.

NOTE: All Low-Income Discretionary and Entitlement Programs with Social Security Excluded. Using the list of low-income discretionary programs and a list of means-tested entitlement programs, one can compare the depth of cuts in low-income programs overall to the depth of cuts in other programs overall. On this basis, the Center on Budget and Policy Priorities concluded that the Republican plan would cut low-income discretionary and entitlement programs combined nearly twice as deeply as non-low-income programs in 2002 (i.e. cut low-income programs by about 19% and other programs by 10%).

Such an approach could be used to show that your 1993 plan and your latest balanced budget plan combined do not cut low-income programs overall disproportionately. We may even be able to make the case that your latest balanced budget offer alone does not cut low-income entitlement programs disproportionately, if Social Security is excluded from the analysis. One could justify excluding Social Security from the base of non-means-tested entitlement programs on the grounds that everyone has agreed to take it off the table. Such an analysis would show that the latest Clinton plan cuts low-income entitlements less on average than it cuts other entitlements, while the latest Republican plan cuts low-income entitlements more than average.

4. **POVERTY ANALYSIS:**

As mentioned above, a poverty analysis estimates the number of people who could be moved into poverty based on proposed changes in taxes and direct benefits (cash and near-cash assistance programs, including food stamps, housing, and child nutrition). Poverty analyses do not reflect proposed changes in Medicaid or Medicare.

At this time, it is difficult to know if a poverty analysis of your 1993 plan and balanced budget plan combined would show a net increase or decrease in child poverty. Because your 1993 economic plan decreased child poverty by 780,000, it is possible that your 1993 plan and balanced budget proposal combined would show a net decrease in child poverty. Three factors will affect the net impact on poverty the most:

- ✓ a. **Whether States Can Withdraw Significant State Funds from AFDC.** If the final welfare reform bill allows states to withdraw significant amounts of *state* funds from AFDC, as the Republican and Governors proposals do, it will increase the number pushed into poverty.
- ✓ b. **Absolute Size of the Food Stamp and SSI Cuts.** The size of these cuts have a large impact on the number of families pushed into poverty.
- ✓ c. **Legal Immigrant Provisions.** These provisions and the size of the savings also have a large impact on the number of families pushed into poverty.

The Governors' proposal would likely push more children into poverty than the Senate welfare bill. The OMB analysis concluded the Senate welfare bill could push 1.2 million children into poverty, and that the plan proposed by Senate Democrats at that time could push 0.1 to 0.5 million children into poverty.

Your proposed increase in the minimum wage would also decrease poverty, including child poverty (the estimate of its impact on poverty is currently being finalized). Thus, including the effect of your proposed increase in the minimum wage would further improve the poverty numbers.

Clearly, the drawback of a poverty analysis is that it would draw attention to the impact of your balanced budget plan alone on child poverty, which may or may not be favorable.

RECOMMENDATIONS:

Therefore, as we develop our FY1997 budget and as we consider further balanced budget negotiations, you may want to ask for the following analyses:

1. **Combined Tax Distribution:** As seen above, this analysis -- without any spending calculations -- tells a quite progressive story and can stand on its own.

2. **Low-Income Cross Cut for the FY1997 Budget or for Several Years Together:**

 We should ask OMB for a low-income cross cut of discretionary spending for FY1997 or over a longer period so that we know that we are not unknowingly asking low-income Americans to bear a disproportionate burden. Doing it over a seven year period may mean inquiring how low-income programs such as LIHEAP and others fair in the out-years.

3. **7-Year Funding For Key Low-Income Discretionary Programs:** One of the simplest arguments is to show that we have continued to provide real increases in the key children's programs that were at the heart of *Putting People First*. Therefore, we may wish to make strong commitments in our FY1997 budget and balanced budget plans to expanding WIC, Head Start, Pell Grants and Title I.

Keg's Family Analysis

Low-Income Discretionary Programs

Education

Title 1 ↘
Education for the Homeless
Pell Grants ↘
Head Start ↘
Higher Education (TRIO)
Indian Education

Employment & Training

Adult Training Grants
Youth Training Grants
Job Corps
Summer Youth Employment
School-to-Work
Older Americans Employment
Native Americans
Migrant & Seasonal Workers

Nutrition

Food Donations for Low-Income
Commodity Assistance Programs
WIC

Health

Consolidated Health Centers
(Community Health, Migrant, Homeless)
Maternal & Child Health
Childhood Immunizations
Family Planning
Healthy Start
Homeless Mental Health
Indian Health Services
Indian Health Facilities
National Health Service Corps.

Housing

Homeless Assistance Grants
Emergency Food & Shelter
HOPE Housing Grants
HOME Housing Grants
Housing Counseling
Congregate Services
Youthbuild
Public Housing Operating Subsidies
Severely Distressed Public Housing
Public Housing Drug Elimination
Rural Housing Loan Subsidies
Rural Rental Assistance
Other Rural Housing Programs
Subsidized Housing:
 Annual Contributions
 Section 8 Renewals

Other Programs

Weatherization Assistance
LIHEAP
Child Care Block Grants
Child Welfare Services
Community Services Grants
CDBGs
Legal Services
Refugee Assistance
Runaway & Homeless Youth
VISTA

Total Cost:

\$64 billion in FY95 before FY95 rescissions
and \$55 billion after the FY95 rescissions.

Rahm

THE PRESIDENT HAS SEEN

2/14/96

we should cultivate
further support like this - good piece

The Washington Times

★ TUESDAY, JANUARY 30, 1996

WILLIAM BUCKLEY JR.

School uniforms?

One commentator dealt bravely with the seven general categories of national problems addressed by President Clinton and finished his appraisal with the sentence, "Why on earth does the leader of the free world have to concern himself with school uniforms?"

Well now, there are those who found that the most novel and potentially the most resonant sentence in the president's address. Flash ahead 10 years, close your eyes and answer the question: "What was the highlight of President Clinton's State of the Union speech in 1996?" Right, the answer will be: Oh, that's the speech in which he came out for school uniforms.

To say that was the "highlight" of the speech is of course to take liberties, consigning all else he said to generic political thought. The president declared in favor of health care, law and order, unity, growth and husbandry. So does every can-

didate running for president. It was the school-uniform bit that caught the attention of the unwary, who asked first: What does Mr. Clinton know about school uniforms? And second: How is it that he intuitively understands their importance?

Not long ago a public school teacher in New York City wrote a letter bristling with authenticity to The Wall Street Journal, relating that the foremost problem in the city's schools was discipline. In the absence of it, she complained, practically nothing else is possible.

What has been called the "hijacker's leverage" is operative here. Just as one terrorist can dictate the movements of a jet carrying 500 passengers, so one unruly student can, for as long as he is able to keep it up, affect the climate of a schoolroom.

In the late 1960s, one senior at Harvard appeared at the office of

the president hours before the commencement ceremony demanding that he be scheduled as a speaker. If not, he informed the stunned president, the ceremony would not proceed. A half-dozen noisy protesters, even in an assembly of 2,000, can make solemn processions impossible; as also studious classrooms.

The head of Cardinal Hayes High School in New York made a point of it some years ago. That school, formally a parochial school although many of its students are of other faiths, 85 percent of them minorities, has arresting academic attainments: 85 percent of its graduates go on to college, compared with less than 15 percent in comparable public schools made up of identically endowed students.

It is very important, the principal told his visitor, to insist on a

school uniform.

Why, one naturally wondered?

Because, he said, the symbol

The maintenance of order, the minor conformity that issues from the wearing of identical uniforms, is always a latent problem because the schools deal with boys and girls who are going through their unruly period in life.

irradiates several things. The first is that the student is a member of a

regulated community. When you are in uniform, your dress bespeaks hierarchy. The symbol is very important. At Cardinal Hayes, the students are simply not expected to be late in arriving at school, and punctuality is accepted as a part of the system — related, in a way, to the requirement that the students wear their simple gray jackets and pants, a shirt and a tie. On the question of disorder in the classroom, it is as simple as that there is no disorder in the classrooms.

Defenders of the antinomian behavior of so many public-school students confide to you that the reason for the success of the parochial schools is that they simply expel anyone who is in any way nonconformist. But such defenders of chaos run into statistics: 2 percent of the students at Cardinal Hayes are expelled.

The maintenance of order, the minor conformity that issues from the wearing of identical uniforms, is always a latent problem because the schools deal with boys and girls

who are going through their unruly period in life. The sociologist who some time ago remarked that a single broken and unrepaired window is an invitation to corollary shambles gave us all an epiphany. Of course it is true, we realize!

Student unruliness is met in different seasons in different ways. At Eton in the 1830s, the students outnumbered faculty by about 100-to-1, and the notorious Doctor Keate attempted to solve his problem by flogging a dozen students every day.

We shrink from discipline enforced by such measures, but ought to welcome civilized substitutes. The school uniform is the beginning of wisdom in this field, and we say hurrah to the president for coming upon that insight.

William F. Buckley, Jr. is president and editor at large of National Review and a nationally syndicated columnist.

JAN 30 P 7: 14

THE PRESIDENT HAS SEEN. 2/14/96

Laura Tyson

*This is an interesting piece - esp theory that
to believe best to be "real" return is very short
term investment*

THIS ARTICLE WAS PUBLISHED IN THE AMERICAN PROSPECT, SUMMER 1994, AND IS COPYRIGHT © 1994 BY THE AMERICAN PROSPECT. PERMISSION IS GRANTED TO DISTRIBUTE BY ELECTRONIC MEANS FOR EDUCATIONAL AND OTHER NON-COMMERCIAL PURPOSES, PROVIDED THIS NOTICE ACCOMPANIES ALL COPIES MADE. *Bc*

SELF-FULFILLING PROPHETS: INFLATED ZEAL AT THE FEDERAL RESERVE James K. Galbraith

On February 4, 1994, Federal Reserve Chairman Alan Greenspan announced a quarter-point rise in federal funds rate, which is the overnight interbank lending rate and a basic instrument of monetary policy. It was the first of four interest rate hikes. By late May, the Federal Reserve had driven up short-term interest rates by a percentage point and a quarter.

From the beginning, things went badly. Contrary to Chairman Greenspan's professed purposes, long-term interest rates soared. Thirty-year fixed-rate home mortgage loans had been available at about 7 1/4 percent before the Federal Reserve acted. At this writing they are over 8 1/2 percent. Some medium- and long-term rates actually rose by more than short rates at first: 3-year notes jumped a full point and a half; 10-year bonds jumped a point and a quarter before the Board's fourth rate-hike, a double-size half-point, in May.

Four months later, many questions remain. Why did the Federal Reserve act? What went wrong? What can we do? In answering these questions, we will find a deep incoherence at the heart of Federal Reserve decision-making. The episode suggests a clear need, not just for policy change, but for institutional reform.

The Board's Self-Criticism

Neither economic theory nor history dictate that long-term interest rates necessarily rise when short rates rise. It depends on circumstances. In this case the Federal Reserve's own documents reveal how badly it misjudged what the real circumstances were.

On February 23, one of the Board's technical experts, Vincent Reinhart of the Division of Monetary Affairs, delivered a memorandum to Donald Kohn, Director of the Division, that helps explain the misjudgement. Reinhart's retrospective memo distinguishes three hypothetical cases:

First case: "A tightening [of short-term rates] that whittles

down inflationary expectations, say by convincing market participants that the central bank is willing to act on its distaste for inflation, will permit nominal rates to be lower in the future... The policy move might result in very little, if any, rise in long-term rates." This, more or less, was Greenspan's hope.

Second case: "A tightening that is deemed to be insufficient to trim future inflation, say because it was viewed as only keeping up with an inflation impetus, brings with it no expectation of lower future nominal rates. ... As a result, more of the increase in the short rate would pass through to the value of long rates." This would have been an intermediate case, short of success, but better than failure.

Third (and relevant) case: "A tightening that raises inflation fears, say, because it was viewed as suggesting future, previously unexpected pressures on inflation that would only be incompletely offset by the policy action, brings with it the expectation of higher future nominal interest rates. In such circumstances, the current short rate would be accompanied by an upwardly revised outlook for short rates over the long haul... As a result, the increase in the short rate would have a magnified impact on long rates." This is what actually happened.

In other words, by the analysis of the Federal Reserve's own expert staff, the rise in long rates which followed suggests that the move on February 4 was a mistake. To be precise, the move was neither necessary, because the inflation expectations with which it dealt did not exist beforehand, nor sufficient, because the move itself was too small to deal with whatever inflation expectations it itself created. Considering the source, this is a devastating indictment.

Thoughts of Chairman Greenspan

Why did the Federal Reserve take this action? Dutiful journalists reported that the policymaking Open Market Committee was out to sustain the recovery, to "engineer a soft landing," to "nip inflation expectations in the bud." Perhaps some members of the Committee actually believed this. But the record, notably the Federal Reserve's own official account of its policy, suggests that they had no serious basis for holding this or any similar view.

There is only one authoritative source: the semiannual Report of the Federal Reserve to Congress, mandated under the Humphrey-Hawkins Full Employment Act of 1978. Chairman Greenspan

delivered such a report on February 22, 1994, nearly three weeks after the fateful February 4 rate increase. Yet this document conspicuously fails to justify the policy change on inflation-fighting grounds:

Greenspan's Point 1: There is no inflation problem. Mr. Greenspan begins by conceding that his previous fretting over inflation, expressed in his immediately preceding Report in July of 1993, had proven unfounded: "On the inflation front, the deterioration evident in some indicators in the first half of 1993 proved transitory." Further, he reports, consumer price inflation in 1993 was the lowest since 1986; while falling oil prices contributed to this reduction, inflation was falling even excluding oil. What about commodity prices? Here Greenspan is explicit: commodity prices had "firmed" in the months before the February move. Yet "in the past such price data have often been an indication more of strength in new orders and activity than a precursor of rising inflation throughout the economy. In the current period, overall cost and price pressures still appear to remain damped." Greenspan goes on to note, correctly, that wage pressures remain absent -- and wages are a far larger share of costs than commodity prices.

Greenspan's Point 2: Growth is not excessive. Greenspan discounts the concern that the economy is growing at a rate that poses inflationary risk. "...it is too early to judge the degree of underlying economic strength in the early months of 1994." This cautious opinion was vindicated in late April, when preliminary first-quarter 1994 real GDP growth was shown to have sharply decelerated from the high growth rate at the end of 1993. Greenspan does note that "attempts to force-feed the economy past its potential have led in the past to rising inflation," which is true enough. But Greenspan does not suggest that the economy is presently at, or even near, its potential.

~~Greenspan's Point 3: Inflation expectations have been falling.~~ Here Greenspan turns to an explicit consideration of inflation expectations and their role in the inflation process. But inflation expectations have not been rising, by his account. To the contrary, Greenspan finds that both fiscal and monetary policy "have contributed to the decline in inflation expectations in recent years along with decreases in long-term interest rates." In particular, "the actions taken last year to reduce the federal budget deficit have been instrumental in this regard."

Why, then, raise interest rates? The key paragraph in Greenspan's testimony gives but one solid clue:

"As the Federal Open Market Committee surveyed the evidence at its February 4 meeting, a consensus developed that the balance of risks had, in fact, shifted.... Real short rates close to zero appeared to pose an unacceptable risk of engendering future problems."

By "real short rates close to zero," Greenspan is referring to the difference between a short-term interest rate such as the overnight federal funds rate, 3.0 percent on February 4, and the current rate of inflation, 1.9 percent for the three months ended in January 1994. Since short-term interest rates are also what is now paid on very liquid bank deposits "the near-equivalent of cash, Greenspan's argument amounts to a call for a significantly positive real rate of return on money."

X/1 { But there is a big problem with this argument: as a matter of history, it is untrue. Checking accounts and other cash equivalents earned no interest at all until the early 1970s--there simply was no return on money. Hence, for all of postwar history up to that point, the real short term interest rate on such holdings--defined as the nominal interest minus inflation--was actually negative. It was zero minus the rate of inflation. Yet despite this, inflation remained quite low, by more recent standards, from 1947 through 1970. If we look at slightly less (but still very) liquid assets, such as loans in the overnight market for bank reserves (federal funds market), we find that real interest rates in this market averaged only 1.6 percent from 1960 to 1972. And with steady growth and high employment, the sixties were the best period of postwar macroeconomic performance.

In Search of Theory

Ah, but isn't it the Federal Reserve's responsibility to look ahead and prevent inflation before the symptoms appear? And can't we accept Alan Greenspan's argument that the moves in February and March represent "low cost insurance" to keep inflation low? Hardly. To look ahead for inflation or anything else in economics, one needs a theory, something that will predict the inflation that the data does not yet reveal. And to know whether insurance is a good bargain, you need to know the risks. Yet the Federal Reserve itself rejects the only economic theory that predicts inflation now.

That theory is monetarism. Some monetarists, such as Professor Allan Meltzer of Carnegie-Mellon, have been calling loudly for tighter policy, on the claim that rapid growth in some measures of the money supply signals higher inflation. But the statistical record of this idea since 1983, when the Federal Reserve

abandoned its last fling with monetarism, is extremely poor. Recognizing this, Greenspan's own testimony explicitly rejects monetarist arguments: "we will continue to monitor developments in money and credit, but in 1994 as in 1993 the FOMC [Federal Open Market Committee] is unlikely to be able to put a great deal of weight on the behavior of these aggregates [that is, the indicators of money supply] relative to their ranges." Any present confluence between monetarist theorizing and monetary policies is, we are told, accidental.

If he is not a monetarist, is Greenspan perhaps a closet Keynesian? Traditional Keynesians argue that inflation threatens when unemployment falls too low, when capacity limits are reached, or in some variations when economic growth is too rapid. But while Greenspan does carefully assess each of these threats, he then explicitly dismisses them -- and rightly so. The data, showing unemployment at 6.5 percent, capacity utilization at 83.6 percent, and growth averaging perhaps 3 percent (the exceptional strength of the fourth quarter of 1993 having faded), indicate that the economy remains below past inflation thresholds. Non-traditional Keynesians (such as myself) would also argue that severe competitive pressures on U.S. industries -- rooted in rising trade with low-wage countries, a decline in labor standards, and fire sales of commodities from former communist countries -- will keep a lid on inflation, even if employment levels rise. Thus Keynesianism cannot explain Greenspan's actions, any more than monetarism can.

Is Greenspan then a disciple of the hard-line "new classical economics"? Conservative commentators have long rumbled about the need for the Federal Reserve to adopt a zero inflation target -- a "monetary rule", in effect, of tightening policy whenever inflation is positive and political circumstances permit. Legislation imposing such a target, and thereby annulling the formal goal of full employment embodied in the 1978 Humphrey-Hawkins act, has been proposed in Congress and has had supporters on the Open Market Committee. The idea is that the economy will fluctuate naturally about an equilibrium rate of unemployment, irrespective of policy; the Federal Reserve should concern itself only with stabilizing the price level, by taking by a super-tough stance to subdue inflation expectations.

Again, the description doesn't quite fit. For one thing, the new classical theory has a monetarist core. If you follow this line of argument, achieving price stability requires the Federal Reserve to focus on control of the money supply, which it is not doing. Moreover, if inflation expectations are rising, why would Greenspan explicitly state that they have been falling? There is no new classical coup at the Federal Reserve Board.

Is the Federal Reserve then reacting to the rising price of gold? This would make the Board into a neo-supply-side institution and a secret ally of Jude Wanniski, who has called (on the Op-Ed page of the Wall Street Journal) for tighter policies to stabilize the price of gold. Greenspan himself has an embarrassing past as a gold bug, and his testimony nods in this direction, stating that the price of gold "has been especially sensitive to inflation concerns." But one subordinate clause seems a thin reed on which to base a theory of Federal Reserve action.

The most intriguing possibility -- based on Greenspan's obscure reference to the "unacceptable risks" of low interest rates - - is that he has embraced some antique theoretical ideas, traceable to the early twentieth century Swedish economist Knut Wicksell. These ideas, proposing a "natural interest rate", concern the relationship between the optimal rate of interest, the physical productivity of capital investment, and the rate of growth. According to this doctrine, interest rates should rise when they fall below the "natural" rate of return on capital, which in simple steady-state models is equal to the long-run sustainable real rate of economic growth. If this rate is, say, 2.5 percent, and inflation is 2 percent, then such a rule would indicate a target level of 4.5 percent for nominal interest rates.

A Reuters dispatch from early May lends some support for this view, noting that that FRB officials "want to shift monetary policy away from being accommodative... to a neutral stance that neither acts a spur nor a drag on growth." Reuters quoted Federal Reserve Board Governor Lawrence Lindsey: 'We're not quite in neutral,' he said. 'But we're substantially closer to it.'

Lindsey and Greenspan may be using "neutral" where they mean "natural" in the Wicksell sense. The confusion of words could be an appeal to metaphor, namely to the neutrality achieved by shifting an automobile's engine out of gear, in order to explain this idea to the vulgar.

But even if we get the terminology straight, applying the doctrine of a natural interest rate presents three major problems. First, we have no measure of the natural real rate of return on capital (indeed, we have no coherent measure of the capital stock); the model only works in a highly simplified theoretical setting. Second, the long-run sustainable rate of growth is only relevant after the economy is at full employment. So long as unemployment remains high, the economy can grow faster than its present rate, with lower interest rates helping it along. Hence, this theory does not suggest that the best interest rate now is higher than it was in January. Finally, this theory

theory does not tell us why the short-term interest rate should be adjusted to the "natural" rate. To the contrary, it would seem that long-term bond rates are much more relevant to the problems that interested Wicksell, and real long-term rates remain extremely high.=20

John Maynard Keynes long ago summed up the arguments in this field: "I am now no longer of the opinion that the concept of the 'natural' rate of interest, which previously seemed to me a most promising idea, has anything very useful or significant to add to our analysis. It is merely the rate of interest which will preserve the status quo; and, in general, we have no predominant interest in the status quo as such." Apparently, others have accepted that verdict. In the last fifty years natural interest rate theory has hardly developed; many textbooks don't even mention it. It would be amusing, but strange, if Greenspan and Lindsey were now intent on reviving this archaic doctrine.

There is the possibility that Greenspan was acting to defend the dollar. Press reports suggest that Japanese money has been flowing out of foreign investments, which would weaken the dollar against the yen. Perhaps Greenspan felt higher interest rates would stop this trend. If true, this motivation has three problems. First, it's dumb, since raising U.S. interest rates can only deepen the financial crisis in Japan by drawing funds back out of Japan. Second, it won't work (and didn't: the dollar didn't stabilize). And third, it's a total secret so far as reporting to Congress and the public is concerned. The words "dollar," "international" and "Japan" do not appear in the February Report, and the phrase "exchange rate" appears only once, unimportantly.

Can some non-economic, or at least non-macroeconomic, theory explain the rate hike? Perhaps Greenspan was trying to set a course towards tighter money policy before Clinton's two new appointees to the Board, Alan Blinder and Janet Yellen come and try to stop him. Or perhaps Greenspan, alongside the overwhelming Republican majority on the Open Market Committee, has simply decided to torpedo the Clinton administration's economic recovery, and with it the immense progress made in 1993 in budget deficit reduction.[3]

Each of these political motivations, if true, would constitute grounds for impeachment, not only for Greenspan but for all who voted with him on the Federal Reserve Board. It is not the Federal Reserve's job to regulate the outcome of elections. Of course, hard evidence on these questions is lacking and, in the final analysis, unlikely to surface.

One last possibility came to light when Greenspan returned to the

* Senate on May 27 to defend his policy. This was the idea that the Federal Reserve felt a need to pop a bubble in the stock and bond markets, and specifically to help drive stock and bond mutual fund investors back to the eroding deposit base of the commercial banks. Greenspan was astonishingly explicit about this to the Senate, stating that small investors had become accustomed to "an unsustainable combination of high returns and low volatility;" that they failed to appreciate the inherent risks of holding long-term assets. In reality, of course, these high returns were only unsustainable after February 4th because Federal Reserve policy changed.

✓ The crass clientelism of this motive gives it, one fears, the awful ring of truth. The high spreads between long and short rates in recent years have been a thinly disguised bail-out for commercial bank profits. So why not now bail out commercial bank market share, by forcing small investors out of long-term investments and back to the security (and low-interest) of insured bank deposits? The mind wrestles with the anti-social implications of this policy, as well as with the effrontery of admitting as much, even in obscure language, to the Senate. If a tie-dyed Marxist had made the accusation, few would believe it. ✓ Absent formal inquiry into the FOMC transcripts, which is called for, I have trouble believing, even now, that it was a key motivation before the fact.

We are left, then, with the thought that the Federal Reserve Board does not know what it is doing. This is the "Wizard of Oz" theory, in which we pull away the curtains only to find an old man with a wrinkled face, playing with lights and loudspeakers.* And absent stronger evidence from Greenspan's mouth or the Board's own files, I fear that this is the conclusion on which we must, for the moment, rest our case.

[ASTERISK, BOTTOM-OF-PAGE FOOTNOTE: The parallel is not accidental, as scholarship has shown that "Oz" was a monetary parable. Specifically the Emerald City was Washington (where greenbacks were made), the tin man (rusted solid) was a depressed industrial worker, the Scarecrow a depressed farmer, and Dorothy wore silver slippers on the yellow brick road. William Jennings Bryan is the Cowardly Lion; the wizard was the President, dispatched in the end in a hot air balloon. The parable was elucidated by Henry Littlefield, "The Wizard of Oz: A Parable of Populism" in the American Quarterly of Spring, 1964. I am indebted to Lowell Dyson of the Economic Research Service, USDA, and to Jim Devine and Michael Genovese of Loyola Marymount College for posting information on the Internet on this topic.]

In this view, Federal Reserve policy reduces to a syllogism: "good times are followed by bad times; therefore good times must be prevented." An old chestnut attributed to William McChesney Martin, who was Federal Reserve Board Chairman in the 1960s, holds that the Federal Reserve's job is to "take away the punchbowl just when the party gets going." Has this feeble cliche, with its stupid implications, become the central basis on which monetary policy is now made?

A Breach of Faith

We arrive at the view that a group of nine men and one woman -- nine Republicans and one Democrat -- decided to raise interest rates because on balance they felt, for no particular coherent reason, that raising interest rates was the thing to do. Should we, the public, the Congress, and the Administration, accept this?

Clearly not. The actions so far have not led to recession. But the costs are nevertheless substantial -- a huge increase in the "interest tax" paid by consumers and businesses to their banks, as well as slower growth and higher joblessness.

To take a typical case -- my own -- a rise of 1.25 percentage points in the short-term interest rate will translate into an additional \$2,000 of interest payments, next year, on my \$160,000 adjustable-rate mortgage. This is a tax increase many times as great as the effect on me of last year's increase in the income tax. And I am paying this tax to a private commercial bank -- whose shareholders are no doubt on average richer than myself.

From the standpoint of the Administration and Congress, there is another, equally serious consideration. With the public holding \$3 trillion of federal debt, each one-point increase in interest rates eventually imposes \$30 billion in net new annual interest costs on the budget, while slower economic growth cuts revenues and adds to spending for unemployment insurance and welfare. This is enough to upset, in a radical way, progress made toward lower budget deficits in 1993.

The 1994 Economic Report of the President, transmitted on the same day as the new Federal Reserve policy (February 4th), reveals clearly how much the Administration and Congress were relying on lower, not higher interest rates:

"Long-term nominal and real interest rates dropped sharply in 1993. The decline in rates was closely linked to the proposal and enactment of the Administration's budget... Lower Federal

borrowing reduces interest rates directly, by reducing demand for credit. [And] a more prudent fiscal policy reduces the likelihood that the Federal Reserve will need to pursue a restrictive monetary policy, and so reduces expected future short-term rates. (p. 35).

Later the Report notes:

"With a greatly improved outlook for the Federal budget deficit, the Council of Economic Advisers expects long-term interest rates to remain relatively low for the foreseeable future " which will help keep economic growth on track. Low interest rates are the key ingredient that should allow the economy to grow in the face of future large deficit reductions, which would otherwise tend to contract the economy." (p. 56)

Thus, higher interest rates cut twice against the Administration's best hopes for sustained growth. They slow economic growth directly by deterring job creation, and they raise the deficit itself, which in turn increases political pressure for an even more contractionary fiscal policy.

In 1993, Alan Greenspan and the Federal Reserve Board encouraged deficit-cutting, leaving the impression that deficit reduction was the key to low interest rates. The President repeatedly made the connection between the two. Members of Congress repeatedly justified tough votes on taxes and spending to their constituents in the same terms. Unfortunately, Administration did not obtain an explicit commitment that the Federal Reserve would reward progress on the budget deficit by maintaining low interest rates.

The apparently coordinated economic policy of the Administration and Congress with the Federal Reserve in 1993 has been rejected by the latter, without the consent of the former. The cumulative effect raises the deepest suspicions of bad faith on the part of the Federal Reserve Board.

What is to be done?

The immediate problem is bad policy. This Congress can change, if it chooses. The Federal Reserve is not, under the Constitution, a fourth branch of government. It is an agency created under the Constitutional provision that Congress has the power to "coin money and regulate the value thereof." Congress wrote the Federal Reserve Act, and can change it. It has already done so in a general (if ineffective) way, for example, by writing the objectives of "maximum employment, production and purchasing power" into the 1946 Employment Act and "full employment" alongside "reasonable price stability" into the 1978 Humphrey-Hawkins Full Employment and Balanced Growth Act.

To pass a law on current policy, however, would involve the President directly in monetary policymaking, and would thus end the independence of the central bank from the executive branch. It seems a draconian step to remedy a short-term problem of policy incoherence.

Alternatively, Congress could put a monetary directive into a concurrent resolution. Concurrent resolutions, such as the annual budget resolution, do not require the President's signature and thus lack the force of law. But past Federal Reserve Chairmen have acknowledged that such resolutions are binding in effect, because the Federal Reserve Board is a creature of Congress.

In 1975, in House Concurrent Resolution 133, Congress directed the FRB to conduct policy "so as to lower long-term interest rates." At the end of 1982, Congress ordered that monetary policy "achieve and maintain a level of interest rates low enough to generate significant economic growth and thereby reduce the current intolerable level of unemployment."

Forty-four members of Congress wrote Chairman Greenspan on April 28, 1994, asking that interest rates be raised no further. This request was ignored, and the time is ripe for stronger action. A directive ordering a gradual roll-back of interest rates -- a shocking thought to many -- is distinctly thinkable today.=20

Shedding Light

Over the long haul, it is neither practical nor wise for Congress to micro-manage monetary policy. Yet experience also tells us that the nineteen-year effort to impose rationality and coherence on the Federal Reserve solely through semi-annual reporting requirements has failed. It's time for something more effective.

Proposals to restructure the Federal Reserve include the Hamilton-Sarbanes proposal to abolish the Federal Open Market Committee. Currently the FOMC is composed of Presidentially-appointed Board members and a rotating group of regional Federal Reserve Bank Presidents, who are not Presidential appointees. Hamilton-Sarbanes would reconstitute the twelve regional Federal Reserve Bank Presidents as a non-voting Open Market Advisory Committee and the Gonzalez proposal to make the Presidents of the regional banks into Presidential appointees. Either measure would constitute an improvement over the present system. The Gonzalez proposal would also permit the President to bring gender and race diversity to the regional Federal Reserve bank presidencies for the first time. The antiquated structure of regional Federal Reserve banks (there are two in Missouri and one in California) as well as of the Open Market Committee (which

gives preferred voting rights to New York, Chicago and Cleveland over other districts) is also ripe for change. But these important reforms do not really address the basic issue of policy coherence.

What would help most would be an immediate end to the reign of secrecy in Federal Reserve decisionmaking. If we knew in detail and in real time how and why each member voted on each decision, we would not assure a coherent or rational result. But at least we would know the basis for monetary policymaking -- if there is one. And we could take the next step, which is to evaluate the coherence of the Federal Reserve Board and Open Market Committee, now carefully shielded from public view.

In the one positive development this year, the Federal Reserve has itself stripped away all justifications for the deep secrecy surrounding its monetary policy decisions. Up until February 4th, the Federal Open Market Committee indulged in a charade, whose only effect was to reduce the Fed's political visibility: The FOMC issued a policy directive, but released it to public only six weeks later, after the subsequent FOMC meeting. Money markets, of course, could deduce the new policy within hours, from changes in the pattern of Federal Reserve operations. But the public and Congress had no official statement, and no explanation, on which to hang a discussion of the policy merits.

On February 4th, and again in the following weeks, the FOMC dropped the charade. Greenspan simply announced that the federal funds rate would rise by a quarter-point--an immediate disclosure of the FOMC directive.

What happened was exactly what advocates of immediate policy disclosure had long predicted. The federal funds rate adjusted, immediately, to the announced target. This happened even before any open market operations were conducted. And the Federal Reserve had no difficulty maintaining the federal funds rate exactly where it wanted it, thereafter. This tells us that all previous arguments for secrecy surrounding the FOMC's directive were captious, as critics had argued. Why not then take the next step, and open the FOMC meeting at which the directive is decided?

Those who defend FOMC secrecy cannot argue, as they have done up to now, that real-time public scrutiny of Federal Reserve decisionmaking would affect implementation of monetary policy. We have put that proposition to test, and found that monetary policy is easier to implement, and more effective, when the decision is publicly known. We are left only with arguments that somehow spontaneity, or something, would be lost if FOMC proceedings were

public.

But if the Federal Reserve cannot give us a coherent account of its policies, why should we take it on faith that wonderful things happen behind closed doors at its meetings? Members of Congress, particularly more senior members, have direct experience with moves toward greater openness, both in the reforms of 1975 which opened up the Committee processes, and in the creation of C-SPAN in the 1980s. They know that there are Members who cannot function without a script. And there are others who function very well, who operate as comfortably in public view as behind closed doors, by mastering the details of the rules and of the legislation before them. Of the two types, which do you suppose is more effective and commands more respect?

Congress discovered that there was nothing, intelligence appropriations and a few other things excepted, in the making of public laws that could not be shown to the public. In the case of Federal Reserve monetary policy (bank regulatory matters are something else), there is even less to hide. Why are economic data, and the runs of models, and the arguments of monetarists and Keynesians, to be considered a state secret?

President Clinton has recently appointed two first-rate economists to the Federal Reserve Board: Alan Blinder of his own Council of Economic Advisers and Janet Yellen of Berkeley. Neither would have any difficulty making a public case for a more rational, better defended policy. It would be interesting to see whether any of the old guard could effectively challenge this high-powered pair in a public setting. And it would be a terrible shame if their voices were lost behind the veil of obscurity that now surrounds Federal Reserve decisions.

* Congressman Henry Gonzalez, Chairman of the House Banking Committee, has suggested that a camera be placed in every Federal Open Market Committee meeting. Fed-SPAN - that's the ticket. Blinder and Yellen should team with Lindsey (no intellectual slouch, though conservative) and simply put this issue to the Board. If they won't, or if the Board won't go along, then let Congress do it for them.

COMMENTS ARE WELCOME AT <GALBRAITH.JAMES@MAIL.UTEXAS.EDU>. THE AMERICAN PROSPECT MAGAZINE, A QUARTERLY JOURNAL OF GREAT MERIT (IN THIS AUTHOR'S OPINION) WOULD ALSO WELCOME COMMENTS AND OTHER INQUIRIES WHICH MAY BE ADDRESSED TO JONATHAN COHN AT <TAP@WORLD.STD.COM>.

2/14/96



NOACH DEAR
COUNCILMAN, 44TH DISTRICT

CHAIRMAN
Transportation

THE COUNCIL
OF
THE CITY OF NEW YORK

☐ District Office:
4424 16th Avenue
Brooklyn, NY 11204
718-633-9400
Fax: 718-633-9403

☐ City Hall Office:
250 Broadway, 22nd Floor
New York, NY 10007
212-788-7022
Fax 212-788-8964

COMMITTEES:
Finance
Land Use
Consumer Affairs
State & Federal Legislation
Sub Committee on
Zoning and Franchises

cc: VP/HAC/Smith
We need to decide
how to respond -
up to at least let
him buy back down
BC

PERSONAL AND CONFIDENTIAL

January 29, 1996

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: M DATE: 9/11/11

2019-0774-5

The President
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

I share the hurt that you and the First Lady are enduring during the unfair attacks. As an Orthodox Jew, I can tell you that Jewish tradition teaches that G-d loves and responds to those who are being pursued and attacked. It is better to be on the receiving end than to be dishing out such attacks. You can be confident that you are going through this only to be victorious. The more these attacks continue, the more successful you will be.

I am one of the larger fund-raisers on behalf of your campaign. Vice President Gore was at my home recently and he met with a group of Orthodox and Hasidic rabbis. I have enclosed a picture from this visit. These rabbis are the Orthodox Jewish community's policymakers, whose advice and blessings are sought from all over the world.

I would like to relate two stories regarding such blessings. Prime Minister Peres claims that he was saved from the assassin's bullet because of a blessing from a great European rabbinic leader. When I met with Mr. Peres in Jerusalem recently, he confirmed that he received such a blessing at age 3.

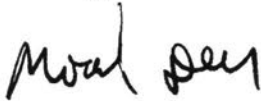
When Senator Lautenberg first ran for his seat, he was ninth in the polls leading up to the primary. I took him to a rabbi who gave him a blessing for the primary and told him to come back before

the general election. Only hours after leaving the rabbi's home, Mr. Lautenberg moved up in the polls. After winning the primary, he came back to the rabbi for a blessing and won an even tougher race in the general election.

I would like to meet with you to talk about the religious Jewish community. When you are in New York, I would like to show you the community I represent in Brooklyn and bring you to a rabbi for a blessing. Or I would be happy to bring the rabbi to you at the White House. Either way, your re-election will be assured.

I look forward to your response.

Sincerely,

A handwritten signature in cursive script, appearing to read "Noach Dear".

Noach Dear

ND/jk

THE PRESIDENT HAS SEEN

2/14/96

THE WHITE HOUSE

WASHINGTON

January 29, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: JACK QUINN

SUBJECT: PARTIAL BIRTH ABORTION ACT

You have asked for a response to a memo from Lee Strobelt urging you to sign the partial birth abortion act. The memo you received argues: (1) that many partial birth abortions are performed in "routine" cases, where there is no life or safety issue; (2) that even in non-routine cases, there are always equally sound medical alternatives to the partial birth procedure; and (3) that some of the non-routine cases highlighted by pro-choice groups (notably, the Coreen Costello and Viki Wilson cases) would not be affected by the legislation. Each of these arguments is not quite accurate, for the reasons described below. At bottom, even acknowledging that medical opinion on this procedure is divided, the best available information, viewed in light of Supreme Court law, suggests that a veto of the bill is appropriate on grounds that it does not sufficiently protect the health of the woman.

1. With regard to the claim that many partial birth abortions are performed in routine cases, you have objected -- and should continue to object -- to the use of this procedure in any "routine" case, not involving a woman's life or safety. If the bill were amended as you have insisted it be, such that you could sign it, then the procedure would be banned in routine cases -- i.e., where the life or health of the mother is not at risk.

2. Doctors have offered a range of different views as to whether and when use of the partial birth procedure is medically necessary or appropriate. Some doctors, as the memo to you indicates, believe that alternative medical procedures are always as safe or safer than the partial birth procedure. Other doctors claim that the partial birth procedure is often the safest surgical alternative for women late in pregnancy. These other doctors, among other things, say that the procedure poses the least risk to a woman's future reproductive capacity.

A federal district court in Ohio recently addressed this matter in ruling on the constitutionality of a state statute banning partial birth procedures. After six days of hearings, during which several medical experts testified on each side of the issue, the district court concluded that the partial birth procedure "appears to pose less of a risk to maternal health" than do other procedures available late in pregnancy.

Given the state of medical evidence on this subject, it

*When can we have a response
on approach to Strobelt
to Bill Hybels? They might try #1
Strobelt will be in last week
Proceed in last week
also put in rough
BC*

seems appropriate to leave to doctors themselves the decision whether the procedure is medically necessary. The question the Act presents is whether to prevent such doctors from acting on a judgment that the procedure is the safest available in a particular circumstance. In this regard, the Supreme Court has recognized that abortion regulations must "allow the attending physician the room he needs to make his best medical judgment." Such an approach, which allows the medical community to make clearly medical decisions, seems the surest way to protect the health of women.

3. The facts relating to the Costello and Wilson cases are somewhat uncertain, but this uncertainty tends to reinforce, rather than undermine, the Administration's current position on the Partial Birth Act. The Strobel memo claims that Coreen Costello did not have a partial birth procedure as defined by the Act. Some doctors would support this claim; others would dispute it. There is enormous uncertainty within the medical community as to exactly which procedures this Act covers. The Act does not use any medically recognized terms, and although the definition in the Act of "partial birth abortion" may seem clear to a layman, many doctors say that they do not know how it would apply to particular medical procedures. The dispute over whether Costello's procedure was covered by the Act thus points to a real problem with the legislation: its vagueness and lack of clarity as applied to the real world of medicine.

Similarly, it is not clear whether the Costello and Wilson procedures would fall within the bill's current "life of the mother" exemption. Even if Costello and Wilson were in life-threatening (as opposed to health-threatening) pregnancies, which is itself unclear, a partial birth abortion may not have been "necessary" to save their lives, as the current exemption requires. Under this exemption, it is apparently not enough that a woman is in a life-threatening pregnancy and that her doctor has determined that the partial birth procedure is the most medically appropriate; a partial birth procedure falls within the exemption only if that procedure, and no other, is capable of saving the woman's life. No one knows -- indeed, given the state of medical evidence on these matters, it seems impossible to know -- whether Costello or Wilson (or any other woman in their situation) would get any relief from this very limited exemption.

In any event, it seems indisputable that this bill, if it passes, will operate in certain cases to prevent women from receiving the medical procedures that their doctors believe to be the safest for them. As you know, this result is forbidden by current constitutional law, which insists that at every stage of a pregnancy, the state's interest in regulating abortion yield to preservation of a woman's health. It is this infirmity alone that impels me to advise you that the proposed Act does not pass constitutional muster.

A handwritten signature, likely of the author, is located at the bottom right of the page. It is written in dark ink and appears to be a stylized name, possibly "John" or "Jane".

Mr. Jan Leschly

Chief Executive

SmithKline Beecham

Philadelphia, PA

SmithKline Beecham is one of the world's leading healthcare companies which discovers manufactures and markets pharmaceuticals, vaccines and other medicines. In 1994, Mr. Leschly was named one of Business Week's top 25 managers and winner of the Gold Medal Award in the pharmaceutical industry by the Wall Street Transcript. He serves on the Board of Trustees of the National Foundation for Infectious Diseases and the Board of Directors of the Pharmaceutical Research and Manufacturers of America. Outside the industry, Mr. Leschly was ranked 10th in the world in professional tennis in 1965.

Mr. Harry Kamen

Chairman and CEO

Metropolitan Life Insurance

New York, NY

Mr. Bruce Ratner

President

Forest City Ratner Companies

Brooklyn, NY

Mr. Ratner attended a dinner with the President in November. Forest City is a commercial real estate development firm. Mr. Ratner also serves as a member of the Board of the Brooklyn Academy Music School and the Futures in Education Foundation.

THE PRESIDENT HAS SEEN

2/14/96

✓
has discussed directly
him when he
meets
BS

Aleror Igbedion

Age: 12

96 FEB 14 A 8 : 28

6402 7th Street N.W.
Washington, D.C. 20012

William Clinton, President of the U.S.
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 26006

Dear President Clinton,

I'm glad you are trying to stop teens and other people from smoking. There are already enough people dying from diseases and I don't want any more people to die from diseases and I think these are the diseases that you die from like: lung cancer, throat cancer, and other diseases caused by smoking. What I'm trying to say is please stop young people and teenagers from smoking. We are tomorrow's future.

Sincerely,

Aleror C. Igbedion

Aleror

2-14-96

From the Oval -

To Donksund for reply?

Yes ☒

No ☐

C

AINED

ned the
I could

Explain

↓

Keia Brown

Age: 11

96 FEB 14 A 8: 27

725 Jefferson Street NW

William Clinton, President of the U.S.
1600 Pennsylvania Ave., N.W.

Dear Mr. President,

Hello my name is Keia. I want to ask you a question, can you please shut down those cigarette vendors? Because I am not sure whether or not children are going to those vendors and buying cigarettes. When children smoke they are subject to getting lung cancer, or they tend to start talking like an old person. My mother has a friend that smokes. I hate when he smokes around me. Every time he comes to our home I always try to get him to stop smoking. He has promised to stop, and I hope he will. The best thing to do is don't start.

2-14-96

From the Oval -
To Donald for reply?

Yes ☒

No ☐

Sincerely,

Keia E. Brown

Keia Brown

2-14-96

From the Oval

To the Gift Unit for appropriate
action?

Yes ☒
No

C.



Butz

200 Maryland Avenue, N.E., Washington, D.C. 20002-5797

202-544-4226 • FAX: 202-544-2094

96 FEB 14 10:09

CompuServe: 70420,54 • Internet: Baptist_Joint_Committee.parti @ Ecunet.org

JAMES M. DUNN
Executive Director

February 8, 1996

The Honorable William Jefferson Clinton
President
The White House
Washington, DC 20500

Dear Mr. President:

Here is a marvelous new book. Edwin Gaustad wanted you to have this copy.

Dr. Gaustad is certainly one of the best historians of religion in America. Better . . . he's a good read.

He was Dean of the University of California at Riverside, has taught at Brown, Princeton and Auburn.

Ed is our kind of Baptist. He is mine and your kind of Democrat. He's your kind of renaissance man, one of America's top scholars. (In fact, it seems to me that you would enjoy having him in one of your "brain trust" gatherings.

At any rate, you'll love this book about the one for whom you are named.

We pray for you faithfully. Please call on us for anything.

Sincerely,

James M. Dunn
James M. Dunn

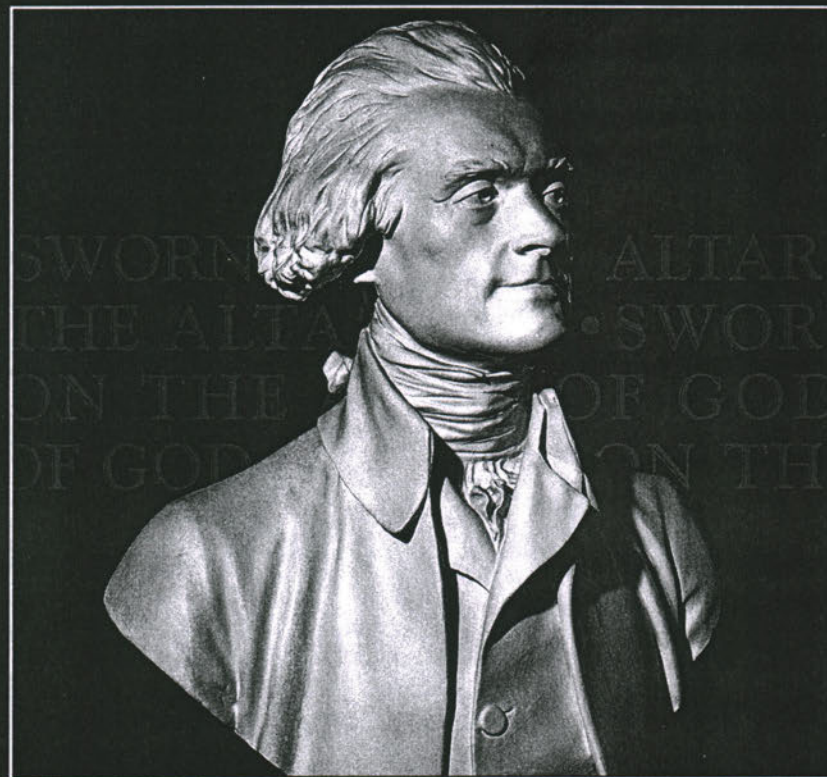
Alliance of Baptists
American Baptist Churches in the U.S.A.
Baptist General Conference
Cooperative Baptist Fellowship

National Baptist Convention of America
National Baptist Convention U.S.A., Inc.
National Missionary Baptist Convention
North American Baptist Conference

Progressive National Baptist Convention, Inc.
Religious Liberty Council
Seventh Day Baptist General Conference
Southern Baptist state conventions & churches

SWORN ON THE ALTAR OF GOD

A Religious Biography of Thomas Jefferson



EDWIN S. GAUSTAD

2-14-96

From the Oval -

Send to Counsel's Office?

~~XXXXXXXXXX~~
No

original
to Doris

cc: Doris Lindsey

+ Doris, not

C. could, make reply w/ Lindsey

6
MAGNOLIA LEWIS
KINARD, CRANE & BUTLER, P.A.

MIKE KINARD
STEVE R. CRANE
DAVID F. BUTLER

ATTORNEYS AT LAW
118 E. CALHOUN
P.O. Box 727
MAGNOLIA, ARKANSAS 71753

De Paul
96 FEB 14 48:07
(501) 234-4727
FAX (501) 234-4181

February 1, 1996

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

Re: Private Bills for Relief of Travel Office Personnel

Dear Mr. President:

I appreciate your concern for those you believe have been wronged and do not criticize you for agreeing to accept a properly drafted Private Bill to relieve certain former White House employees of economic burdens occasioned by their dismissal from the White House staff. I must trust you to determine whether the government has wronged these individuals and if you should decide they have, I commend your willingness to sign private relief legislation evidently being rushed through Congress this week.

I would be less than candid and certainly unfair to my friends and clients in the Sawyer families and Hasenfus families if I did not point out the irony of this action in view of their treatment during the last ten years since U.S. government sponsored Contra Resupply Operation resulted in the death of Wallace B. Sawyer, Jr. and the capture, torture and emotional breakdown of Eugene Hasenfus.

In behalf of these American citizens who became the victims of some of the worst partisan politics we have seen in this century, I have petitioned, solicited, and literally begged you and members of your administration and our entire Congressional delegation from Arkansas as well as Wisconsin, the home of the Hasenfus family, to undo the wrong and enact private legislation for their relief.

It would appear if you and the United States Congress can reach an agreement on funding the relief to the White House travel staff, certainly such a solution will be possible for the Sawyer and Hasenfus families who have waited so patiently for someone to hear their plea.

I respectfully remain a friend and constituent to you and my Congressional delegation and earnestly draw your attention to the need to remedy a wrong which has lasted for nearly a decade.

Sincerely,

A handwritten signature in black ink, appearing to be 'Mike Kinard', written over the word 'Sincerely,'.

Mike Kinard

MK:jp

cc: The Honorable Dale Bumpers
The Honorable David Pryor
The Honorable Jay Dickey
The Honorable Ray Thornton
The Honorable Tim Hutchinson
The Honorable Blanche Lambert Lincoln

THE WHITE HOUSE
WASHINGTON

February 12, 1996

96 FEB 13 P1:50

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

FROM: Laura Tyson/Gene Sperling/Paul Dimond (NEC)
Carol Rasco/Mike Schmidt (DPC)
Greg Simon (OVP)

CC: Leon Panetta, Alice Rivlin, Jack Gibbons

SUBJECT: The Educational Technology Challenge

Handwritten notes:
- This looks pretty good
- I am recommending this to you
- [Signature]

I. ACTION-FORCING EVENT.

This Thursday, you and the Vice President will be travelling to a school in Union City, New Jersey, to announce your proposal for the "Educational Technology Challenge" to implement all four components of your vision as announced in the State of the Union, where you asked "Congress to support this education technology initiative so that we can make sure this national partnership succeeds."

We are choosing to announce the details of the initiative on Thursday because it is close enough to the State of the Union to show the tight follow-up; it is right in between the primaries so that there is less chance that political news will block out a substantive proposal, and finally, it provides us a chance to highlight the Union City story -- one the best technology success stories in the nation. Our goal with this event is to see if the actual initiative itself can breakthrough.

II. FEDERAL COMPONENT FOR YOUR NATIONAL CHALLENGE ON EDUCATION TECHNOLOGY.

You have called for a national mission to make every child technologically literate by challenging all components of the American community to help achieve four fundamental pillars of a national education technology initiative.

1. Provide access to modern computers for all teachers and students;
2. Provide every teacher the training and support they need to help students learn through computers and the information superhighway;
3. Develop effective and engaging software and on-line learning resources for the full curriculum;
4. Connect every school and classroom in America to the information superhighway

The Educational Technology Challenge would be the major federal component of your national mission. It is consistent with the themes of your State of the Union and your vision of the national role. The federal government sets a national vision --- the four pillars needed to make every young person technologically literate -- and then we challenge every state to work with communities and private sector to come through with a strategy to make this vision a reality.

III. RECOMMENDATION FOR AN EDUCATION TECHNOLOGY INITIATIVE.

Over the past few months, staff from the NEC, OMB, DPC, OSTP, OVP, and the Departments of Education and Commerce have put together a detailed proposal for your Challenge Fund. This memorandum proposes a unified recommendation from this group, but we try to highlight major policy issues that we resolved in case you or the Vice President has a different view.

A. WHY WE REJECTED AN EXPLICIT MATCHING FUND: Initially, the working group was looking at requiring each state to put forward a specific dollar match -- ranging from 1 to 1 or up to 4 to 1 -- of the federal dollars. This match could come from a combination of state, local, and private sector spending, but would have to represent new spending over and above each previous year's level to be credible. It became increasingly clear, however, to the working group that this strict matching approach would lead to a counterproductive degree of federal intrusiveness. Any plan to determine and monitor how much states were spending and how much they were matching specific federal dollars would create a need to determine maintenance of efforts levels, pricing of private sector contributions, and subjecting states to Inspector General audits and DoEd attempts book-keeping reviews that have little to do with achieving your four goals. Given these problems, the working group unanimously agreed that the best way for the nation to achieve your four goals is for the federal government to set the vision and to challenge states (with local communities and the private sector) to come up with their own strategies to accomplish this vision.

B. RECOMMENDED STRUCTURE: THE STATE CHALLENGE FOR A NATIONAL MISSION: Consistent with your stated vision of the federal and local government roles, this proposal sets a four-part national mission and then asks challenges each state to come forward with a strategy for enabling every school in the state to meet the four goals that you have outlined. Within this challenge, we can still require strategies that call for the private sector to at least match the federal contributions -- without nitpicky monitoring.

States would have maximum flexibility in meeting this four-part national mission: Each state will be eligible to receive a portion of the Fund each year based on the number of students. The only three requirements are: 1) A Statewide Strategy; 2) Strong Private Sector Participation; and 3) Public Accountability to their States.

1. Statewide Strategy: Each state will develop a strategy for enabling every school in the state to meet the four goals that you have outlined by the dawn of the next century. These State strategies will ensure that local districts and schools (like those in your Empowerment Zones) with high concentrations of students from low-income families are able to participate fully in this initiative. States will have broad flexibility in

determining how they choose to meet your goals. The strategy to achieve the fourth pillar -- to connect all schools and classrooms to the information superhighway -- should include a plan to work cooperatively with the regulators and the private sector to take full advantage of the more affordable rates and new competition flowing from the landmark Telecommunications Act. Strategies would include benchmarks and timetables for accomplishing the four goals, but these measures will be set by the State not by the federal government.

2. Private Sector Partnership: State strategies should include significant private sector participation and commitments to meet the four pillars. *Private sector commitments should at least match the amount of federal support.* The working group feels that such a match can be met by volunteer services, cost reductions and payments for connections under the expanded Universal Service Fund provisions of the Telecom Act, and a range of other commitments. The main reason for including such a private sector match is to continue your challenge to the private sector to participate as full partners in implementing your national vision within each state. This matching challenge to the private sector can be used by states and local communities to leverage private sector participation. We believe that this challenge for an "up-front" match also can be designed so that it does not carry the excess baggage (described above) of the intrusive federal administrative oversight required of an on-going match of state and local district funding.

3. Annual Progress Report to the Public: Rather than have a program that asks the state to report its progress to the federal government for review, we would only ask that each state lay out clear goals and benchmarks and then publicly release them to the citizens of their state each year. Each state would publicly report at the end of every school year to its residents the progress it has made in achieving the benchmarks it has set and how it will achieve the ultimate objectives of its strategies in the most cost-effective manner. This will assure that the states -- who will be putting up the bulk of the resources -- are fully accountable to their own voters.

C: ENSURING A TRUE NATIONAL EFFORT: We wanted to ensure that no Governor or even Mayor could stand in the way of this challenge to the nation. Therefore, we recommend that there be a "state default" option if a state does not come forward with a statewide strategy and a local innovation fund. This design ensures that at every community and every company you speak to, your challenge can apply to them. They can be part of the state challenge: if the state defaults on their option, they can come forward and apply for their portion of funds, and any company or community can apply for the local innovation fund. This way everyone is empowered to participate in this national mission.

1. State Default Option: In the event that a state is unwilling or unable to come up with a State Plan to meet your four goals and participate in this Challenge, a State Default option would be triggered. This option would make local communities in the state eligible to apply for the state share of the Challenge Fund by forming local consortia with private sector partners and putting together a plan to achieve your four goals at the local level. This will assure that all communities can participate, and no governor will have a veto over your challenge. In the current political climate, this

will put considerable local pressure on governors to join in the challenge: any governor who chooses to argue that his or her state can go it alone without your leadership and assistance will be confronted by local mayors, school boards, superintendents, teachers and parents who will demonstrate their support for your leadership by making clear that they want to participate in the Fund Challenge.

2. Innovation Fund: An Expanded Technology Learning Challenge: As part of the national challenge fund, the proposal would set aside a portion of the fund for local innovation by expanding your successful Technology Learning Challenge Grant Competition ("TLC"). Each year a portion of the Fund will be set aside and placed into an expanded TLC. Every local community in the country will have the opportunity to apply for these competitive challenge grants by putting together a consortia of schools, businesses, telecommunication and software companies, university and other community partners that come up with truly innovative approaches to meeting all four of the pillars at the local level. As with the TLC, each consortia of schools must include some schools with high concentrations of students from low-income families.

D. FUNDING LEVELS: The Challenge Fund will provide a total of \$2.5 billion over five years. The Fund will then be subject to a sunset provision to allow a reassessment in five years of whether the Fund is still needed, and if so at what level of funding.

IV: RELATION OF CHALLENGE FUND TO TELECOMMUNICATION ACT.

Implementation of the Telecommunications Act can operate to provide schools with affordable access to telecommunications connections. States, therefore, may consider giving top priority in using federal challenge dollars to help finance the Teacher Development, Computers, and Software goals. States are not prohibited from using federal dollars for Connection; and States are encouraged to consider innovative, cost-effective financing strategies that permit bundling of one or more of the four components to permit constant renewal and up-dating over time. Your announcement of this Fund provides an opportunity for you to welcome the rapid, bi-partisan Congressional support in the Telecom Act to help implement one of the four pillars of your education technology initiative -- making connections to schools and classrooms more affordable. The Challenge Fund is designed so that Congress can now be asked to act just as swiftly on a bi-partisan basis to support implementation of all four pillars of your education technology initiative.

V: THREE OPTIONS FOR NAME OF THE FUND:

- **Education Technology Challenge:** Basic and to the point, but there is reason to believe that some feel that this implies a more advanced education and some may not seem it applies to them.
- **Technology Literacy Challenge:** This is seen as the name that most people believe will apply to them.
- **Future Tools for Schools:** Popular with people, but may seem juvenile.

THE WHITE HOUSE
WASHINGTON

2-13-96

February 5, 1996

MR. PRESIDENT:

Attached is a memo from Leon, Jack, George and Nancy-Ann Min on the partial birth abortion bill, setting forth four policy options and attaching a proposed letter to Senator Hatch. DOJ believes that only Option 4 is constitutional, while our Counsel's office believes any of Options 2-4 are constitutionally sound. In essence these are the options:

1. No use of this procedure in pre- or post-viability stage unless the abortion is being performed because the pregnancy itself threatens life or serious adverse health consequences.
2. Same as Option 1 post-viability, but broader use pre-viability -- namely, if woman chooses an elective (non-health) abortion, she could choose to use this procedure as long as the procedure (as opposed to other procedures) were necessary to avert risk to life or serious adverse health consequences.
3. (Boxer) Same as Option 1 post-viability, but still broader use pre-viability -- namely, procedure could be used in any pre-viability abortion, irrespective of a health rationale.
4. Same as Option 3 pre-viability; differs from Options 1-3 post-viability by requiring only "adverse" rather than "serious adverse" health consequences.

The attached draft letter embodies Option 1 without the bracketed language; Option 2 with such language.


Todd Stern

7:25 pm

THE WHITE HOUSE

WASHINGTON

February 2, 1996

Wright

MEMORANDUM FOR THE PRESIDENT

FROM: LEON PANETTA, JACK QUINN *Jack*
GEORGE STEPHANOPOULOS, NANCY-ANN MIN

SUBJECT: PARTIAL BIRTH ABORTION ACT

Detailed below are four ways of amending the Partial Birth Abortion Act. They differ with respect to (1) the meaning and appropriate scope of a life and health exception and (2) the permissibility of imposing any restrictions on use of the procedure in the pre-viability setting. Of course, we need not propose any statutory language. But these formulations will help to bring into sharper focus the question of when the regulation of partial birth abortions is impermissible.

The Office of Legal Counsel of the Justice Department believes that only one of the following proposals meets constitutional standards -- namely, Option 4 (the option, of the ones presented here, allowing greatest use of the partial birth procedure). The White House Counsel's Office disagrees, believing that Options 2, 3, and 4 are all at least arguably constitutional. On the other hand, the White House Counsel's Office agrees with OLC that Option 1 is unconstitutional because it prevents a doctor from using the partial birth procedure in any previability case in which the woman desires the abortion for non-health related reasons, even if the partial birth procedure (as compared to other procedures) is necessary to protect her from serious adverse health consequences.

Attached to this memo is a draft of a letter, which sets out your basic position on the Partial Birth Abortion Act. The penultimate paragraph of the letter, in which you say what kind of bill you could sign, is most consistent with Option 1 in the absence of the bracketed words and is most consistent with Option 2 when those words are included.

* * * * *

1. The prohibition of the Act shall not apply to any abortion performed where, in the medical judgment of the attending physician, the abortion is necessary to preserve the life of the woman or avert a serious adverse health consequence to the woman.

This option allows use of the partial birth procedure, whether in the pre-viability or post-viability stage, in only one circumstance: where the abortion is performed because the pregnancy poses a threat to the life or the serious health interests of the woman.

2. The prohibition of the Act shall not apply to any abortion if, in the medical judgment of the attending physician, the abortion (or, in the case of pre-viability abortions, the abortion or election of particular method of abortion) is necessary to preserve the life of the woman or avert a serious adverse health consequence to the woman.

This option allows use of the partial birth procedure in the post-viability stage in the same circumstance described in Option 1: where the abortion is performed because the pregnancy poses a threat to the life or the serious health interests of the woman. It allows use of the of the partial birth procedure in the pre-viability stage in that circumstance and another: where the abortion is performed for non-health related ("elective") reasons, but the use of the partial birth procedure (as opposed to other abortion procedures) is necessary to avert a threat to the life or the serious health interests of the woman.

3. The prohibition of the Act shall not apply to any abortion performed prior to the viability of the fetus, or after viability where, in the medical judgment of the attending physician, the abortion is necessary to preserve the life of the woman or avert a serious adverse health consequence to the woman.

This is the Boxer Amendment. It allows use of the partial birth procedure in the post-viability stage in the same circumstance described in Option 1: where the abortion is performed because the pregnancy poses a threat to the life or the serious health interests of the woman. It allows use of the partial birth procedure in the pre-viability stage in any case at all, regardless whether the abortion is performed for health-related reasons and also regardless whether in "elective" cases, the use of the partial birth procedure (as opposed to other procedures) is medically necessary.

4. The prohibition of the Act shall not apply to any abortion performed prior to the viability of the fetus, or after viability where, in the medical judgment of the attending physician, the abortion is necessary to preserve the life of the woman or avert an adverse health consequence to the woman.

This option allows use of the partial birth procedure in the post-viability stage where the abortion is performed because the pregnancy poses a threat to the life or the health interests of the woman. Note that in this formulation, the adverse health consequences to the woman do not have to be "serious." The option allows use of the partial birth procedure in the pre-viability stage in any case at all, as does Option 3. This is the option preferred by the Justice Department's OLC.

DRAFT

Dear Senator Hatch:

I understand that the House is preparing to consider H.R. 1833, as amended by the Senate, which would prohibit doctors from performing a certain type of abortion. I want to make the Congress aware of my position on this extremely complex issue.

I have always believed that the decision to have an abortion should be between a woman, her conscience, her doctor, and her God. I strongly believe that legal abortions--those abortions that the Supreme Court ruled in Roe v. Wade must be protected--should be safe and rare. I have long opposed late-term abortions except, as the law requires, where they are necessary to protect the life of the mother or where there is a threat to her health. In fact, as Governor of Arkansas, I signed into law a bill that barred third trimester abortions except where they were necessary to protect the life or health of the woman, consistent with the Supreme Court's rulings.

The procedure described in H.R. 1833 is very disturbing, and I cannot support its use on an elective basis, where the abortion is being performed for non-health related reasons and there are equally safe medical procedures available. As I understand it, however, there are rare and tragic situations that can occur in a

woman's pregnancy in which, in a doctor's medical judgment, this

procedure may be necessary to save a woman's life or to preserve her health. In those situations, the Constitution requires that a woman's ability to choose this procedure be protected.

I have studied and prayed about this issue, and about the families who must face this awful choice, for many months. I believe that we have a duty to try to find common ground: a resolution to this issue that respects the views of those-- including myself--who object to this particular procedure, but also upholds the Supreme Court's requirement that laws regulating abortion protect both the life and the health of American women.

I have concluded that H.R. 1833 as drafted does not meet the constitutional requirements that the Supreme Court has imposed upon us, in Roe and the decisions that have followed it, to provide protections for both the life and the health of the mother in any laws regulating abortions.

I am prepared to support H.R. 1833, however, if it is amended to make clear that the prohibition of this procedure does not apply to situations in which the [~~election of the~~] procedure, in the medical judgment of the attending physician, is necessary to preserve the life of the woman or avert serious adverse health consequences to the woman.

DRAFT

I urge the Congress to amend H.R. 1833 to ensure that it protects the life and the health of the woman, as the law we have been elected to uphold requires.

Sincerely,

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

2 13 96

February 13, 1996

MR. PRESIDENT:

The attached Quinn/Rasco memo concerns whether Social Security benefits can be paid to a 4-year old girl, conceived through artificial means after her father's death through use of his frozen sperm. An ALJ ruled that the girl, Judith Hart, is entitled to benefits, but this ruling was overturned by the SSA Appeals Council, and Judith's attorneys are appealing that ruling to federal district court.

The Appeals Council ruled that Judith failed the tests that a claimant must meet to qualify for survivor's benefits -- either (1) that she would inherit property under applicable state intestacy law (Council found that, under Louisiana state law, an heir must be "in being" at the time of the intestate's death); or (2) that the parent acknowledged in writing that she is his child (Council found that, under Federal law, a man cannot acknowledge paternity of a child not yet conceived).

Counsel's Office has advised DOJ that we have an interest in the case. Jack and Carol recommend (i) that we urge resolution of the matter in a fashion that permits Judith to receive survivors' benefits and (ii) that DPC and Counsel work with SSA to determine whether statutory or regulatory changes are needed to in light of changing medical technology.

Approve ☒

Disapprove ☐

Discuss ☐

Todd Stern *Todd*
Helen Howell

Handwritten notes:
CAG's re: no feeling
position - no feeling
in situation - no feeling
change in situation
on the way
file

THE WHITE HOUSE
WASHINGTON

January 19, 1996

THE PRESIDENT HAS SEEN

2.13.96

96 JAN 22 10:46

MEMORANDUM FOR THE PRESIDENT

FROM: JACK QUINN *JQ*
CAROL RASCO *CR*

RE: Judith Hart case -- Social Security Administration

You have requested an update on the claim for Social Security benefits filed by Judith Hart, a child conceived after her father's death through the use of frozen sperm. This memo summarizes the status of her case and the current law. As described in the attached article, the Social Security Administration's Appeals Council has rejected the child's request for benefits and the matter has now moved to federal court.

In summary, we believe that the White House can and should (1) urge the settlement of the Hart Case on terms that will provide benefits to the child and (2) work with the Social Security Administration to effect regulatory and statutory changes that better account for developments in medical technology like the one that gave rise to this case.

Background

Judith Hart is a four-year-old girl who was conceived through the procedure of Gamete Intrafallopian Transfer, using the previously frozen sperm of her father. The procedure took place three months after her father's death from cancer. After Judith's subsequent birth, her mother applied for child's Social Security benefits on her behalf. In May 1995, a Social Security Administrative Law Judge (ALJ) in Louisiana held that Judith Hart is entitled to benefits as the child of a deceased wage earner. This ruling was reviewed and overturned by the Social Security Administration's Appeals Council in a decision announced in late November 1995. The result in the decisions of both the ALJ and the Appeals Council turned on an interpretation of Louisiana state law. (SSA informs us that the law is similar in most other states). Judith Hart's attorneys are appealing this ruling in federal district court.

Current Law

This case raises a question which is not directly addressed by the Social Security Act -- whether a child conceived by artificial means after the death of her wage earning father is eligible to receive Social Security survivors' benefits. The purpose of survivors' benefits, of course, is to replace income lost when a child's wage earning parent dies.

To qualify for survivors' benefits under the existing law, a claimant must prove that he or she is a "child" of the wage earner under one of several definitions. The principal method for determining eligibility is known as the "inheritance test." Under this test, a claimant is presumed to be an eligible, dependent child if it is determined that he or she would inherit property from the wage earner under applicable state intestacy law. Alternatively, the Act provides that an applicant may be found eligible if the wage earning parent has acknowledged in writing that the applicant is his or her child, or if a court has previously decreed in a separate action that the claimant is the child of the wage earning parent.

In the Hart case, the Appeals Council found that the claimant was not an eligible child under any one of the definitions established by the Act. First, the Appeals Council rejected the ALJ's finding that the applicant would have qualified under the "inheritance" method. The Appeals Council determined that the ALJ had misapplied Louisiana state law and had failed to consider a state statute that provides that, in order to inherit, an heir must be "in being" at the time of the intestate's death. Accordingly, this statute would bar Judith's right to inherit intestate property from her father because she was not "in being" during his lifetime.

Second, the Appeals Council rejected the claimant's alternate argument for entitlement, finding that the father had not sufficiently acknowledged his paternity in writing. The Council held that Mr. Hart's written statement had authorized his wife to use his frozen sperm as she saw fit, but did not constitute a sufficient acknowledgement that Judith was his daughter. More broadly, the Council concluded that, under the language of the Federal statute, an individual cannot acknowledge paternity of a child who has not yet been conceived. This interpretation would imply that, unless state inheritance law recognized such an acknowledgement (which is unlikely), a child not in being at the time of death could not inherit survivor benefits even if the deceased parent adequately acknowledges parenthood in advance.

Conclusion

Counsel's Office has advised the Department of Justice that we have an interest in this matter in order that we may participate in basic litigation decisions. Unless you direct otherwise, we would urge resolution of this matter in a fashion that will permit Judith Hart to receive survivors' benefits. In addition, we recommend that the Domestic Policy Council and Counsel's Office work with SSA to discuss the underlying policy to determine whether statutory and/or regulatory changes should be proposed to reflect changing medical technology.

In this regard, SSA staff preliminarily believes that any change to benefit Judith Hart should come through a legislative change and not through an agency reinterpretation of existing law. SSA staff warn that expanding the definition of the beneficiary class could increase expenditures and could undermine the purpose of the law. Moreover, they warn that line-drawing may be difficult, particularly in light of changing medical technology. For example, a rule recognizing paternity when conception occurs twenty years after the father's death would

be particularly problematic, since the purpose of the benefits is to replace a parent's support that had been relied upon or reasonably expected by the child. Nonetheless, we believe that it is worth discussing possible policy changes with SSA to accommodate concerns that the existing situation is unjust. We will, of course, continue to monitor this case and any related developments and will report them to you as appropriate.

___PROCEED AS RECOMMENDED: Urge settlement of Hart case and pursue regulatory and statutory changes.

___LET'S DISCUSS

Attachment

NATIONLINE



G. Andrew Boyd, The Times-Picayune via AP

Benefits fight: Nancy Hart with Judith in May when the girl won survivor's benefits. That decision has been reversed.

Benefits denied to girl conceived after dad's death

A Social Security panel rejected Nancy Hart's wish that her daughter — conceived with frozen sperm from her late husband — be eligible for survivor's benefits. The decision reverses a New Orleans administrative law judge's ruling in May that said Judith Hart, now 4½, is entitled to benefits of about \$700 a month until she turns 18. Federal officials rely on state law in deciding eligibility and Louisiana, like other states, doesn't recognize as an heir a child conceived after a parent's death. "They have their little manuals, and if it's not one-two-three for them, they can't take that creative leap and use their common sense," Nancy Hart said. Her lawyer, Kathryn Kolbert of the Center for Reproductive Law and Policy, said federal law "has not caught up with medical science." Hart says she'll appeal the ruling to federal court, where she also is asking to have Judith named her father's legal heir in Louisiana.

96 JAN 22 P3: 47

~~P R I V I L E G E D A N D C O N F I D E N T I A L~~

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MU DATE: 2/14/17

2019-0774-S

2-13-96

THE WHITE HOUSE

WASHINGTON

February 12, 1996

96 FEB 12 P6:03

MEMORANDUM TO THE PRESIDENT

FROM: STEPHANIE STREETT & ANNE WALLEY

SUBJECT: SCHEDULING DECISIONS

Accept:

Date of Event:

Description of Event:

2/26/96

Congressional Meeting - B2 Bomber

2/28/96

Congressional Meeting on the
Alaskan National Wildlife Reserve

Feb. - March

Attend AFL-CIO General Board Mtg.
(the group will endorse you at this
meeting)

3/6/96

White House Reception For the
Conference on Youth Violence &
Drug Abuse

**This reception will allow the
participants of this Conference
the opportunity to visit the White
House. This conference is actually
taking place at a DC hotel.**

4/9/96

Meeting w/ Greek Prime Minister
Costas Simitis

Pending:

Date of Event:

Description of Event:

tbd

Foreign Policy Meeting on the Current Political Situation in Russia

tbd

Phone Call to Yeltsin

Shelley
3/25/96

NGA Education Summit in Palisades, NY

5/16/96

3 Hour Working Visit w/ Chancellor Helmut Kohl

Regret:

Date of Event:

Description of Event

2/23/96

Speech to the 100th DEA Graduating Class @ Quantico

You are traveling to California on 2/23/96 and will be addressing the WH Conf. on Empowerment Zones before you depart. Your schedule will not permit you to travel to Quantico on this day.

2/26/96

Kennedy Center Tribute to Jim Wolfensohn

Mrs. Clinton will record a video for the tribute.

Shelley
Sub for Wolfensohn?

Lori - I
can't review
this letter in a
vacuum. I need
to know who the
guy is, ~~etc.~~ what
he's done etc.

Letter is very
laudatory - guy sounds
like the architect of

our space program -
I can't judge
how much I want
to tone it down
without more
info. So please
send me some
stuff.

Ted

2.13.96

Ted dot to
Lori Abrams

Office of Presidential Correspondence

REQUEST FOR CLEARANCE - COMMENTS

96 FEB 12 P4:24

To:

Todd Stern

Date Due:

2/13

Type of Response:

☒ Language Approval ☐ Draft ☐ Other _____

Subject:

Retirement letter for Porter Brinwell

Requested By/Addressed To:

ED Heffernan, NASA

Background:

Todd -
This request came to you originally and we thought
you might want to take a look at it before it
goes out. Thanks! Lori

Signature:

Lori Abrams

Date:

2/12

Presidential Messages
Old Executive Office Building
Room 91

(202) 456-7487 Fax (202) 456-2806

Your Recommendation/Comments:

Signature:

Date:

February 12, 1996

Mr. G. Porter Bridwell
Huntsville, Alabama

Dear Porter:

I am delighted to join your family, friends, and colleagues in congratulating you on your retirement as Director of the Marshall Space Flight Center.

Throughout your distinguished career at NASA, you have used your engineering skills and visionary leadership to make America the world's leader in space. From the Saturn program to the Space Shuttle to the Space Station, your untiring efforts have taken humanity to new plateaus and have paved the way for even greater accomplishments in the future.

I salute you for your remarkable record of achievement and for your dedication to public service. Because of your work, America's space program is ready to meet the challenges of tomorrow.

Best wishes for every happiness.

Sincerely,

BC/SEM/MAH/lynn-ckb (Corres. #2691165)
(2.bridwell.gp)

Call for Pick Up: Ed Heffernan, 202-358-4484

THE WHITE HOUSE
WASHINGTON

Todd
Phil
Nelson
Skinner
Carol.

96 FEB 13 A10 : 26

February 7, 1996

MEMORANDUM FOR ALL EXECUTIVE OFFICE OF THE PRESIDENT STAFF

FROM: LEON E. PANETTA
CHIEF OF STAFF



SUBJECT: Official and Clinton/ Gore '96 Travel

The U.S. Government may only pay for official travel; any travel during which you advocate the re-election of the President is not official travel and must be paid for by Clinton/ Gore '96 Re-elect campaign directly (or by reimbursement to the United States Treasury for travel on government aircraft). To ensure that staff are sensitive to these important distinctions in how travel costs must be paid, all travel by Executive Office of the President staff on behalf of Clinton/ Gore '96 must first be authorized in writing by Harold Ickes or Janice Enright.

As a reminder, all travel by federal employees, including official travel on commercial aircraft on Air Force One or other government aircraft and on trains, as well as travel on behalf of Clinton/ Gore '96, must be pre-authorized in writing on the appropriate government travel authorization forms. If you have any questions about the appropriate travel forms, please contact Kim Holmes in Room 1.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 2-12

TO: *Leon* *George*
Harold *Brink R.*
Evelyn

FROM: Staff Secretary

Py). I am
forwarding to Patms,
red

150622

THE WHITE HOUSE
WASHINGTON

96 FEB 12 P3:15

February 12, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: DONALD A. BAER
SUBJECT: BARBER MEMO

Attached is a memo and cover letter from Ben Barber that he asked me to send in to you.



THE STATE UNIVERSITY OF NEW JERSEY
RUTGERS

Department of Political Science
Hickman Hall • Douglass Campus
New Brunswick • New Jersey 08903
(908) 932-6861, Fax: (908) 932-1922

Walt Whitman Center for the Culture and Politics of Democracy

Director:
Benjamin R. Barber
Whitman Professor of Political Science

Don Baer
Director, Office of Communications
The White House

February 12, 1996

Dear Don,

I hope we may have a chance to talk on Wednesday when I am in Washington. I have been thinking a good deal about what it might mean to forge from the President's powerful insights into the governing process and his several distinctive approaches to different policy areas a coherent long-term vision that might root and give expression to both a campaign strategy and a second term governing philosophy.

One might say that given the ideological and political disarray of the opposition, he scarcely needs to do anything: he will automatically appear as statesmanlike and visionary. And this is of course true. But by the same token, the Republicans' morass offers him an opportunity to be boldly visionary and persuasively coherent, and I believe boldness in the face of Republican weakness is a politically prudent as well as a statesman-like path to follow. For the President still faces a perception of being insufficiently certain and principled in his core values and choices (witness the reaction to the Naomi Wolff memo, and even some of the cynicism with which our January meetings were met). Would this not be exactly the right time for the President to identify and make explicit the philosophy that was implicit in his thinking and his actions during the first term and prophetic of his hopes for the second?

To do this would mean linking the President's new Democrat move away from big government (a position open to misreading) with his affirmation of civil society and greater civic involvement, thus separating it from Republican privatization and laissez-faire policies (the thrust of my enclosed memo). It should offer a standard for distinguishing those domains in which government must remain active to regulate private sector bureaucratism and nurture and sustain civil society from those domains it can cede to a robust civil society. And it should distinguish democratic governing institutions (which remain philosophically defensible and politically viable) from the abuses of paternalism and bureaucratism that have attended them in their welfare state incarnation.

Finally, it should link domestic and foreign policy and offer a grounding for what have been sometimes perceived as a successful series of initiatives which, however, seem to appear to lack a coherent philosophical through line (as Thomas Friedman complained last week in the New York Times.) I have thoughts on this subject I will put in writing another time.

I am enclosing a memo that develops an initial take on one part of this agenda: linking the 'end of the era of big government' that highlighted the State of the Union message to the civil society and social responsibility themes that have absorbed the President's recent attention. This is needed not only to reassure progressives and make explicit that the President is not buying into Republican-style laissez-faire privatization tactics, but also to put the rather negative "end of an era" language together with an affirmative "beginning of an era" promise.

Perhaps part of the problem in the Broder interview was precisely that the language of civil society gets deployed in a vacuum -- used as rhetoric but without respect to real policy and politics. It is taken to be "soft" and "rhetorical", a kind of window-dressing that at best diverts us from and at worse obscures the Administration's "real motives" and its political tactics. The aim is to show its relevance to policy-making and political strategy -- to demonstrate that it is part of the thinking that recognizes the "end of the era of big government," and that it issues in important conclusions about domestic and foreign policy.

In any case, I hope these thoughts and the memo provide a basis for some discussion on Wednesday; and that the memo may be of some use to you and the President.

I will be in the office this afternoon (Monday), and I hope we can talk briefly to see if Wednesday works.

Best wishes,


Benjamin R. Barber
Director

Memorandum: to President Clinton
On: "The end of the era of big government."
From: Benjamin Barber
Date: February 12, 1996

Among the several powerful phrases coined for the State of the Union, none had more resonance or political wallop than 'the end of the era of big government.' It signalled your refusal to make progressive politics dependent on traditional Democratic welfare state politics, but also -- to many -- signalled an apparent rightward shift in Democratic strategy. "WE WON!" trumpeted the WEEKLY STANDARD on its cover, explaining inside that your conclusion certified their ideology of wholesale privatization.

Now while I believe that announcing the end of the era of big government was a bold way to separate progressivism from traditional special interest politics, it will speak to progressives only if the alternative is something other than wholesale privatization -- the end of all democratic responsibility for public goods. The Republicans gloated while liberals worried because they assumed, with big government out of the way, the market was to be unleashed without the regulatory, countervailing weight of government to hold it to public interests of the commonweal. In order to counter these misreadings, I would like to see the rhetoric of the "end of big government" closely tied to the rhetoric of civil society, thus:

"We have come to the end of the era of big government, but if this is not to mean the beginning of a new era of big business, we will need to reestablish a strong civil society in which citizens in partnership with their downsized government take responsibility for both their liberties and their common interests. For we must never forget that though big government has run its course today, it first came into existence because big business -- the great trusts and cartels of the gilded age -- were undermining capitalist competition and running roughshod over our liberties. And if we now dismantle big government but leave the new international conglomerates and global monopolies in place, we will not have defeated bureaucracy and indifference, but only shifted them from the government to the market sector.

"If then it is bigness and monopoly and bureaucratic bloat that we wish to fight, we must fight them not only in government but in the private sector as well. And to do that, we must actively nourish civil society and social responsibility -- calling on individuals, small businesses and large corporations alike to take

[BARBER -- PAGE 2]

on the tasks of self-government and social responsibility that are at the core of our democracy."

This suggests a policy that links a commitment to a more modest government with a commitment to a more robust civil society. It means emphasizing that the war on big government is predicated on the real evils of bigness rather than on the supposed sins of government. For democratic government belongs to us, and only when it gets too large and centralized and out of touch with those it represents does it lose its capacity to represent us and secure our common goals. By the same token, when private corporations become monopolistic and lose touch with those they serve -- employees as well as shareholders, the communities in which their factories have been established as well as the world markets from which they profit -- they too, like big government, need to be reined in and made responsible. This may even mean that in this domain, government itself will continue to play a vital ameliorative role.

Such a strategy promises liberals that their government is not abandoning the cause of the public interest but looking for more effective means than government bureaucracy to further it; it tells Republican privatizers that putting government on a more modest footing is not an invitation to big business to do as it will. It tells all Americans that the enemy is not government per se but bureaucratic indifference and dependency-breeding paternalism -- whether governmental or private.

The electoral campaign this year and the four years of governance that will (we trust!) follow demand a vision that both acknowledges the limits of big welfare state style government, but offers a visionary alternative to Republican style laissez-faire privatism and the absurdity that markets can redress major social problems. This is not to play the class card, but to remind Americans that indifference to public goods, family values and civic responsibility can be found in the private sector's big businesses that big government was originally designed to counter no less than in big government itself; and that if we dismantle the one without attending to the perils of the other we will have done little to reestablish responsible democratic institutions.

BRB

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 2/13/96

TO: Greg Simon

FROM: Staff Secretary

Please call re: the
attached.

Helen Howell
6-2702

THE WHITE HOUSE
WASHINGTON

96 FEB 13 P12:09

February 12, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: SUSAN BROPHY *SB*
SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached is a letter from Rep. Edward Markey (D-MA), that I thought you might like to see.

Enclosure



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

EDWARD J. MARKEY
7TH DISTRICT
MASSACHUSETTS

Dear Mr. President,

Feb 8, 1996

It was a magnificent signing ceremony today, worthy of an excellent bill. I am particularly appreciative of your personal gesture to me in giving me the electronic pen. I will treasure it and the memory of your kindness.

I also appreciate the prominence you and Hillary have both given to the issue of children's television and the V-Chip, in the State of the Union message and in calling for the upcoming summit with entertainment leaders. As the author of the V-Chip language in the telecom bill as well as the Children's Television Act, I would very much appreciate an opportunity to meet with you personally as soon as you can to discuss the focus and agenda of the summit. The FCC is on the verge of gutting the Children's T.V. Act. The message of the summit must be unambiguous and urgent regarding the Children's T.V. Act or it will be misinterpreted down at the FCC and could harm everything we are trying to achieve.

Let me know when you think we could meet.

Great work.

Ed

96 FEB 13 P1:20

February 12, 1996

MEMORANDUM FOR HAROLD ICKES

FROM: PHIL CAPLAN *PC*

RE: Chairman Fowler memo on Norm Pattiz proposal

Per Janice, we will not send Fowler's memo to the President on Pattiz's proposal for the President to host a live radio show with a panel of talk show hosts. It is my understanding that you are dealing with Chairman Fowler directly on this issue.

cc: Janice Enright
Todd Stern



DEMOCRATIC ★ NATIONAL ★ COMMITTEE

Donald L. Fowler, *National Chair* • Christopher J. Dodd, *General Chair*

96 JAN 16 P 5 : 19

MEMO TO: President Bill Clinton

FROM: Don Fowler *DLF*

RE: Norm Pattiz

DATE: January 10, 1996

On January 3, I talked with Norm Pattiz, who has helped us with various initiatives in getting your message out using radio. He arranged for the radio interview with you and Larry King several months ago.

He has a new idea which I think is a good one. He proposes that, sometime within the next two to three months, perhaps in early March just before the two big Tuesdays of primary season, Tuesday, March 5 and Tuesday, March 12, you do a live radio broadcast with a panel of talk radio hosts -- perhaps a half dozen. They would come from around the country. After thirty to forty-five minutes of conversation with the panel members, the program would then open up to questions from other talk radio hosts who would be located in several key states. The program would last an hour and a half.

Norm's contention is, and I agree with him, that we have made some headway in providing an antidote to the efforts of the right-wing talk show hosts, and that this current proposal would further demonstrate that the mood of the country and talk radio hosts specifically is changing, and that we are gaining ground in the talk radio combat. Coming just before the first big Tuesday of the primaries would be a good hit; it would be nationwide and would reach a large proportion of the talk radio audience. Norm believes that we can have this conversation on about a thousand stations. I would be happy to discuss this further with you, as would Norm.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

2/12/96

February 10, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN
PHIL CAPLAN *PC*
HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Summary of the Senate Farm Bill vote.** Via Leon. Kohl amendment striking the Northeast Dairy Compact agreed to 50-46; Bryan amendment to reduce the Market Promotion Program by \$30 million agreed to 59-37; Harkin amendment to help small livestock producers meet environmental standards by limiting funds from the Environmental Quality Incentive Program agreed to 57-39; Lugar and Ford amendments establishing a rural fund passed by unanimous consent; and the bill as amended passed 64-32 (44 Rs, 20 Ds for and 6 Rs, 26 Ds against).

cc: Ann Leary, Baci, GS, DM, ...
(B) **National Journal article on John Mueller's Opposition to Flat Tax.** Via Gene. Mueller is Jack Kemp's former chief economist and he believes that the flat tax proposals considered by the Kemp Commission, such as Arme's, would unfairly penalize middle class families. The article notes that when Mueller sought to make this point, he was "squeezed out" by the Kemp Commission. Mueller's criticism of Arme's proposal also provides fodder for your \$10,000 education tax deduction. "You can be rewarded under the Arme plan by the tax code if you invest in the stock market, but not if you invest in your kid's college education."

... should ...
(C) **Report by James Fox on trends in juvenile justice.** Via Rahm. You may recall that Dr. Fox attended the dinner in the Residence on youth violence. He also will be attending the WH Conference on Adolescent Drug Use and Juvenile Violence next month. Dr. Fox states that reports of a declining rate of violent crime do not accurately reflect youth violence trends. For example, from 1990-94, the overall U.S. murder rate declined 4%, but the rate of murder committed by teenagers 14-17 jumped 22%. His findings are very disturbing and he argues that the challenge for the future is how best to deal with youth violence.

...
(D) **Rasco follow-up memo on New Hampshire Medicaid Waiver.** Carol explains that the waiver is not ready for approval yet because the state has revised its request three times since the original submission in June 1994. Their most recent "concept paper" was received by HHS last month. A formal waiver proposal is expected from the state within the next few weeks.

149371

THE WHITE HOUSE

WASHINGTON

rec'd 8p.m

2/3/4k

January 29, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: *National Journal* Article on the Flat Tax

Attached is a recent article in the *National Journal* on John Mueller, Jack Kemp's former chief economist, and his opposition to the Armey flat tax proposal.

John Mueller, Kemp's chief economist for over a decade, states that flat tax proposals being considered by the Kemp Commission, such as Majority Leader Armey's, would "make things worse" and "punish" working families. The article also notes that when Mueller sought to make this point, he was "squeezed out" by the Kemp Commission who sought to "kill my message."

Mueller argues that the Armey Flat Tax goes against Republican values because it is particularly unfair to middle-income households: "These are the people who earn two-thirds of the gross national income but pay four-fifths of all federal taxes. ...And Armey would make that worse."

Mueller also makes a general criticism of flat tax approaches that implicitly provides a strong justification for your \$10,000 education tax deduction. He argues that for most working families, investment in education not physical equipment or stocks, is most important to future incomes. Yet, he notes that flat taxes often go further in rewarding financial investments while doing nothing to help families with their most important investment in education. Mueller says: "You can be rewarded under the Armey plan by the tax code if you invest in the stock market, but not if you invest in your kid's college education."

THE SKUNK AT THE FLAT-TAX PARTY

BY JEFF SHEAR

Conservative Republicans are calling John Mueller the nasty boy of tax reform. The 42-year-old Mueller, who worked from 1979-88 as then-Rep. Jack F. Kemp's chief economist, has pounced on the vaunted flat-rate tax plan of House Majority Leader Richard K. Armey, R-Texas, for falling mostly on the backs of the middle class.

That consequence, Mueller argues, is not just unfair but punitive because earnings for these hard-pressed households have been stymied for nearly two decades, squeezing the very family values that Republicans seek to promote. "These are the people who earn two-thirds of the gross national income but pay four-fifths of all federal taxes," he said in an interview. "And Armey would make that worse."

Mueller leveled the warning this past September in testimony to Kemp's National Commission on Economic Growth and Tax Reform. The commission is to issue its findings on Jan. 9.

The problem, Mueller told the commission, is that working families "save mostly in the form of human capital, which would be classified and punished as consumption" under the Armey plan. The home mortgage deduction is one such form of saving.

Here's what would happen, according to Mueller, who is the vice president and chief economist of Lehrman, Bell, Mueller, Cannon Inc., a financial consulting firm. Armey's flat-rate tax would make investment income from stocks and bonds nontaxable. But middle-income people, who do not derive a significant amount of income from investments, would miss out. As a result, their taxes would have to rise to keep the tax system "revenue-neutral"—bringing in the same amount of revenue as it did before reform.

Mueller believes that investing in human capital—the cost, say, of a student's college education—is no different from investing in machinery, except that machinery can be depreciated for tax purposes under the current system. "You can be rewarded under the Armey plan by the tax code if you invest in the stock market," Mueller said, "but not if you invest in your kid's college education."

An October column about Mueller's apostasy by Fred Barnes, the executive editor of *The Weekly Standard*, blew the

lid off what had been a quiet but not necessarily polite fight among GOP tax mavens. The root of the problem, Barnes said, was that Republicans were in a state of denial over the "income of middle-class Americans," which over the past decade has been stagnant or in decline.

"John has reminded conservatives that wealth creation doesn't just come from machines," said Stephen Moore of the Cato Institute, who disagrees with Mueller's analysis. (Moore, a key architect of Armey's plan, now favors a national consumption tax.) "He's ruffled a lot of feathers with his attacks on the flat tax. If he's right, then he raises serious concerns about the salability of the flat tax."

Conservatives are hoping to make the flat tax—either Armey's or the one proposed by Malcolm S. (Steve) Forbes Jr.—a central issue in the 1996 presidential campaign.

How could a Kemp acolyte have strayed so far from the fold? Mueller's opponents suggest that it might be because he's not an economist by training. "I started out as a reporter," said the distinguished-looking but easygoing Mueller, who began his career as the night editor and book reviewer for the *Morristown Daily Record*.

One of the books he reviewed was Jude Wanniski's *The Way the World Works*, which was published in 1978. "I was intrigued by it," Mueller said, "because it showed a way to create economic growth and help people at the same time." The

book was a road map for the supply-side economics revolution that swept the Reagan Administration and became identified with Kemp.

An association with Wanniski led to Mueller's winning a job flacking for Republican Jeffrey S. Bell in his unsuccessful bid to unseat Sen. Bill Bradley, D-N.J. "I found myself unemployed on Election Day," Mueller said, "and Kemp was looking for a speechwriter with an economic slant. Jude made the connection for me."

In 1988, Mueller helped to form the firm where he now works, which is best known for its preachments on supply-side economics. "It's a checkered background," Mueller joked.

Alan Reynolds of the Hudson Institute, who as the Kemp commission's research director found himself at the epicenter of the struggle with Mueller, acknowledged that "a lot of good economists are self-trained." But he dismissed Mueller's criticism that the flat tax ignores the value of human capital. "He acts as if he's reinvented the wheel," Reynolds said in an interview, "but it's a wooden wheel." Reynolds believes that the problem was solved long ago with the standard deduction.

Mueller, who'd been one of five outside advisers to the Kemp commission, said that he's been "squeezed out." He had joined at Kemp's suggestion. "The reason they would like to kill my message," Mueller said, "is that it tells them that the emperor has no clothes."



John Eisele

THE PRESIDENT HAS SEEN
2/13/96

THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C. 20250-0100

February 12, 1996

96 FEB 12 P5:02

MEMORANDUM FOR THE PRESIDENT

From: Secretary Glickman
Subject: Tongass Timber Agreement

Dan Glickman

We reached an agreement with plaintiffs Saturday morning that will permit the Forest Service to offer 141 million board feet (mmbf) from the Tongass National Forest to small and independent timber companies during fiscal year 1996.

This agreement, coupled with sales already planned and sold, should ensure that the independents actually cut approximately 100 mmbf during the current fiscal year, more than double the average historic level they harvest annually from the Tongass.

The settlement releases 8 sales, in whole or in part, totaling 105.6 mmbf. 92.2 mmbf will be reserved for independent companies and 13.4 mmbf for Ketchikan Pulp Company.

The settlement addresses the concerns Governor Knowles expressed to see the Forest Service provide a package of sales to independent companies, before the House Committee on Natural Resources begins field hearings on ceding the Tongass to the state.

The negotiations began Wednesday, January 31, in Seattle. Under Secretary for Natural Resources and Environment Jim Lyons, Regional Forester Phil Janik, and Assistant Attorney General for Natural Resources and Environment Lois Schiffer led the government team. Representatives of the Sierra Club Legal Defense Fund, the Natural Resources Defense Council, and the Southeast Alaska Conservation Council negotiated for the plaintiffs in Alaska Wilderness, Recreation, and Tourism Association (AWARTA) v. Morrison.

The suit enjoined 280 mmbf of timber on the Tongass. In December, the government filed a brief with the District Court seeking the release of 144 mmbf. In early January, plaintiffs offered the release of 50 mmbf to settle. Previous negotiations proved unsuccessful.

Plaintiffs and the government are drafting final terms and details of the settlement today. I have called Governor Knowles and briefed him. We anticipate briefing the intervenors, the Alaska timber industry and the congressional delegation tomorrow and will then issue a news release, prior to Congressman Young's hearings.

To A. Lewis
M. Penn

Unalut
Butcher

Bc



RHETA GRIMSLEY JOHNSON

2/2 RC
**Gingrich Earth plea
not very convincing**

This is the city too busy to hate or build a sewage treatment plant. And House Speaker Newt Gingrich is the latest concerned citizen to decry our perpetual polluting of the Chattahoochee River.

While I agree with what Newt said, I don't agree with his right to say it. His mewling voice lacks authority on the subject, to lapse into gross understatement.

Newt and his Contract cohorts have daybooks that read like this: "9 a.m. — Gut the Environmental Protection Agency. 10 a.m. — Destroy Office of Technology Assessment. 11 a.m. — Pose with wide-eyed schoolchildren in front of Capitol. Noon — Lunch with Big Business. 1 p.m. — Try to eliminate the National Biological Service. Rest of afternoon free for campaigning.

Newt and his congressional dogies dismiss most environmental concerns as "media scarcs," liberal plots hatched by extremist tree-huggers to spend tax money and hamper hard-working entrepreneurs. They depend on their mouthpiece Rush Limbaugh to spread the word.

"Who are you going to believe?" Rush might say to his millions of listeners. "Me or your lying eyes? That log truck you thought you just saw loaded with sticks from a National Forest is only a figment of some liberal's imagination."

The Nobel Prize in chemistry last year went to three scientists who discovered the link between chlorofluorocarbons and holes in the ozone. But never mind what some silly Swedish academy believes.

Republicans think they know far more than scientists with their egg-heads up some microscope. The science behind a CFC ban is debatable, they declare while introducing legislation to end compliance with the Montreal Protocol, which attempts a worldwide reduction in the use of CFCs.

The list of proposed Republican budget cuts designed to turn back the clock on America's environmental safeguards is too long and bloody to list. It ranges from relaxing standards on polluting hazardous waste sites to eliminating the agency that works at restoring mine sites.

But there's a budget-busting bill proposed, too. At the cost of a billion dollars, the government would refund pre-1987 industrial polluters half their cleanup costs.

There is one serious problem for Republicans: a speed bump on the way to this demolition derby. The polls show that Americans disagree on many issues, but the environment is one area where most citizens share a common concern.

Nobody yearns to see this country trashed. All of us, Democrats and Republicans alike, take seriously our purple mountains' majesty.

So politicians like Newt must find a "safe" environmental horse to ride when the small darter jokes wear thin and the polls look bad. A tired nag like Atlanta's dirty Chattahoochee is the perfect mount. Only Newt is backward in the saddle making his yippee cowboy noises.

I can't help but think of Ronald Reagan standing with Coretta King and other civil rights leaders the day the King national holiday finally was made official. The group was standing arms linked and eyes misty singing that hymn of hope, "We Shall Overcome."

Ronald Reagan didn't seem to know the words.

OPTIONAL FORM NO. (7-90)

FAX TRANSMITTAL

TO: Peter Roberts on [Signature]
FROM: Rheta Grimsley Johnson

2022600279
NHN 7540-01-317-7308 6000 101 GENERAL SERVICES ADMINISTRATION



MARIA SAPORTA

City working hard to clean up its act on Chattahoochee

Suddenly, U.S. House Speaker Newt Gingrich and the state Senate are jumping all over the city of Atlanta for dumping too much phosphorus into the Chattahoochee River.

While the city deserves a lot of blame for taking so long to take the problem seriously, its record is not as bad as some people think. And the heavy fines now being proposed against the city would be counterproductive.

In fact, Atlanta has greatly reduced its phosphorus releases.

Back in April 1988, 7,500 pounds of phosphorus was being released each day. Since then, the city has instituted several improvements and now averages 1,120 pounds a day, according to Phil Nungesser, manager of the city's waste-water services.

The state has said the city must reduce releases to 1,100 pounds a day. If the city fails to meet that level (and also reduce the concentration of phosphorus in the water), then it is subject to fines and a moratorium on virtually all new construction.

"We are extremely close to meeting the pounds-per-day limit," said Douglas R. Hooker, the city's public works commissioner. "We are hoping the state will show some flexibility in seeing our good-faith efforts... to make temporary improvements and to meet the 1,100 pounds per day limit."

But state senators were showing little flexibility earlier this week when they voted 42-13 to impose a more stringent fine of \$100,000 a day against the city if it didn't meet the standards.

Several business and city officials questioned the wisdom of such heavy fines and a sewer hookup moratorium.

"There's absolutely no question that the city did not move as fast as it should to solve this," said Susan Neugent of the Atlanta Chamber of Commerce.

"The real question now is whether additional fines will make a difference in the city's ability to comply. The fact is that additional fines would have to come from the same source of revenues that we need to treat the phosphorus."

H. Allen Franklin, president of Georgia Power Co. and vice chairman of environmental affairs for the Atlanta chamber, also thinks the more severe punishment would be ill-timed.

"The city now has an alternative which works technically and works politically," Franklin said. "They have let the contracts. They are doing interim improvements. I don't think there's anything more they can do at this moment."

That was the plan, Franklin said. The city has known about the problem since 1989. For years, officials did almost nothing. Then, one solution — building a sewer tunnel between the R.M. Clayton plant and the Utoy Creek plant — was rejected because of neighborhood opposition.

Now the city is planning to expand and improve the R.M. Clayton plant to comply with the state's standards.

Because that plan is now moving forward, there seems no reason for bigger fines. Indeed, Franklin said, they could only slow down the city's ability to pay for improvements. There also could be huge rate increases for businesses that are big water users.

"It seems to me that the last thing you want to do is punish businesses that are in Atlanta," he said.

Mayor Bill Campbell said Atlanta generates much of the tax revenue that's collected in the state. "The only thing a moratorium will accomplish will be to kill the goose that's laying the golden egg," Campbell said.

The communities downstream from Atlanta have legitimate complaints, Franklin said. "But the constructive approach is not to dredge up the problems of the past," he said. "The city is now on track to get it resolved. It's a very, very difficult issue. If it were simple, it would have been resolved by now. I think a little understanding and a little working together on everybody's part is called for."

As Mayor Campbell added: "The criticism, the fines or the moratorium will not get this done any quicker."

Rheta Grimsley Johnson: House Speaker Gingrich has no right to speak about environmental concerns

D1

February 6, 1996

Letters to the Editor
Atlanta Constitution
72 Marietta Street, N.W.
Atlanta, GA 30303-2804

To The Editor:

I was interested to read Speaker Gingrich's comments about Atlanta's water pollution calling for strong enforcement of environmental laws to protect the Chattahoochee River. I am encouraged by the Speaker's call for a "strong" EPA, but find it ironic in light of Congress' recent actions on environmental laws and EPA's budget.

During this Congress, the U.S. House of Representatives has voted to weaken longstanding Clean Water Act protections -- passing a bill that would severely limit EPA's ability to protect our nation's waters. The House also passed legislation that would have prohibited federal spending on enforcement of sewage cleanup plans -- like those in place in Atlanta. Finally, the House passed budget for EPA specifically targeted enforcement of our nation's environmental laws proposing to cut enforcement by 27 percent -- severely limiting EPA's ability to enforce major environmental laws such as the Clean Water Act and the Safe Drinking Water Act.

Clearly, EPA's ability to protect the Chattahoochee River would be jeopardized by such drastic Congressional actions.

A majority of all Americans do not want less protection of the water we drink and the air we breathe. Cleaning up our nation's water is not always easy -- federal, State and local governments have to work together to ensure effective solutions are found. EPA is doing just that in Atlanta -- working in partnership to support state and local efforts, and provide needed flexibility to solve environmental problems. Gutting environmental laws and the EPA budget will not serve the interests of protecting public health, and it certainly will not serve the interest of the people of Atlanta in protecting the Chattahoochee. I look forward to the Speaker's help in making sure that the federal EPA can continue to do its job to protect and restore the nation's waters.

Sincerely,

Loretta M. Ucelli
Associate Administrator

#####

THE ENVIRONMENTAL NEWS DAILY

3129 Mount Vernon Avenue, Alexandria, VA (703) 518-4600

*14 GEORGIA: GINGRICH ATTACKS ATLANTA OVER RIVER POLLUTION

House Speaker Newt Gingrich (R-GA) yesterday said Atlanta's continuing pollution of the Chattahoochee River is due in part to the city's "grotesque incompetence" and said the federal gov't has "every right" to step in and force a halt to the pollution.

In a "wide-ranging" discussion with a panel of Georgia environmental leaders who advise him, Gingrich said that he fought to stop Atlanta's pollution in his old congressional district, which included several counties downstream from the city. Gingrich: "The city of Atlanta not only is polluting downstream in the state of Georgia, but also is polluting downstream in Alabama and Florida and all the way to the Gulf." Gingrich said he wants a strong US EPA to stop such pollution, but said the agency was "still too bureaucratic and adversarial."

While the GOP has singled out the EPA for cuts, Gingrich said he agrees with an assessment sent to him last week by 30 congressional GOP moderates who complained the party had "taken a beating this year over missteps in environmental policy" (GREENWIRE 1/26). The group asked him to correct the course during budget talks (Charles Seabrook, Cox News Service, 1/30).

THE PRESIDENT HAS SEEN

2/5/96

VP/C Brown

Do we need to do
more on EPA ~~in~~
in Atlanta?

Bc

VP sent to Katie 2

THE PRESIDENT HAS SEEN

2/12/96

✓ (B) William F. Buckley Washington Times article on school uniforms. Via Rahm. "The school uniform is the beginning of wisdom in this field, and we say hurrah to the president for coming upon that insight."

(B) Joel Jankowsky thank you note for Synar memorial service. Via Pe. He thanks you for your participation. "Your eulogy was especially r because you cared enough to make it so personal. Mike was very f have had you as a friend."

Sent to Oval
(Betty Currie)
2/13/96
e.

Other recent information items:

- Commission on U.S. Pacific Trade and Investment Policy. We had an Executive Order executed on January 31 that added five members to the Commission and extended the deadline for its report from February 1 to December 31, 1996. Created in June 1995 at Senator Bingaman's urging, the Commission is to report to you on steps the US should take to open Japanese, Chinese and other Asian and Pacific markets to US business. You approved 18 names last fall, but none of them have yet been appointed – a number are in Counsel's vetting process. Because it is not up and running, the Commission clearly was not able to meet the Feb. 1 reporting deadline. Also, the June EO permitted you to appoint only 15 members to the Commission – this EO enabled you to appoint "up to 20" members. Bob Nash will send you two additional names for approval shortly.

- State of the Union letters. 1) Rep. Dingell, "Great speech! Good reaction." He also enclosed a clip from the Detroit Free Press. 2) Gabriel Guerra-Mondragon, Ambassador to Chile, via Mack. "Great State of the Union speech, one of your best. You delineated your forthcoming electoral campaign. We are on our way to victory."

- Rep. Peter King thank you note for meeting with his daughter. He appreciates your spending so much time with her.

- ✓ ● Thank you letter from NASA Administrator. Dan Goldin thanks you on behalf of all NASA employees for speaking at the landing ceremony for the Endeavor crew on January 20.

2/12/96

(W)

William F. Buckley Washington Times article on school uniforms. Via Rahm. "The school uniform is the beginning of wisdom in this field, and we say hurrah to the president for coming upon that insight."

(F)

Joel Jankowsky thank you note for Synar memorial service. Via Peter Jacoby. He thanks you for your participation. "Your eulogy was especially moving because you cared enough to make it so personal. Mike was very fortunate to have had you as a friend."

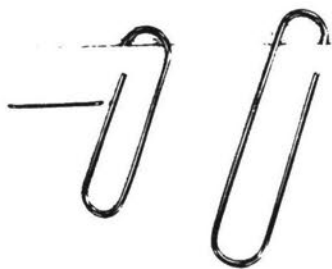
to oval (Betty Currie)

Other recent information items:

- **Commission on U.S. Pacific Trade and Investment Policy.** We had an Executive Order executed on January 31 that added five members to the Commission and extended the deadline for its report from February 1 to December 31, 1996. Created in June 1995 at Senator Bingaman's urging, the Commission is to report to you on steps the US should take to open Japanese, Chinese and other Asian and Pacific markets to US business. You approved 18 names last fall, but none of them have yet been appointed – a number are in Counsel's vetting process. Because it is not up and running, the Commission clearly was not able to meet the Feb. 1 reporting deadline. Also, the June EO permitted you to appoint only 15 members to the Commission – this EO enabled you to appoint "up to 20" members. Bob Nash will send you two additional names for approval shortly.
- **State of the Union letters.** 1) *Rep. Dingell*, "Great speech! Good reaction." He also enclosed a clip from the Detroit Free Press. 2) *Gabriel Guerra-Mondragon, Ambassador to Chile*, via Mack. "Great State of the Union speech, one of your best. You delineated your forthcoming electoral campaign. We are on our way to victory."
- **Rep. Peter King** thank you note for meeting with his daughter. He appreciates your spending so much time with her.
- **Thank you letter from NASA Administrator.** Dan Goldin thanks you on behalf of all NASA employees for speaking at the landing ceremony for the Endeavor crew on January 20.

Push this

Saw Sign



JOEL JANKOWSKY
1-25-96

letter presented
to Peter
Jacoby

Mr. President -

Thank you for your very meaningful participation in the memorial service for Mike Syner. your eulogy was especially moving because you cared enough to make it so personal.

Mike was very fortunate to have had you as his friend.

Sincerely, Joel Jankowsky

REMARKS BY THE PRESIDENT
AT THE MEMORIAL SERVICE OF CONGRESSMAN MICHAEL SYNAR

January 24, 1996

St. John's Church
Washington, D.C.

Mr. Synar, Allen and Lisa and Edwina; to Mike's nieces; Congressman Durbin, Congressman Clinger; to all the members of the Congress who are here, and members of our Cabinet and the administration; to friends and family and loved ones of Mike Synar, and those who fought all those remarkable battles with him:

Mike Synar was my friend and my neighbor. It must have been nearly 10 years ago, when I was governor, that I went over across the border in Oklahoma to his annual barbecue. You really can't understand politics in our part of the country unless you've been to Synar's annual barbecue. Till you've stood in line and shaken hands with 1,500 people who want to know why you voted for all those crazy things, and by the way, can you get their neighbors a pass or tour of the White House next month. And they were basically in a hurry to get their food.

Everybody knows how liberal Mike Synar was. His enemies spent a lifetime trying to make sure we all knew that. But he wasn't entirely politically correct. He's the only person I know besides me who actually wore snakeskin boots from time to time in Washington, D.C.

I say that because I think it's important that we remember that Mike Synar was more even than the sum of all the battles he fought. He was a truly remarkable human being. If you doubt it, just pick up that program and read carefully what he said in 1968. I don't believe that what I said when I graduated from high school was that profound or good.

And I ask you to think about one other thing. You've heard all the funny and wonderful stories today. This was a man who really loved being in Congress. This was a man who really cared about this work. And yet, he was willing every day to risk losing it.

It would have been different, you know, if he'd had millions of dollars, or another life to go to. He put his whole heart and soul into the United States Congress, and still he was willing to risk it every single day.

I've known Mike Synar a long time, and it took me until 1993 to get to Washington and be his jogging partner from time to time. And when he was defeated in 1994, there was probably no person in America more responsible for it than me. He cast that tough vote on the budget bill that passed by one vote. It hurt him in Oklahoma, but 8 million more Americans have jobs now; and the deficit is just half as big as it was, because Mike Synar was willing to lay down his seat in Congress.

If I hadn't been elected President, he probably never would have had to worry about whether the Brady Bill would have become law, or not. Your constituents will cut you a little slack when you take controversial votes, as long as they don't amount to anything. And if I hadn't been elected President, he never would have had to vote on that assault weapons ban.

And I lived with that, knowing that Mike Synar laid down the thing that he loved most, partly because his neighbor and friend got elected President and had a much broader base to take that kind of risk than he ever did. But he never felt any bitterness, never felt any recrimination. He always had that wonderful saying, you know, that if you don't want to fight fires, don't be a fireman; if you don't want to cast votes, don't be a congressman.

And after he left office and I named him to the chairmanship of the National Bankruptcy Commission, why, he took that on just as if it was his job in Congress, or campaign finance reform, or just any other thing he ever did -- just like a dog to the bone. There was no other thing in the world that mattered.

And after he got sick and went out to NIH, where I went to see him, he took that on, too. And I can tell you something. He really tried to win. He tried everything he could to win that fight. And he understood something that we all ought to remember. In the end, nobody ever wins all their battles; and in the end, nobody ever wins the human battles unless something inside you is good and true and enduring. Something in Mike Synar was good and true and enduring.

I didn't get to take up the tobacco battle until after Mike had left the Congress. But it tickled him no end. And I only wish he had been able to know when we promulgated the Synar regulation, and did what he wanted us to do years and years and years ago.

Thirty years ago this year, Robert Kennedy took a famous trip to South Africa, and people all over the world who were oppressed were stunned by the reaction he received. In his famous speech at the University of Cape Town, he said these words -- and he could have been speaking about our friend: "Few men are willing to brave the disapproval of their fellows, the censure of their colleagues, the

wrath of their society. Moral courage is a rarer commodity than bravery in battle or great intelligence. Yet, it is the one essential, vital quality of those who seek to change a world which yields most painfully to change."

In 1994, Mike Synar left the Congress because the people who sent him there year in and year out thought he was finally out of touch with them. Well, he might have been out of touch with them, but only because he really cared about all those people that always lined up to eat barbecue every year, and he thought what he owed to them was to show up here every day and do the best he could to give them a better future, and to give their children a better life, and to give them a chance to grow and to learn and to fulfill more of the promise of America.

In 1995, Mike Synar was given the John F. Kennedy Profile In Courage Award. No American ever deserved it more. In his acceptance speech, he quoted these lines from William Faulkner: "Never be afraid to raise your voice for honesty and truth and compassion against injustice, and lying and greed. If people all over the world would do this, it would change the Earth."

Our good friend, he changed the Earth.

enclose
SO U
AS scheduled

E WHITE HOUSE
WASHINGTON

Ches (S) Evelyn
cc: scheduling
Cabinet Affairs
W. A. Valdes

February 8, 1996

Abby Ginzberg
Ginzberg Video Productions
1136 Evelyn Avenue
Albany, California 94706

Dear Abby:

Thanks for your letter of January 30 and for your kind words about the State of the Union. I think it went well and that people now have a better understanding of what we need to do as a nation to meet the challenges of the future.

Thanks, too, for your suggestion that I attend the twenty-fifth anniversary celebration of the Occupational Safety and Health Act. It's always good to get your insight, and I know how important OSHA is to ensuring the health and safety of our nation's workers. I've shared your letter with my schedulers, Stephanie Streett and Anne Walley, to let them know of your personal recommendation.

I hope you're well, and please tell your daughter I said hello -- especially the next time she sees me on television!

Sincerely,

Bar

Nancy —



ABBY GINZBERG

GINZBERG VIDEO PRODUCTIONS



VIDEO PRODUCER/ATTORNEY

Thanks for seeing to it that this
reaches the President.

1136 EVELYN AVENUE
ALBANY, CA 94706

Abby (510) 528-9116
FAX (510) 528-2810
email: abbyginz@aol.com

GINZBERG VIDEO PRODUCTIONS

1136 Evelyn Avenue, Albany, CA 94706

(510) 528-9116 (phone) • (510) 528-2810 (fax)

January 30, 1996

President Bill Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20502

Dear Bill,

I'm sorry it's been so long since I've been in touch but I didn't want to let any more time go by without telling you that I thought your State of the Union speech was great. I am continually impressed by both the content and your delivery of your major addresses. I was really glad to see you inaugurate the Teen Pregnancy Campaign. Keep up the good work!

I have an amusing anecdote for you. On my mantle over the fireplace is the picture that was taken when I got to see you for a few minutes last year in the Oval Office. The 5 year-old daughter of a friend of mine was over for dinner one night and must have seen the picture because several nights later when she saw you on the news, she asked her mother "Why is Abby's husband on the TV?" So much for your recognition quotient with the kindergarten crowd. We're working on it in my house-- now every time my almost four year old daughter sees you on TV, she runs in to tell me that Bill is on TV.

I am also writing to personally echo an invitation and request you either have received or will shortly be receiving from the Secretaries of Labor and Health and Human Services to attend the 25th anniversary celebration of the Occupational Safety and Health Act on April 29th in Washington. It would obviously mean a tremendous amount to both the health and labor communities to have you join them on this important day. I am personally involved in this event because I am producing a video about the history of NIOSH which will be shown on the 29th. Dustin Hoffman has agreed to narrate the video and we are hopeful that former President Jimmy Carter will be in it.

I gather that there will also be a request made for a private reception at the White House for the key people in the worker health and safety community around the time of the April 29th celebration. I would strongly urge you to try to accomodate this request if at all possible. Many of the people who have been working on these issues

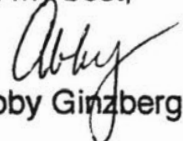
have been doing so for the past twenty-five years, often with little publicity or recognition, and with much opposition from Republican administrations. I think it is very important for your administration to take the time to recognize and thank those folks who have devoted their lives to improving the lives and health of American workers.

I have also had a longstanding relationship with many of these people since I worked for OSHA in the late 1970's and have remained active in the field of worker safety and health as a video producer. Dr. Linda Rosenstock, the Director of NIOSH, has been doing a terrific job during her tenure, and I think you would really enjoy meeting her.

Your support and participation in these events will be greatly appreciated by the labor movement, since labor has always seen the Occupational Safety and Health Act as its major legislative victory of the past several decades. John Sweeney, head of the AFL-CIO will be participating in the celebration. Moreover, this is a very good issue for your administration to be identified with. The event provides a positive, constructive way for you to be visible on an issue of importance to millions of working Americans. This is a great opportunity to take a stand on an issue which clearly distinguishes you from the Republicans.

Finally, besides all the other people you would make happy by agreeing to participate in the event and hosting a reception, there's little old me--and I would be delighted to get to see you at these events. So I hope it will work out and that I will get a chance to see you before too much more time passes. As always, I keep up with the latest off the record stories from Martha Whetstone.

All my best,


Abby Ginzberg



STATE OF THE UNION

ADDRESS TO THE 104th CONGRESS



SECOND SESSION

To Abby Gringberg

*with thanks for your
friendship*

Bill Clinton

President William J. Clinton

JANUARY 23, 1996 • WASHINGTON, D.C.

*Safe
letter to
have to person
to reply*

VICTOR A. FLEMING
3801 TCBY Tower
Little Rock, Arkansas 72201
(501) 376-3800 / Fax 372-3359

96 FEB 12 P 5 : 41

February 5, 1996

The Honorable William Jefferson Clinton, President
of the United States
1600 Pennsylvania Avenue
Washington, D.C. 20500-2000

Dear Mr. President:

I have been asked by a client to ascertain the appropriate person affiliated with the White House with whom a correspondence might be initiated concerning the exercise of your jurisdiction in matters of the granting of Presidential Pardons, under Article II, section 2, of the United States Constitution.

Would you be so kind as to reply and direct me to the appropriate party?

My very best personal regards to the First Lady and to Chelsea.

Yours most sincerely,

Victor A. Fleming
Victor A. Fleming

VAF/af

*2/12
TO GUINN?*

S
yes
to Doss kind
to coord. with
reply w/
himself

*original
sent to Doss kind*