BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

FCC Auctions Rain Cash on the Treasury. Total revenues from spectrum license auctions have topped $15 billion in less than 2 years, putting to shame all early revenue estimates, according to a report from the Federal Communications Commission. In 1993 (when Congress passed legislation authorizing the auctions), the House Budget Committee estimated that receipts would reach $10.2 billion over 5 years; 1994 estimates by CBO and OMB were $8.1 and $12.6 billion, respectively, over 5 years. The $15 billion figure includes revenues to date from ongoing auctions, suggesting that revenues will continue to climb relative to estimates. Besides providing a non-tax revenue source for the Treasury, the auctions should improve the efficiency of license allocation across firms and geographical regions.

Minority Mortgage Approvals Make Big Gain. The number of mortgages granted to minority applicants increased sharply in 1994, according to Federal Reserve data. For example, approved mortgages for blacks grew by 38 percent relative to 1993; by contrast, approved mortgages for whites grew by just 12 percent. This change is driven by an expansion in total mortgage applications, not by convergence in black and white rejection rates. The black denial rate remained over 30 percent, while the white rejection rate held steady at about 17 percent. A leap in total applications by blacks suggests that banks are taking greater pains to serve minority and inner-city residents. One possible explanation of the bump in approvals is tougher enforcement of fair-lending laws, which have become more relevant as the recent wave of bank mergers has put a premium on good standing with Federal regulators. Despite this jump in approvals, the data do not provide enough information to determine whether blacks and whites are receiving equal treatment: a 1992 study by the Boston Federal Reserve Bank found that about one-third of the discrepancy in denial rates was due to racial factors.

More Efficient Allocation of California Water Rights Flows Through Technological Pipeline. After years of reliance on a crazy quilt of political and legal directives for allocating water in central California, the Westlands water district plans to move to an electronic trading system next month. The central idea of the plan is to use personal computers linked through modems to reduce the transaction costs of water trading. At present, much trading is done in such an ad hoc way (e.g., over coffee at the local diner) that prices often fail to act as reliable allocative signals. By contrast, the new system will make details of previous trades by many different farmers publicly available, so that information concerning both previous and current prices will be more widespread. While analysts express optimism about the new system, its success will require broad acceptance by the region's several hundred farmers.

THE PRESIDENT HAS SEEN
2/20/96

(D) **McCurry memo on disaster actuality for Washington and Oregon.** Ran on 62 Washington and 31 Oregon radio stations.

(E) **Sec. Reich speech.** On February 6, he spoke at George Washington's School of Business and Public Management on "Pink Slips, Profits, and Paychecks: Corporate Citizenship in an Era of Smaller Government."

(F) **"Never Count out Bill Clinton."** Via Wendy Smith. February 4 San Jose Mercury News article by Stephen Buel. "Little of Clinton's first three years as president has surprised anyone familiar with his Arkansas record. It is uncanny at times how closely the tempo of his presidency mirrors that of his years as governor."

(G) **Scranton Times-Tribune article on Sen. Santorum and GOP Medicare proposal.** Via Leon. He had boasted that given 30 minutes, he could convince 80 seniors in an audience of 100 to support Republican proposals to overhaul Medicare. Few of the seniors who gathered for his presentation on February 2 bought his pitch. Of the 83 who cast written ballots after his presentation, 63 opposed the GOP plans and 20 supported his arguments.

(H) **Kansas City Star clip on John Carlin from Bob Nash.** Via Leon. John is getting good press. His former critics are praising him: "I think he's doing very well so far. He's trying to remake the agency and create a new culture and institute a strategic plan. It's a huge task and I commend him," said the Society of American Archivists, which fought his nomination. Article says morale is high at the Archives and that he is surrounding himself with good people.

(I) **Sen. Leahy letter on Foreign Ops bill and landmines.** He thanks you for signing the bill with his amendment to impose a one-year moratorium on the use of antipersonnel landmines, except along international borders: "While I am very disappointed with the low level of funding for foreign assistance, I am gratified that these programs will not be operating under a Continuing Resolution for the remainder of the year . . ." *On landmines: "As public revulsion grows with each landmine casualty among NATO forces in Bosnia and civilians around the world, it is crucial that the Administration embrace this law . . . ."*

(J) **Howard Reed memo on upcoming jobs conference in France.** Nancy indicates that you asked Reed for this memo from him at a January radio address. Reed , Special Counsel at USTR, argues that the upcoming jobs conference in France is the appropriate forum for the U.S. "to provide leadership; generate G-7 support; and establish a unified position on the issues of jobs, technology, and the product life cycle." He says the "unified position" should then be presented to the WTO, and stresses the importance of incorporating developing countries in the process.

PATRICK LEAHY
VERMONT

COMMITTEES:
AGRICULTURE, NUTRITION, AND FORESTRY
APPROPRIATIONS
JUDICIARY

United States Senate

WASHINGTON, DC 20510–4502

96 FEB 6 P5:18

THE PRESIDENT HAS SEEN
2/20/96

February 1, 1996

The Honorable William Clinton
The White House
Washington, DC 20500

Dear Mr. President:

I want to thank you for signing the Fiscal Year 1996 Foreign Operations bill. While I am very disappointed with the low level of funding for foreign assistance, I am gratified that these programs will not be operating under a Continuing Resolution for the remainder of the year which would have done grievous damage to many vital United States interests.

I also want to express my deep appreciation to you for signing the bill with my amendment to impose a one-year moratorium on the use of antipersonnel landmines, except along international borders. Although the moratorium does not take effect until January 1999, it once again puts the United States in the lead, with a number of our NATO allies, of international efforts to rid the world of these indiscriminate weapons. As public revulsion grows with each landmine casualty among NATO forces in Bosnia and civilians around the world, it is crucial that the Administration embrace this law so we can work together over the next three years to pressure other nations to take similar action.

Again, thank you.

Sincerely,

PATRICK LEAHY
United States Senator

This legislation is a clear statement on land mines.

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THE PRESIDENT HAS SEEN
2/20/96

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OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

96 JAN 26 A8:45

THE PRESIDENT HAS SE
2/20/96

January 24, 1996

MEMORANDUM FOR PRESIDENT BILL CLINTON

From: Howard Reed
Special Counsel for Finance and Investment Policy

Subject: Jobs, Technology, and the Upcoming Jobs Conference in France

I bring this critically important issue of jobs directly to your attention because we, your administration, are proceeding by offering macroeconomic and government program solutions to the "jobs" problem as if it were the 1970's or the 1980's. When you took office, I believe you asked us to identify the difficult problems of the time; to be bold, innovative, and responsible in pursuing solutions; and to have the courage to stay the course. Too often this has not been done. Traditional approaches and traditional solutions will have no significant impact on resolving the jobs problem. The jobs conference in France (spring of this year) is the timely forum in which to begin the process of finding solutions. It is the appropriate forum for the U.S. to provide leadership; generate G-7 support; and establish a unified position on the issues of jobs, technology, and the product life cycle. This unified position should then be formally presented to the WTO for action. The WTO is the most appropriate forum because of the importance of incorporating the **developing countries** in the process of reaching a workable and sustainable solution to the interelated problems of jobs, technology, and the product life cycle.

I am cautious about portraying the issue of jobs as "the" most important socio-economic issue of the time. I am not, however, cautious about saying that the continuing combination of **unemployment, underemployment, and income distribution disparity** can be socially and politically lethal to the point of being unspeakable -- not only for our country but throughout the world.

One of the most visible and politically sensitive issues among the G-7 countries is the issue of jobs. At the Halifax summit, you and the other six leaders agreed

to convene a high level jobs conference in France during the first half of 1996. It is important that the France conference take the first step in recognizing and addressing the complexity of the issues pertaining to "jobs". In addition to the unemployment and the real wage dimensions of the jobs problem, are the dimensions of **underemployment, technology, and product life cycle.** Successfully addressing these issues will require a concerted **multilateral** effort because of the international trade, investment, and private sector marketing dimensions of the jobs problem.

The impact of technology on job creation and job displacement is never confronted in the manner required to begin to resolve the jobs problem. There is a belief that inventions and new technology are always beneficial to an economy and its workers. The proposition that using technology in innovative ways and spreading it through an economy will create not only more jobs but higher-paying jobs, along with higher worker productivity, is almost never questioned.

Proper evaluation of the benefits of technology should answer two questions. How many workers have lost jobs as a result of this new technology? And is there enough excess capacity in other sectors to absorb the displaced units of labor in a reasonable time period with a reasonable amount of retraining costs? Note, too, that millions of well-educated, highly trained professionals continue to be displaced by countless corporate downsizings and reorganizations due to the introduction of labor-saving technologies and structures.

The continual race to invent or develop the next generation of products has brought about an economic environment in which research and development costs are fast approaching unaffordable levels (thus reducing competition by restricting entry to the market or necessitating public subsidies). And the product life cycle is being shortened at a pace that will soon make it impossible, mathematically, for those products ever to be profitable. As long as the private sector is locked into a cycle that forces it to push continually to shorten the life cycles for product research, product development, and product marketing, a significant, sustainable recovery in employment is not probable.

There are those who believe that market forces should always be determining for the behavior of private business. Government, however, must get more involved in an attempt to moderate the private sector's propensity to develop and market new technology at the present dizzying pace. Formal multilateral discussions must begin finding ways to lengthen the product life cycle, and to encourage the export, from developed to developing countries, of appropriate technology - that is, technology which does not circumvent in an adverse way the stages of economic development. **In general, transfer of state-of-the-art technology to developing countries too early in its product**

life causes premature employment dislocation in the home country. And in the developing country such untimely investments frequently create an underclass of millions of illiterate would-be workers who are bypassed as their country's economy leapfrogs several stages of industrialization straight into the advanced technology area dominated by the most advanced industrialized countries. All facets of poverty are exacerbated - hunger, poor health, homelessness, environmental degradation, despair. As a result, both countries, the developed exporter and the developing importer, are disadvantaged, and the world economy suffers from the misallocation of technology resources.

I realize that these issues are complex and it will be difficult to reach meaningful agreements. In addition, the private sector will be opposed to government actions that in any way curtail their freedom to engage in research, marketing, and investing. Developing countries will almost certainly worry that this may be part of a larger plan to slow their development and their full participation in the global economy. The G-7 governments will therefore have to reassure the private sector and the developing countries that the framework, and later the negotiations, will be established and coordinated in ways that promote their interest.

The prominence of the G-7 countries on this issue is based principally on their preeminence in the development and marketing of new technology. But if agreements are to be meaningful and long-lasting, they will have to be reached within a multilateral framework (i.e. the WTO) and have the wholehearted support of the private sector. This will require direct and significant consultation with the private sector, which will also need to take part in some, perhaps most, phases of the negotiations. As for developing countries, they should take a full part in establishing the framework and negotiating the agreements. The framework for these negotiations should consider, at a minimum:

- The speed with which processes and innovation flow through the product life cycle;
- The appropriateness of government incentives and initiatives to encourage productivity and;
- The effects of the above on employment and consequently on social and political stability.

THE WHITE HOUSE

WASHINGTON

February 16, 1996

THE PRESIDENT HAS SEEN
2/20/96

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN
HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Cisneros 6-month report HUD/Chicago public housing.** Solid progress toward stabilizing Chicago's housing agency. Former HUD assistant secretary Joseph Shuldiner, new Executive Director of the CHA, has established a new management team. Large-scale redevelopments are underway at Henry Horner, Cabrini Green and the Lakefront Apartments. Resident-driven, community policing is being established to ensure safety, with 75 new officers hired for the CHA police force. Improved maintenance, with basic appearance of CHA communities cleaned up. Privatization -- new CHA plans to increase units under private or resident management by 10,000 next year. HUD is requiring tougher tenant screening, lease, and eviction policies. HUD is dramatically increasing resident participation in Earnfare, the State's welfare-to-work initiative. Mayor Daley wants HUD to stay until firm foundation for CHA has been laid -- HUD estimates by the end of 1996.

(B) **Cisneros memo re Republican stance on inner-city tax incentives.** Citing a Philadelphia Enquirer story about a tour of the Philadelphia Empowerment Zone by seven freshman Republican Senators last month: "The article underscores the fact that despite the budget cuts for which they are responsible, they are still touting inner-city tax incentives." Also includes New York Times article on Gov. Engler's Renaissance Zone program, the framework for new Congressional proposals. Henry supports a second round of EZs.

(C) **Robert Kennedy welfare speech.** Via Rahm, who notes that "30 years later, [this]could be one of your speeches." RFK: "The answer to the welfare crisis is work; jobs, self-sufficiency, and family integrity; . . . Work is a mundane and unglamorous word. Yet it is, in a real sense, the meaning of what the country is all about -- for those of us who live in affluent suburbs and for our children no less than for the children in the ghetto. Human beings need a purpose." RFK also made one of the earliest calls for expanded day care in this speech.

THE PRESIDENT HAS SEEN

2/20/96

THE WHITE HOUSE

WASHINGTON

96 FEB 6 P8:11

February 6, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL R.E.

SUBJECT: ROBERT F. KENNEDY SPEECH

I thought you may want to review the attached speech Senator Robert F. Kennedy delivered in 1968 on the need for welfare reform. This speech was given 30 years ago, yet, 30 years later, it could be one of your speeches.

In short, RFK talks about the centrality of work in ending welfare, and the problems of dependency and taxpayer resentment imbedded in the welfare system.

DEC-04-'95 13:30 ID:AXELROD & ASSOCIATES :312-664-0174 #708 P02

elation for many of the traveling press and for some of Kennedy's closest aides. One of them, Jeff Greenfield, later reflected that "Nebraska was the first time that I really saw . . . Robert Kennedy's ability to command very different kinds of political constituencies. In Nebraska I saw the way he related to people who had nothing in common with him at all. You don't think of Robert Kennedy as a man of the cities, exactly, but he was of New York, Boston, and Washington—that scene. And he certainly wasn't a farmer. Yet, there was a kind of communication between him and . . . almost Grant Wood kind of characters in a sense—leather-skinned, very hard working people, very traditional values . . . they probably didn't like . . . antiwar demonstrators. Outside of Omaha, they might not have seen a Negro in their lives . . . the people who would be the *last* people in the world you would imagine Robert Kennedy to have any relationship with, who really had come not to scream and to yell and to cheer, but to listen. And he got through. . . . It really taught me a lot about him." ❖

REFORMING THE WELFARE SYSTEM

Press Release

Los Angeles, California

MAY 19, 1968

THE PRIMARY PACE quickened after Nebraska: Oregon's was two weeks later, and the season's second richest delegate prize, California, one week thereafter. Accordingly, although he had failed in Oregon to establish a functioning campaign structure or to connect with the state's largely suburban electorate, Kennedy raced through a hectic three-day schedule in the Golden State. As the foray was beginning, the campaign released a major white paper setting forth Kennedy's views on welfare reform (he had delivered a shorter version to a crowd of ten thousand at Los Angeles Valley College on May 15.)[6]

Kennedy's insistence on real and fundamental change never had been satisfied merely by the passage of legislation or the establishment of programs. Increasingly after entering the Senate, he strongly questioned

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the efficacy of many government actions designed to benefit poor Americans—including those programs he had helped design. Key among the failures, in Kennedy's view, was the welfare system, which he had criticized for years. His approach transcended traditional ideology—for welfare failed those who funded it, as well as those who received its assistance. ❖

Perhaps the area of our greatest domestic failure is in the system of welfare—public assistance to those in need. There is a deep sense of dissatisfaction, among recipient and government alike, about what welfare has become over the last thirty years, and where it seems to be going.

Welfare is many things to many people. To the recipient it may be the difference between life and starvation, between a house and homelessness, between the cold wind and a child's coat. To the taxpayer—facing inflation in the cost of living, paying for his home and educating his children—welfare may be an unwarranted imposition on an already overburdened tax bill. To certain politicians, willing to oversimplify and confuse the issue, it may be a means to easy popularity. . . .

The bill is rising further everyday.

With all this enormous expenditure, might we not expect that the recipient would be satisfied? Yet the fact is that they are not. They are as dissatisfied with the welfare system as is anyone in the U.S. . . . Is this rank ingratitude—or is it an indication of how the welfare system has failed? For what are we to make of a system which seems to satisfy neither giver nor recipient—which embitters all those who come in contact with it?

The worst problem is in our very concept of welfare. . . . Welfare began as a necessary program of assistance for those unable to work. But we have tried as well to make it the easy answer to the complex, but by no means insurmountable, problem of unemployment. . . .

[The unemployed] are men like other men. They marry and have children; or they do not marry, but have children just the same. In either case, they often leave home under the strain of joblessness and poverty. We have dealt with the resulting female-headed families not

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by putting the men to work but by giving the mothers and children welfare. They might have wanted fathers and husbands; we have given them checks. In fact, the welfare system itself has created many of these fatherless families—by requiring the absence of a father as a condition for receiving aid; no one will ever know how many left their families to let them qualify for assistance so that they might eat, or find a place to live.

More basically, welfare itself has done much to divide our people, to alienate us one from the other. Partly this separation comes from the understandable resentment of the taxpayer, helplessly watching your welfare rolls and your property tax rise. But there is greater resentment among the poor, the recipient of our charity. Some of it comes from the brutality of the welfare system itself: from the prying bureaucrat, an all-powerful administrator deciding at his desk who is deserving and who is not, who shall live another month and who may starve next week.

But the root problem is in the fact of dependency and uselessness itself. Unemployment means having nothing to do—which means nothing to do with the rest of us. To be without work, to be without use to one's fellow citizens, is to be in truth the Invisible Man of whom Ralph Ellison wrote. . . .

We often quote Lincoln's warning that America could not survive half slave and half free. Nor can it survive while millions of our people are slaves to dependency and poverty, waiting on the favor of their fellow citizens to write them checks. Fellowship, community, shared patriotism—these essential values of our civilization do not come from just buying and consuming goods together. They come from a shared sense of individual independence and personal effort.

They come from working together to build a country—that is the answer to the welfare crisis.

The answer to the welfare crisis is work, jobs, self-sufficiency, and family integrity; not a massive new extension of welfare; not a great new outpouring of guidance counselors to give the poor more advice. We need jobs, dignified employment at decent pay; the kind of employment that lets a man say to his community, to his family, to his country, and most important, to himself, "I helped to build this country. I am a participant in its great public ventures. I am a man." . . .

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It is a myth that all the problems of poverty can be solved by ultimate extension of the welfare system to guarantee to all, regardless of their circumstances, a certain income paid for by the federal government. Any such scheme, taken alone, simply cannot provide the sense of self-sufficiency, of participation in the life of the community, that is essential for citizens of a democracy. . . .

Certainly, all the proposals for various systems for income maintenance deserve careful study. But if there is anything we have learned in the last three years, it is that we cannot do everything at once—that we must understand, establish, and adhere to a clear sense of national priorities. The priority here is jobs. To give priority to income would be to admit defeat on the critical battle front. . . .

Work is a mundane and unglamorous word. Yet it is, in a real sense, the meaning of what the country is all about—for those of us who live in affluent suburbs and for our children no less than for the children in the ghetto. Human beings need a purpose. We need it as individuals; we need to sense it in our fellow citizens; and we need it as a society and as a people.

IN THE SECTIONS of the press release omitted above, Kennedy called for replacing the welfare bureaucracy with an automatic system based entirely on need, having national standards and substantial incentives (not penalties) for people to work and raise happy families. The speech included one of the earliest calls for improved and expanded day care and a passionate argument against a system that penalized out-of-work fathers who remained with their families. Many of the inadequacies he spotlighted remained in the welfare schema in the decades after his death. ❖

INTERNATIONAL ROUNDUP

Development Aid from OECD Countries Hits 20-year Low. According to a recent report of the OECD's Development Assistance Committee, non-military aid to developing countries and multilateral organizations in 1994 fell to its lowest level (as a share of GNP) in 20 years. Japan remained the largest donor in absolute terms. With contributions of roughly 1 percent of GNP, Scandinavian countries (except Finland) are still the most generous donors in relative terms. The United States was the smallest OECD donor in relative terms, contributing only 0.2 percent of GNP. Countries experiencing fiscal difficulties, such as Italy, Belgium, and France, scaled back their aid effort considerably. While official aid has been restrained, private financial flows to developing countries have risen significantly. Indeed, total resource flows to developing countries amounted to $184 billion in 1994, 13 percent more than in 1993. Roughly 60 percent of these resources originated in the private sector, including direct and portfolio investments and bank lending. These private flows are highly concentrated. During the 1989-93 period over 80 percent of all international private capital flows to the developing world went to just 17 "emerging markets," such as China, Mexico, and Thailand.

Economic Stabilization Remains Elusive in Ukraine. The Ukrainian economy has yet to achieve macroeconomic stabilization. A comprehensive reform program introduced in October 1994 has helped to reduce average monthly inflation from 14.4 percent in 1994, to 9 percent in 1995 (and 4.6 percent in December). But in other areas, such as privatization, there has been less progress. And according to official statistics, real consumption has declined by about half since 1992, while unemployment is a serious problem. This lackluster performance meant that Ukraine failed to meet the benchmarks set by the IMF, and the country's $1.5 billion stand-by program was suspended in December. This week, the IMF's team in Kiev reached an understanding with the Ukrainian government on the criteria for extension of the stand-by agreement. The ability of the government to meet the agreed targets may be endangered by the demands of striking miners, but the government appears determined to resist the miners' demands.

Women Play an Important Role in the Income of European Households. A recent poll has found that 59 percent of European working women supply half or more of their household income. This finding parallels the results of a U.S. study, released in 1995, which found that 55 percent of U.S. working women earn nearly half or more of household income. However, a larger share of European working women—28 percent—provide all of their household's income than in the United States, where the share is 18 percent. Of the five surveyed countries (France, Germany, Great Britain, Italy, and Spain), the highest contributors were France and Germany, where more than one in three working women were contributing all of the household's income. If financial constraints were not binding, almost one-third of working women surveyed in the United States would prefer to work at home, compared with about one-quarter in Europe.

THE WHITE HOUSE

Feb. 20/96

THE PRESIDENT HAS SEEN
2/22/96

cc: LP

96 FEB 21 P1:08

Mr. President,

John Podesta asked that I give you a copy of his recent Commentary. John is a good man and made a real contribution while he was Staff Secy.

Mack

cc. Harold

THE PRESIDENT HAS SEEN 2/22/96

2/12/96

LEGAL TIMES

Misusing Congress' Investigatory Power

'Targeting' Individuals Is an Abuse

BY JOHN PODESTA

Perhaps no one has more succinctly summed up the oversight and investigations agenda of the new Republican Congress than Sen. Alfonse D'Amato (R-N.Y.). In a campy life-imitates-art response to a Doonesbury cartoon critical of his Whitewater approach, D'Amato shouted on the floor of the U.S. Senate, "It's payback time, baby."

In pursuing that investigative agenda with a political vengeance, the new Republican majority is perilously close to crossing the line that separates legitimate legislative inquiry from abuse of power.

Take, for example, the Senate Whitewater investigation. It began as a legitimate inquiry into three issues: (1) whether then Gov. Bill Clinton and his wife, Hillary, improperly helped to siphon funds from Madison Guaranty to the Whitewater land development; (2) whether the White House improperly interfered with the investigations of Madison by the Resolution Trust Corp. and the Department of Justice; and (3) whether the White House improperly handled the search of Vincent Foster Jr.'s office in the wake of his suicide.

After 48 days of congressional hearings and three independent investigations, what do we know? The first question has been answered in the negative by Jay Stephens in the report to the RTC prepared by Pillsbury Madison & Sutro. The second was answered in the negative by Special Counsel Robert Fiske Jr., and the Senate has produced no evidence to the contrary. The third is still being pursued by Independent Counsel Kenneth Starr, but after many millions in expenditures, charges of White House bungling still abound, yet no one has been accused of serious wrongdoing.

NO PUBLIC PURPOSE SERVED

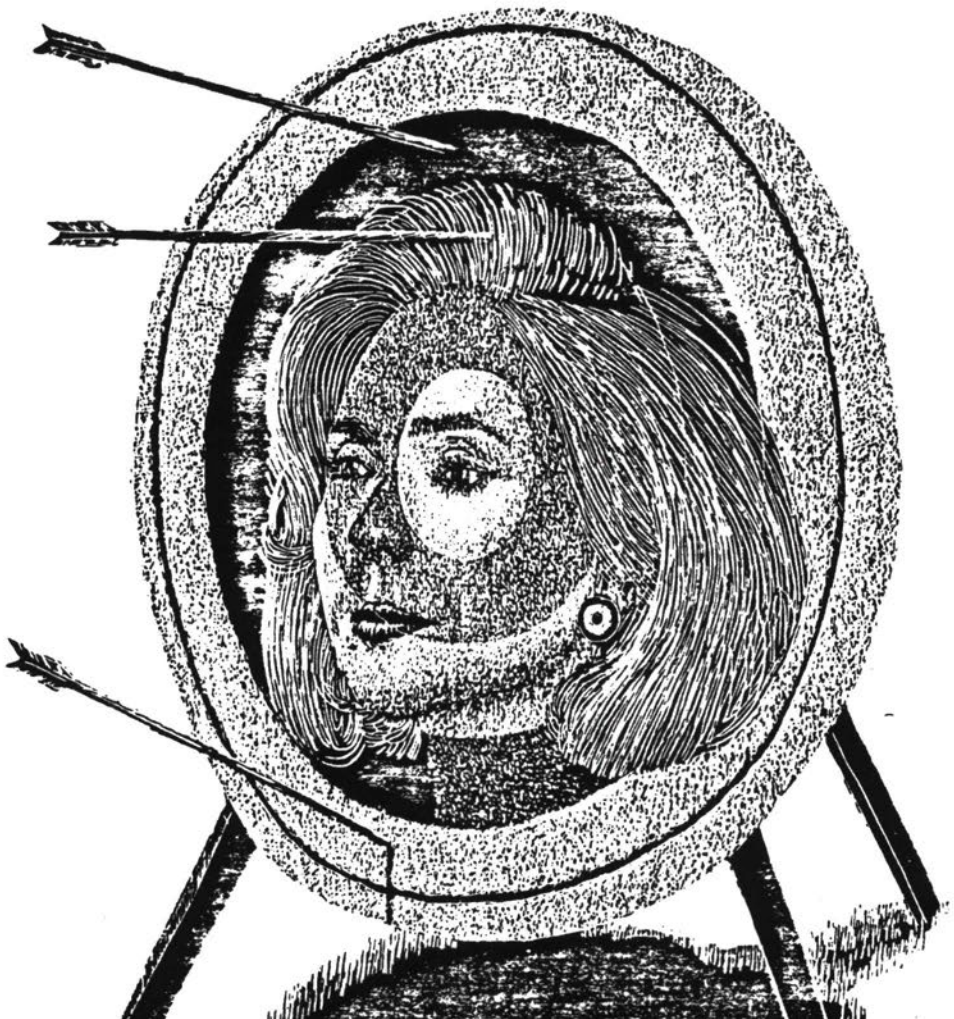
So why does the Senate inquiry continue? What public purpose does its continuation advance? It has metastasized into a full-blown political assault on the first lady, designed not with any particular, or even fanciful, legislative purpose in mind, but because, to paraphrase Sen. D'Amato, the Senate has a right to get to the bottom of this.

What right?

Congress' power to conduct investigations is appropriately broad. That power is an "essential auxiliary" to the legislative function, as the Supreme Court described it in *McGrain v. Daugherty*, 243 U.S. 135 (1927). But in *Eastland v. U.S. Servicemen's Fund*, 421 U.S. 491 (1975), the Court recognized that that power is not boundless. Neither house possesses a general power of making inquiry into the private affairs of the citizen, the Court held in *Kilbourn v. Thompson*, 103 U.S. 168 (1880). And contrary to the rationale put forward most recently for continuation of the Senate Whitewater investigation, the Court stated emphatically in *Watkins v. United States*, 354 U.S. 178 (1957), that there is "no congressional power to expose for the sake of exposure."

Could anyone watching the Senate Whitewater hearings and attendant media circus really conclude that the Republican members of the committee have a legislative purpose—that members are interested in informing themselves in order to change the nation's

SEE **ABUSE OF POWER,** PAGE 27



Investigations Must Have Lawful Goals

ABUSE OF POWER FROM PAGE 24

banking laws, for example? It is clear that what began as a legitimate inquiry continues only as a series of partisan show trials—a trial of Maggie Williams, a trial of Susan Thomases, and a trial of Hillary Rodham Clinton.

The Supreme Court set down a clear marker. The semblance of a legislative purpose is insufficient. "Investigations conducted solely for the personal aggrandizement of the investigators or to 'punish' those investigated are indefensible," the Court wrote in *Watkins*.

Moreover, when members of Congress cross the line from legitimate investigation to punishing people, they would do well to remember Attorney General Robert Jackson's famous admonition delivered to federal prosecutors in 1940:

> Therein is the most dangerous power of the prosecutor: that he will pick people that he thinks he should get, rather than cases that need to be prosecuted. . . . It is this realm—in which the prosecutor picks some person whom he dislikes or desires to embarrass, or selects some group of unpopular persons and then looks for an offense, that the greatest danger of abuse of prosecuting power lies. It is here that law enforcement becomes personal, and the real crime becomes that of being unpopular with the predominant or governing group, being attached to the wrong political views, or being personally obnoxious to or in the way of the prosecutor himself.

The danger that partisan politics has led to the misuse of Congress' investigatory powers is not limited to the Senate. The "Vendetta Machine," as one reporter has dubbed it, has swept up and swept along even the most well-respected senior Republicans in the House.

For example, Rep. William Clinger (R-Pa.), chairman of the Government Reform and Oversight Committee, said in a recent television interview that Harry Thomason would be his committee's next "target" in the ongoing travel office probe. Anyone who has read the White House management review of the travel office incident, which I co-wrote, knows that the report had nothing kind to say about Thomason's role in the matter.

But "target" him? The term is usually reserved for prosecutors and political consultants doing attack ads. In overturning a legislative enactment that "targeted" three named individuals on account of their alleged un-American activities, the Supreme Court wrote in *United States v. Lovett*, 328 U.S. 303 (1945), that "when our Constitution and Bill of Rights were written, our ancestors had ample reason to know that legislative trials and punishments were too dangerous to liberty to exist in the nation of free men they envisioned."

INDEPENDENT INVESTIGATION?

Even the usually sensible Rep. Jim Leach (R-Iowa), who has generally kept his committee's Whitewater hearings properly focused, has, on occasion, given in to partisan sensibilities. One of Leach's principal criticisms of the White House has focused on the White House-Treasury Department contacts concerning the Madison investigation. He has argued strongly that even the knowledge that the White House has expressed an interest in being kept informed of the status of an investigation can have a chilling impact on regulators down the chain of command; thus, a possibility exists that the independence of the investigation will be compromised. Yet at the same time he was making this argument, he was insisting on seeing *drafts* of reports prepared by the RTC's independent outside counsel reviewing Madison. And he has sent his staff to look over the shoulders of RTC investigators who were attempting to complete their Madison review. What about the effect that meddling congressional overseers have on a supposedly independent investigation? Apparently, he applies a double standard.

Given that two of the most fair-minded members have succumbed, at least in part, to this partisan atmosphere, it is little wonder that young congressional staffers view their role as being little more than taxpayer-funded adjuncts of the opposition research departments of the national party committees.

TIT FOR TAT

Are Republicans worried that they are going too far? Echoing Sen. D'Amato, they provide a tit-for-tat defense. They cite the tormenting of former Reagan Justice Department official Theodore Olson, the vilification of Supreme Court nominee Robert Bork, and the zany October surprise investigation as evidence that all they are doing is what the Democrats did when they ran things. There are two answers to that charge.

First, even setting aside the fact that Democrats, with rare exception, used their investigative powers to fight hard about policy, not to assassinate character in hopes of electoral gain, mutual assured destruction is a rationale for deterrence, not a description of the way things ought to be.

More important, Republicans and Democrats need to remember the Supreme Court's warning to Congress in *Watkins* when they went too far in the McCarthy era: "[A]buses of the investigative process may imperceptibly lead to abridgement of protected freedoms." And the American people need to remember that those protected freedoms belong to every one of us. ■

John Podesta is a visiting professor of law at the Georgetown University Law Center. In the Clinton administration, he served as counsel to the president and staff secretary from 1993 to 1995. Previously, he served as counsel to the Senate Judiciary Committee (1979 to 1986) and as chief counsel to the Senate Agriculture Committee (1987 to 1988).

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

FCC Auctions Rain Cash on the Treasury. Total revenues from spectrum license auctions have topped $15 billion in less than 2 years, putting to shame all early revenue estimates, according to a report from the Federal Communications Commission. In 1993 (when Congress passed legislation authorizing the auctions), the House Budget Committee estimated that receipts would reach $10.2 billion over 5 years; 1994 estimates by CBO and OMB were $8.1 and $12.6 billion, respectively, over 5 years. The $15 billion figure includes revenues to date from ongoing auctions, suggesting that revenues will continue to climb relative to estimates. Besides providing a non-tax revenue source for the Treasury, the auctions should improve the efficiency of license allocation across firms and geographical regions.

Minority Mortgage Approvals Make Big Gain. The number of mortgages granted to minority applicants increased sharply in 1994, according to Federal Reserve data. For example, approved mortgages for blacks grew by 38 percent relative to 1993; by contrast, approved mortgages for whites grew by just 12 percent. This change is driven by an expansion in total mortgage applications, not by convergence in black and white rejection rates. The black denial rate remained over 30 percent, while the white rejection rate held steady at about 17 percent. A leap in total applications by blacks suggests that banks are taking greater pains to serve minority and inner-city residents. One possible explanation of the bump in approvals is tougher enforcement of fair-lending laws, which have become more relevant as the recent wave of bank mergers has put a premium on good standing with Federal regulators. Despite this jump in approvals, the data do not provide enough information to determine whether blacks and whites are receiving equal treatment: a 1992 study by the Boston Federal Reserve Bank found that about one-third of the discrepancy in denial rates was due to racial factors.

More Efficient Allocation of California Water Rights Flows Through Technological Pipeline. After years of reliance on a crazy quilt of political and legal directives for allocating water in central California, the Westlands water district plans to move to an electronic trading system next month. The central idea of the plan is to use personal computers linked through modems to reduce the transaction costs of water trading. At present, much trading is done in such an ad hoc way (e.g., over coffee at the local diner) that prices often fail to act as reliable allocative signals. By contrast, the new system will make details of previous trades by many different farmers publicly available, so that information concerning both previous and current prices will be more widespread. While analysts express optimism about the new system, its success will require broad acceptance by the region's several hundred farmers.

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DEPARTMENT OF LABOR

- **AFL-CIO:** On Tuesday, February 20, Secretary Reich will travel to Bal Harbour, Florida, to attend the Annual Winter Executive Council Meeting of the AFL-CIO. He will speak to the Executive Council regarding attacks on worker protection programs and the Administration's accomplishments on behalf of working Americans.

- **Unemployment Compensation:** Next week, the Advisory Council on Unemployment Compensation will issue its final report to you and Congress. This report will include the findings and recommendations of the Council during its final year of deliberations. The latest findings and recommendations focus on what the Council views as administrative issues. The report addresses measurement of performance outcomes, data needs, reporting requirements and administrative funding.

- **Garment Enforcement Sweeps:** Recent raids across the country reveal that minimum wage and overtime abuses remain widespread throughout the garment industry. This week, investigators from the Department's Wage and Hour Division visited garment contracting firms in Texas, California, and New York. In California, only one of 12 shops was found to be in compliance with labor laws. Investigations in Dallas revealed numerous wage and overtime abuses. In New York, an investigation of 32 shops found 18 in violation.

- **Service Contract Act:** The Jonathan Corporation of Norfolk, Virginia, entered into an agreement last week that will permit the payment of nearly $3 million in back wages and fringe benefits to more than 400 of the company's workers. Although the company is in bankruptcy, the Department achieved the significant recovery in this case by having contract funds released directly by the Navy to the Labor Department.

- **ERISA:** On February 14, the Department filed suit against the Bank of America for alleged ERISA violations in connection with the bank's activities as trustee of the Norcal and Envirocal Defined Benefit Plans. The Plans suffered losses of approximately $5.6

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

THE PRESIDENT HAS SEEN
2/20/96

96 FEB 16 P9:46

February 16, 1996

MEMORANDUM TO THE PRESIDENT

FROM: KATHLEEN A. McGINTY

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

FERC

The Federal Energy Regulatory Commission (FERC) has prepared a Draft Environmental Impact Statement (DEIS) on a proposed rule that would allow electric utilities to sell wholesale electricity nationwide through open access transmission. Comments from the public and from EPA and DOE are due next week.

This issue is sensitive for the Administration since it could potentially pit the interests of the industrial Midwest against the Northeast. On one hand, open access could bring lower electricity rates for consumers if low-cost Midwestern fossil fuel plants provided less expensive power nationally. On the other hand, Northeasterners believe this increased production will produce significantly greater levels of pollution such as nitrogen oxides that would be transported in their direction.

FERC's DEIS did not show a significant threat from incremental transported pollution, but EPA disagrees and recommends that mitigating actions be taken. We have begun to hear from Senators from both sides of the issue as well as most of the Northeastern governors expressing concerns.

CEQ is currently leading a process to try and achieve Administration consensus on a proposal that would be a win-win for the Northeast and the Midwest. However, presently there is still disagreement among agencies on the best way to achieve this and the DEIS is likely to continue to be controversial while FERC considers its final rule.

FLOODS AND TIMBER AND FISH

The floods in the Pacific Northwest are adding to the pressures we have faced to repeal the timber salvage rider. There is widespread concern, expressed in Oregon, Washington, and California newspapers as well as on National Public Radio that the salvage rider exacerbates historical over-cutting and has contributed to landslides and other adverse impacts of the

recent flood. Fisherman, too, have been voicing strong concerns that damage to rivers and streams -- and therefore to the already endangered fish populations -- is exacerbated by logging which, in turn, has been exacerbated by the rider.

MORE TIMBER

Additional letters urging repeal of the rider have come in from state and local officials. The Mayor of Yachats, Oregon wrote after the city council voted in favor of a resolution urging you to repeal the rider. In addition, Jennifer Belcher, the Washington State Land Commissioner urged your support for repeal, expressing her concern that the rider will bring down your forest plan and all of the other initiatives we have taken in partnership with landowners in the region (ex. habitat conservation plans, the "4(d)" rule, etc.).

You may recall that Governor John Kitzhaber (D-OR) wrote you in opposition to the salvage rider two weeks ago.

On the national level, Republicans for Environmental Protection has sent a letter to all Republicans House members, asking them to help repeal the timber salvage rider by cosponsoring H.R. 2745 by Representative Elizabeth Furse (D-OR). The group called the rider "abysmal" and quoted several newspapers about the problems with the rider. "The GOP's attack on the environment flies in the face of common sense," said the letter. "It may well backfire in the next elections. And it is just plain wrong."

I believe we need to announce your position on this very soon and will be working with the Chief of Staff's office toward that end in the beginning of next week. You must articulate a position on this prior to your visit to the State of Washington next week (if this is still on your schedule). On this front, Senator Patty Murray (D-WA) has a proposal on this that I believe we can get behind. She would like your support. Her approach calls for repeal but couples with a new initiative on salvage similiar to what we had proposed prior to the salvage rider.

TONGASS SETTLEMENT

According to government negotiators, we are close to - but not yet at - a final proposed settlement with the plaintiffs in the litigation that has resulted in 280 mbf of timber being enjoined from harvest on the Tongass National Forest. We hope to reach final agreement with the plaintiffs over the weekend and also expect to receive one or more counteroffers from industry intervenors. Assuming we reach agreement with plaintiffs, we would file the proposed settlement in court in Alaska this coming Friday. As soon as we reach final agreement with the plaintiffs and have the intervenors final answer, we will make a public announcement of the proposed terms.

- **HHS Approves First Welfare Waiver for the Empowerment Zone/Enterprise Community Initiative:** On February 14, Secretary Shalala announced the approval of first waiver of federal welfare rules under this Administration's Empowerment Zone/Enterprise (EZ/EC) initiative. The waiver was provided for Oakland, California for its Community Building Team Demonstration Project.

- **Congressional Request for Information on Medicare Trust Funds:** Per their request, Representatives Bill Archer, Thomas Bliley, Jr., Bill Thomas, and Michael Bilirakis have received information on the status of the Hospital Insurance (HI) Trust Fund. Secretary Shalala clarified that the HI Trust Fund is not broke; rather, for the first time, expenditures slightly exceeded revenue and the Trustees projections in 1995 were that, without further action, the Trust Fund would be depleted early in the next decade.

- **Sutter Hospital Agrees to Settle Case:** On February 14, the U.S. Attorney for the Eastern District of California entered into a settlement with Sutter Hospital in Sacramento involving the implantation of investigational devices on Medicare patients. Under the settlement, the hospital will pay the U.S. government $1.265 million in fines and overpayment recoveries arising out of these uncovered services.

- **Nicorette and Rogaine Receive OTC Approval:** On February 9, FDA granted over-the-counter marketing approval to SmithKline Beecham's Nicorette gum, the first smoking cessation aid available without a prescription to adults, and Upjohn's Rogaine, the first nonprescription drug to treat hair loss.

Leon
watch
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coming
trouble

- **CA Notified That Data Provided Inadequate to Justify Medicaid HMO Rates:** On February 5, HCFA notified the State of California that the information it provided on November 20 and 27, 1995, did not respond to HCFA's request that its 1995 Medicaid HMO payment rates be demonstrated to be actuarially sound, as required by law. HCFA explained why the State's letters were not responsive, and spelled out methods that the State could use to support the rates as actuarially sound. The letter advised the State to respond within 30 days, and that, if a response is not received within 30 days, HCFA would proceed with a disallowance of Federal financial participation for the State Fiscal Year 1995 HMO contracts at issue. While the letter was just released to the State, HCFA was previously required to set forth the substance of the letter in a January 25, 1995, response to an interrogatory in a lawsuit by HMOs challenging the actuarial soundness of the rates in question.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Address to Gangs and Churches in South Central L.A.:** On February 21, Secretary Cisneros will give the keynote address at the Hope in Youth Summit in South Central Los Angeles. The Summit, hosted by Cardinal Mahoney, will convene 700 members of

THE PRESIDENT HAS SEEN
2/20/96

THE WHITE HOUSE

WASHINGTON

96 FEB 16 P7:39

February 16, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: **KITTY HIGGINS**

SUBJECT: **Summary of Cabinet Weekly Reports**
February 9 - February 16

DEPARTMENT OF TREASURY

- **Secretary's Activities:** On Tuesday, Secretary Rubin will travel to Bal Harbor to address the AFL-CIO conference. On Wednesday, he will meet with Chairman Greenspan, Leonid Kuchma, President of Ukraine and Dick Grasso, Chair of the New York Stock Exchange.

- **House Appropriations Law Enforcement Hearing:** On March 6, Secretary Rubin will testify before the House Treasury-Postal Subcommittee, and the heads of each of the Department's enforcement bureaus will also testify. The purpose of the hearing is to draw attention to Treasury's broad role in the Federal law enforcement community and the need for continued funding of the bureaus. The Committee will hold a similar hearing on March 12, to focuson Treasury's role in combatting financial crimes. IRS, FinCEN and the law enforcement bureaus will testify on their current efforts in this area.

- **International Crime and Counterfeiting:** On February 28, the House Banking Committee will hold a hearing on international organized crime. It's focus will be counterfeiting, money laundering and fraud schemes based in Russia, the Middle East and Africa.

- **IRS Hearings:** IRS will be subject to a large number of oversight hearings as this year's tax filing season comes to a close. The IRS expects to be called to testify at three Appropriations hearings, two Government Reform hearings, and two hearings before the Ways & Means Committee before April 15, 1996. Most of the hearings will concentrate on IRS' budget and its progress in implementing its computerized filing and tax return processing systems.

- **Historically Black Colleges and Universities Capital Financing Program:** Three HBCU loan applications, totalling approximately $35 million, have been approved for financing

through the program. The Department expects these loans to be made the end of February. On February 14, Under Secretary Hawke, President of the Federal Financing Bank (FFB), authorized the FFB to offer forward interest rate caps. The FFB Board intends to adopt a resolution on the decision by Friday, February 16. Treasury officials will meet with Department of Education representatives on February 20 to discuss loan documentation and program implementation.

- **Youth Crime Gun Interdiction Initiative Status:** In this upcoming ATF program, groups in selected pilot cities will focus on interdicting the supply of guns to juveniles. Roll-outplans, including coordination with the Department of Justice, are to be discussed shortly.

- **Pastors for Peace Announce Another Attempt to Violate Embargo:** The Pastors for Peace announced intentions to violate and protest the Cuban embargo again by exporting computers to Cuba with two caravans crossing the border at San Diego, California and Highgate Springs, Vermont, on February 17, 1996. Office of Foreign Asset Control (OFAC), Customs and DOJ are planning a response to the anticipated violations.

- **Brady Law Second Year Anniversary Approaches:** The second anniversary of implementation of the Brady Law is February 28, which is also the anniversary of the failed effort at Waco. Treasury and Justice are working together to produce information to be released on Brady accomplishments and implementation on or shortly before February 28.

- **Troops in Bosnia:** Officials consulted with representatives of the Defense Department regarding a proposal to provide similar tax benefits for troops in the Bosnia region that now apply to troops in a designated "combat" zone. It would simplify combat zone rules as they relate to income tax withholding. Discussions are ongoing with DOD to resolve pending issues, including the specific geographic boundaries of the relief. House Ways and Means Committee Chairman Bill Archer has announced that he will have a markup session on legislation related to this issue during the last week of February.

- **Secret Service Investigation:** In cooperation with federal and local law enforcement officers, the Secret Service broke a credit-card ring that stole and counterfeited thousands of credit cards over the last four years, resulting in millions of dollars in losses. The ring used magnetic tape, embossing and encoding machines, and holograms to make counterfeit cards. The defendants were charged in a 200-count indictment and are awaiting trial.

- **Coca-Cola Barred From Supplying Iranian Distributor:** Coca-Cola requested permission to direct its Irish subsidiary to commence sales of concentrate to an Iranian soft drink company. The OFAC denied the request on the ground that the Coca-Cola Company exercises direct control over the affairs of its Irish subsidiary.

DEPARTMENT OF COMMERCE

- **Trade mission to Sub-Saharan Africa:** Secretary Brown will lead a trade mission to Sub-Saharan Africa from February 17 - February 26, 1996 with a focus on emerging markets and increased trade with African countries. The trip will include 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.

- **Town-hall meeting:** On February 28, 1996 Secretary Brown will be joined by Under Secretary Ev Ehrlich, Census Director Martha Riche and OMB Director Alice Rivlin in presentation of the 2000 Census plan at a half-day, town hall meeting at the Department of Commerce.

- **Census 2000 Congressional Hearing:** The House Government Reform and Oversight Committee, chaired by Rep. Clinger (R-PA), is scheduled to hold a hearing on the plan for the 2000 Census on February 29, one day after ESA and Census roll out the plan to the public.

- **Economic Indicators:**

•Value of New Construction Put in Place (November and December 1995)	February 16
•Manufacturing and Trade: Inventories and Sales (November 1995)	February 16
•Fourth Quarter (advance) Gross Domestic Product	February 23
•Third Quarter (revised) Gross Domestic Product	February 23
•Housing Starts	Febraury 23
•Retail Trade (January 1996)	February 27
•Manufacturing and Trade: Inventories and Sales (December 1995)	February 28
•U.S. International Trade in Goods and Services (December 1995)	February 28

- **Senate Commerce Committee to Hold Oversight Hearing:** The Senate Commerce Committee, chaired by Senator Pressler (R-SD), has scheduled an oversight hearing on Thursday, February 29.

- **Biological Weapons Related Controls:** BXA is seeking interagency clearance on a draft rule to revise the scope of export controls applicable to items related to biological weapons (BW) development. This new policy implements decisions made in an October 1995 Australia Group meeting of biological weapons experts increasing the licensing activity

slightly for certain BW - controlled equipment. The rule will introduce new nomenclatures for several pathogens, clarify terms for biological items, relax BW export controls on immunotoxins, and revise technical parameters for controlled biological equipment.

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million as a result of the alleged ERISA violations. The suit is the product of several months of settlement discussions that did not produce a negotiated resolution of this matter.

- **Occupational Safety and Health:** On the eve of a trial that was scheduled to begin this week, the Department settled an OSHA civil penalty case against a contractor that had been performing lead paint removal work at the Old Executive Office Building. The contractor, **M.P. Industries, Inc., agreed to pay $147,500 in penalties for violating OSHA's lead-in-construction standard. The Stone Container Corporation, which operates a Panama City, Florida, pulp mill, has agreed to pay $690,000 in OSHA penalties**, and to assure that all of its "pulp digesters" are properly repaired and maintained. The action stemmed from February 16, 1996 an accident in which a pulp digester ruptured, killing three workers and injuring two others.

DEPARTMENT OF TRANSPORTATION

- **Flooding in Montana:** Widespread flooding is occurring throughout western Montana due to unusually warm weather melting deep snow packs. As a result, 24 of 56 counties are currently under a State of Emergency. Road closures are widespread, including Interstate 15 southbound immediately north of Helena. No reports of damage have been received as of yet.

- **Burlington Northern Santa Fe Derailments:** On February 14, a Burlington Northern Santa Fe (BNSF) freight train, consisting of two locomotives and 89 cars (8,528 tons) derailed, at the runaway freight train came to a halt and derailed at the Canadian Pacific's (CP) Pigs Eye Yard, in St. Paul, MN. Nine injuries were reported, none of which were life threatening. BNSF stated that, prior to the derailment, the train had stopped in an area that was prone to vandalism. There were no hazardous materials involved in the derailment. Previously on February 1, a Burlington Northern Santa Fe (BNSF) freight train derailed while descending from Cajon Pass just west of Barstow, California, causing the deaths of two crew members, release of hazardous materials and a massive fire. Area residents were evacuated and highways including Interstate 15 were closed. The FBI has sent investigators to both accident sites and will work in conjunction with the Federal Railroad Administration. The National Transportation Safety Board also dispatched an investigator to the scene.

- **U. S. - Japan Talks:** The third round of cargo talks with Japan took place in Tokyo February 5-7, 1996. The Japanese continued to make proposals aimed at constraining U.S. operations beyond Japan. In the context of an acceptable exchange, they indicated a willingness to allow United Parcel Service (UPS) to serve Kansai and to allow one other U.S. entrant to serve a second Japanese city. In exchange, Japanese all-cargo operators, NCA and JAL, would obtain greater access to the United States. The two sides agreed to

resume talks in Washington February 28 - March 1. A fifth, and possibly final round is anticipated for later in March in Tokyo.

- **U. S. - Germany Agreement:** On February 1, Secretary Pena announced that the U.S. and Germany had agreed on a new "open-skies" aviation framework, and that formal negotiations would be held in Washington to complete a final agreement (scheduled for February 22). Our success with Germany represents a major achievement in our goal of creating an open market for air services to Europe.

- **Emergency Relief:** Severe natural disasters around the country have overtaxed the Federal Highway Administration's (FHWA) Emergency Relief (ER) program. FHWA has statutory authority to borrow Interstate discretionary money, and has tapped $70 million of it to meet needs this year in the Northeast and mid-Atlantic regions. However, estimates of recent flood damage in Washington, Oregon, and Idaho are still incomplete. Legislation to provide additional funding (perhaps as much as $300 million) will be needed.

- **New York City - Port Authority Dispute:** The Department of Transportation has received arguments both from New York City and the Port Authority of New York and New Jersey, stating their respective views on whether passenger facility charge (PFC) revenues at Kennedy and La Guardia airports must be included in the Port Authority's gross revenues, on which its lease payments to the City are based. The Port Authority argues that including PFCs in the revenue base would undermine the PFC capital improvement program and violate federal law. The city claims that the DOT/FAA should not interfere in this landlord-tenant dispute. The Department of Transportation is reviewing the arguments to determine whether Federal laws apply to this situation.

UNITED STATES TRADE REPRESENTATIVE

- **U.S.-Russian Agreement on Firearms:** Amb. Kantor this week announced the conclusion of an agreement that will control the importation of inexpensive, easily concealable hand guns and ammunition from Russia which the FBI has determined to be attractive to criminals. This agreement promotes the President's objectives on crime and domestic security.

- **Philippines and Hungary Fail to Implement WTO Commitments in Agriculture:** Agencies have agreed that USTR should request dispute settlement consultations with Hungary and the Philippines under Article XXII of the WTO should both Governments not cooperate in reforming subsidies practices. The Administration will seek additional meetings with both governments in the coming weeks in an effort to reach an amicable solution before seeking WTO recourse.

DEPARTMENT OF JUSTICE

- **Three Suits Challenge Indecency And Abortion Provisions Of The Telecommunications Act Of 1996 (the "Telecommunications Act") Filed:** As part of the Telecommunications Act, Congress enacted the Communications Decency Act (CDA), which makes it a crinimal violation of criminal law for individuals to transmit "indecent" speech over the Internet and other interactive computer systems. In addition, Section 507 of the CDA amended a provision of 18 U.S.C. § 1462, which had criminalized the transportation of information, goods or products relating to abortion, extending the ban to means of telecommunications. The Civil Division is defending the "Internet indecency" provisions of the CDA, but has advised the courts in Philadelphia and Brooklyn that the Attorney General will not prosecute under the abortion provision in light of the Department's long-standing view that such speech restrictions are not constitutional.

- **Supreme Court To Hear Arguments In Koon And Powell:** On February 20, the Supreme Court will hear oral argument in Koon v. United States, and Powell v. United States. Koon and Powell were convicted for their role in the beating of Rodney King in Los Angeles, California. The district court departed downward from the sentencing range prescribed by the Sentencing Guidelines for their offense. The Ninth Circuit affirmed their convictions, but vacated the sentences and remanded for resentencing, ruling that the reasons given by the district court for the downward departures were invalid. The Supreme Court granted certiorari on the sentencing issues. The U.S. will argue that the court of appeals properly reviewed the departures de novo, and that it correctly concluded that each of the grounds for the departures cited by the district court was invalid.

- **Sara Lee To Pay Record Civil Penalty:** On February 6, a civil antitrust suit and proposed settlement were filed with the court in U.S. v. Sara Lee Corp. The complaint alleges that a Sara Lee subsidiary negotiated an acquisition of more than $15 million in U.S. shoe care product assets from London based Reckitt & Colman plc in 1991 and avoided making premerger Hart-Scott-Rodino filings. Sara Lee will pay $3.1 million if the settlement is approved by the court. **This is the largest civil penalty any company has ever paid for violating the antitrust premerger requirements.**

- **First Case Filed Under the Civil Remedy Provision of the Violence Against Women Act:** On January 19, Christy Brzonkala, a former student at Virginia Tech in Blacksburg filed the first federal lawsuit alleging a violation of the civil rights provision of the Violence Against Women Act of 1994. The suit alleges that two students raped Ms. Brzonkala on the campus in September 1994, and that the attack was motivated by animus against women, a necessary element of the claim.

- **DOD Set-Aside Case Settled:** On February 6, parties filed settlement agreements and joint stipulations for dismissal in McCrossan Construction Co. v. Perry et al., and McCrossan

Construction Co. v. Carney et al.. These two Adarand-related cases were brought by a non-disadvantaged contractor seeking DOD contracts designated for small disadvantaged businesses (SDB) pursuant to DOD's statutory set-aside program.

- **D.C. District Court Denies Tribe's Request To Enjoin The Department From Taking Enforcement Action Against Gaming Casino; U.S. Files Counterclaim For Declaratory Action In Related Case:** On February 5, in Apache Tribe of the Mescalero Indian Reservation v. Reno and Babbitt, the district court denied a request by the Mescalero Apache Tribe to prevent the DOJ from taking an enforcement action against the tribe's gaming casino. On February 12, in the related case Pueblo of Santa Ana, et al. v. Kelly, et al., the United States filed its answer and counterclaim against the tribes (and joining NM as a defendant), seeking a declaration that Indian Class III gaming is illegal in NM because that state's highest court ruled recently that no such gaming is permitted in the State for any purpose. Under IGRA, Class III gaming is therefore illegal regardless of whether the compacts are valid. Our pleading explicitly took no position on the validity of the compacts.

- **Defendants Plead Guilty to Drug Counts Arising from Southwest Border Initiative:** In the Jesus Hernandez-Valenzuela, et al., case, 5 of 8 defendants pleaded guilty to conspiring to possess with intent to distribute cocaine. The case arose from the August 3, 1995, seizure of 304 kg. of cocaine (wholesale value of $6.08 million) from a semi-tractor trailer at a Southwest border checkpoint, 15 miles west of Las Cruces, NM, and its subsequent controlled delivery to Los Angeles. Two of the co-conspirators cooperated with the government and participated in the controlled delivery.

- **Italian Government Seeks to Depose Aldrich Ames:** The Government of Italy has submitted a mutual assistance request to depose Aldrich Ames in its continuing investigation into the attempted assassination of Pope John Paul II.

- **Administrative Claim filed by Individual Detained in Connection with Oklahoma City Bombing:** Abraham Ahmad, who holds dual Jordan-U.S. citizenship, has filed an administrative claim against the U.S. Government in connection with his detention and questioning on April 19 and 20, 1995, when British authorities held him at the request of the United States on suspicion of complicity in the Oklahoma City bombing. Justice anticipates an ACLU lawsuit on Ahmad's behalf.

- **Fourth "Three Strikes" Sentence in Nation Issued:** A RI defendant was sentenced to life in prison without parole under the Three Strikes provision of the 1994 Crime Act. In October 1995, a jury convicted the defendant of extortion charges in the attempted shakedown of two RI businessmen.

- **Methamphetamine Lab Uncovered at Nuclear Submarine Base:** On February 7, DEA Seattle, in conjunction with the Naval Investigative Service, arrested two contract employees at the Bangor Nuclear Submarine Base for manufacturing methamphetamine on the base.

- **290 Kilograms of Cocaine Seized in Southern California:** On January 31, DEA Riverside and Los Angeles, in conjunction with state and local police, seized 290 kilograms of cocaine from a Rialto warehouse.

- **Record Crack Seizure in New Hampshire:** On February 2, DEA Concord and the NH Drug Task Force arrested eight members of a crack distribution group at a Manchester apartment.

- **Federal Facilities Not Immune from INS Worksite Enforcement:** Agents from the INS District Office in Atlanta conducted two worksite enforcement operations recently and arrested 42 illegal aliens working on Federal construction sites. On February 8, INS agents worked with officers from the Naval Investigative Service and the Department of Labor to inspect a construction project at Camp Lejeune Marine Corps Base, NC, and found 22 illegal workers employed by six different contractors. On February 12, the INS agents inspected the site where the Atlanta Federal Center is under construction and found 20 illegal workers performing skilled jobs at wages up to $14 per hour. In both cases, INS is continuing an investigation of the employers, who were Federal Government contractors.

- **Solicitor General to Defend Indecency Provisions of 1992 Cable Act:** On February 21, in Denver Area Education Telecommunications v. FCC, we will defend against a First Amendment challenge provisions of Section 10 of the Cable Television Act of 1992, which gave cable operators and viewers increased control over whether they will choose to transmit or receive indecent programming.

- **Solicitor General to Argue That Labor Union Has Standing to Sue Employer under Worker Adjustment and Retraining Notification Act:** On February 20, we will present oral argument in United Food and Commercial Workers Union v. Brown Group as amicus curiae, taking the position that a labor union has standing under Article III of the Constitution to sue an employer under the Worker Adjustment and Retraining Notification Act (WARN), 29 U.S.C. 2101 et seq.

- **Attorney General's Schedule:** On February 16, the Attorney General will address the National Parks and Recreation Association on juvenile justice. On February 20, Attorney General Reno will participate in a HHS hotline announcement with the President as well as in the NAACP Swearing-In Ceremony at DOJ. On February 21, the Attorney General will address the KY Legislature regarding domestic violence.

DEPARTMENT OF HEALTH AND HUMAN Services

- **Nationwide Domestic Violence Hotline Announcement:** Next week, you will announce a new, nationwide 24-hour toll-free domestic violence hotline. The hotline will provide immediate crisis intervention assistance, and can also be connected directly to help in their communities, including emergency services and shelters. HHS, DOJ and the White House are working on the details of the announcement event.

- **Hawaii Welfare Reform Plan:** Hawaii has developed its own welfare reform plan aimed at encouraging AFDC recipients to get jobs, an education, and saving the state's money to help offset expected federal funding cuts. Hawaii State Senate and House committees are now holding hearings on the state's proposal and other reform plans.

- **Wisconsin Welfare Reform Plan:** Governor Thompson is considering changing a provision in his "W-2" welfare reform plan to require payment of the full minimum wage for welfare recipients whose employment options are limited to community service jobs. The plan currently calls for paying them only 75% of the minimum wage. Under the proposed "W-2" welfare reform plan, Wisconsin would compare with Michigan in imposing the toughest requirements in the nation on new mothers receiving welfare.

- **Conference on Managed Care:** The Administration on Aging will hold a conference on "Emerging Trends in Managed Care: Opportunities for the Aging Network" from February 28-March 1. The purpose of the conference is to discuss the philosophy, history and experience of managed care for acute-care and long-term care as it relates to older people.

- **Welfare Reform:** On February 20, the House Ways and Means Subcommittee on Human Resources will hold a hearing on the National Governors' Association's proposals regarding welfare reform. Governors Carper and Engler, among others, have been invited to testify. On February 28, the Senate Finance Committee will hold a hearing on proposals offered by several governors regarding welfare reform.

- **Medicaid Proposals:** On February 21, the House Commerce Committee will hold a hearing on the proposals of the National Governors' Association regarding changes in Medicaid.

- **Welfare and Medicaid Reform:** On February 22, the Senate Finance Committee will hold a hearing on the National Governors' Association's proposals to change welfare and Medicaid.

- **Immigration Bill Mark-up:** On February 29, the Senate Judiciary Committee is expected to begin mark-up of the Immigration Reform Act of 1995 (S. 1394, Simpson).

- **HHS Approves First Welfare Waiver for the Empowerment Zone/Enterprise Community Initiative:** On February 14, Secretary Shalala announced the approval of the first waiver of federal welfare rules under this Administration's Empowerment Zone/Enterprise (EZ/EC) initiative. The waiver was provided for Oakland, California for its Community Building Team Demonstration Project.

- **Congressional Request for Information on Medicare Trust Funds:** Per their request, Representatives Bill Archer, Thomas Bliley, Jr., Bill Thomas, and Michael Bilirakis have received information on the status of the Hospital Insurance (HI) Trust Fund. Secretary Shalala clarified that the HI Trust Fund is not broke; rather, for the first time, expenditures slightly exceeded revenue and the Trustees projections in 1995 were that, without further action, the Trust Fund would be depleted early in the next decade.

- **Sutter Hospital Agrees to Settle Case:** On February 14, the U.S. Attorney for the Eastern District of California entered into a settlement with Sutter Hospital in Sacramento involving the implantation of investigational devices on Medicare patients. Under the settlement, the hospital will pay the U.S. government $1.265 million in fines and overpayment recoveries arising out of these uncovered services.

- **Nicorette and Rogaine Receive OTC Approval:** On February 9, FDA granted over-the-counter marketing approval to SmithKline Beecham's Nicorette gum, the first smoking cessation aid available without a prescription to adults, and Upjohn's Rogaine, the first nonprescription drug to treat hair loss.

Leon watch this - could be trouble

- **CA Notified That Data Provided Inadequate to Justify Medicaid HMO Rates:** On February 5, HCFA notified the State of California that the information it provided on November 20 and 27, 1995, did not respond to HCFA's request that its 1995 Medicaid HMO payment rates be demonstrated to be actuarially sound, as required by law. HCFA explained why the State's letters were not responsive, and spelled out methods that the State could use to support the rates as actuarially sound. The letter advised the State to respond within 30 days, and that, if a response is not received within 30 days, HCFA would proceed with a disallowance of Federal financial participation for the State Fiscal Year 1995 HMO contracts at issue. While the letter was just released to the State, HCFA was previously required to set forth the substance of the letter in a January 25, 1995, response to an interrogatory in a lawsuit by HMOs challenging the actuarial soundness of the rates in question.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Address to Gangs and Churches in South Central L.A.:** On February 21, Secretary Cisneros will give the keynote address at the Hope in Youth Summit in South Central Los Angeles. The Summit, hosted by Cardinal Mahoney, will convene 700 members of

religious organizations and current and former gang members to discuss strategies to draw low-income inner city youths away from gangs and into positive activities.

- **100 AmeriCorps Volunteers Begin Work with Low-Income Families:** FHA Commissioner Nic Retsinas will be in Detroit on February 21, to participate in a swearing-in ceremony for over 100 AmeriCorps/VISTA volunteers who will be helping working and low-income families living in federally-assisted apartment complexes coordinate employment, youth and crime prevention programs and other services. The ceremony will kick-off a three-day training and orientation session for volunteers before they are placed in sites across the country.

- **Post-State of the Union Amplification: Implementing "One Strike and You're Out":** HUD is working with the White House and DOJ to meet the President's State of the Union challenge to crack down on crime in public housing. Next week, HUD will send a draft "one strike and you're out" guidance to the White House General Counsel's office for review. As part of the release of these guidelines, we are working with the White House to set up a possible Presidential visit to a successful anti-crime effort at a public housing development and to prepare a White House crime summit in mid- to late March involving top Administration officials, local police chiefs, and public housing directors. HUD will have more details in the weeks to come.

- **Implementing Motor Voter Law in Public and Federally-Assisted Housing Communities:** HUD is prepared to send a draft notice to OMB next week that will provide guidance to public housing authorities on how to implement the National Voter Registration Act. HUD intends to organize a press event with ACORN, other low-income advocacy groups, nonpartisan voter registration groups, residents and public housing agencies in March to announce the notice.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Response to Story on Drug Legalization:** A letter to the editor was sent to New York Magazine responding to their cover story on drug legalization.

VETERANS AFFAIRS

- **General On-line:** General H. Norman Schwarzkopf has been making the first telephone calls to hospitalized veterans at five VA medical centers around the nation to activate their new bedside telephone systems under the PT Phone Home program. You participated in the original announcement of PT Phone Home on Veterans Day 1995.

- **Address to the Veterans of Foreign War Annual Winter Conference:** Secretary Brown will address the Veterans of Foreign Wars Annual Winter Conference in Washington, D.C. He will speak on the President's commitment to maintain veterans benefits.

- **Persian Gulf Issues Hearing:** The House Government Reform and Oversight Subcommittee on Human Resources and Intergovernmental Relations is scheduling three hearings on Persian Gulf issues on March 11 and 29, with the third hearing to be determined. The VA witness is to be determined. The Presidential Advisory Committee on Gulf War Veterans' Illnesses has also been invited to testify.

SOCIAL SECURITY ADMINISTRATION

- **USA Today is Studying Successful Toll Free Telephone Customer Service:** As a result of the significant amount of publicity that SSA has received regarding its toll-free, 800-number telephone service, USA Today has begun studying SSA's system in an effort to enhance service to the paper's customers through its own 800-number telephone system. USA Today is particularly interested in techniques used by SSA to serve customers through automated scripts. Last year, SSA was rated as the best telephone customer service provider from a list of nine world-class service providers, including AT&T Universal Credit Card, Disney Companies, L.L Bean and the Saturn Corporation, in a study by Dalbar Inc., a financial services industry consulting firm.

DEPARTMENT OF INTERIOR

- **Ward Valley Announcement:** Deputy Secretary Garamendi announced a new supplemental environmental impact statement on the proposed transfer of Federal land in the California desert to California for use as the site of a low-level radioactive waste disposal facility. In addition, the Department of Energy has agreed to conduct new tests at the Ward Valley site that may help answer questions about its suitability. The study and tests will not be complete for up to a year, meaning a final decision on transfer cannot be made until then. Reaction was predictable; project opponents (including Senator Boxer, environmentalists and local governments) hailed the decision; project proponents (including the State) criticized it. An unconditional transfer of Ward Valley was in the vetoed Budget Reconciliation bill; there may be new attempts to legislate the transfer.

- **Habitat Conservation Plans in California:** Deputy Secretary Garamendi has been coordinating efforts toward completing several important Habitat Conservation Plans in California. Most recently, he worked to secure a Federal commitment of $3 million to the Riverside HCP to ensure continued support by the local governments of the project. HCPs

are also being developed in San Diego (multi-species with the city and county), Orange County (Irvine Company and Santa Margarita Company) and in Sacramento (fairy shrimp). The goal is to complete them by the end of the summer.

- **Executive Order on Wildlife Refugees:** The Department is working with the CEQ to develop an Executive Order addressing wildlife-dependent recreation in the 92 million acre National Wildlife Refuge System. Hunting, fishing and environmental education, are examples of wildlife-dependent recreational activities which an Executive Order will highlight as the "priority public uses" of the refuge system. The Department will forward a draft Executive Order during the week of February 19.

- **5-year Outer Continental Shelf (OCS) Plan:** Last week, the Department issued a Proposed 5-Year OCS Oil and Gas Leasing Program for 1997-2002. Interior is currently in the 90 day-comment period which includes outreach meetings in TX, LA, MS, AL and AK. The proposed plan includes 16 oil and gas lease sales for the 5-year period: 11 in the Gulf of Mexico and 5 off Alaska. A Proposed Final Program will then be prepared and submitted to Congress and the President in August of this year. The program reflects a consensus of interested and affected parties. The Gulf of Mexico part of the program reflects the acceptance for OCS oil and gas activity in Texas, Louisiana, Mississippi, and Alabama while recognizing the Governor of Florida's position opposing new leasing within 100 miles of that State. The Alaska part of the Proposed Program is consistent with the recommendations of the Alaska Regional Stakeholders Task Force which the Department established to assist in the development of the new 5-year program. The program also recognizes that it would be premature to propose new leasing off the Atlantic and Pacific coasts, and such proposals should be deferred until after 2002.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **USDA Responds To Northwest Floods:** In response to flooding in the Pacific Northwest, USDA has mobilized efforts to provide assistance. Food and Consumer Services (FCS) is working with each of the affected states to provide commodities where needed and is discussing possible modifications to the Food Stamp Program. In each of the affected states, USDA has initiated damage survey reports. Once these surveys are completed, the information will be used to determine eligibility for several Department programs. Both programs have serious funding problems, and USDA has sent a letter to OMB detailing these needs. USDA has also made available to eligible producers the Farm Services Agency (FSA) emergency loan program, which provides low-interest loans to those who cannot find credit else-where. FSA is also working with producers who participate in the crop insurance program to survey their damages so that timely claims can be made.

- **Rice Program Announcement To Be Made:** On February 16, to ease uncertainty caused by Congress' failure to pass a farm bill, Secretary Glickman will announce proposed terms of

a rice program for the 1996 crop year. Authority for this announcement comes under the Commodity Credit Corporation Charter Act to determine the provisions of the program. The interim provisions are not designed to take the place of a rice program adopted by Congress. In the absence of new legislation, the industry can be assured that these provisions will provide an adequate safety net.

- **Tentative Agreement Reached On Tongass Timber Issue:** On February 10, USDA reached a tentative agreement with plaintiffs in AWRTA (Alaska Wilderness Recreation and Tourism Association v. Morrison that will permit the Forest Service to offer 141 million board feet (mmbf) from the Tongass National Forest (Alaska) to small and independent timber companies in FY96. This agreement, which has not been made public, coupled with sales already planned and sold, should ensure that the independents actually cut about 100 mmbf this fiscal year, more than double the average historic level they harvest annually from the Tongass.

- **Secretary's Schedule:** On February 19-20, Secretary Glickman will travel to Idaho to tour the National Interagency Fire Center and address the Idaho Agriculture Summit and Boise City Club. At the end of February, the Secretary will travel to the Northwest on timber related issues.

DEPARTMENT OF ENERGY

- **Privatization of Department's Largest Cleanup Challenge:** The Department will issue the Hanford, Washington Tank Waste Privatization proposal on Tuesday seeking qualified firms to treat and solidify millions of gallons of highly radioactive wastes in 177 underground tanks. The tank waste, resulting from decades of nuclear weapons production, have been an ongoing environmental concern to the Northwest, particularly to Senator Ron Wyden. This project, where the financial, design and operation risk is on the contractor -- not on the taxpayer -- will reduce the Department's tank cleanup costs by about $10 billion over the next two decades when it's expected to be completed.

- **Newsweek:** Newsweek is planning to run a profile of the Secretary in next week's magazine. The Department anticipates a negative story that focuses on travel.

ENVIRONMENTAL PROTECTION AGENCY

- **Everglades Restoration:** On Monday, Administrator Browner will travel to Florida with the Vice President to attend an event to highlight your Administration's plan to restore the South Florida Everglades. EPA is currently working with OMB, CEQ, and other Agencies to develop a blueprint for the full restoration of South Florida's Everglades that provides a long-term, reliable funding stream for critical land acquisition and ecosystem management.

- **Project XL:** Since the first participants were announced by you last November, EPA has received over 30 additional project proposals for EPA's Project XL Initiative highlighted in your State of the Union Address. Project XL will help facilities, industries, and communities demonstrate their excellence and leadership by reducing the costs of environmental management and achieving environmental performance beyond that required in existing regulations.

- **EPA recently accepted the following proposals**:

  - Union Carbide proposes to institute a plant-wide, process to improve environmental performance at their Taft, Louisiana petro-chemical plant.

  - Wyerhaeuser proposes to operate its Flint River, GA plant with a comprehensive approach to minimize the impact of the mill on the environment.

  - IBM proposes to achieve better environmental results at less cost by biologically treating its wastes on site rather than shipping them off site for incineration.

  - The Florida Department of Environmental Protection and the Berry Corporation jointly proposed to combine multiple environmental permits into a single Environmental Management System-based comprehensive operating plan at an orange juice processing facility in LaBelle, FL.

- **Methyl Bromide:** Last night, ABC ran a story on methyl bromide, focusing on state legislative activity surrounding this chemical. One of the first acts of your Administration was to approve a proposed phase-out of methyl bromide, which is harmful to the ozone layer. This phase-out would be completed by the year 2001 under the Clean Air Act. Farmers, however, have raised concerns about their ability to find alternatives for central uses, and other developed nations will not face a phase-out until 2010. EPA is working with Congress, affected parties, the White House, and other agencies to devise a proposal that will maintain these significant public health protections while recognizing economic concerns.

International Environmental Leadership: Adm. Browner will lead the US Delegation to the Organization for Economic Cooperation and Development (OECD) Environmental Ministerial Meeting in Paris. She will deliver the keynote speech highlighting environmental progress in the United States over the past three years.

- **Toxic Release Inventory:** OECD Ministers will create some form of a toxic release inventory, work toward improving the environmental performance of governments and approve a resolution on lead risk reduction and phase-out of lead in gasoline. The new OECD report found that the US 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."

- **Meeting With Environmentalists:** Next Thursday, Adm. Browner will meet with CEO's of 25 major environmental groups to amplify your State of the Union Address and discuss ways your Administration can work together to advance it's priorities.

DEPARTMENT OF EDUCATION

- **Vocational Education Formula:** The Department has identified potential technical problems that may impede the Department's ability to run the Perkins Act Basic State Grants program for FY 1996. It appears that legislative drafting errors provide two different minimum ("hold harmless") levels for funding, which could result in an unintended reallocation of funds across states. Department staff members are exploring possible solutions. It may be advisable to suggest attaching legislation addressing this problem to the next continuing resolution, or to the Department's FY 1996 appropriation.

- **Continuing Resolution Hearing:** Senator Arlen Specter has scheduled a hearing February 21 in the Appropriations Subcommittee on Labor, HHS, and Education. The Secretary will be testifying, along with Secretaries Shalala and Reich, at the hearing, which will focus on the impact the CR and the absence of a final budget will have on various domestic programs.

GENERAL SERVICES ADMINISTRATION

- **Missing Children Notices:** GSA is working with DOJ to implement your memorandum on the posting of missing children notices.

- **Tobacco Vending Machines:** Notice is being given to the Treasury, Postal Service, and General Government Subcommittee that all tobacco vending machines have been removed from all Government-owned and leased space under the custody and control of GSA.

- **Director Johnson met with CNN to discuss an hour long Special:** The Special is concerning the 1 year Memorial of the Oklahoma City bombing. Interests included: Security, Childcare, personal stories and the memorialization of the site.

- **Work Site Childcare:** CBS New's 48 Hours is looking into doing a story relating to the Memorial of the Oklahoma City Bombing (April 19) with a focus on work site childcare. GSA had a background meeting with the reporter who is sympathetic to the need and the benefits of the federal childcare program, but the reporter will definitely look at the flip side also. The producers have not yet agreed to do the story.

- **Credit Card Program:** NBC News is working on a story relating to the American Express Government credit card program and policies and regulations relating to travel. GSA sent the card program report, travel regulations, and also some of the benefits of the program to both customers and the Government.

DEPARTMENT OF STATE

- **Rome Meeting to Address Bosnia Issues:** At the State Department's instigation, Presidents Izetbegovic, Milosevic and Tudjman will meet in Rome this weekend with Contact Group representatives, Carl Bildt, and COMIFOR Snith. Dick Holbrooke will lead the U.S. delegation.

- **Tension Between China and Taiwan:** State Department officials have delivered to Beijing and Taipei messages designed to emphasize their strong interest in reducing tensions in the Taiwan Strait. In February 7 public testimony before the Senate, Assistant Secretary Winston Lord stressed that we would be gravely concerned by any resort to force and would respond appropriately in consultation with the Congress. They reinforced this message to visiting PRC Vice Foreign Minister Li Zhaoxing last week. They have also--through their office in Taipei and in conversations with visiting Taiwan officials--urged Taiwan to avoid actions the PRC would see as provocative and to concentrate on easing the cross-Strait relationship. They are also calling on other Asian and European countries to deliver a similar message to Beijing and Taipei.

- **Olympic Games:** The Department hosted a briefing on the Olympics for the diplomatic corps on Wednesday, February 14. Representatives from 170 Embassies attended the briefing given by Under Secretary Tarnoff and Mack McLarty, vice chairman of the White House Task Force on the Olympic Games. A separate informal briefing was held later in the day for representatives from Taiwan and the Palestinian Authority.

- **Japan/Prime Minister Hashimoto's Visit:** Secretary Christopher met with Japanese Ambassador Saito on February 15 as a prelude to your meeting with PM Hashimoto in Santa Monica February 23. The Santa Monica meeting provides an important opportunity to prepare for a successful April Summit in Japan.

- **Cuba:** Representative Richardson visited Cuba February 9-10. He returned with three political prisoners whom Castro had agreed to release following Richardson's visit to Havana last month. The State Department coordinated closely with Richardson on both trips, but the initiative was his own. Representatives Boucher and Pastor will travel to Cuba on separate trips later this month.

DEPARTMENT OF DEFENSE

- **Haiti:** The Government of Haiti has now formally requested the extension of UNMIH. A Canadian-UN-USG meeting this week revealed Canadian plans to deploy by middle April, with the new UNMIH mission to be operational by the end of the month.

  Meanwhile, our withdrawal remains on-track. The Preval Government is not taking shape as quickly as hoped, and the police and security services continue to be weak due to politicization, inefficiency and corruption. The economy shows no improvement.

- **Taiwan:** DoD officials met with numerous Taiwan Joint Staff and Service Chief leaders in early February to discuss the organization, strategy, and doctrine of the Taiwan Armed Forces. Taiwan's military leaders consistently made three points: 1) they consider direct PLA action unlikely; 2) the greatest threat to Taiwan stems from "political miscalculation" and 3) DoD's engagement strategy with the PRC reassures them.

- **HIV Provision:** Reactions from the Congress to the Administration's announcement that it would not defend the HIV provision in court have been mixed. DoD is continuing to work with the Interagency Working Group and the HNSC and SASC staff on ways to change the HIV language during the upcoming legislative cycle.

UNITED NATIONS

- **War Crimes:** As Security Council President this month, Ambassador Albright hopes to obtain the Council's approval of Justice Goldstone's successor as Tribunal prosecutor, most likely Justice Louise Arbour of Canada.

- **Haiti:** For the next two weeks, the Council will consider the SYG's report on extending the UN peacekeeping force in Haiti (UNMIH). The Chinese are furious with the government of Haiti's warm reception of the Taiwanese Vice President at President Preval's inauguration last week and have threatened to block a renewal of UNMIH. Nevertheless, the Council expects to adopt a resolution authorizing a reduced UNMIH under Canadian command before the end of the month.

CENTRAL INTELLIGENCE AGENCY

- **General Colin Powell Hosts CIA Town Meeting:** Yesterday, Director Deutch invited retired General Colin Powell to address a Town Meeting of Agency employees. While he was at the CIA, he was briefed on a number of issues, including nuclear weapons states, Iraq, and the ongoing Greece-Turkey dispute.

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

THE PRESIDENT HAS SEEN
2/20/96

INS could create the impression that the Clinton Administration is Anti-Latino." A Los Angeles Times editorial on administration's attempt to "steal the GOP's thunder" on the immigration issue is attached, as is a letter to Leon from Cardinal Mahoney, Archbishop of LA, expressing concern about the backlog in Southern California.

(2) In response to you question whether volunteers could assist INS in reducing naturalization backlog. IAF (NY, SF, LA, Chicago) is training thousands of volunteers to identify, screen and process applications for naturalization. They will submit a minimum of 1200 quality applications per month, and produce volunteers to work with the INS to facilitate administrative swearing in.

(E) **Cisneros memo on partnership with Housing Authority of New Orleans (HANO).** On February 8, Sec. Cisneros and Mayor Morial announced new partnership to jointly manage city's housing agency. Currently, 93% of inspected units do not meet national Housing Quality Standards, so HUD had to declare the City in breach of its contract with HUD. Partnership to manage HANO involves the City, HUD, and Tulane and Xavier Universities. The current Board of Commissioners will be replaced by a Board of Advisors mostly of residents, chaired by the Mayor. HUD will assume oversight responsibilities and the new Executive Monitor (Exec. VP and Gen. Counsel of Tulane) will oversee implementation. A series of performance goals have been agreed upon, and the partners plan to collaborate on an initiative to give public housing residents access to computers, Internet, and the full scale of resources available in educational and job learning centers.

(F) **Cisneros memo on homeownership.** Latest fourth quarter rate (65.1%) marks sharpest one-year rise in 30 years. In 1995, more than 1.4 million Americans became homeowners. Even families least likely to purchase homes -- minorities, moderate-income families, and young families -- gained. The Administration's National Homeownership Strategy -- a partnership with 56 housing organizations -- has been producing more affordable homes, making it easier for consumers to acquire mortgages, and sponsoring local homeownership efforts. Alan Greenspan recently addressed quarterly meeting of the partners and credited your economic policies, lower interest rates, the creation of 7 million new jobs, and the public/private partnership as contributors to the recent surge in new homeownership.

(G) **President's Message on selection of Olympic Torchbearers.** From Don Baer. Message congratulates the 5,500 Olympic Torchbearers selected February 15 because of their work as Community Heroes. Message highlights importance of community and the contributions of these "star citizens." It is being read at over 100 public ceremonies at city halls and state capitols. Media Affairs notified local press; message was read on CNN's "Talk Back Live," and it was posted on the World Wide Web Olympics home page.

(H) **Senator Nunn's speech at the February 1 National Prayer Breakfast.** You requested a copy from Sen. Nunn in a February 9 conversation with him.

THE PRESIDENT HAS SEEN
2/20/96
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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

MEMORANDUM

FOR: Honorable William J. Clinton
Vice President Al Gore

FROM: Henry G. Cisneros

DATE: February 14, 1996

SUBJ: Number of New Homeowners Continues to Grow

I would like to share with you some extraordinary news about the nation's homeownership rate. The latest fourth quarter rate marks the sharpest one-year rise in the nation's homeownership rate in 30 years.

The national homeownership rate grew to 65.1 percent in the final quarter of 1995, the highest rate since 1981. This means that in 1995 alone, more than 1.4 million Americans have become homeowners. The families who are least likely to puchase homes -- minorities, moderate-income families, and young families -- all exhibited great gains in homeownership in the past year.

As you know, the Administration has created an unprecedented partnership with 56 leadership organizations in the housing industry -- including Fannie Mae and Freddie Mac, the Mortgage Bankers, the Realtors, the Home Builders, and Habitat for Humanity -- to increase the national homeownership rate to an all-time high by the end of the century. The partners of the National Homeownership Strategy are producing more affordable homes, making it easier for consumers to acquire mortgages, and sponsoring local homeownership efforts.

Last week, Federal Reserve Chairman Alan Greenspan addressed the quarterly meeting of the National Homeownership Partners and credited your economic policies, lower interest rates, the creation of 7 million new jobs, and this public-private partnership with the housing industry as contributors to the recent surge in the homeownership rate.

I have attached for your review the press stories from metropolitan areas across the nation that followed the homeownership rate announcement.

Attachments

cc: Leon Panetta
Laura Tyson
Gene Sperling
Kitty Higgins

THE PHILADELPHIA INQUIRER Friday, February 9, 1996

Number of American homeowners rises sharply

Philadelphia was among the areas where home sales increased. But sales fell in its suburbs.

By Alan J. Heavens
INQUIRER STAFF WRITER

Although existing-home sales and new-home construction both declined for the year, the national homeownership rate rose to 65.1 percent in the fourth quarter of 1995, the highest rate in 14 years, the Department of Housing and Urban Development said yesterday.

That means 65 million Americans owned their homes at the end of last year.

HUD said the 1 percent increase in the number of American homeowners was the sharpest in 30 years. The 1 percent gain translates into 1.4 million homeowners.

The gain was recorded despite preliminary figures, released yesterday by the National Association of Realtors, showing a 3 percent decline in existing-home sales in 1995. New-home construction was down 11 percent during the year, according to the National Association of Home Builders.

A backlog of new homes, built before last year and purchased as falling mortgage rates in 1995 drove up demand for houses, helped account for the rise in homeowner numbers. Falling rates also helped improve existing home values in every area of the nation except the Northeast, where they fell 0.7 percent, the NAR said.

The biggest gains in homeownership came in the Midwest and South. Sales in the Midwest have been rebounding lately, reducing the backlog of new homes. The South has been a consistent growth area, especially in new-home construction.

The boost in the number of homeowners gave HUD Secretary Henry G. Cisneros the chance to promote President Clinton's "National Homeownership Strategy," announced in June, in which the President vowed to add eight million more homeowners to the rolls by the year 2000.

Cisneros said the administration's economic policies, a 2-percentage-point decline in 30-year fixed mortgage rates during 1995 and "a public-private partnership with the housing industry" were responsible for the gain.

Clinton's program, if successful, would boost the homeownership rate to 67.5 percent of all households by the turn of the century.

The Clinton initiative is just one of many efforts to increase homeownership among low-and moderate-income Americans and the eight million immigrants who have either arrived or are expected to settle in the United States by the end of the decade.

The most widely touted has been the $1 trillion commitment made by Fannie Mae in March 1994 to finance 10 million home purchases by the end of the century.

In 1994, Fannie Mae spent $101 billion, providing mortgage financing for 1.5 million homes, according to spokesman Tom Marder. Figures for 1995 aren't available yet.

The Clinton initiative involves no extra money, as Congress continues its efforts to make deep cuts in housing programs. Instead, the program calls for banks, real estate firms, construction companies, government and community groups to make buying homes easier and less expensive.

The success of this push toward affordable housing has been most telling regionally in the city of Philadelphia, which saw home sales increase 1 percent last year, while sales in the New Jersey and Pennsylvania suburbs fell as much as 6 percent. About 60 percent of city home sales fell into the low- and moderate-income category — at or below the median sale price of $58,000.

Those sales were assisted by mortgage and housing programs administered by the city with dwindling federal aid or by lender groups, and predate the Clinton plan.

CHICAGO SUN-TIMES FEB 09 1996

Home Ownership at 14-Year High in '95

P 52

ASSOCIATED PRESS

WASHINGTON — Home ownership in the United States climbed in 1995 to its highest level in 14 years, an improvement that Federal Reserve Chairman Alan Greenspan said reflects steady economic policies and low inflation.

"Neither inflation nor boom-and-bust cycles are friends of housing," Greenspan said Thursday at a conference sponsored by the Housing and Urban Development Department.

"The most far-reaching and lasting way in which the Fed can promote expansion of housing opportunities is by doing what we can to provide a stable platform for economic growth," he said.

HUD released statistics at the conference showing that 1.4 million Americans became homeowners last year, pushing the national ownership level to 65.1 percent in the final three months of the year. That's the highest since 1981.

The level was 64.2 percent in the final quarter of 1994, and the rise of 0.9 percentage point was the biggest increase in three decades.

HUD Secretary Henry Cisneros said. The improvement showed "a strong economy and the desire for families to invest their hard-earned money in a home," he said.

Cisneros said gains came in all regions except the West and among groups that traditionally lag in home ownership. The level for minorities rose to 44.3 percent, up from 43.7 percent, and for households with incomes of $39,000 or less to 49.4 percent, up from 48.6 percent.

Home ownership peaked at 65.5 percent in 1980, then began a decade-long slide as baby boomers were battered by rising house prices and mortgage rates pushed up by a Federal Reserve trying to overcome high inflation.

Greenspan said the central bank's success in lowering inflation was a key factor spurring home ownership. The government reported last week that consumer prices rose just 2.5 percent in 1995. It was the smallest advance since 1986 and the first time since the mid-1960s that inflation has been under 4 percent for four consecutive years.

"It is no coincidence that this good time for housing has come when inflation has been moderate and income growth has been reasonably steady," Greenspan said.

"These are precisely the conditions that promote housing affordability, consumer confidence and healthy lending institutions."

Greenspan said that because of these favorable trends, the percentage of monthly income that a typical household devotes to mortgage payments on a new home is at its lowest level in 20 years.

MINNEAPOLIS STAR TRIBUNE FEB 09 1996

U.S. home ownership in '95 hit its highest level in 14 years

Associated Press D4

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1992

Housing

Ownership of homes at 14-year high

ASSOCIATED PRESS

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Home Ownership Hit 14-Year High in 1995

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – Home ownership climbed last year to its highest level in 14 years, an improvement Federal Reserve Chairman Alan Greenspan ascribed largely to low-inflation policies.

Stable prices and steady economic policies "are precisely the conditions that promote housing affordability, consumer confidence and healthy lending institutions," he said, adding that the percentage of monthly income a typical household uses for mortgage payments on a new home is at its lowest level in 20 years.

The Department of Housing and Urban Development said that 1.4 million Americans became homeowners in 1995, pushing the national ownership rate to 65.1% in the final quarter of the year. That's the highest level since 1981, officials said.

The rate was 64.2% in the final quarter of 1994 and the rise of 0.9 percentage point was the biggest in three decades, HUD Secretary Henry Cisneros said. Gains came in all regions except the West.

BUSINESS

South leads way as homeownership rises

By Mickey Higginbotham
STAFF WRITER

The nation's homeownership rate has reached its highest point since 1981, and the South led the way with the largest percentage increase, new government figures show.

The findings, released Thursday by Housing Secretary Henry Cisneros, are being hailed as evidence that President Clinton's National Homeownership Strategy is on track to convert 8 million families from renters to owners by 2000.

"The dramatic increase in the homeownership rate is evidence of a strong economy and the desire for families to invest their hard-earned money in a home," Cisneros said.

Nationally, the homeownership rate rose to 65.1 percent in the fourth quarter of 1995, up from 64.2 the previous fourth quarter. The increase is the sharpest in at least 30 years.

The homeownership rate for blacks rose from 42.9 percent to 44.6 percent. For homeowners under age 35, it rose from 57.1 percent to 57.9 percent, and for households with less than the median income, it rose from 48.6 percent to 49.4 percent.

City and state breakdowns are not available. But housing experts said they doubt urban areas, such as Atlanta, will have changed much from their pattern of low homeownership rates.

Data from 1994 set the city of Atlanta's homeownership rate at 43.2 percent, compared with 62.3 percent for the Atlanta metro area and the 64.2 percent national average.

"Large cities generally have low ownership rates because they have more rental units," said Nicolas P. Retsinas, commissioner of the Federal Housing Administration.

The FHA is one of the partners in the public-private program to boost homeownership. Since 1994, 56 housing and finance partners have drafted 100 methods to reach the program's goals.

One proposal, for instance, would allow Section 8 rent subsidies to go toward mortgage payments, Retsinas said.

DENVER POST FEB 9 1996

Ownership of homes at 14-year high

By Martin Crutsinger C2
Associated Press

WASHINGTON — Home ownership in the United States climbed in 1995 to its highest level in 14 years, an improvement that Federal Reserve Chairman Alan Greenspan said reflects steady economic policies and low inflation.

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The rate was 64.2 percent in the final quarter of 1994 and the rise of 0.9 percent was the biggest increase in three decades, HUD Secretary Henry Cisneros said. The improvement showed "a strong economy and the desire for families to invest their hard-earned money in a home," he said.

Cisneros said gains came in all regions except the West and among groups that traditionally lag in home ownership. The rate for minorities rose to 44.3 percent, up from 43.7 percent, and for households with incomes of $39,000 or less to 49.4 percent, up from 48.6 percent.

Home ownership peaked at 65.5 percent in 1980, then began a decade-long slide as baby boomers were battered by rising house prices and mortgage rates.

BUSINESS

Home ownership is on the rise

• Rate climbs to the highest percentage in 14 years; lower interest charges fuel increased housing demand

BY MARTIN CRUTSINGER
Associated Press

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The improvement showed "a strong economy and the desire for families to invest their hard-earned money in a home," he said.

Cisneros said gains came in all regions except the West and among groups that have lagged in home ownership.

The rate for minorities rose to 44.3 percent, up from 43.7 percent, and for households with incomes of $39,000 or less, to 49.4 percent, up from 48.6 percent.

Falling mortgage rates are clearly fueling the increased demand which, in turn, is driving up home values throughout much of the nation.

Prices shot up 8.4 percent in the Midwest, 5.1 percent in the South and 3.1 percent in the West during the final three months of 1995, compared with a year earlier, the National Association of Realtors said Wednesday.

Prices in the Akron area in 1995 rose 12.1 percent to a median of $94,000.

In Canton, the median price of a home is $86,600, an increase of 8.1 percent over 1994, and Cleveland's median is $108,600, a rise of 10.7 percent, the Realtors said.

The median means half of the homes cost more and half, less.

In all, 65 of the 134 metropolitan areas in the Realtors' survey recorded price increases equaling or exceeding the national median gain of 5 percent, to $113,800, up from $108,400 during the October-December period of 1994.

Prices ranged from $352,000 in Honolulu to $54,500 in Cedar Falls, Iowa.

Home ownership peaked in 1980, then began a decadelong slide as baby boomers were battered by rising house prices and mortgage rates pushed up by a Federal Reserve trying to overcome high inflation.

Greenspan said the central bank's success in lowering inflation was a key factor spurring the current high level of home ownership. The government reported last week that consumer prices rose just 2.5 percent in 1995.

It was the smallest advance since 1986 and the first time since the mid-1960s that inflation has been under 4 percent for four consecutive years.

"It is no coincidence that this good time for housing has come when inflation has been moderate and income growth has been reasonably steady," Greenspan said.

"These are precisely the conditions that promote housing affordability, consumer confidence and healthy lending institutions."

Home ownership rises

Home ownership in the U.S. climbed in 1995 to its highest level in 14 years, an improvement that Federal Reserve Chairman Alan Greenspan said reflected steady economic policies and low inflation. "Neither inflation nor boom-and-bust cycles are friends of housing," Greenspan said Thursday at a conference in Washington sponsored by the Department of Housing and Urban Development. HUD released statistics at the conference showing that 1.4 million Americans became homeowners last year, pushing the national ownership rate to 65.1% in the final three months of the year. That's the highest level since 1981. The rate was 64.2% in the final quarter of 1994, and the rise of 0.9 percentage point was the biggest increase in three decades.

THE NEW YORK TIMES FRIDAY FEBRUARY 9, 1996

Home Ownership Rate Up

WASHINGTON, Feb. 8 (Reuters) — The rate of home ownership in the United States jumped last year to 65.1 percent of all households in the fourth quarter, the highest rate since 1981, the Department of Housing and Urban Development said today. The rise from 64.2 percent in the fourth quarter of 1994 was the sharpest in at least 30 years and represents a gain of more than 1.4 million additional homeowners, H.U.D. said. The home ownership rate grew last year in all regions of the country except the West. The gains included minorities, households under age 35 and households with less than median family income, H.U.D. said.

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NEWSEXPRESS

Progress Toward National Homeownership Goal of 67.5 percent by the Year 2000

	Current Rate (4th Quarter 1995)	Previous Rate (3rd Quarter 1995)	Rate at the End of 1994
Nation Overall	65.1%	65.0%	64.2%
Minorities	44.3%	44.0%	43.7%
Households With Less Than Median Family Income	49.4%	49.0%	48.6%
Households Under Age 35	57.9%	57.9%	57.1%
Increase in Number of Homeowners Since End 1994	1,407,000		

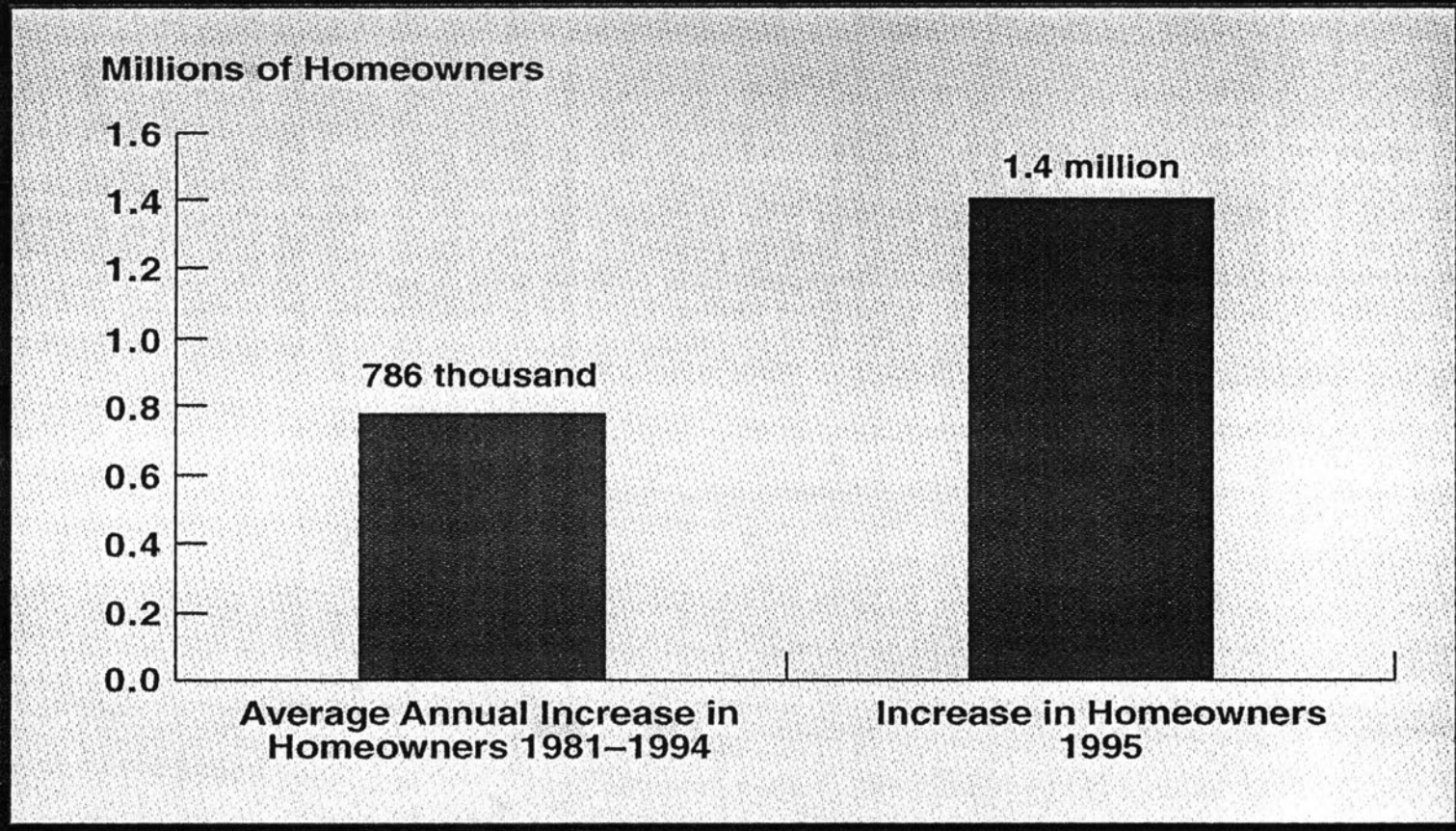
Source: *Current Population Survey,* Bureau of the Census

An Historic Year for Homeownership in America

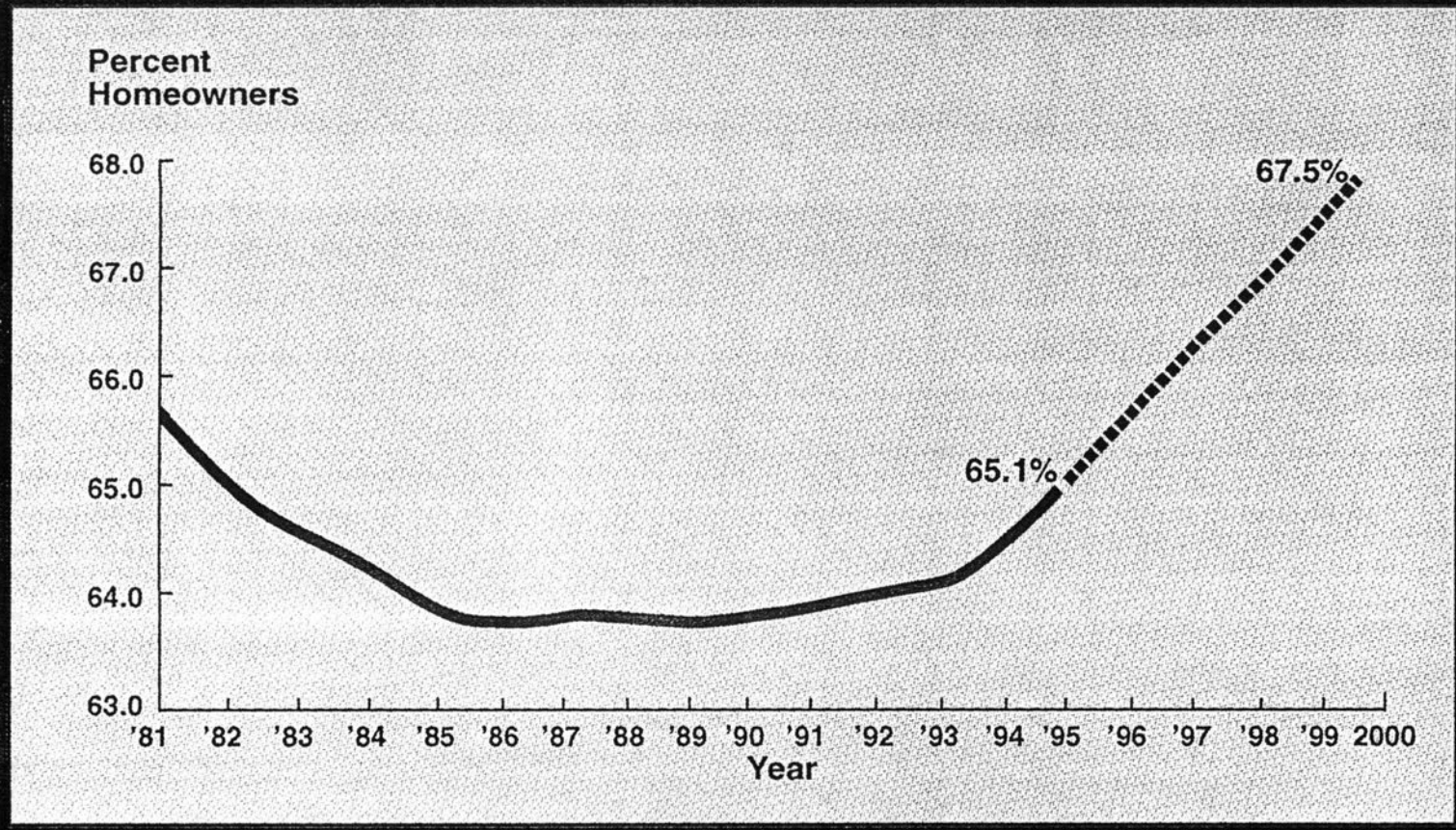
In 1995:

- ★ The national homeownership rate climbed to ***65.1 percent*** at year's end, the ***highest rate since 1981.***
- ★ The national rate jumped by nearly ***one full percentage point,*** the sharpest year-to-year increase in at least 30 years.
- ★ Participation ***rates among underserved groups***—minorities, households of modest income, and young buyers—also ***moved up sharply.***
- ★ The number of homeowners in America increased by more than ***1.4 million,*** the ***largest yearly gain since 1981.***

1995 Increase in Number of Homeowners Nearly Doubles Recent Pattern



Trends in the National Homeownership Rate 1981 to 1995 and Goal for the Year 2000



THE PRESIDENT HAS SEEN
2/20/96

THE WHITE HOUSE

WASHINGTON

February 19, 1996

MEMORANDUM FOR THE PRESIDENT:

FROM: TODD STERN
HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) Sacramento Bee **article on your recent Iowa trip.** Via McCurry. Article calls your trip "a roaring success" and suggests putting Iowa in the "leans Democratic" column. "The contrast with the Republicans, as intended, was stark. While they spent millions of dollars attacking each other in noxious television ads or competed to cater to exclusionary groups, Clinton was calling for cooperation and pulling together and opportunity for everyone."

(B) **Note from Leon on school vouchers.** Leon notes that DC bill on vouchers has been held up and attaches memo from Dept. of Education. Memo briefly reviews key points of the Milwaukee voucher program, California Prop. 174, which failed in 1993, and DC "Scholarship" plan. It says "all of these programs raise the same fundamental issues of public funds for private schools....[the DC] program is clearly intended to be a 'stalking horse' for a major voucher proposal in the summer." Leon also forwards 1992 Washington Times article in which Mary Matalin criticizes your opposition to school vouchers as a flip in view of earlier praise for private-school vouchers in Milwaukee; and a Heritage Foundation Policy Review piece accusing you of doing an "about-face" on vouchers.

(C) **Senator Levin letter on enforcement of trade agreements with China.** He applauds Mickey Kantor's warning to China that unless they live up to previous trade agreements regarding American copyrights, the U.S. will impose economic sanctions. "You are attempting to dig us out from under two decades of weak trade policy with Japan. Strong and firm action with China will prevent us from sliding down into an even deeper hole with the world's most populous nation."

(D) **Cisneros memos on INS Naturalization issues in California.** (1) Reports much dissatisfaction with INS performance in Southern California. According to the Industrial Areas Foundation ("IAF"), there is a backlog of 224,000 applications in Los Angeles. The IAF says: "INS inaction will deny 300,000 Latinos the right to vote in the 1996 presidential elections....failure to deliver on promises made by the

THE PRESIDENT HAS SEEN
2/20/96

INS could create the impression that the Clinton Administration is Anti-Latino." A Los Angeles Times editorial on administration's attempt to "steal the GOP's thunder" on the immigration issue is attached, as is a letter to Leon from Cardinal Mahoney, Archbishop of LA, expressing concern about the backlog in Southern California.

(2) In response to you question whether volunteers could assist INS in reducing naturalization backlog. IAF (NY, SF, LA, Chicago) is training thousands of volunteers to identify, screen and process applications for naturalization. They will submit a minimum of 1200 quality applications per month, and produce volunteers to work with the INS to facilitate administrative swearing in.

(E) **Cisneros memo on partnership with Housing Authority of New Orleans (HANO).** On February 8, Sec. Cisneros and Mayor Morial announced new partnership to jointly manage city's housing agency. Currently, 93% of inspected units do not meet national Housing Quality Standards, so HUD had to declare the City in breach of its contract with HUD. Partnership to manage HANO involves the City, HUD, and Tulane and Xavier Universities. The current Board of Commissioners will be replaced by a Board of Advisors mostly of residents, chaired by the Mayor. HUD will assume oversight responsibilities and the new Executive Monitor (Exec. VP and Gen. Counsel of Tulane) will oversee implementation. A series of performance goals have been agreed upon, and the partners plan to collaborate on an initiative to give public housing residents access to computers, Internet, and the full scale of resources available in educational and job learning centers.

(F) **Cisneros memo on homeownership.** Latest fourth quarter rate (65.1%) marks sharpest one-year rise in 30 years. In 1995, more than 1.4 million Americans became homeowners. Even families least likely to purchase homes -- minorities, moderate-income families, and young families -- gained. The Administration's National Homeownership Strategy -- a partnership with 56 housing organizations -- has been producing more affordable homes, making it easier for consumers to acquire mortgages, and sponsoring local homeownership efforts. Alan Greenspan recently addressed quarterly meeting of the partners and credited your economic policies, lower interest rates, the creation of 7 million new jobs, and the public/private partnership as contributors to the recent surge in new homeownership.

(G) **President's Message on selection of Olympic Torchbearers.** From Don Baer. Message congratulates the 5,500 Olympic Torchbearers selected February 15 because of their work as Community Heroes. Message highlights importance of community and the contributions of these "star citizens." It is being read at over 100 public ceremonies at city halls and state capitols. Media Affairs notified local press; message was read on CNN's "Talk Back Live," and it was posted on the World Wide Web Olympics home page.

(H) **Senator Nunn's speech at the February 1 National Prayer Breakfast.** You requested a copy from Sen. Nunn in a February 9 conversation with him.

THE PRESIDENT HAS SEEN
2/20/96

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

96 FEB 14 P4:34

February 14, 1996

MEMORANDUM FOR: President William Clinton
Vice President Al Gore

FROM: Henry Cisneros

SUBJECT: INS Naturalization Issues in California

As per our conversation on Tuesday evening, attached is a report outlining the dissatisfaction of the Industrial Areas Foundation with the performance of INS in Southern California. The report very clearly sets out the gap between actions the Active Citizenship Campaign recommends and what the INS can do.

Also attached is a letter from Cardinal Mahoney expressing his sense of the urgency of these issues.

Attachments

cc: Leon Panetta
Ron Klain
John Emerson

Leon / VP

Nice & outstanding!

BC

Southern California Industrial Areas Foundation /Active Citizenship Campaign
770 S. Arroyo Parkway Suite #115
Pasadena, Ca. 91105
United Neighborhood Organization South Central Organizing Committee
Valley Organized in Community Efforts East Valleys Organizing

2/7/96
Memo To: Leaders of the Active Citizenship Campaign
From: Fr. Miguel Vega, ACC Industrial Area Foundation
RE: Active Citizenship Campaign Leadership Meeting with INS Commission Miessner

Commissioner Miessner Rejects Active Citizenship Campaign Proposal to Reduce Backlog

Background: On Jan. 30, 1996 IAF's Active Citizenship Campaign leaders from New York, San Francisco and Los Angeles joined by Daniel Solis UNO Chicago and Congress member Javier Becerra, met with INS Commissioner Miessner to address INS delays and backlogs. In July 1995, INS District Director Rogers promised to process Outreach applications in 90 days. Witnessing the promise were 1500 IAF leaders and Congress members Becerra and Berman. Since then, 90 days has slipped to over 300 days. There is currently a backlog of 224,000 applications in Los Angeles even though $23,000,000 has been collected from applicants trapped in this backlog. **INS inaction will deny 300,000 Latinos the right to vote in the 1996 presidential elections in California.**

At the meeting, ACC leaders offered a specific proposal to address backlog, increase efficiency, and reduce costs without increasing staff nor compromising the quality of adjudication's.

ACC Proposes:	**Commissioner's Response**
Four new teams to Outreach keep up with demand and address backlog	Nothing New, Commissioner commits to only one to additional team. Commissioner effectively guts Outreach.
To reduce backlog by waiving interviews for Seniors and High School Graduates	No, study is on-going possible implementation at least one year away
To reduces costs and address backlog CBO's should be certified to aid in testing and interviews	No, CBO will not be certified
To prevent fraud and eliminate fly by night for profit groups in Outreach Process criteria should be implemented to insure quality	No quality control will be established. Any one with with 100 applications can participate in Outreach
To eliminate additional delays INS should negotiate with Federal Judges to share jurisdiction over swearing in and perform administrative swearing in.	No

In response to ACC proposal the Commissioner commits to nothing new. The Commissioner's bureaucratic non-response is unacceptable. Commissioner Miessner's inaction will prevent 300,000 Latinos from participating in the 1996 Presidential election. Failure to deliver on promises made by the INS could create the impression that the Clinton Administration is Anti-Latino. **Citizenship delayed is Citizenship denied.**

Archdiocese of Los Angeles | Office of the Archbishop (213) 251-3288 | 1531 West Ninth Street | Los Angeles California 90015-1194

January 26, 1996

Mr. Leon Panetta
Chief of Staff
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 200500

Dear Leon:

I am writing to seek your assistance to see how the White House might be able to help with a very pressing problem here in California, especially Southern California.

The Immigration and Naturalization Service (INS) has an enormous backlog in processing applications for citizenship. The delays are many, many months in length, and this is extremely difficult and disheartening for the applicants.

A group of religious and community leaders from the Southern California Active Citizenship Campaign will be in Washington on Tuesday, January 30, to meet with Commissioner Doris Meisner.

In order to meet this tremendous backlog of applications, the INS must increase significantly their outreach staff here in Los Angeles.

If there is any way that you can be of assistance in moving this item forward, I would be most grateful. If you see any way that I can assist you or the White House in this matter, I would be more than pleased to do so.

Thanking you for your wonderful leadership in so many ways, and asking God's blessings upon your work, I am

Gratefully yours in Christ,

+ Roger Card. Mahony

Cardinal Roger Mahony
Archbishop of Los Angeles

eb

VALLEY EDITION

Los Angeles Times

January 22, 1996

Border Politics: Checkmate?

■ Immigration: Clinton is gambling that the crackdown will steal the GOP's thunder.

By FRANK del OLMO

Presidential politics is behind the Clinton administration's much-publicized decision to have the U.S. military and local police help the Border Patrol enforce a crackdown on illegal immigrants crossing from Mexico.

Conventional wisdom has it that the electorate is in an anti-immigrant mood, especially in vote-rich California, where the current immigration hysteria took off two years ago with the vote in favor of Proposition 187. But if someone in the White House had bothered to take a closer look at what is going on among immigrants in Southern California, they'd realize that the conventional wisdom isn't the whole story. Border control is important, but the administration seems to have overlooked the potential political payoff of putting more time and effort into helping the thousands of legal immigrants who are eagerly waiting to become citizens.

In fairness, while it is blatantly expedient, the decision to focus on the Mexican border is defensible. The Border Patrol and its parent agency, the Immigration and Naturalization Service, always record a surge in illegal crossings along the southern border after the holidays as Mexicans and Central Americans who work in the U.S. return from visits home.

This year, INS officials anticipate an even heavier northbound flow because the continuing economic crisis in Mexico has created more unemployment there than usual. To try to stem that flow—and to generate favorable press coverage by looking tough on illegal immigrants—Justice Department officials last week announced an enhanced strategy. It starts with a 90-day redeployment of 200 additional Border Patrol agents from elsewhere in the country to border crossings in California and Arizona. They will be assisted by 350 soldiers and 135 police officers in support, not enforcement, roles such as air surveillance and transportation.

None of this is utterly new. Local police, the National Guard and even regular troops have helped INS for years, usually in small, ad hoc operations that got little public attention. The difference this time is that the White House wants all the publicity it can get out of this border crackdown in the weeks leading up to the California primary election in March and in the months leading up to the Republican convention in San Diego in August.

Given the hot-button nature of the immigration issue in Southern California, and especially in San Diego, one can anticipate plenty of rhetoric about it at the GOP gathering. But the nasty enthusiasm with which candidates like Pat Buchanan do their immigrant bashing could also create a political opportunity for Clinton.

One of the positive side effects of Proposition 187 has been a record increase in the number of legal immigrants applying for citizenship, from roughly 300,000 in a normal year to almost 1 million in 1995. But this surge also has created a record backlog, for, even while the INS has seen a 225% increase in citizenship applications since 1990, its budget for naturalization has decreased by 35%.

The effects of these distorted spending priorities are most visible in Los Angeles, where the INS district office has a backlog of more than 200,000 citizenship applicants. Last June, for example, when several church-based community groups here launched the Active Citizenship Campaign, the INS was able to process the first 400 applications in three months, according to Father Juan Vega, who heads the campaign. By year's end, ACC had submitted 4,000 citizenship petitions. Now applicants are being told it could take as long as nine months for them to become citizens.

"So anyone who submitted an application in December must wait until August for an INS interview," says Vega. "The earliest they can take the oath of citizenship is September, just enough time to register to vote in October, a month before the November election.

"We had hoped to have 18,000 new citizens registered to vote by election day," Vega adds. "Now it looks like the first 4,000 may be all we get."

Not all of these eager new citizens would vote for Clinton, but it is hard to imagine all of them voting Republican. By so readily buying into the conventional wisdom on immigration, the administration may be blowing a great chance to create a whole lot of pro-Clinton voters.

Frank del Olmo is assistant to the editor of The Times and a regular columnist.

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

96 FEB 16 P12:41

February 15, 1996

MEMORANDUM FOR: President William Clinton
Vice President Al Gore

FROM: Henry Cisneros Henry Cisneros

SUBJECT: Utilizing Volunteers to Reduce INS Naturalization Backlogs

You asked me the other day whether qualified volunteers could be generated to assist the INS in naturalization activities. The attached memo from the Industrial Areas Foundation in Los Angeles describes what is possible.

Attachment

SOUTHERN CALIFORNIA I.A.F. NETWORK
ACTIVE CITIZENSHIP CAMPAIGN
***UNO *SCOC *EVO *VOICE**
770 S. ARROYO PARKWAY, SUITE 115
PASADENA, CALIF. 91105
TEL. 818-584-0774 FAX 818-584-0972

Background: On Jan. 30, 1996 IAF's Active Citizenship Campaign leaders from New York, San Francisco, Chicago and Los Angeles joined by Congress member Xavier Becerra, met with INS Commissioner Meisssner. That day ACC leaders offered a specific proposal to address backlog, increase efficiency and reduce cost without compromising the quality of adjudication's.

INS inaction will deny 300,000 Latinos the right to vote in the 1996 presidential elections in California.

IAF's Active Citizenship Campaign will produce thousands of trained volunteers to identify, screen and process applications for Naturalization.

IAF's Active Citizenship Campaign is willing to work with INS to increase efficiency by testing and screening applicants.

IAF's Active Citizenship Campaign will submit a minimum of 1200 quality applications per month.

IAF's Active Citizenship Campaign is willing to produce 100's of volunteers to work with INS to facilitate administrative swearing in.

IAF's Active Citizenship Campaign will register 26,000 citizens to vote.

IAF's Active Citizenship Campaign will identify and turn out 52,000 occasional voters, conduct 5000 house meetings, encourage vote by mail and create voter interest around issues of Affirmative Action and Minimum Wage.

IAF's Active Citizenship Campaign will influence 300,000 voters in preparation for Nov. 1996.

IAF's Active Citizenship Campaign will target 960 under-represented precincts, produce 5000 precinct leaders and turn out 96,000 voters for the 1996 presidential election.

IAF's Active Citizenship Campaign is willing to fight along side the Clinton Administration in efforts to maximize INS efficiency and effectiveness and to decrease massive backlogs while increasing the number of New Americans.

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

THE PRESIDENT HAS SEEN
2/20/96

February 18, 1996

MEMORANDUM TO THE PRESIDENT

FROM KATIE McGINTY

SUBJECT EVERGLADES CALL WITH SEN. GRAHAM

Attached to this memo are suggested talking points for your phone conversation today with Sen. Graham. Following the talking points for your call are copies of talking points prepared for the Vice President's visit. They may be useful background for you.

In addition to the mixture of substantive and political matters raised in the talking points, I recommend that you consider the following:

Senator Graham has been working with Sen. Dole on the Everglades issue, not with the Administration. Although (or because) he was aware of the White House's interest in the issue, he did not contact the White House before drafting legislation with Sens. Dole and Mack that emerged as a rider on the Lugar/Leahy version of the Farm Bill.

Senator Graham appears to us, and is characterized by other elected officials and NGO representatives, as completely isolated on the Everglades issue. He seems to have assumed that Lt. Governor MacKay would try to keep his head down on the Everglades, or at least not choose to adopt an aggressive position. He may also have assumed that Gov. Chiles would oppose anything that went beyond current policy and law.

Sen. Graham appears to have believed that the Graham/Mack/Dole rider on the Farm Bill would be *the* Everglades plan for this electoral cycle. Our work, to which MacKay has firmly aligned himself, and which Chiles will not oppose, will have the effect of diminishing or completely displacing (in terms of political effect) Sen. Graham's effort.

In addition, our plan's mainstream approach, with its pro-environment and pro-urban & suburban South Florida thrust, will have the effect of defining any other plan as either radically to the left or to the right. The "left" will be occupied by any of the "two-cent per pound" or "eliminate the sugar program" proposals floating around. The "right" will be occupied by Cong. Foley (R. Palm Beach). Inevitably, too, Sen. Graham's current position will be seen as pro-sugar, reinforcing an existing public perception of him as unduly beholden to the sugar interests.

He is in a box and must be extremely frustrated. His plan is probably eclipsed. He can't oppose our plan without seeming to be aligned with sugar. He can't endorse our plan without offending long-time supporters in the sugar industry. He can't not endorse our plan, either, unless he's willing to look disloyal to you, uninterested in the environment, and aligned with Sen. Dole. His uncomfortable position explains why he is attempting to persuade us to drop our plan.

I do not know that we can help him entirely out of the box, but if we want to, there are things to do. We can, and should, endorse and help secure passage of his $200 million rider on the Farm Bill. It's a good thing in its own right and he deserves credit for pushing it. His provision easily dovetails with our plan. We will certainly give him credit for this important contribution.

Finally, Sen. Graham should know that the sugar industry is already making noises to us that they may want a deal and may be willing to put significant additional funding on the table. If Sen. Graham keeps his powder dry on our announcement, there is possibly a role for him to play in brokering a deal with sugar.

attachment

Recycled Paper

TALKING POINTS FOR EVERGLADES CALL WITH SENATOR GRAHAM

- We'd like to work with you on the Everglades. We want you with us.

- We're willing to help you move your Farm Bill rider. It's a good provision. If you had asked, we would have supported you on the floor, too. We'd much rather have you get the credit than Bob Dole.

- I've heard that you think we didn't talk to you enough as we put our plan together. That may be so, and I'm sorry if it is, but I know you talked to Al Gore twice, Alice Rivlin 3 or 4 times, and Katie McGinty at least twice. That's pretty good, especially when you consider that we first learned about your $200 million proposal when the Florida sugar guys called us to lobby against it.

- I know you've told my people that you think otherwise, but we've taken a hard look at it and think that our plan is going to help, not hurt us in Florida.

- Our polling indicates that Medicare/Medicaid and the Everglades are the key, defining issues in Florida. The environment overall is a great issue for Democrats and it really helps show the difference between us and Bob Dole.

- Not only are folks going to approve of the pro-environment message, but we're pretty sure that they'll strongly support having sugar contribute to the costs. Every poll taken on the "two-cent per pound" proposal shows support and a one-cent proposal will be even more popular.

- I've heard that you think our cost estimates are too high. I'm assured by OMB that our figures are right, and probably on the conservative side. Yes, the forecasts are imprecise, but everything we've seen indicates that restoration will cost somewhere around $2 billion over the next 10 years or so. These numbers come right from the Ecosystem Restoration Task Force reports and other plans. One estimate puts the cost at $3-4 billion. We're being pretty cautious.

- Our penny-per-pound approach is reasonable. They'll howl, but sugar can afford it. USDA estimates that the sugar program creates about $200 million in profit each year for Florida cane growers. $30-$35 million a year is nothing to these guys.

- Moreover, they ought to be glad to have the chance to make some friends for once. If they get on board with our plan, they'll have environmentalists supporting the sugar program.

- It's a red herring when sugar says that we can't ask them to pay anything until everyone has agreed on who caused what harm. They'll never agree. Why should they? We're not going to buy into that approach.

- Even though there will never be a precise allocation of causation, it's clear that a lot, probably most of the disruption in water flow into the Everglades is a result of their operations. If they didn't need the drainage for their fields, the Everglades would be in a lot better shape. Sugar should contribute to the cost of restoring natural water flows.

- We want you to support our plan and think you should. You sure shouldn't oppose it, unless you want to be painted as anti-environment and give Buddy MacKay and Butterworth a big leg up.

- Why don't you go down to the announcement tomorrow? We can organize things so you look great.

EVERGLADES POLLING INFORMATION

- Sugar and Everglades cleanup were one critical issue which could have swayed the results of the last Florida gubernatorial campaign. If Jeb Bush had persuaded voters that Governor Lawton Chiles allowed "Big Sugar" to avoid paying for "most of the clean-up" of Everglades pollution, negative views of Chiles would have risen from 38 percent to 64 percent. (USApoll, 5/95)

- Republican and Democratic polls show that 78-79 percent of Floridians think Everglades restoration is important. (Luntz; Yankelovitch)

- The question whether to place a fee on sugar producers has also been tested in at least four recent polls, each of which tested opinion on a 2 cent per pound fee. The results differ slightly, but independent and environmentalist sponsored polls show 50-70 percent voter support for a 2 cent assessment on Florida sugar. (Yankelovitch polling shows 66 percent support; a Luntz poll shows 71 percent support) Sugar industry polls show 44.7 percent support for a 2 cent assessment.

- Strong support runs across political parties, with 69 percent of Democrats and 61 percent of Republicans indicating they favor a 2 cent per pound sugar assessment. (Yankelovitch).

- Given the strong statewide support for a 2 cent assessment, it is reasonable to assume that a 1 cent assessment will have even stronger support.

What will all this cost?

Preliminary estimates of **total** Everglades/South Florida ecosystem restoration costs range from $2-3 billion for the next several years.

Preliminary estimates of **Federal** costs for such restoration are $1-2 billion over seven years. Estimates depend on a number of factors, including the scope of land acquisition needs and the results of the Corps of Engineers studies for future water projects. Current budget estimates project Federal spending at $1.7 billion over seven years.

In addition, the **State** plans to spend $1 billion over the next several years, including $400 million for its commitments under the 1994 Everglades Forever Act and $600 million under current cost-share agreements for other planned Corps projects.

The **sugar industry** agreed to pay $233-322 million over 20 years under the Everglades Forever Act to settle pending lawsuits concerning water quality. The funds are collected through a state ad valorum tax on agricultural acres in the Everglades Agricultural Area, with the amount assessed dependent upon various performance incentives.

What are you spending money on?

In FY 1997, five Federal agencies (Interior, Corps, NOAA, EPA, and USDA) are requesting a total of $132 million for activities that fall into four general categories:

Land and resource management	$ 60 million
Science	$ 39 million
Land acquisition	$ 13 million
Infrastructure	$ 20 million
	$132 million

In addition, the Administration proposes another $100 million per year for four years for an Everglades Restoration Fund to supplement agency funding for special land acquisition and other needs. Receipts from a new 1-cent per-pound assessment on Florida-grown sugar (estimated at $35 million a year) will also be deposited in the Fund and available for enhanced restoration purposes. An interagency Task Force, chaired by a representative of the Secretary of the Interior, would recommend how the additional funds should be allocated.

Where will the money come from?

Most of the funds come from general appropriations to the respective agencies. Some funding (estimated at $35 million per year; $245 million over seven years) would derive from a proposed assessment on Florida sugar.

How does this compare to what you spent last year? Previous Administration?

1997 Budget (including Fund)	$267 million
1996 Estimate (with Cong. reductions)	$ 98 million
1995 Actual	$103 million
1993 Actual (Bush Admin)	$ 82 million

THE CLINTON/GORE ADMINISTRATION'S EVERGLADES RESTORATION PLAN PRINCIPLES AND ELEMENTS

February 19, 1996

Summary

The Clinton/Gore Administration will pursue a comprehensive plan to restore the Everglades and South Florida ecosystem. This plan will build on the substantial progress already achieved by the Administration working in concert with the Chiles/MacKay Administration, Senator Bob Graham and other parties. The Administration's Everglades restoration plan integrates literally dozens of individual activities, resulting in an ambitious and comprehensive restoration effort. The plan provides for:

- Strategic land acquisitions sufficient to ensure successful restoration, including at least 100,000 acres in the Everglades Agricultural Area (EAA);
- Acceleration of restoration projects and research activities already underway;
- Broad stakeholder participation and a long-term commitment to ensure that federal restoration and protection efforts complement and support the health of Florida's economy and its citizens, now and in the future.

The Administration's plan recognizes that the costs of restoration should be borne by a balanced cost-share between the federal and state governments and those who have substantially benefited from federal programs and alterations to the ecosystem and who will potentially benefit from its restoration, including sugar-producing companies. The plan has three major funding components:

- The creation of an "Everglades Restoration Fund" for land acquisition funded through appropriations of $100 million per year for 4 years, for a total of $400 million.

- A 1cent per pound increase in the marketing assessment on Florida sugar produced in the EAA, which will generate approximately $35 million per year. This will total $245 million over 7 years, and will constitute an ongoing source of revenues into the Everglades Restoration Fund.

- A 25 percent increase in funding for federal agency programs, including, science, land management, water management projects, and other programs, from $104 million in 1996 to $131 million for 1997.

Overall, this approach will double the total federal funding for Everglades restoration to about $1.5 billion over the next 7 years. The Administration will use existing authorities and resources where available, and where necessary will seek new authorities from Congress.

Guiding Principles

A Shared Vision of Restoration: *The restoration of the Everglades, a unique national treasure, requires a shared vision of the desired condition of the entire South Florida ecosystem -- from the Kissimmee River to the Florida Keys -- that will restore and maintain the biological diversity and sustainability of the ecosystem and support actions that incorporate economic, sociocultural, and community goals.*

Expanded Partnerships: *The federal government will continue to support and work with on-going partnerships in South Florida with State, Tribal, and local governments, the private sector and individual citizens to accomplish ecosystem restoration and protection objectives, recognizing that the responsibility for issues of water and land use in the ecosystem are largely the responsibility of the State of Florida.*

Non-Regulatory Programs: *Non-regulatory programs, such as advance planning, research, and public-private cooperative efforts will be encouraged.*

Shared Restoration Expenditures: *The restoration expenditures should meet clearly defined objectives for the overall long-term effort to restore the ecosystem and should be borne jointly through a balanced cost-share between the federal and state governments and those who have substantially benefited from federal programs and alterations to the ecosystem and who will potentially benefit from its restoration, including sugar-producing companies.*

Reliance on Sound Science: *Restoration efforts must be scientifically sound, ecologically credible, and legally responsible. Research must be coordinated and focus on critical ecosystem needs, and together with careful monitoring, should support adaptive management.*

Administration Commitments

Beginning with the FY97 budget request to Congress, the Administration will call for a total of about $1.5 billion in funding over seven years for Everglades restoration activities -- double the current level. The funding will consist of $100 million in each of the next four years for land acquisition, plus $35 million in revenues each year from the assessment on Florida sugar, both to the Everglades Restoration Fund, as well as $130 million annually for research and ecosystem management.

The Administration will request authority to establish an "Everglades Restoration Fund" to receive discretionary funds and sugar marketing assessment receipts. The Fund's resources will be available without fiscal year limitation. The federal resources will be managed jointly by a cabinet-level group.

The proposed funding, combined with existing and new legislative authorities, will lay the foundation to implement these commitments:

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The proposed funding, combined with existing and new legislative authorities, will lay the foundation to implement these commitments:

Commitment 1. The Clinton Administration will increase its already substantial support for restoration and protection of the Everglades ecosystem. Specifically, we will:

Acquire in partnership with the State enough land to make restoration work, concentrating on the following areas:

- At least 100,000 acres of land in Everglades Agricultural Area for water storage, including acquisition of the Talisman Tract;
- Water preserve/aquifer recharge areas in the eastern edge buffer area for water quality and storage along with drinking water protection, the size of which will be determined after further study and analysis;
- Eastern Edge Buffer-Southern Transition Lands, for improved water delivery; and
- Expansion of Everglades National Park and other parks and refuges.

Accelerate and ensure completion of water supply and control projects, including:

- Complete the Modified Water Deliveries Project;
- Complete modifications to the C-111 Project, and revise the state/federal cost-share;
- Complete the C-51 Project, including acquisition of STA 1E; and
- Complete the Kissimmee River Restoration Project.

Undertake necessary ecosystem management and planning, including:

- Accelerate completion of the Corps of Engineers Central & South Florida Project Restudy;
- Develop a coordinated water quality improvement and protection plan for the south Florida ecosystem;
- Strengthen water quality standards to protect the Everglades and Florida Bay;
- Undertake with State and local officials a cooperative urban interface planning process;
- Expand exotic species control programs;
- Expand the Coral Reef Initiative; and
- Accelerate the Florida Keys Water Quality Protection Program.

Commitment 2. The Clinton Administration will work to ensure that Florida's sugarcane industry contributes its fair share of the costs of the restoration effort, in view of the industry's impact upon the environment and the benefits to industry from federal water projects and programs. Our policy will support collection of funding, seek to retire acreage where appropriate, improve management practices on those lands that remain in use, and engage the agricultural sector, both owners and workers, in the restoration effort. The President's budget

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request and other legislation will provide for:

- An assessment of 1 cent per pound of sugar produced in the Everglades Agricultural Area;
- Cooperative programs with the agricultural community to employ workers in ecosystem restoration activities; and
- Programs for transitional management of depleted and acquired lands, including using transferable development rights, sale lease-back arrangements or other tools.

Commitment 3. The Clinton Administration will maintain and expand its partnership with the people of Florida in virtually every aspect of the Everglades restoration effort. The Administration's plan would rely upon and enhance the role of key intergovernmental and stakeholder forums. The President's budget and associated legislation will provide for:

- Continued operation of the South Florida Ecosystem Task Force;
- Acceptance of the Governor's Commission on Sustainable South Florida as a permanent advisory committee to the Task Force; and
- Continued close coordination with the South Florida Water Management District.

Commitment 4. The Administration will extend its Reinventing Government policy to the Everglades restoration effort, applying innovative and flexible approaches to restoration. In the next year, the Administration will complete development and begin implementation of:

- A coordinated wetlands protection and permitting plan; and
- A multi-species recovery plan.

Commitment 5. The Clinton Administration will reaffirm its support for changed sharing of the public costs of infrastructure projects, including associated land acquisition, related to restoration projects underway. It will explore the cost-sharing of future projects, following the completion of the Corps of Engineers' Restudy. The President's budget and associated legislation will provide for:

- Revised cost-sharing between the state and federal governments for public costs associated with the C-111 and C-51 restoration infrastructure projects.

Commitment 6. The Clinton Administration will work to ensure that restoration efforts are guided by the best science available. The President's budget will provide funds to support:

- Increasing research activities related to monitoring water quality, mercury, Florida Bay and the Keys, and improved agricultural practices; and
- Continuation of the scientific review panel.

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Agricultural Economists' Evaluation of Florida Sugar Industry

Grace M. Johns, Ph.D., Hazen and Sawyer
Professor Rigoberto Lopez, Ph.D., University of Connecticut
Professor Lonnie Jones, Ph.D., Texas A&M University
Professor William Boggess, Ph.D., Oregon State University

February 14th, 1996

The U.S. sugar program transfers money from consumers, refiners and food manufacturers to sugar and sweetener producers. USDA estimates that the value of this transfer to U.S. sugar producers averaged $472 per planted acre per year from 1991 to 1994.[1] For the period 1970 to 1994, Lopez[2] reports that the estimated value of this transfer, or benefit, to Florida sugar producers totals $4.1 billion after adjusting for inflation.

83 percent of Florida sugarcane acreage is associated with mill ownership. This means that most of the sugarcane land in Florida is owned by people who receive profits from both the production and processing of sugarcane into raw sugar. According to 1991 land ownership records, 83 percent of Florida's sugarcane land in the Everglades Agricultural Area (EAA) is owned by 15 corporations.

Profit of Florida sugar producers averages about $433 per harvested acre or 4.9 cents per pound of sugar in 1994[3]. This profit is net of all cash expenses including the costs incurred under the Everglades Forever Act and the USDA marketing assessments. Profit as percent of sales in 1994 averaged 23 percent for Florida sugar producers versus 10 percent for regulated water, gas and electric utilities in the United States. Sugar is one of the most profitable crops in the U.S.

Returns to land determine land use and value. Returns to land in sugar production averaged $405 per harvested acre or 4.6 cents per pound of sugar in 1994. Returns to land during the past ten years (1985 to 1994) ranged from $203 to $646 per harvested acre or 2.8 to 7.5 cents per pound of sugar. The ten year average land return is 4.7 cents per pound.

Market sales prices of EAA sugarcane land are consistent with these returns to land estimates. Cane land in the southern EAA has been selling in the $2,000 to $2,200 per acre range. The $405 per harvested acre land return for 1994 translates into $304 per gross farm acre[4]. At a capitalization rate of 15 percent[5], the capitalized value of $304 is $2,028 per acre.

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[1]U.S. Department of Agriculture, Office of the Chief Economist, "Equity Analysis of Farm Legislation Since 1985, Washington, D.C., April 1995, p. 6.

[2]Lopez, Rigoberto A., "Florida Sugar Producers: Benefits from Public Policies", Department of Agricultural and Resource Economics, University of Connecticut, Storrs, CT, May 20, 1994.

[3]Prices and costs of producing and processing sugarcane are from United States Department of Agriculture, Economic Research Service, "Sugar and Sweetener, Situation and Outlook Yearbook", Washington, D.C., December 1995. The cost of the Everglades Forever Act is from Section 373, Florida Statutes.

[4]25% of gross sugarcane land the EAA is fallow land, canals, roads and ditches.

[5]15% is used by the Palm Beach County Property Appraisers Office when calculating the assessed value of sugarcane land for ad valorem tax purposes.

The U.S. Sugar Program maintains U.S. sugar prices at levels which keep the highest cost U.S. sugar producers from defaulting on government loans. As a result, the U.S. Sugar Program effectively guarantees profits to Florida sugar producers because they are the lowest cost sugarcane producer in the U.S.

A two cent per pound assessment on Florida sugar production for five years (1997 to 2001) will not reduce Florida sugar production or regional jobs, according to an analysis by Hazen and Sawyer agricultural economists in 1995[6]. The analysis applied a detailed economic model of Florida sugar returns to land for 46 representative sugarcane farms in the EAA under optimistic and pessimistic scenarios of prices, costs and technological change. The land returns are net of the cost incurred by sugar producers to comply with the Everglades Forever Act. The model, which calculates changes in land returns and EAA sugar production over a twenty year period due to changes in costs or prices, was originally developed by Hazen and Sawyer from 1991 to 1993 for the South Florida Water Management District.

This conclusion of no changes in sugar production from a two cent assessment for five years is further supported using USDA price and cost data for the period 1990 to 1994 and applying the two cent assessment. Florida sugar producers would still receive returns to land of about $270 per harvested acre or 3.2 cents per pound of sugar. Profit would be even higher than this. They would remain the lowest cost sugarcane producer even if a two cent assessment on Florida sugar is levied.

If sugarcane land in the EAA were purchased for Everglades ecosystem restoration so that Florida sugar production fell by 20 percent, there would be about 3,217 fewer full-time and part-time jobs in South Florida.[7] These job losses include direct, indirect and induced economic effects as layoffs at the sugar mills, farms and supplying industries reduce the demand for goods and services in other sectors of the South Florida economy. Annual sales and income losses are estimated to be $365 million and $127 million, respectively. However these losses would be offset to some extent by the growth in recreation, tourism and fishing industries from improved Everglades ecosystem quality. Furthermore, residents in South Florida and throughout the United States place a value on improved ecosystem quality and the quality of life provided by a healthy Everglades ecosystem.

The two cent assessment and the reduced Florida sugar production due to land purchases are unlikely to increase U.S. raw sugar prices because the USDA controls the raw sugar price by increasing or reducing import quotas. There is sufficient supply of world sugar to make up for any loss of Florida sugar production. Most recently, USDA increased the import quota in November 1995 and January 1996. USDA is mindful of the consumer and has maintained the U.S. raw sugar price in the range of 20 cents to 23 cents per pound from 1985 to 1994.

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[6]Hazen and Sawyer memorandum to Everglades Foundation, November 29, 1995, "Economic Analysis of Florida Raw Sugar Assessment" and Hazen and Sawyer, "Twenty Year Evaluation: Economic Impacts from Implementing the Marjory Stoneman Douglas Everglades Restoration Act and United States versus SFWMD Settlement Agreement", Contract Completion Report, Contract No. C-4157, prepared for South Florida Water Management District, West Palm Beach, Florida, August 1993.

[7]Hazen and Sawyer memorandum to Everglades Foundation, November 10, 1995, "Economic Impact Estimates From Reduced Sugarcane Acreage".

THE U.S. SUGAR INDUSTRY: A COMPARISON OF POLICY BENEFITS

Rigoberto A. Lopez, Ph.D.
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University of Connecticut
Phone: 860/486-1921 Fax: 860/486-1932

SUMMARY

This report describes the structure of the U.S. sugar policy program and compares the sugar policy benefits with those accruing to producers of other major farm commodities. The U.S. government supports the price of sugar by offering a nonrecourse loan rate which establishes a minimum guaranteed price. Under the no-cost-to-the-Treasury mandate, however, the price is kept well above this loan rate with a dual system of import and, if necessary, domestic quotas.

The sugar program has created substantial benefits to sugar producers which are disproportionally high when compared to the benefits granted to producers by other Federal farm programs. The main findings in comparing the sugar benefits are the following:

(1) In the 1991-95 period, the sugar policy benefits averaged $113,708 per farm, the highest among all commodities in the United States and more than 23 times the average level of benefits received by other farmers participating in Federal programs.

(2) In the 1991-95 period, the sugar policy benefits averaged $472 dollars per acre, the second highest after tobacco and more than 15 times the average per acre benefits accruing to other crops participating in Federal programs.

(3) In the 1985-95 period, the sugar policy benefits averaged between 30 to 50% of sales, which is among the two highest subsidy rates and twice the average rate for other commodities that participate in Federal programs.

(4) The 1992 profits of the Florida sugar industry were estimated at 12.72% of sales. This profit rate exceeds the rate for public utilities of 10.48% and the rate for the U.S. cane sugar industry as a whole.

(5) The 1994 farm-level profits of Florida producers were estimated at 13.18% of sales, which was substantially higher than the profits of other sugarbeet and sugarcane growers.

THE WHITE HOUSE
WASHINGTON

February 16, 1996

THE PRESIDENT HAS SEEN
2/20/96

~~Mr. President~~:

Doug Sosnik thought you might ~~like~~ to see this compilation of ads being run by the GOP candidates.

Doug—
Sara ~~Phil Caplan~~
for POSS future use
BR

Video tape
also sent
to Sosnik

THE PRESIDENT HAS SEEN
2/20/96

Opinion

Monitor's endorsement

Experience and judgment make Dole our choice

Editorial

Sen. Bob Dole describes the quality he offers the nation as "adult leadership."

It's a witty response, on one level, to those who say Dole is too old to be president. Stand him between the rambunctious twins of the Baby Boom generation – a petulant Newt Gingrich and an impulsive Bill Clinton – and the 72-year-old senator looks like Hugh Beaumont as Ward Cleaver, a model father who dispenses wisdom with few words.

But the phrase also speaks to why the *Monitor*, after long reflection, has decided to endorse in the Republican primary a man whose views we have often criticized. Bob Dole would provide a measured purpose and the sound judgment Republicans will need if they want to remain the majority party in November and beyond.

These are volatile times for Republicans. Fifteen months ago, they sent to Congress a new majority, poised to remake the federal government: slash its budget and cut its functions. Now, many of their big bills are stalled, public opinion has turned, and angry and impatient voters could choose to turn out of office in the fall many of those they put in two years earlier.

The paradox is that the principles of a smaller, less intrusive government and a balanced budget – principles that Dole has fought for during his 35 years in Congress – are now mainstream, if not universally accepted. Yet just when Republicans are in a position to turn these principles into law and policy, they could blow the chance. They will if they are lured to presidential candidates offering panaceas wrapped in sound bites.

Pat Buchanan wants to scrap free trade and build a fence on the Mexican border. His response to job insecurity is jingoism. His response to urban despair is to force pregnant teenagers to have their babies.

Steve Forbes is pushing a flat tax that will heighten class warfare and fatten the deficit. He lacks the qualification to be president.

Lamar Alexander glibly preaches personal responsibility and peddles think-tank potions. He's slippery on the real issues in hopes that both conservatives and moderates will think he is one of them.

Forbes, Buchanan and Alexander are doing just what they criticize career politicians for: making tooth-fairy promises. Yet by raising false expectations while proclaiming themselves holier-than-thou outsiders, they will contribute to the public's mistrust of politicians.

Bob Dole does not overpromise. Four decades in public office have taught him the value of credibility and the importance of compromise.

Gingrich and the purveyors of the Contract With America in the House lost sight of that. They equated compromise with weakness. So they tried to rush radical versions of their ideas through Congress and past an unsuspecting public. Then they reacted with wonder when Clinton ambushed them with charges of extremism.

Dole knows when to push and when to settle. He showed that when he called an end to the second government shutdown. That action halted the free-fall in the public's anger toward Congress.



Senate Majority Leader Bob Dole

Dole is a true mainstream conservative, temperamentally and philosophically. Wounded in war, he believes in the prestige of the presidency and the power of the president to set foreign policy. And so he took the risky but principled position to back sending troops to Bosnia.

Reared in the Depression, he distrusts the radical right's jihad against Washington. He believes that effective change is disciplined and incremental.

The Republican Party has plenty of theorists and futurists spinning bold ideas in eloquent language. What it needs is a strategist at the top who can turn words into actions. It needs a pragmatist like Dole to get things done.

> ***...The Republican Party has plenty of theorists and futurists spinning bold ideas in eloquent language. What it needs is a strategist at the top who can turn words into actions.***

We have chosen to endorse Dole despite serious reservations. Dole, like all of those in the race, made the calculation that no one could win the nomination by alienating the purists. And so he tailored his views to the right. He may know the math, but as a consequence he has disenfranchised party moderates. Those who advocate a balanced budget but not at the expense of environmental protection and fair welfare reform may have only Clinton to turn to.

Dole has made awkward forays into the camp of the red-meat conservatives. He has attacked the United Nations to mollify the isolationists and has taken on Hollywood to pacify the Christian Coalition. To the gun lobby, he promised to repeal the ban on assault weapons.

Dole has never sounded good pandering in public. Doing so only points up his most striking weakness as a presidential candidate. Despite thousands of votes in Congress, 35 years on Capitol Hill and three presidential runs, he cannot state in plain, passionate terms what he stands for and how he would lead the nation.

He speaks in terms of legislation, not vision. He has facts at his command but no spark in his speech. This is not a disqualifying failing in our mind. We believe he would be an effective president – one who could lead the nation in crises and through problems.

The editorial board at the *Monitor* is in an unusual position to evaluate the candidates. We follow the campaigns more closely than most people do. All of the major candidates have been in for at least one lengthy, face-to-face meeting with us.

That has not made our task any easier. Like many of you, we long held out hope that Candidate X would enter the race – someone with Alexander's affability, Phil Gramm's clarity, Richard Lugar's wisdom.

We ended up supporting a candidate with none of these strong points but with other attributes: a strength of character, a long record of integrity, the skills needed in public office, a willingness to take difficult stands.

Those worried about Dole's electability might think of the issue this way: If Republicans want voters to end divided government and give them the White House and Congress, they can't put up a candidate who is inexperienced like Forbes, scary like Buchanan, or evasive like Alexander. They need to nominate someone who is experienced and tested, trustworthy and pragmatic.

That someone is Bob Dole.

Disappearing jobs are

JIM BOSMAN
CINCINNATI ENQUIRER SYNDICATE

PHOTOCOPY PRESERVATION

BJ Quinn
Eyt - worth reading
BC

Here's the chapter from Bert Lance's memoirs The Truth of the Matter

THE PRESIDENT HAS SEEN
2/20/96

10

America's New Danger

SEPTEMBER 21 was the first official day of the fall season, and Washington's famous autumn weather was producing a masterpiece of a morning: sunny and mild, the kind of day that makes you feel good—usually.

I left our home in Georgetown at 6 A.M. after performing the same ritual I had followed for the previous seven years, since I started getting up at four o'clock every morning to get to my office in Atlanta. On this morning in Washington, as always, I got up shortly before five, fixed coffee for myself, and then spent a few minutes in prayer and meditation.

Then I followed the rest of my early-morning routine. I fixed a breakfast tray for LaBelle—coffee, cereal, and orange juice. I plucked a rose, tiny and fragrant, from the small garden in front of our house and put it in a vase to decorate the tray. LaBelle would be expecting the rose. Roses are a traditional remembrance from me to her. That flower on her tray seemed to bring a touch of tranquility to what I knew would be a stormy day.

I added a small pot of coffee, ready for her to plug in at her bedside when she woke up. Then I carried the tray up the stairs to our bedroom, put a copy of the *Washington Post* on the bed beside her, and left a note, as always:

My Dearest—
I love you, LaBelle.
Will call later.
—Bert

Twelve days before, we had celebrated our twenty-seventh wedding anniversary.

I met LaBelle at the White House later that morning in the hall outside the Oval Office. We were there only a moment when the President opened the door and invited us in. There we were, three old friends from Georgia, for whom life was so different now in so many ways. We walked across the light-colored oval rug past the eggshell-white walls and the gold draperies that framed the three windows behind Jimmy's huge carved desk. The desk was flanked by the American flag on the left and the presidential flag on the right. We moved past the graceful and formal eighteenth-century furniture, the traditional winged chairs by the fireplace and the two striped sofas facing each other across the butler's table.

We didn't stop in the Oval Office. Instead, the President escorted us to his study next door, where he preferred the much more intimate atmosphere, with its decorations and photographs of Jimmy and Rosalynn and their children. LaBelle and I sat together on a sofa against a wall on one side of Jimmy's desk. He sat at the desk and listened as LaBelle stated her case for keeping me in his administration.

Jimmy listened, as he always did, and asked questions and spoke honestly about the problems being caused by this whole business. He told us he had scheduled a news conference for later that afternoon, and he wanted to stress the importance of several of his top-priority items, including his proposed treaty on the Panama Canal. He said he felt the American people needed to hear more about these issues, but realistically he knew that when he threw the floor open to questions from the reporters, eight out of ten would be about me. I thought it might be more like ten of ten.

Jimmy told LaBelle that he knew I understood all of this and that I therefore had decided to resign. That was the truth. Jimmy and I had played a doubles match the afternoon before on the White House tennis court against Hamilton and Jimmy's speechwriter, James Fallows. The match lasted ninety minutes, and after Jordan and Fallows left, Jimmy and I sat down on a bench at courtside and talked for forty-five minutes.

I told the President my mind was made up. I was going to resign. He did not argue with me. He said only that it should be my decision,

and he would defend me in whatever I decided.

Jimmy described the situation completely and accurately, but he didn't change LaBelle's mind. She was still strongly opposed to my resignation. All three of us realized that there was nothing more that could be said, or needed to. We rose to leave. LaBelle put her hand on Jimmy's arm and told him, "You know I'll always pray for you."

Then LaBelle and I went to the cabinet room in the White House, down the hall from the Oval Office, to talk privately for a few minutes. I told her I'd like her help in deciding the exact wording for my letter of resignation. But she was still adamant; she told me she just couldn't bring herself to help me.

"I can't," she said. "I'm still against it. It's one thing I can't help you with . . . you'll have to do it alone." We both understood. Then she went home while I drafted my letter.

In my letter to the President, I mentioned my gratitude and sense of satisfaction in having worked with him to try to bring the federal government under control and accomplish all the good things that Jimmy hoped for in behalf of all Americans. Then I added:

> However, I have to ask the question at what price do I remain? My only intention in coming to Washington in the first place was to make a contribution to this country and to you.
>
> I am convinced that I can continue to be an effective Director of the Office of Management and Budget. However, because of the amount of controversy and the continuing nature of it, I have decided to submit my resignation as Director of OMB. I desire to return to my native State of Georgia.
>
> It has been a high privilege and honor to be a part of your administration. Hopefully, I have made a contribution which will be of lasting value.
>
> Respectfully yours,
> Bert Lance

Jody wrote a statement for the President to read at his press conference, but Jimmy declined. He told Jody, "I don't feel right about reading a statement about Bert. I just want to talk." Later in the afternoon, after two delays, he held his press conference. His prediction was right. Almost all of the questions were about me.

The press conference lasted thirty-seven minutes. Jimmy told the reporters, "I accept Bert's resignation with the greatest sense of regret and sorrow. He's a good man . . . I think he's made the right decision, because it would be difficult for him to devote full time to his responsibilities in the future."

Jimmy was kind enough to tell reporters that nothing "has shaken

my belief in Bert's ability or his integrity." He went beyond that to say he considered himself partly to blame for my problems, because he wanted me to break my ties with the banking business when I became budget director.

He reminded the reporters that I could have stayed in Georgia and just not come to Washington with the new administration. Jimmy told them, "Had he stayed there in a selfish fashion and enriched himself and his own family financially, I'm sure he would have been spared any allegations of impropriety. But he wanted to come to serve his government because I asked him to, and he did."

Jimmy pulled it off without any serious problems, and for that I think he had LaBelle to thank, at least in part.

After the press conference was over and we turned off the TV set in the bedroom, as I lay there still exhausted, I told LaBelle that if it hadn't been for her phone call to him he might have broken down and cried on national television. I told her, "Your phone call started his adrenaline and gave him the reserve he needed to make it through. It would have been a disaster to see the President of the United States crying on TV. Imagine how much it would have hurt Jimmy politically."

It was another irony: the one who bitterly opposed my resignation and told the President over the phone he was joining "the rest of the jackals" helped him to get through his TV ordeal only a few hours later.

We were supposed to go to the Clark Cliffords' for dinner that evening, but LaBelle called and declined with thanks. We stayed home, and I cooked up one of my special omelettes for our private dinner. Before dinner, we drank a glass of champagne.

BEFORE WE LEFT Washington, one final act remained. LaBelle and I hosted a reception at OMB to say thank-you to our friends, Republicans and Democrats alike. We were curious about it. We weren't sure anyone would show up.

I think what happened shocked everyone, including us. So many people came that the receiving line was hundreds of folks long. People stood in line for up to two hours to shake our hands. Jimmy and Rosalynn came, plus the cabinet officers, leaders from both houses of Congress—on both sides of the aisle—Chief Justice Burger and his wife, even the White House police officers. They took turns filling in for each other so all of them could come over to say good-bye.

When we got back home to Calhoun, there was another turnout

to lift our spirits. Our friends and neighbors held a rally. They carried silhouettes of me, and they waved signs in front of the TV cameras saying, "We're For Bert" and "USA Needs Bert Lance" and "Calhoun Loves Bert." The networks, wire services, newsmagazines, and the major papers were all there to cover something that they obviously considered big news, although I didn't really see how it could be such a big story just because a Georgia boy was coming back to his hometown in the mountains.

Those media folk found out that the good people of north Georgia aren't afraid to speak their piece, either. Beverly Langford was just one example. Beverly was a member of the Georgia senate at that time, representing Calhoun. He told Jeff Prugh of the *Los Angeles Times*, "I don't talk to Yankees, Republicans, or reporters."

As soon as we returned to Calhoun, our four sons—Tram, David, Stuart, and Beverly—received a letter from Senator Eagleton, who knew precisely what I had gone through after being subjected to one of the cruelest, most savage assaults himself when George McGovern selected him as his running mate on the 1972 Democratic ticket. Senator Eagleton wrote to our sons:

> I realize that the past two months have been very difficult for the Lance family. I myself have had a personal experience where reckless and defamatory accusations were made and where the press ran amok. Thus I can empathize with what an ordeal you and your parents have experienced.
>
> I simply want to point out to you that which you already know: Your father is one hell of a fine, honorable, and decent gentleman. When so many others were treating him unfairly, he never lost his own personal sense of fairness. On all occasions he conducted himself with dignity and grace. You bear the good name Lance and about it you can be most proud.

IN THOSE FIRST DAYS out of office, I kept a date to address the Investment Association in New York, eight days after I resigned. I told my audience that my experience reminded me of the woman who went to the meat market, held up a chicken for inspection, and then punched its breast, twisted its legs, and squeezed its wings, all to see how strong and healthy the bird had been. I told those investment folks that the woman put the bird back and told the butcher it wouldn't do, but the butcher said, "Lady, to tell you the truth, I don't think you could pass that kind of a test yourself."

I told them I was in the same position as that chicken. A lot of folks who had been holding me up and punching me around couldn't stand up under that kind of a test themselves.

Then I told the audience about the visitor to the zoo who was amazed to see a lamb lying in the lion's cage right next to the king of the jungle. He ran with great excitement to the zookeeper and told him, "At last! The biblical prophecy has been fulfilled! A lion and a lamb are lying down together!"

Then the zookeeper explained, "You don't understand—we put a new lamb in there every day."

I told the audience, "For the last couple of months I've been looking for a new lamb every day to take my place, but one never did show up."

CHRISTMAS, 1977, produced another irony. In the spirit of the season, I sent a note to William Safire on December 20:

> Dear William:
>
> The Bible says "love those who despise you." May you and yours have a Merry Christmas & a Happy New Year.
>
> Bert Lance

He answered with cordial greetings of his own, along with another biblical quote: "Ye shall know the truth, and the truth shall set you free." He didn't know it, but that happens to be one of my favorite quotes from the Bible.

After that, we kept in touch. Over the years since, we have become good friends. Three years after I sent him that Christmas message, his book *Safire's Washington* was published, including some of the columns from the "Lance affair." He sent me an autographed copy with a message:

> For Bert Lance, with hopes for a strong comeback.
>
> Bill Safire, 1980

I HOPED "the Lance Affair" was over, but in my heart I knew better. A full year later, the *Washington Post* was still after me. The paper ran a story with a Calhoun dateline that said:

> A 15-person team of Justice Department lawyers, FBI agents, bank examiners and support staff have spent nine months combing through bank records, amassing literally miles of documents. This paper chase continues right up to today.

That paper chase went on and on, even after I was indicted on thirteen counts, tried, and cleared. Some folks just don't know when to quit and move on to something productive. The taxpayers subsidized a whole lot of wasted time and travel expenses over a folly that lasted nine years.

Through it all, my family and I were subjected to nothing less than brutalization by the news media, a criminal trial, and an attempt to stage another one—and "stage" is the best word to describe that whole fiasco.

That "paper chase" that the *Washington Post* wrote about—and participated in—had at least one lasting result: it made me the most investigated person in the history of the United States. The files in the Justice Department today contain more than 400,000 pages on me. That's more than they have on Nixon and his whole Watergate crowd.

This was confirmed a few years ago when I called up to Washington and told them I might like to have a copy of that file for my own records. The man I spoke to said, "We'd be happy to Xerox that material and send it to you, Mr. Lance. Just send us your check for $40,000."

In addition to the profound issues raised by the trial that followed, the reporting of the "Lance affair" raised other questions of equal danger for every adult American and for our nation itself. That danger stems from the erosion of individual privacy, one of the keystones of our democracy and our Constitution.

The truth of the matter today is that if you are in the public spotlight—whether you're a public official, an entertainer, an athlete, or anything else that gets your name and picture in the news media—you have no privacy. Civil libertarians raise a great hue and cry about invasion of privacy in talking about everything from abortion on demand to mandatory drug testing, but this new extent to which people's privacy is being invaded by our news media is an even worse threat.

You can be certain that as you read this, in today's litigious society, there are people in every part of this country who are suffering a private agony because they've been put in the same position I was—disruption of their lives, smears against their reputations, embarrassment for the members of the families, and financial ruin in many cases, all caused by some bureaucrat in government or business who doesn't have to account to anybody and can walk away from what he's done and never give it a second thought.

That's what bothers me about my experience. What happened to me was wrong legally—the jury's verdict proved that. But that kind of

thing is also wrong morally, and the price to us as individuals and as a nation is just too high. We should be unwilling to pay it.

The threat is compounded by the increased capacity of our news organizations. TV networks can go live on a moment's notice to a breaking story about an earthquake in San Francisco, a human wave of people climbing the Berlin Wall, or protesters being gunned down in Beijing. That capacity spurs competition among the networks, and among the newspapers and newsmagazines as they strive to keep up with TV.

As a result, everybody is competing against everybody else. The day is gone forever when the first word about a big story was from a newsboy on the street hollering, "Extra! Extra! Read all about it!" Today, the unrelenting pressure on reporters, editors, and news directors is to get the story on the air or in the paper first.

That pressure isn't only so you'll be ahead of your competition on the day the news breaks. It's also to give the network or the paper the opportunity to rush a new series of ads onto the air or into print bragging that this news organization was the first to bring you that dramatic story.

All of this pressure feeds on itself, and reporters and their bosses rush into decisions about their information that often don't hold up. The estimate from one of the American wire services about the death toll from the earthquake in Armenia in 1988 was way out of line and was contradicted almost immediately by the facts, but that wire service was the first to report that falsely high figure. Jim Brady was reported to have died when President Reagan was shot. Even as far back as the final days of World War II, there were bulletins about Germany's surrender, followed by denials.

It's not always the fault of the media. In some cases they are given wrong information by their sources in government or business. But that doesn't relieve the reporter and his or her editor from verifying the information before they report it. A guilty journalist may think denials or corrections make everything okay, but when the false information damages a person's reputation, nothing can repair that damage.

When Senators Percy and Ribicoff went to the White House on Labor Day weekend in 1977—they had both served in Washington long enough to know that holidays are always a slow time for news—and blurted out to the media that they had information saying I was guilty of embezzlement, how many reporters bothered to check the source of the senators' information? For that matter, would they have printed the Percy-Ribicoff charges anyhow, even though they came

from a convicted felon who was still in prison?

You can bet next month's mortgage payment that there are people in this nation today who still think I embezzled funds from my bank—and that I went to jail.

The truth never catches up with the lie.

THERE IS ANOTHER frightening side to all this at the national level. After allowing more than a year for time to work its magic and heal the wounds, I began to make the transition from the healing process to the questioning process. I began to ask myself why I had been singled out for this experience, where it originated, who was feeding the charges that ignited the controversy, and where the energy was coming from to sustain it.

I took my questions to Bill Safire. I asked him, "Bill, why did this happen? Why was I picked out as one to be put through this business?"

He said, "You really don't know?"

"No. If I knew, I wouldn't be asking you."

His answer was brief and clear: "We didn't want you to become chairman of the Fed."

It began to add up. Early in my time as director of management and budget, I began to warn the banking industry that any idea of raising interest rates was uncalled for because the rate of loans didn't seem to justify it. It was clear to the nation's bankers, my former colleagues, that I was "jawboning" them, pressuring them against taking that course of action.

My statements prompted some members of the economic community to remember that the term of Dr. Arthur Burns as chairman of the Federal Reserve Board was due to expire during 1978. It is a seven-year appointment, and it was becoming fairly obvious that Carter was not going to reappoint him. Out of that feeling grew the fear in some circles that Jimmy would appoint me to the Fed chairmanship. Those folks were afraid they would be stuck with me as Federal Reserve Board chairman for seven years, throughout Carter's first term and for his entire second term, if there was one.

I have never talked to President Carter about this aspect of the "Lance affair," but what Bill told me fits perfectly into the rest of the reality of that experience. Safire's answer shed new light on everything that happened after that. And, of course, an unspoken concern was that with me as Fed chairman, there was a possibility of working harmoniously with Jimmy that never existed between Burns and

Jimmy. That effective working relationship between the two officials most directly responsible for the decisions affecting the nation's economy could even increase the possibility that they dreaded: that Carter could be elected to a second term.

The people who run the Washington establishment have the intelligence and long-range vision to anticipate such developments and to prevent them from happening if that is the desired course of action. In my case it was, especially with my talk against higher interest rates. One surefire way to see that certain folks don't advance any farther is to head them off at the pass by making them unconfirmable for the position you want to deny them.

Carter might think this is a preposterous suggestion, but the truth is that once I started speaking out against higher interest rates, the "Lance affair" suddenly was born. What had been gone over to the satisfaction of everyone in two presidential administrations, including a Republican one, as well as during my confirmation hearings for the OMB position, was resurrected. Safire's answer confirmed both the reason and the timing.

Even if I survived, one thing was certain early in that whole business: I was becoming unconfirmable for the Fed job. I wasn't the first person to fall victim to that strategy, nor was I the last. Early in the Reagan administration it became apparent that Reagan's friend, Ed Meese, was destined for nomination to the Supreme Court after serving in the White House and then as attorney general.

But the attorney general's job was as far as some of the Washington establishment wanted Meese to go. So during the confirmation hearings for that position, enough rumors and insinuations were spread about him through the news media that by the time he was confirmed as attorney general he had become *un*confirmable for the Supreme Court.

That's the way things are done in Washington—not always, but when enough folks in the establishment want to block someone from moving into a particular position. At the time the "Lance affair" was created—and that's the right word—there were forces within the nation's financial and political communities who clearly did not want me to become chairman of the Federal Reserve Board. They were all too aware that Carter had considered me for the position of secretary of the treasury before appointing me to the OMB job. They knew I had been his banker, and they knew we were the closest of friends. They also knew Jimmy was from Plains, and they didn't want the other member of the economic team to be from Calhoun.

• • •

I WAS invited to speak on the issue of invasion of privacy at a dinner by the National Libel Defense Fund at the Waldorf-Astoria in New York in November 1989. Nina Totenburg was on the program with me. She is the reporter for National Public Radio who broke the story about Judge Douglas Ginsburg smoking pot while teaching law at Harvard, the story that destroyed Reagan's nomination of Ginsburg to become a member of the Supreme Court.

Our audience consisted mostly of attorneys for large news organizations—the men and women who defend the networks, newspapers and other news organizations when someone sues them for libel. I told them in the simplest of terms that any concern about invasion of privacy by the news media is now a waste of time.

My reason: "There is none. And furthermore, there isn't likely to be any for the foreseeable future."

I told those lawyers that people ought to just accept the fact that privacy for public figures is a thing of the past, and move on to other public issues. Nothing about anybody is sacrosanct today. And being a public figure makes no difference. If a paper wants to print something about you, they'll print it.

We have moved 180 degrees from respecting the right to privacy to having no privacy at all. Franklin Roosevelt was President for years before many Americans realized that the man couldn't walk. The White House press corps respected his privacy—maybe more than they should have. You could argue that the American people had a right to know that they were electing a President who was confined to a wheelchair and had to be helped to his feet, had his legs encased in heavy, cumbersome braces, and was a dying man when he was elected to his fourth term.

But the White House correspondents, if they didn't go out of their way to protect that information, certainly never went out of their way to report it. Maybe they should have, and I am one of those who believe they should. But I mention the case here to illustrate how far the pendulum has traveled.

In John Kennedy's years as President, we never got one hint from those covering him that he might have had feminine company other than his wife at times, but some of those same reporters have written such allegations since. When Harry Truman was President, he and Sam Rayburn used to hoist a few glasses of bourbon to "strike a blow for liberty" and play poker on Saturday nights. The White House press corps knew about those habits, but the public didn't. Today those

harmless tendencies would be shaped into a full-blown scandal, and Harry would have trouble surviving it.

If you're the one who is being focused upon, you think your privacy is being violated, and in fact it is. But if there is no such thing as privacy to start with, then that's a different story. We have now reached that point. If you are confronted by a reporter today and your answer is, "That's my private business," that will protect your privacy only as long as it takes the reporter to get to the nearest telephone. That reporter will get an answer from somebody, whether it's you or someone else. The answer may be factual or it may not, but he will get an answer.

The erosion of privacy even occurs in biographies, the Kitty Kelley school of journalism. Now we have a biography about her, in which she has lost her privacy, too. This is where I came in.

The issue of privacy has been kicked at and stomped upon and run over, and now it's a thing of the past. Everyone is fair game. Nancy Reagan found that out when we read all about her habit of consulting an astrologer and then asking her not to talk to the media about it. So what does the astrologer do? She talks to the media about it. She tells reporters she was the one who decided when the IMF treaty would be signed and when Reagan should meet with Gorbachev. Is that public business, or should it remain private—a woman who is not a government official talking to an astrologer and attempting to influence the decisions of the President of the United States?

Unfortunately, I seem to have been one of the pioneers in the trend toward celebrities' being stripped of their privacy. I was on the cutting edge, and I was the one being cut. It's not a question of fairness. Fairness doesn't enter into it. Reporters loved to ask me during my experience if I'd been treated fairly. I used to remind them that fairness is in the mind of the reporter.

The trend to strip anyone in public life of any shred of privacy has gone far beyond the reporting on government officials and has caught up with some of the biggest names in business, entertainment, and sports. Baseball's Wade Boggs found that out. So did the most successful televangelist in America, Jimmy Bakker. The corporate executive is vulnerable now, and so is the college president. There is no longer any distinction between groups that are immune from invasions of their privacy by the media and groups that are not. No one is immune.

Evidently the public shares this feeling that the press has gone too far in invading people's privacy. No less an authority than the Times Mirror Company, owner of the *Los Angeles Times*, which had so

much to say about my private life, released a poll in November 1989 showing a "significant erosion of public confidence" in the objectivity of the news media. The poll covered members of the general public, journalists, government officials, business executives, and academic leaders. Andrew Kohut, who used to be president of the Gallup organization, said the survey showed that "the public is significantly more critical about the way the press does its job."

There's a message in that statement. But will it produce a stop to the invasion of our privacy by members of the news media, or even slow it down to a morally and professionally justified degree? No.

THERE IS ANOTHER area of equally grave danger where protection of privacy is concerned. That is the deliberation by a jury, a key component of our system of justice that has remained preserved from the time it was instituted in America by our founding fathers until now. But it's going by the boards almost as fast as the protection of personal privacy.

My own experience in our criminal justice system—I didn't volunteer—has given me an insight into that subject that no one can have who hasn't gone through it. I assure you that something is taking place today that is a grave threat to the constitutional guarantee of a fair trial by a jury of your peers.

That threat is the absurd practice of allowing reporters to interview jurors after they have rendered their verdict.

I watched Larry King on the night that Jim Bakker was convicted. I'm a fan of Larry King, and I like his show and watch it often, but he did something that night that worried me then and still does. He had two members of that jury on his program who told the millions of viewers exactly what happened in the jury room during their deliberations. They told us that two jurors were holding out, and the rest of them finally had to overwhelm the two holdouts with their arguments and convince them to vote for a guilty verdict.

In Larry's defense, he's not the first journalist to interview jurors after a verdict. It happened after John Hinckley was found not guilty by reason of insanity for shooting President Reagan. It happened in my case too, and what was even worse, it came several years after the fact.

The *Wall Street Journal* went back to some of the folks who served on the jury for my trial and questioned them about their verdict. The jury heard my case—the trial lasted four months, twice as long as Hinckley's—and then handed down its verdict. That should be the end of it. But not for the *Wall Street Journal*.

That's wrong. What goes on in a jury room should be confidential

information, but it's not anymore, and therein lies the danger. Once people who are selected to serve on a jury start making their decisions of guilt or innocence on the basis of what they think some TV reporter is going to ask them, then the fairness of the whole jury system collapses.

Our system of trial by jury is one of the strongest threads in the fabric of our freedom. Once it collapses, the individual freedom of every American citizen might also collapse, and we will no longer be a free country.

People are in trouble already when they fall into the criminal justice system. A lot of them deserve to be—but not all of them. Some folks are innocent. An innocent person in our criminal justice system, however, is an aberration. Judges, prosecutors, and investigators are all biased against the defendant and carry out their duties with the suspicion that you are guilty because if you weren't you wouldn't be there. Add to that bias the practice of a TV or print reporter approaching a juror and asking, "Are you happy with the verdict? What did you discuss in your deliberations?" The combination endangers the rights of the accused more seriously than anything I can imagine—but we're allowing it to happen.

Our system isn't perfect for a simple reason: it was designed and is conducted by human beings. We make mistakes. Sometimes an innocent person is convicted, and sometimes a guilty person is acquitted. But that ought to be the way the system works, and it certainly is what our founding fathers had in mind. But if we continue to allow reporters to intrude into jury deliberations, any defendant is going to have far greater trouble proving his or her innocence. It's much easier for a juror to explain on the evening news why he or she voted to convict the defendant than to explain holding out for acquittal against the rest of the jurors.

The guilty verdict is always the easier course to take, and jurors will be more inclined to find someone guilty rather than defend themselves to the news media—especially in a trial of a well-known person or a trial that has aroused the public's emotions.

No one believes in openness more enthusiastically than I do. That's why I have always vigorously opposed sidewalk government and all the bureaucratic isolation that goes with it. But at some point, someone who is innocent is going to be convicted of something he or she didn't do simply because the jurors decided that the guilty verdict would be more popular and would play better on the evening news and in the morning paper.

I witnessed a clear example of the media's influence on jurors in my own trial. One of the jurors was a nice-looking, soft-spoken black lady, the wife of a tenant farmer. Every day the members of the jury were instructed not to read the papers or watch the news on TV. The coverage of the trial was heavy and constant, and the judge didn't want the jurors to be influenced by anything a reporter wrote or said.

That is always the prudent instruction in a trial of high visibility, but the reality is that those jurors are going to be exposed to some news coverage regardless of how hard they try to avoid it. The media is just too dominant a part of our lives for anyone to be able to avoid it completely. If you don't hear or read something at home, you'll hear it on your car radio, or someone will tell you what they saw or read. It's unavoidable.

The wife of the tenant farmer wore the same outfit every day of my trial—except one. It was a blue denim jacket and skirt. Her outfit was always freshly laundered and pressed. She was spotless in her appearance.

The one day when she wore something else happened to be the day that Daddy King—Martin Luther King, Sr.—testified as a character witness on my behalf. On that day, the lady wore her Sunday go-to-meetin' dress. It was important for her to make a good impression on a man who was one of her heroes.

It proved two things to me: First, jurors are affected by various influences in the courtroom and in the news coverage of the trial. Why did she wear her best dress on that one day and no other? Because she knew the day before that Daddy King was going to be there. How did she know? A story on the air or in the paper is a good guess. Second, there is no way to keep jurors from knowing what the reporters are doing and saying.

Confidentiality concerning jury deliberations should be required at all levels of our criminal justice system. In my trial, I'm sure the jurors said certain things to their families and friends about their deliberations. That's also unavoidable and understandable. But when jurors start going public about what was said in the secrecy of their deliberations, the rights of innocent people are no longer protected.

What is said within the walls of the jury room should be required to stay there, under force of law. Until it is, however, we are putting ourselves in the position of replacing trial by jury with trial by talk show, and the judges have been replaced by Oprah, Phil, and Geraldo.

• • •

THE GREAT PAPER CHASE went on. It was an exhaustive ordeal for all of us, and a financial drain as well. I went through a million and a half dollars defending myself against things that were not true. Still, it was an enlightening experience for me. I learned some things. It wasn't my preferred way of acquiring an education, but every experience can be instructive.

Eight different federal agencies conducted investigations against me, trying to dig up anything they possibly could against me. At one time or another, I was under investigation by the Federal Bureau of Investigation, the Office of the Comptroller of the Currency, the Securities Exchange Commission, the Federal Election Commission, the Internal Revenue Service, the Federal Deposit Insurance Corporation, the Federal Reserve Bank, and the United States Senate. I must have been one of their most visible targets. It's hard to miss a man who stands six feet, five inches tall and weighs 245 pounds.

I told LaBelle, "The only agency that's not investigating me is the only one that should—the Bureau of Weights and Measures."

I learned at least two things. One, to my astonishment, was that the University of Georgia football team was capable of playing a game in my absence. The other was that the FBI isn't all it's cracked up to be. I used to have a lot of respect for that outfit until it took those fellas two years to find out that LaBelle's checks to the Big Star were to our little grocery store in Calhoun and not to some Communist organization.

THE PRESIDENT HAS SEEN
2/20/96

Los Angeles

CIRCULATION:
1,058,498 DAILY / 1,457,583 SUNDAY

FRIDAY, FEBRUARY 16, 1996
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COLUMN ONE

Wall St.'s Bulls: Why the Angst?

■ Stocks are bounding to new heights, but many shareholders are feeling uneasy. The reasons for the big rise may also explain why this market is producing so little joy.

By TOM PETRUNO
TIMES STAFF WRITER

What if Wall Street gave a party and everybody showed up—but almost nobody had any fun?

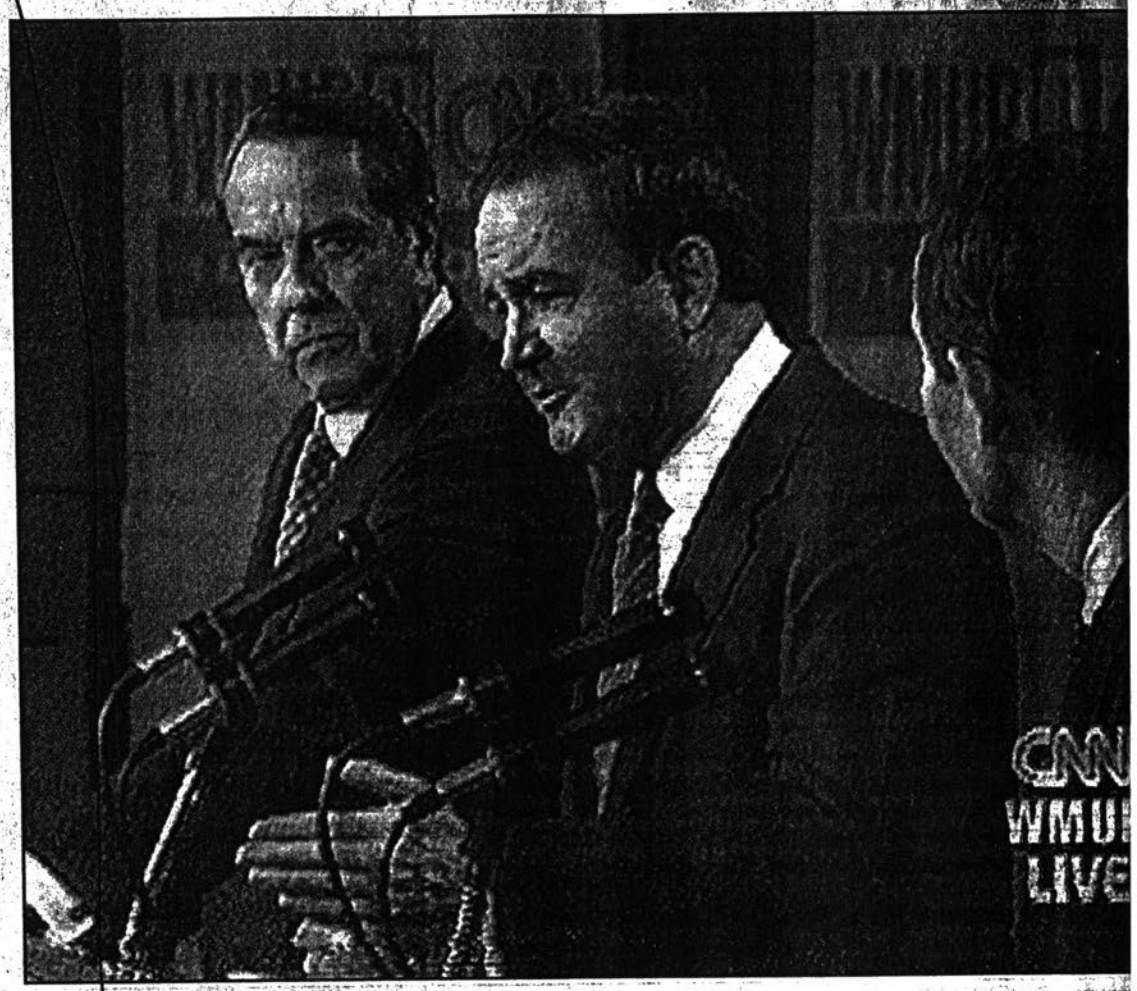
As the great stock bull market of the 1990s plows onward, the tens of millions of American shareholders are richer by a collective $1.6 *trillion* in the past year alone. Yet their mood seems to move inversely with their ballooning portfolios.

Instead of excitement, hoopla and the smugness that come with being "in the know" about stocks—all hallmarks of previous American bull markets—investors' emotions run more to guilt, anxiety, apathy and even mild disappointment.

Listen to Jan Chatten-Brown, a 49-year-old Los Angeles attorney who has been investing in stock mutual funds for 10 years.

She's glad to be making money, of course. But she worries that "stocks seem to do best when [firms] are laying people off. Since we're all in this economy together, I find that a bit unnerving."

Among professional money managers, the past 13 months have been a continual and mostly losing battle to keep up with the Dow



Sen. Bob Dole, left, and Lamar Alexander listen as Patrick Buchanan makes a point during GO

Fox to Label Programs for Sex and Violence

■ **TV:** Murdoch preempts competitors. Other networks reportedly near agreement on developing a ratings system.

By JANE HALL
and SALLIE HOFMEISTER
TIMES STAFF WRITERS

NEW YORK—Signaling a historic change in the relationship between television suppliers and

tisers would embrace.

The change in attitude was triggered by the telecommunications bill that President Clinton signed two weeks ago. Under the bill, the networks must come up with a TV ratings system for the V-chip

UC Regents Preferences for Spring 1

By AMY WALLACE
TIMES EDUCATION WRITER

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nia president and Gov.
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being "in the know" about stocks—all hallmarks of previous American bull markets—investors' emotions run more to guilt, anxiety, apathy and even mild disappointment.

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Among professional money managers, the past 13 months have been a continual and mostly losing battle to keep up with the Dow Jones industrial average, which soared 33.5% last year and is up an additional 8.5% this year.

Many fund managers "don't understand what's going on" with the economy or the market, says Alfred Kugel, strategist at the investment firm Stein, Roe & Farnham in Chicago. "That's why it's not fun."

And then there are new investors such as Elise McMullin. The 25-year-old Washington paralegal plans to join an investment club with a dozen friends. They each will pool at least $20 a month to buy stocks they will research themselves.

"I think that for many people the stock market is such a mystical and confusing thing, and it is for me too," she soberly admits. Then why bother? "I really don't believe Social Security is going to be any kind of security for my future."

That a bull market so spectacular in magnitude should be greeted with so much angst and apprehension, and generate so little overt excitement, marks a strange chapter in the American economy and sets this powerful move in stocks apart from surges in the mid-1980s, the 1950s and '60s, and the 1920s.

Certainly it feels better to be richer than not, a fact that the record number of American shareholders would be unlikely to dispute. But many analysts say the unprecedented circumstances from which this bull market has arisen go a long way toward explaining its inability to stir significant passion on Wall Street or Main Street.

It can be argued that stocks in

Please see STOCKS, A14

Fox to Label Programs for Sex and Violence

■ **TV:** Murdoch preempts competitors. Other networks reportedly near agreement on developing a ratings system.

By JANE HALL
and SALLIE HOFMEISTER
TIMES STAFF WRITERS

NEW YORK—Signaling a historic change in the relationship between television suppliers and viewers, the Fox television network announced Thursday that it will begin labeling the programs it airs for sexual and violent content.

The announcement preempted Fox's competitors, ABC, CBS and NBC, which in private negotiations are nearing an agreement to develop a system resembling the movie ratings code, according to industry sources. The three major networks are seeking a consensus that would include the Hollywood studios, cable television and other major players in the TV business.

Studio executives on Thursday met for breakfast at the Peninsula Hotel in Beverly Hills to advance the issue. Jack Valenti, president of the Motion Pictures Assn. of America, which administers the movie ratings, brought together industry heavyweights including Walt Disney Co. Chairman Michael Eisner and Disney President Michael Ovitz, Viacom Entertainment Chairman Jonathan Dolgen, MCA President Ron Meyer and Warner Bros. Co-Chairmen Robert Daly and Terry Semel.

■ **LEGAL CHALLENGE**
U.S. ordered to delay enforcing "cyberporn" limits. D1

The turnabout on the ratings issue represents a landmark shift. The television industry has fought ratings for years both on economic and 1st Amendment grounds. Many producers and writers fear that a labeling system will alter the quality of television for the worse, with networks migrating toward shows with G ratings that advertisers would embrace.

The change in attitude was triggered by the telecommunications bill that President Clinton signed two weeks ago. Under the bill, the networks must come up with a TV ratings system for the V-chip within one year—or have the Federal Communications Commission impanel a group to do it for them. The bill requires all TV sets sold in the United States to carry the V-chip, which viewers could set to block out programming they deemed inappropriate.

Adding to the pressure on the

Please see FOX, A28

Yeltsin Launches Populist Bid for Reelection

By RICHARD BOUDREAUX
TIMES STAFF WRITER

MOSCOW—In a hoarse voice that bespoke fragile health, President Boris N. Yeltsin launched a populist campaign for reelection Thursday with attacks on Russia's "suffocating" Soviet past, part of its new capitalist elite and even corrupt officials in his own administration.

Russia's first popularly elected leader declared that his mission to create a democratic, free-market society is incomplete and could be destroyed if Communist rivals "bound by dogmas that life has rejected" come to power in the June elections.

"To stand on the threshold of a civilized life, the civilized life of the world—and to roll back—this will

Please see RUSSIA, A8

UC Regents Preferences for Spring 19

By AMY WALLACE
TIMES EDUCATION WRITER

SAN FRANCISCO—weeks of contentious deba included a well-publicized between the University of nia president and Gov. Pet son, the UC Board of Rege Thursday swiftly and quie proved a new timetable for menting a ban on race and preferences in admissions.

At their monthly meeting Francisco, the regents by mous voice vote decided to nate preferences in undergr admissions beginning wit dents applying for entry spring 1998 term. There w discussion, and the vote c quickly that the governo made a special appearance meeting to underscore the policymaking authority, mis chance to weigh in because in the restroom.

The meeting, perhaps the history to finish ahead of sc was so uncharacteristicall that regents admitted tha were stunned.

"I'm as confused as ev else is," Regent Roy Brop "We went in there and sa like we had swallowed a ha tranquilizers. . . . It's like Louis fights. If you missed t three seconds, the fight was

But sources said the real occurred before the meeti gaveled to order, when Wils privately with UC Presiden ard Atkinson, Regent War nerly and board Chairma Burgener. Connerly, wh joined Wilson in requesti meeting, described it as a exchange" in which he a governor made clear tha were not convinced that t administration needed mor

Please see U

The Maverick at Center of Mobile Home Rent Battle

■ **Election:** Residents decry architect of initiative to curtail rent control. Backers say the plan would cut housing costs.

By STUART SILVERSTEIN

The new landlords soon de-

INSIDE TODAY'S TIMES

BOSNIA RAID THWARTED
French soldiers thwarted a planned attack on NATO troops in Bosnia when they arrested 11 foreign fighters, including five Iranians. **A11**

BACK FROM COMA
A former Tennessee police

MOCA Is

■ **Gifts:** Bequest to L.A trustee Marcia Weisma and funds for a study c

By SUZANNE MUCHNIC
TIMES ART WRITER

FOX: Plan

Continued from A1

networks is a Feb. 29 meeting at the White House with Clinton, who has been urging the entertainment industry to rein in violence and sex in its products.

Fox took the industry aback by firing the first shot.

"We have decided to implement an MPAA-like ratings system for the television programs on Fox," Chairman Rupert Murdoch said in a news release, referring to the movie code of the Motion Picture Assn. of America. "We are prepared to act unilaterally if necessary."

The move increased the pressure on the other three broadcast networks to announce their plans.

"We're trying to get the whole industry on board here," said one network executive involved in the negotiations Thursday. "We want to come up with a system that will be something that will be of benefit to viewers and will be something we can live with" in terms of creative expression.

Fox executives said that Murdoch had decided to break away from the other networks in response to the public outcry over violence. The network offered no start date or details of its plan, and Fox said that Murdoch intends to continue being part of the four-network discussions.

Executives at the other networks, who had been hoping to act in concert, were more cynical about Murdoch's motives.

"He's doing this to make points in Washington, D.C., and with the public," said one network executive. "It's highly ironic that the king of trash TV is the one saying he's making the first move, separate from everybody else."

Fox is known for such racy shows as "Beverly Hills, 90210" and "Married . . . with Children." It typically bids on movies that other networks find too violent to air, such as "Bad Boys."

Network officials have long maintained that the V-chip infringes on the broadcasters' free-speech rights, but they have backed away from threatened legal action because of strong public support for the concept of giving parents more control over what their children watch on television.

Sources said that by coming up with their own ratings system, the networks could be on more solid ground legally if they decide later to challenge the constitutionality of the telecommunications law.

Some television executives doubt that the movie-rating system will satisfy Washington. Network executives said most programming would fall into the P and PG categories, and indeed one ABC source said the movie ratings were too general to be useful to parents.

But Sen. Kent Conrad (D-N.D.), sponsor of the V-chip amendments in the Senate, said he was "extremely pleased" with the network discussions.

"It was moral suasion, showing here is a path and inviting the industry to follow it," Conrad said. "There were other alternatives open to them."

Sen. Joseph I. Lieberman (D-Conn.) said that the efforts of the networks to form a ratings system signifies that "the networks have finally tuned out the industry mute button and started listening to the cries of parents for more information about the programming available to their children."

Dick Wolf, executive producer of NBC's "Law & Order" and Fox's "New York Undercover," said: "This is really bad. Advertisers will flee from any rating that is not a G. They're not going to want to get letters from people saying they're sponsoring violence. This is absolute economic censorship."

Wolf said: "I dread to think what it will do to network reaction to my product. My gut reaction is that they will want shows that are advertiser friendly, and they're not willing to be associated with controversial material."

Without doubt, a voluntary ratings system is likely to create a whole new set of problems, such as whether shows on different networks are judged by consistent standards and whether the ratings will address public concerns about violence.

Times staff writers Greg Braxton, James F. Bates and Ralph Vartabedian contributed to this story.

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2/20/96

Send to Donslund for reply?

Yes ✓

No ____

C

Dear Mr. Clinton:

THE PRESIDENT HAS SEEN 2/20/96

Thank you for coming to Webster Hall.

Thank you for the autograph that you might give me.

I have also drawn a picture for you.

Sincerely,

Tommy Ballinger

P.S. I also made some Valentines for you and your wife.

PATRICK LEAHY
VERMONT

COMMITTEES:
AGRICULTURE, NUTRITION, AN
FORESTRY
APPROPRIATIONS
JUDICIARY

United States Senate
WASHINGTON, DC 20510–4502

2/14

Todd.

I told Deana Ortiz I would see that this letter actually gets to the President.

Thanks -

Tim Rieser

96 FEB 17 PM 1:56

C -
should go to NSC for handling'

1 -

VERMONT OFFICES: COURT HOUSE PLAZA, 199 MAIN STREET, BURLINGTON 802/863–2525
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OR DIAL TOLL FREE 1–800/642–3193
SENATOR_LEAHY@LEAHY.SENATE.GOV
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Torture victims often seem nameless and faceless.
But behind every victim, there is an individual, a family,
a community and a world being affected by torture.



President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

February 7, 1996

CONFIDENTIAL

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: MW DATE: 9/11/11

2019-0774-S

Dear President Clinton:

I am writing to implore your assistance in an urgent matter. It's my understanding that you've been briefed on my case and for that reason I will not bombard you with specifics.

For more than six years I have battled tirelessly to learn the truth of why I and innocent Guatemalans fell victim to inhuman acts committed both by Guatemalans and US citizens. After my release, US officials opted to ignore what had happened to me; instead, in concert with the Guatemalan government, they concealed the truth by orchestrating a smear campaign against me with the intent of ruining my credibility. It was not until last spring's scandal that a sudden interest was awakened in my case and those of countless Guatemalans. But even with all of this, I still, to this day, more than six years later, do not know the truth.

In April of last year, I filed my Freedom of Information Act request to obtain access to US government documents on my case. I find it very disturbing to know that various entities that are conducting an investigation of Guatemala cases--the IOB, the Senate Intelligence Committee, the Justice Department, etc.--all have access to my documents. I, on the other hand, have not received one shred of paper, nor have I been given any substantial information on my case. I am the only one who has nightmares about what happened. Yet I am the only one, it seems, who is not allowed to know.

I would like to share with you how the experience of torture continues to torment me. Like many torture survivors, I dread the arrival of night. The stillness of the darkness pounds on the locked doors of my mind. I know that if I close my eyes the torturers will return. Awake I fight them; asleep I am powerless. Recently, unable to fight my body's need for sleep, I closed my eyes. I dreamed my torturers escorted me into a room that screamed of hell. The walls were splattered with dried blood and the floor was carpeted with mounds of human waste. In the middle of the room was a cot-like bed with a blood-stained sheet. My torturers ordered me to peel the sheet back. On the cot lay the unblemished body of a woman. I watched as they marred her body, severed her

Congress of the United States

Washington, DC 20515

96 FEB 24 P12 : 49

February 23, 1996

Copies to:
Jocelyn Jolley
Andy Sens
per Phil Caplan
2-24-96

The President
The White House
Washington DC 20500

Dear Mr. President:

We are writing to request your personal support for the possible sale of U.S. military technology to Kuwait. We understand you will be meeting with the Emir of Kuwait on or about February 28th here in Washington. We would like to ask that you consider raising the issue of this sale directly with the Emir when you meet with him.

The specific issue is the upcoming Kuwaiti selection and procurement of a light armored wheeled vehicle for the Kuwaiti National Guard, which has as a primary responsibility for protecting the Royal Family. The competition is for vehicles to replace the U.S.-supplied vehicles that were destroyed during the Iraqi invasion. Only two competitors are involved, one each from the U.S. and Britain.

The U.S. team is AV Technology of Chesterfield, MI, in affiliation with Lockheed Martin Defense Systems of Pittsfield, MA. The AV Technology vehicle (the Pandur 6x6 with the Multi-Gun Turret System) is said to be technically superior and more competitively priced than the British system. But Kuwait may well make its choice based on the level of government support for the programs from their nations. To this end, the British government -- which enjoys a close historic relationship with Kuwait -- has communicated its support at the highest levels, including the Prime Minister, the Defense Minister and the Foreign Minister.

In order for the U.S. companies to have a fair chance at winning this competition, it is important that your administration clearly express its support for the U.S. effort. Consequently, we request that you raise this issue personally when you meet with the Emir on February 28th. Your personal support would give the American companies their best possible chance of winning.

The potential value of this contract is hundreds of millions of dollars ($650 million in the first three years, with contract options reaching a potential total of $1 billion), and an estimated 800-1000 jobs in several states, including Michigan, Massachusetts, New Jersey, California and Arizona.

One point that should be remembered is that the U.S. has a serious commitment to Kuwait's security. Five years after liberating Kuwait from Iraq's invasion, the United States still has several hundred military personnel deployed in Kuwait, including an A-10 aircraft squadron and a prepositioned Brigade set of equipment for the Army. Additionally, thousands of U.S. forces will be exercising in Kuwait during 1996, thus demonstrating our continuing commitment.

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If quality and price are not the only considerations, this commitment is another strong reason for Kuwait to consider favorably the U.S. offer for this competition. We hope you can raise this issue with the Emir, and encourage him to give the U.S. companies (AV Technology and Lockheed Martin) every possible consideration.

Thank you for considering this request.

Sincerely,

David E. Bonior

Carl Levin

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 2.25

TO: Gene
John A.

FROM: **Staff Secretary**

Page proofs on chapters 9.14 from Larry Nees. We needs any final comments by around noon. If you want to sit down with him ~~tex~~ do so

over any last comments, let me know.

Todd

9. PROTECTING THE ENVIRONMENT

[P]rotecting our environment is a fundamental community value for all Americans, and it can't be sacrificed to balance the budget. Because we cherish our children, we want to be sure the water they drink and the food they eat won't make them sick. Because we honor our parents, we want the air they breathe to be clean so they can live long and healthy lives and not be housebound by smog. Because we believe that what God created, we must not destroy, each of us has a sacred obligation to pass on a clean planet to future generations.

President Clinton
November 4, 1995

The modern era of environmental protection began over 25 years ago with passage of landmark legislation and creation of the Environmental Protection Agency. Thanks to a generation of bipartisan effort, the environment is a great American success story. The air is cleaner, the water safer, and the land less polluted with toxic chemicals.

Despite these gains, we have much more to do. A third of Americans still live in areas that exceed air quality standards, and too many communities have drinking water whose safety is threatened. While the solutions of 25 years ago are not necessarily the best suited for tomorrow's challenge, we should not discard the gains or forget the lessons learned by rolling back environmental safeguards that Americans find so important.

Americans want a government that helps protect the environment and our natural resources without burdening business, choking innovation, or wasting taxpayer dollars. To meet these objectives, the Administration has been reinventing the regulatory process to cut excessive regulation, and targeting investments in programs that will have the biggest impact on improving the environment, protecting public health, providing more opportunities for outdoor recreation, and enhancing natural resources.

In his 1996 State of the Union address, the President's fifth challenge for the Nation was to leave our environment safe and clean for the next generation. This budget and ongoing Administration policies reflect the President's strong commitment to meet that challenge.

A. MEETING THE CHALLENGE

The Administration has pioneered various ways to protect the environment and conserve natural resources that are cleaner, cheaper, and smarter.

Regulatory Reinvention: The President has challenged businesses to take more initiative to protect the environment, and pledged to make it easier for them to do so. In this regard, the Administration's regulatory reinvention efforts have been broad and far-reaching. In March 1995, the President announced a comprehensive set of 25 high-priority actions to substantially improve the regulatory system, and move significantly toward a new and better environmental management system for the 21st century.

One of the most fundamental reforms is Project XL (for excellence and leadership), a pilot program for 50 companies or communities. Under it, companies will get the opportunity to set aside EPA rules if they can design an alternative system that will be both cheaper for the company and cleaner for the environment.

The Emergency Planning and Community Right-To-Know law has been among the most successful, cost-effective laws ever enacted; under it, toxic chemical releases of reported chemicals have fallen over 40 percent. The

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law succeeds because it recognizes that knowledge is power and that, often, the most effective way to achieve environmental protection is to give the power back to the community.

To build on this success, the President strongly supports expanding the requirements for industry to disclose releases because the public has a right to know that its air and water are safe. But, because the law is most effective when communities and citizen groups actively use the information, the President has challenged communities to take the initiative to work with businesses to cut pollution.

The President is committed to cutting the paperwork tied to meeting environmental standards by 25 percent, which will save businesses and communities 20 million hours of work. For small businesses, the President has pledged to create centers to help them comply with environmental standards, and to give them a six-month grace period for correcting infractions before penalizing them when they act in good faith. In addition, EPA plans to eliminate over 1,400 pages of regulations.

Performance Partnerships: In last year's budget, EPA proposed to offer States and tribes one or more Performance Partnership grants, to combine several categorical grants (e.g., grants that go specifically to address air, water, or hazardous waste). The partnership grants would consolidate funding streams, cut micromanagement, and focus programs on results. While the proposal awaits legislative action, State officials and others have praised it and the Administration is proposing it again this year.

In May 1995, the Environmental Council of the States (ECOS), comprising the State environmental commissioners, adopted a resolution of support for the partnership grants, and agreed with EPA on a broader proposal to create a new partnership based on performance. This partnership system includes environmental performance agreements and less intensive EPA oversight of States with strong performance.

In September 1995, the Third Report of Vice President Gore's National Performance Review[1] proposed to give States more flexibility to move funds between the Clean Water and Drinking Water State Revolving Funds. This initiative, which the budget proposes, would give States more flexibility to address high-priority water infrastructure issues.

Ecosystem Management: The Administration has pioneered the use of ecosystem management—an approach to restore and maintain the health, sustainability, and biological diversity of marine and terrestrial ecosystems while supporting vital economies and communities.

- ***Everglades/South Florida Ecosystem Restoration Initiative:*** The South Florida Ecosystem is a unique national treasure that includes the Everglades, Florida Bay, and other internationally-renowned natural resources. Its long-term viability and sustainability is critical for the tourism and fishing industries, as well as the water supply, economy, and quality of life for South Florida's entire population of over five million people.

In this budget, the Administration is proposing legislation to establish an "Everglades Restoration Fund" to provide a steady source of funding mainly for land acquisition to maintain a sustainable ecosystem. The budget proposes $100 million a year for four years to establish the Fund. In addition, the budget proposes a one-cent-per-pound marketing assessment on Florida sugar production, which would add about $35 million a year to the Fund. This approach divides the costs of restoration between the general public and the principal industry that has benefited from projects altering the South Florida ecosystem.

In addition, the budget would continue to strongly support the active programs of various Federal agencies involved in the Everglades and South Florida ecosystem restoration. The budget would increase funding for the initiative to $131 million, compared to $104 million in 1996.

- ***Northwest Forest Plan (Oregon, Washington, and Northern California):*** The President's Forest Plan is protecting natural resources and providing new economic opportunities for the people of the Pacific

[1] Common Sense Government.

Northwest. It is a balanced, science-based blueprint to strengthen the economic and environmental health of the three-State area. It is also the first region-wide application of ecosystem management by Federal, State, and local agencies, Tribes, nongovernmental organizations, and individuals.

The Administration has begun refilling the timber pipeline with hundreds of millions of board feet of timber for the first time in years; restored thousands of acres of key habitat and watersheds while providing short-term employment opportunities to displaced timber workers; spurred small businesses through grants and job training; and strengthened local economies.

In 1995, the region received over $350 million in grants, loans, and other resources through the coordinated efforts of 12 Federal agencies. The Federal Government plans to spend just $318 million in 1996 (due to congressional cuts), but the budget proposes $387 million for 1997.

The President also is seeking major changes in the timber provisions of the 1995 rescission law. He wants Congress to: repeal provisions that force the Government to award contracts to cut environmentally unsound, "old-growth" timber; let the Government buy back old-growth timber from contractors, or replace it with other timber; and work with him to limit the salvage timber provisions to what the 1995 law intended.

- ***Salmon Recovery Plan:*** Salmon runs throughout the Pacific Northwest are a major part of the region's ecosystem and economy. For various reasons, salmon runs originating in the Columbia/Snake River Basin have declined so much that the National Marine Fisheries Service lists three runs as endangered or threatened.

The Administration supports a regional, bipartisan effort to pay for recovery—including the preparation of a stable, multi-year salmon budget. The Administration in October 1995 reached agreement with congressional and regional interests to establish a Federal contingency fund to try to hold salmon recovery costs to no more than $435 million for customers of the Bonneville Power Administration (BPA).

B. ENVIRONMENTAL INVESTMENTS

The budget proposes to boost funding for high-priority environmental and natural resources programs by xx percent over the levels in place when the President took office. (See Table 9–1).

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Table 9–1. ENVIRONMENTAL/NATURAL RESOURCE INVESTMENTS AND OTHER HIGH PRIORITY PROGRAMS

(Discretionary budget authority unless otherwise noted; dollar amounts in millions)

	1993 Actual	1995 Actual	1996 Estimate [1]	1997 Proposed	Dollar Change: 1996 to 1997	Percent Change: 1996 to 1997
Environmental Protection Agency (EPA):						
Operating Program	2,767	2,853	3,113	3,403	+290	+9%
State Revolving Funds (SRFs):						
Clean Water	1,928	1,236	1,365	1,350	–15	–1%
Drinking Water	.....	–374	500	550	+50	+10%
Superfund	1,589	1,354	1,313	1,394	+81	+6%
Other	639	900	386	330	–56	–15%
Subtotal, EPA	6,923	5,969	6,677	7,027	+350	+5%
Department of the Interior (DOI):						
National Park Service Operating Program	984	1,078	1,158	1,173	+15	+1%
Bureau of Land Management Operating Program	638	695	661	685	+24	+4%
Fish & Wildlife Service Operating Program	531	511	498	540	+42	+8%
Investment Non-Operating Program (Nat. Biological Service and other)	26	195	182	206	+24	+13%
Subtotal, DOI (Select programs)	2,179	2,479	2,499	2,604	+105	+4%
Department of Agriculture (USDA):						
Forest Service Operating Program	1,319	1,338	1,256	1,276	+20	+2%
Investment Non-Operating Program (NW Forest Plan, Infrastructure and other)	276	234	172	199	+27	+16%
Rural Water & Wastewater	508	627	488	669	+181	+37%
Wetlands	115	212	139	216	+77	+55%
Wetlands Reserve Program (Mandatory)	.....	93	77	188	+111	+144%
Conservation Reserve Program (Mandatory)	1,690	1,732	1,841	1,992	+151	+8%
Subtotal, USDA (Select programs)	3,908	4,236	3,973	4,540	+567	+14%
Land Acquisition: LWCF (DOI/USDA) and Everglades Restoration Fund (DOI)	285	217	140	262	+122	+87%
Other Everglades Restoration (DOI, Corps, USDA, NOAA, EPA)	82	103	104	139	+35	+34%
Department of Energy (DOE):						
Energy Conservation and Efficiency	592	736	628	735	+107	+17%
Solar and Renewable Energy R&D	257	363	275	363	+88	+32%
Federal Facilities Cleanup (Env. Mgmt Program)	6,396	5,804	6,084	6,059	–25	.....
Subtotal, DOE (Select programs)	7,245	6,903	6,987	7,157	+170	+2%
Department of Defense (DOD):						
Cleanup	1,604	2,086	2,093	2,108	+15	+1%
Environmental Compliance/Pollution Prevention/Conservation	2,227	2,504	2,654	2,406	–248	–9%
Environmental Technology	393	281	223	204	–19	–9%
Subtotal, DOD (Select programs)	4,224	4,871	4,970	4,718	–252	–5%
National Oceanic and Atmospheric Administration (NOAA):						
Fisheries and Protected Species	232	269	282	306	+24	+9%
Ocean and Coastal Management	121	130	119	132	+13	+11%
Ocean and Atmospheric Research	138	160	156	160	+4	+3%
Subtotal, NOAA (Select programs)	491	559	557	598	+41	+7%
Pacific Northwest Forest Plan (USDA, DOI, EPA, DOC, DOL)	.....	359	318	387	+69	+22%
Army Corps of Engineers Regulatory Program (wetlands)	86	102	101	112	+11	+11%
Partnership for a New Generation of Vehicles (DOE, DOC, NSF, EPA, DOT)	.....	223	234	288	+54	+23%
U.S. Global Change Research (NASA, DOE, NSF, DOC, others)	1,319	1,785	1,712	1,852	+140	+8%
Climate Change Action Plan (EPA, DOE, USDA, Corps)	.....	218	224	305	+81	+36%
Global Environmental Education (NOAA, NASA, EPA, NSF)	.....	15	14	15	+1	+7%
Montreal Protocol (State/EPA)	25	38	34	47	+13	+38%
Global Environment Facility (Treasury)	.....	90	35	100	+65	+186%
Multilateral & Bilateral Assistance (Funds Appropriated to the President/AID)	272	355	310	343	+33	+11%
Border Environmental Activities (State/Treasury)	30	81	81	87	+6	+7%
Total [2]	25,223	25,793	26,204	27,195	+991	+4%

[1] Includes Administration's proposed adjustments to 1996 continuing resolution levels.
[2] Total adjusted to eliminate double counts and mandatory spending.

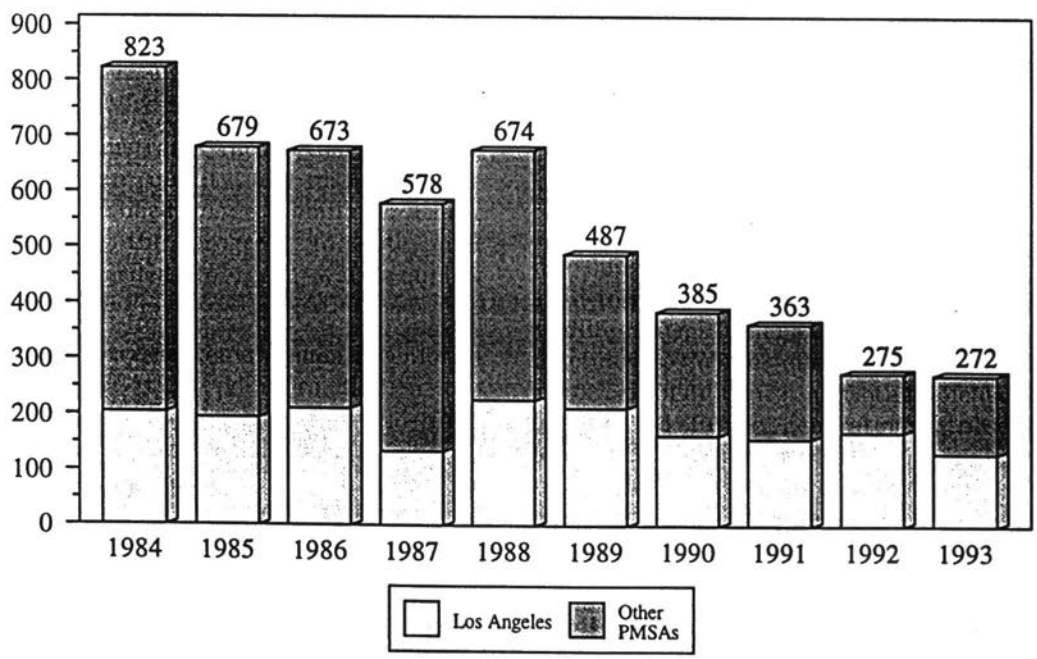
EPA Operating Program: The budget proposes a nine percent increase, to $3.4 billion, for EPA's operating program, which includes most of EPA's research, regulatory, partnership grants (States and Tribes), and enforcement programs. The program represents the backbone of the Nation's efforts to protect public health through standard setting, enforcement, and other means to ensure that our water is pure, our air clean, and our food safe.

Chart 9–1 illustrates the Nation's progress in improving air quality but also pinpoints where we still need to go. Similarly, Chart 9–2 illustrates the progress to date, and the progress needed, to reach water quality goals.

The budget stresses environmental enforcement to ensure that polluters find a cop on the environmental beat. It would fully fund the EPA's part of the Climate Change Action Plan to promote voluntary, innovative energy conservation programs to meet our international commitments to reduce greenhouse gases. In addition, the budget would fund the Environmental Technology Initiative to spur the development of new technologies to protect public health, cut costs, create new jobs, and increase exports. Finally, the budget continues to support a "watershed approach" for key water systems—such as the Great Lakes and Chesapeake Bay—in which the Government considers the system as a whole, rather than, separately, each individual threat to the environment and public health.

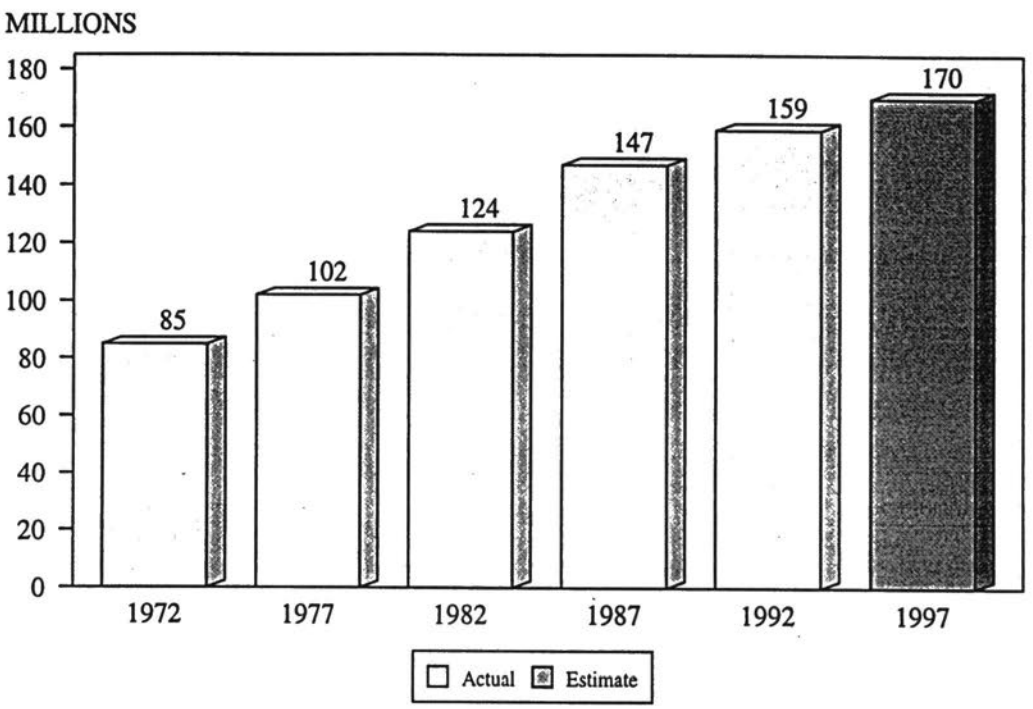
Enhanced Natural Resource Protection: The budget continues the President's commitment to protect the national parks and forests, wildlife refuges, other public lands, and marine sanctuaries. While offering natural beauty, historical significance, and other pleasures for today's and future generations, these areas play an important role in maintaining ecosystem stability and protecting species that are threatened or endangered.

Chart 9-1. AIR QUALITY TRENDS IN MAJOR URBAN AREAS



PMSA = Primary Metropolitan Statistical Area PSI = Pollutant Standards Index (Air Quality)

Chart 9-2. U.S. POPULATION SERVED BY SECONDARY TREATMENT OR BETTER



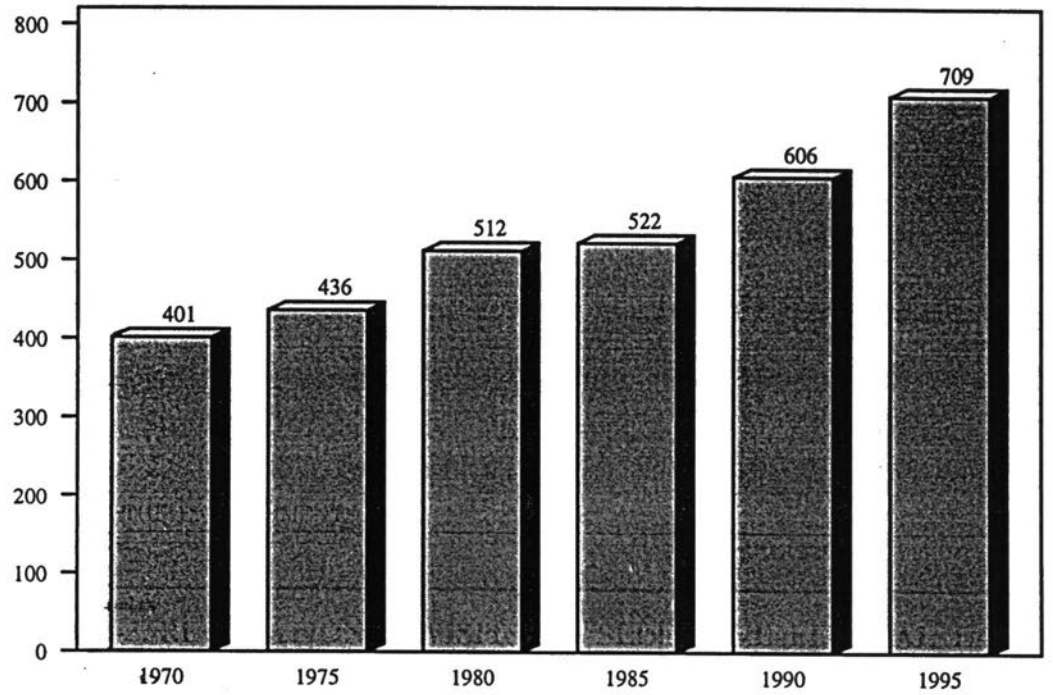
The budget proposes $1.2 billion for operations in national parks, an increase of $82 million from 1996, to protect the Nation's important natural and cultural resources and provide a level of visitor services that the public rightly expects. The Administration will continue to promote entrepreneurial land management by seeking legislation to give the National Park Service, Bureau of Land Management, and Forest Service more authority to collect user fees. The proposal would return 80 percent of new fee receipts to the unit collecting the fees, for use on visitor services. In addition, the budget proposes about $100 million in up-front funding (to be spent over several years) to restore the Elwha River watershed and fisheries in and around the Olympic National Park (WA). Chart 9–3 illustrates the growing demand for recreational services in parks, forests, refuges, and public lands.

Endangered Species Act: The Administration is committed to the goals of the Endangered Species Act (ESA). However, Congress has voted to severely limit the ability of the Interior and Commerce Departments to carry it out by placing unwarranted moratoria on listing actions and eliminating funding for listing new species.

Last year, the Administration unveiled a 10-point plan to improve ways of implementing the ESA. The plan shows that the Government can administer the ESA to protect species and improve recovery rates in ways that minimize impacts on land owners and give greater authority to State and local governments. But, that process can take more time and requires more money in the short run. This budget contains full funding to implement the Administration's plan.

Sustaining Healthy Coasts: Over half of Americans live in coastal areas—areas that provide unique and critical habitat for a wide range of species. The budget proposes to increase funding for programs that are instru-

Chart 9-3. RECREATIONAL VISITS TO SELECTIVE FEDERAL LANDS



Note: Includes National Park Service, Fish & Wildlife Service, Bureau of Land Management, and Forest Service.

mental in sustaining healthy coasts to $132 million in 1997, a $13 million increase over 1996 in the budget of the National Oceanic and Atmospheric Administration (NOAA). Among these vital efforts, the Coastal Zone Management Program is working to raise participation from 29 to 34 States, and the National Marine Sanctuaries Program will complete a management plan for the Florida Keys National Marine Sanctuary.

Water Quality Infrastructure: EPA provides capitalization grants to Clean Water State Revolving Funds (SRFs), which make low-interest loans to municipalities to improve compliance with the Clean Water Act. The budget proposes $1.35 billion for this program, which would help reduce beach closures and keep our waterways safe and clean. In addition, the budget proposes targeted wastewater funds for areas facing unique circumstances, such as high needs or an inability to pay—including $100 million for Boston Harbor, $150 million for Mexican border projects, and $15 million for Alaskan Native villages.

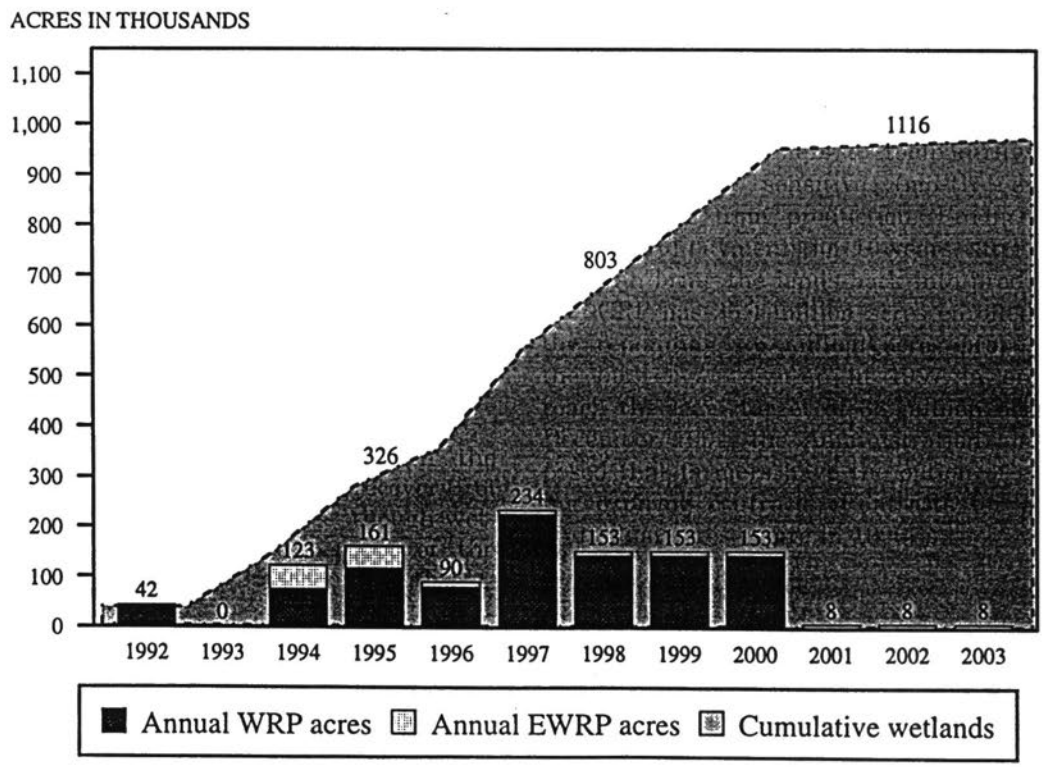
The President also is proposing $550 million in Federal capitalization grants for new Drinking Water SRFs to help municipalities comply with the Safe Drinking Water Act. Such compliance will help ensure that our citizens have a safe, clean supply of drinking water—our first line of defense in protecting public health. Department of Agriculture (USDA) Water 2000: USDA has launched an effort to bring safe drinking water to the remaining rural Americans in very remote areas who live without running water. The budget would fund the initiative, "Water 2000," as part of the $1.4 billion in loan and grant authority that it proposes for 1997 for rural water and wastewater loans and grants, a 75 percent increase over 1996. In 1995, Water 2000 funded 217 new water-treatment systems; the Administration expects to fund 150 new systems in 1996 and 225 in 1997.

Wetland Reserve Program (WRP): Historically, developers obtained a fourth of U.S. cropland, or over 100 million acres, by clearing and draining wetlands. The WRP is a voluntary program in which willing sellers receive the fair market value to retire wetland acres from agricultural production. The WRP has been so popular with farmers that the Government has only had the funds to buy a fifth of the acres that landowners have offered. The budget proposes to purchase long-term and perpetual conservation easements on 226,000 acres in 1997, which—along with the "Swampbuster" provisions of Federal law that restrict farmers' use of wetlands—would allow continued progress toward reaching the President's goal of a net gain in national wetland acres. (See Chart 9–4.)

The retirement of cropland through the WRP will directly benefit the recovery of threatened or endangered species; though wetlands account for just five percent of the lower 48 States, almost 35 percent of threatened or endangered species live in or depend on wetlands. Also, because of other benefits of wetlands—floodwater retention and surface water storage—the budget assumes at least $5 million for the Emergency Wetland Reserve Program in 1997 (depending on the nature of natural disasters that year).

Conservation Reserve Program (CRP): The CRP pays farmers to temporarily retire environmentally sensitive (mostly erosion-prone) lands from production. Producers receive rental payments for 10 years, after which they can bring the lands back into production. The CRP has 36.4 million acres enrolled, with the remaining 1.6 million acres proposed in the budget for sign-up in 1997 in order to reach the legal target of 38 million acres. In December 1994, the Administration also proposed that farmers have the option of extending expiring contracts. Contracts for around 15 million acres expire in 1996.

CHART 9-4. USDA WETLAND CONSERVATION



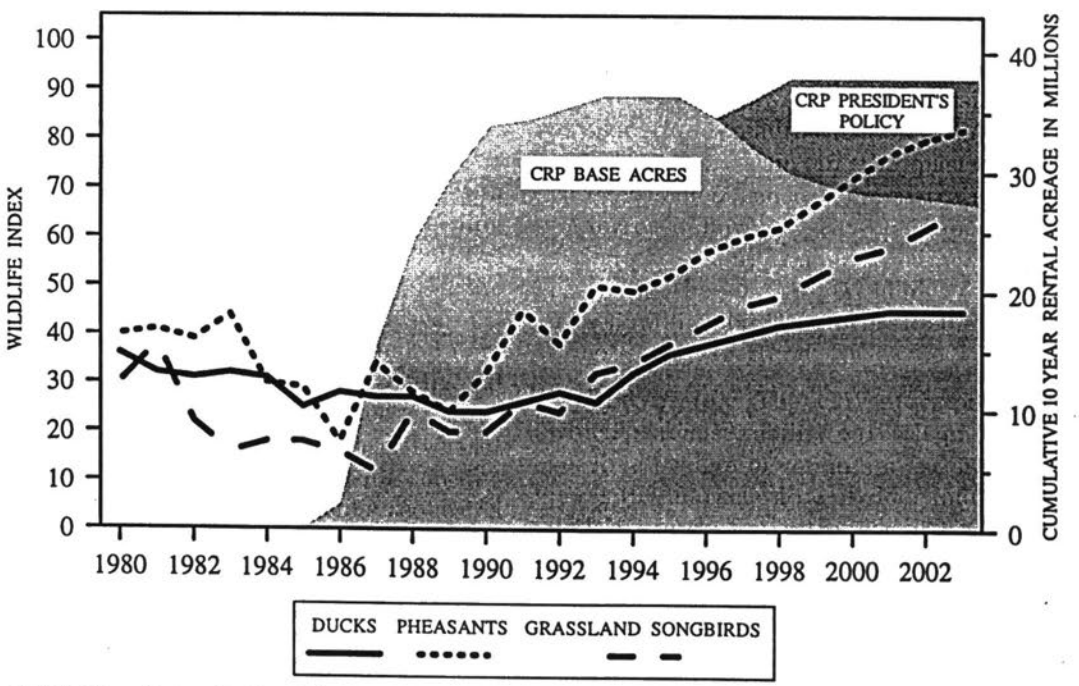
The CRP's benefits include reductions in erosion and improvements in water quality: the program has saved 19 tons per acre a year of soil. In addition, the CRP's wildlife benefits have been overwhelming: wild duck populations fell between 35 and 50 percent in the 1970s and 1980s, but these populations bounced back with a 38 percent increase from the 1980s to the mid-1990s largely due to the CRP. (See Chart 9–5.)

Superfund: EPA's Superfund program cleaned up another 68 sites in 1995, exceeding its 1995 target of 65 and bringing to 346 the total number cleaned up through 1995. In the past four years, the program has, on average, cleaned up more sites each year than in its entire first decade (See Chart 9–6). By the end of 1995, construction was completed or initiated at nearly 800 National Priority List (NPL) sites, well over half the sites on the list. With funding at the President's requested level, EPA would remain on course to achieve its target of 650 construction completions by the year 2000.

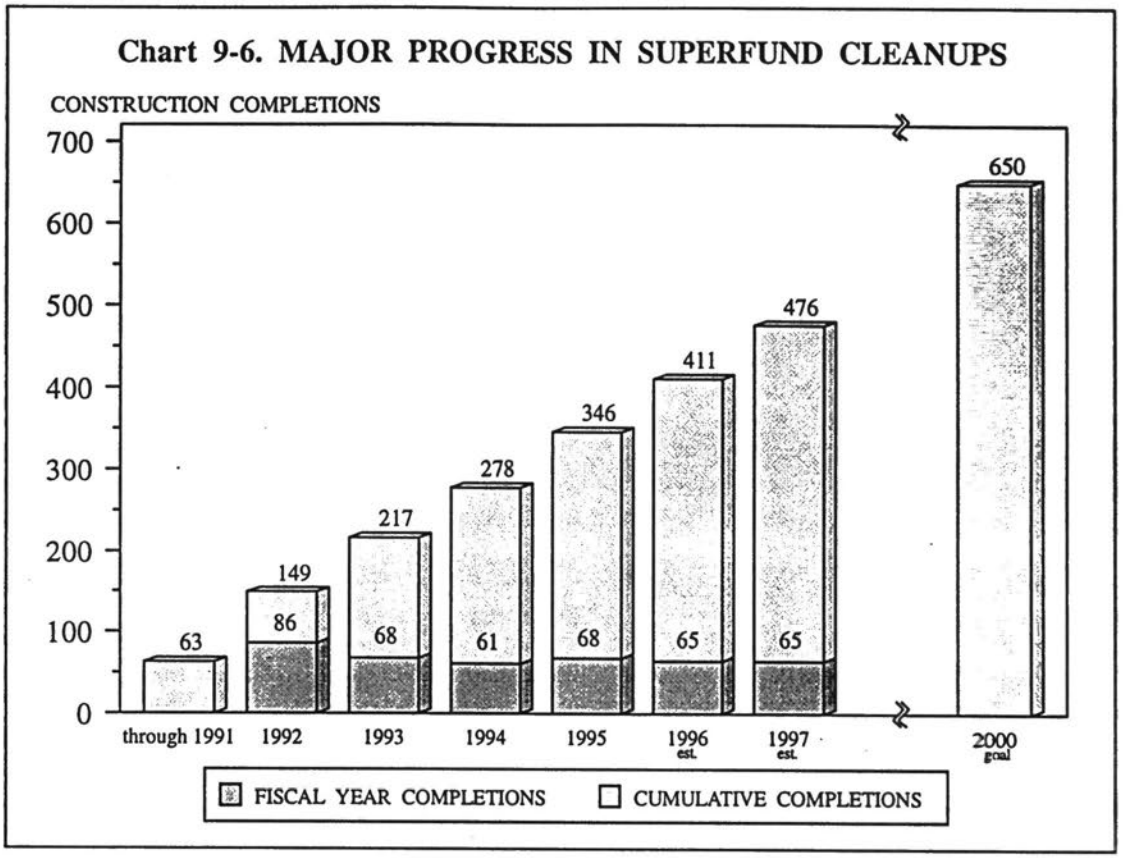
Nevertheless, Superfund has been criticized for costing too much and accomplishing too little. The Administration has worked to develop and propose legislative reforms to fundamentally change the way Superfund operates. While awaiting Congressional action on Superfund reauthorization, EPA has redirected the program in the past two years with "common sense" administrative reforms to increase fairness, cut cleanup and transaction costs, and encourage economic redevelopment. The budget includes $1.4 billion, a $81 million increase over 1996, to continue progress in Superfund.

Brownfields: The current Superfund law, which extends liability to both past and prospective owners of contaminated sites, can depress the market value of older industrial sites and diminish the attractiveness of investing in these "brownfield" areas. The President pro-

Chart 9-5. CONSERVATION RESERVE PROGRAM
(Acres Conserved and Wildlife Benefits)



Wildlife Index -- Ducks: national population per 1 million; Pheasants: South Dakota population per 100,000; Grassland Songbirds: North Dakota count per half mile.



poses to offer new purchasers and other businesses a targeted tax incentive to recover the cost of a brownfield cleanup in distressed communities over a shorter time period. This initiative would spur the private sector to create jobs, return land to productive use, and clean up the environment in our communities.

In addition, the budget proposes $25 million to expand and complement EPA's Brownfields Economic Redevelopment Initiative. Of that, EPA would use $5 million to award another 25 brownfield pilot projects to stimulate environmental cleanup through economic redevelopment, bringing the total number of pilots to 75. In addition, the budget includes $20 million for grants to brownfields pilot communities to capitalize local revolving loan funds in order to finance such cleanups and to work with States to develop their capability to address brownfield cleanup and redevelopment.

Federal Facilities Cleanup and Compliance: The Federal Government faces an enormous challenge in cleaning up Federal facilities contaminated with radioactive or hazardous waste. The Energy Department (DOE) faces the most complex and costly problems, the result of over four decades of research, production, and testing of nuclear weapons. The Defense Department's (DOD) environmental problems include hazardous wastes similar to those at industrial sites and unexploded ordnance at test ranges.

In 1997, DOE will continue to stress risk reduction, management and stabilization of nuclear materials, aggressive site cleanup, and investment in new cleanup technologies. The budget proposes $5.9 billion for DOE's Office of Environmental Management program, a figure that reflects sizable savings from administrative and contracting reforms, and that would support the completion of cleanup of 260 release sites and facilities. The budget also proposes $182 million to fund projects

to privatize the treatment of certain types of nuclear waste.

DOD continues to make significant progress in cleanup, compliance/pollution prevention, conservation, and environmental technology. The budget provides $4.7 billion for these programs. To date, 760 military installations and over 2,200 formerly-used defense properties have nearly 15,000 sites where a study or cleanup is underway, while DOD has determined that 9,900 sites require no further cleanup.

Energy Conservation and Efficiency: The budget proposes $735 million for DOE energy conservation and efficiency programs, 17 percent above the 1996 level. It provides for continued implementation of the Climate Change Action Plan to cut greenhouse gas emissions, and continues the Partnership for a New Generation of Vehicles to triple fuel economy by early next century. The Administration is committed to improving the energy efficiency of Federally-owned or operated buildings. Agencies have made significant progress in cutting energy consumption and saving taxpayer money, and the budget proposes $xxx million to continue progress.

Solar and Renewable Energy: The budget funds DOE solar and renewable energy activities at $363 million, 32 percent above the 1996 level. This funding continues the Administration's strong support for research and development to reduce manufacturing costs in photovoltaics and solar thermal technologies, promote wind power, and spur a wider use of biofuels.

Multilateral and Bilateral Environment Assistance: The budget proposes a $33 million increase over 1996, to $343 million, for bilateral and multilateral environment assistance. Bilateral assistance includes U.S. Agency for International Development (AID) activities to address climate change, biodiversity, and sustainable agriculture in developing countries. Multilateral assistance funds U.S. voluntary contributions to the United Nations environment system and other international organizations to address various international environment activities.

Global Environment Facility: U.S. participation in the Global Environment Facility (GEF) is a cornerstone of U.S. foreign and environmental policy. The GEF has become the world's leading institution for protecting the global environment and avoiding economic disruption from climate change, massive extinction of valuable species, and dramatic collapse of the ocean's fish population. The $100 million budget request meets the Nation's annual pledge to the four-year (1995–1998) funding program for the GEF—the United States pledged 20 percent ($400 million) of the GEF's resources, a lower proportion than in most multilateral fora. Meeting this commitment is vital to maintaining U.S. leadership of the program.

10. PROMOTING SCIENCE AND TECHNOLOGY

Technology—the engine of economic growth—creates jobs, builds new industries, and improves our standard of living. Science fuels technology's engine. It is essential to our children's future that we continue to invest in fundamental research.

President Clinton
August 1994

Technological innovation has accounted for at least half of the Nation's productivity growth in the last 50 years. We enjoy the fruits of this innovation every day in the many technologies we have come to depend on for our way of life, including lasers, computers, x-rays, teflon, weather and communication satellites, jet aircraft, microwave ovens, solar-electric cells, and human insulin. The development of these technologies has created new industries and millions of high-skilled, high-wage American jobs. Thus, technology has become a major engine of economic growth, a significant contributor to our national security, a generator of new knowledge, and a critical tool in protecting our health and environment.

Because our investments in science and technology (S&T) have paid such rich dividends, sustaining U.S. leadership in S&T is a cornerstone of the President's vision for America. The budget maintains vital investments in S&T by adding funds for basic research in health sciences at the National Institutes of Health, for basic research and education at the National Science Foundation, for research at other agencies that depend on S&T for their missions, and for cooperative projects with industry and universities.

As the President has said, we need to balance the budget in a way that boosts economic growth and encourages public and private investment in innovative S&T. Along with reaching balance in 2002, this budget continues the successful record of S&T investment and economic stimulation that has kept the economy strong the last three years.

The Federal Role in S&T

The post-Cold War era is one of intense global economic competition. Our country also faces new national security challenges, including threats from environmental degradation, emerging infectious diseases, the proliferation of nuclear and biological weapons, and regional conflicts.

Thus, the Federal government has an indispensable role to play in investing in S&T, a role critical to the country's economy, national security, environment, health, and other social needs. This is especially true when the risk is too great for individual companies to make the needed investment, or when the public benefit is large but private return is small. Our Nation also must support a balanced mix of S&T investments (i.e., basic research, applied research, and technology development) since the steps involved in technological innovation are so profoundly interwoven.

The Administration has initiated or expanded public-private partnerships to spur innovations with broad economic impact. These partnerships have traditionally served our nation well, not only in building transportation infrastructure (e.g., highways, airways, harbors, and railroads) but in nurturing new types of technological infrastructure (e.g., information highways, global positioning satellites, and environmental monitoring systems). The partnerships enable the private

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sector to generate new knowledge and adopt novel technologies that benefit its bottom line and society at large.

1997 Science and Technology Highlights

Under the 1996 budget resolution, Congress would cut support to S&T programs by about 30 percent by the year 2002[1]. At a time when increased global competition threatens U.S. markets, and when Japan has proposed doubling its investments in S&T, the President believes we cannot afford such deep cuts. In his budget negotiations with the bipartisan congressional leadership, the President has repeatedly reaffirmed his commitment to economic prosperity, education, health, the environment, and national security. S&T investments are critical to these goals. The budget fulfills his commitments by:

Increasing Total Funding for Science and Technology: This budget marks the fourth straight year that the President has proposed increases in S&T investments. Table 10–1 shows the proposal to invest roughly $73 billion in research and development (R&D), a more than $1 billion increase over 1996[2]. In keeping with previous efforts, the budget also reflects an increasing share for civilian R&D investments, with civilian R&D at 47 percent of the total. Table 10–2 lists selected S&T highlights that are discussed further below.

[1] American Association for the Advancement of Science, 1995.

[2] Research and development (R&D) is a widely-accepted measure of investment in S&T.

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Table 10–1. RESEARCH AND DEVELOPMENT INVESTMENTS

(Budget authority, dollar amounts in millions)

	1993 Actual	1995 Actual	1996 Estimate [1]	1997 Proposed	Dollar Change: 1996 to 1997	Percent Change: 1996 to 1997
By Agency:						
Defense	38,898	35,350	35,428	35,523	+95	+*%
Health and Human Services	10,472	11,519	12,118	12,621	+503	+4%
National Aeronautics and Space Administration	8,873	9,390	9,334	9,359	+25	+*%
Energy	6,896	6,481	6,689	6,269	–420	–6%
National Science Foundation	2,012	2,431	2,430	2,516	+86	+4%
Agriculture	1,467	1,542	1,479	1,499	+20	+1%
Commerce	793	1,164	1,086	1,260	+174	+16%
Interior	649	668	622	582	–40	–6%
Transportation	613	682	641	700	+59	+9%
EPA	511	554	446	585	+139	+31%
Other	1,308	1,315	1,134	1,786	+652	+57%
Total	**72,492**	**71,096**	**71,407**	**72,700**	**+1,293**	**+2%**
By R&D Theme:						
Basic research	13,362	13,805	14,059	14,337	+278	+2%
Applied research	13,608	14,288	14,270	14,886	+616	+4%
Development	42,795	41,118	41,176	41,039	–137	–*%
Equipment	.....	743	701	696	–5	–1%
Facilities	2,727	1,142	1,201	1,742	+541	+45%
Total	**72,492**	**71,096**	**71,407**	**72,700**	**+1,293**	**+2%**
By Civilian Theme:						
Basic research	11,951	12,629	12,940	13,171	+231	+2%
Applied research	9,130	10,581	10,576	11,169	+590	+6%
Development	7,269	8,488	8,235	8,093	–142	–2%
Equipment	.....	599	554	546	–8	–1%
Facilities	1,979	975	996	1,446	+450	+45%
Subtotal	30,329	33,272	33,304	34,425	+1,121	+3%
By Defense Theme:						
Basic research	1,411	1,176	1,119	1,156	+37	+3%
Applied research	4,478	3,707	3,691	3,727	+36	+1%
Development	35,526	32,630	32,941	32,946	+5	+*%
Equipment	.....	144	147	150	+3	+2%
Facilities	748	167	205	296	+91	+44%
Subtotal	42,163	37,824	38,103	38,275	+172	+*%
By R&D Share:						
Defense	42,163	37,824	38,103	38,275	+172	+*%
Civilian	30,329	33,272	33,304	34,425	+1,121	+3%
Total	**72,492**	**71,096**	**71,407**	**72,700**	**+1,293**	**+2%**
Percent civilian	42%	47%	47%	47%	NA	NA
R&D support to universities	11,674	12,445	12,573	12,728	+155	+1%
Merit (peer) reviewed R&D programs	.....	21,895	21,160	22,406	+1,246	+6%

* Less than $500 thousand or 0.5 percent.

[1] Includes Administration's proposed adjustments to 1996 continuing resolution levels.

Table 10–2. 1997 SELECTED SCIENCE AND TECHNOLOGY HIGHLIGHTS

(Budget authority, dollar amounts in millions)

	1993 Actual	1995 Actual	1996 Estimate [1]	1997 Proposed	Dollar Change: 1996 to 1997	Percent Change: 1996 to 1997
National Science Foundation	2,734	3,229	3,220	3,325	+105	+3%
National Insititues of Health	10,325	11,240	11,939	12,406	+467	+4%
Environmental Protection Agency:						
Environmental technology initiative	0	72	10	72	+62	+620%
Environmental technology base funding	67	67	36	55	+19	+53%
Science to achieve results	0	48	95	115	+20	+21%
National Aeronautics and Space Administration:						
International space station	2,262	2,113	2,144	2,149	+5	+*%
Mission to Planet Earth	917	1,344	1,289	1,402	+113	+9%
New millennium initiative	67	436	569	549	–20	–4%
Reusable launch vehicle tech. program	0	129	159	266	+107	+67%
Aeronautics inititiative	129	347	415	442	+27	+7%
Department of Energy:						
Stockpile stewardship	1,799	1,520	1,507	1,648	+81	+5
Science users facilities initiative	.....	.....	100	100	.....	.....
Energy efficiency and pollution preventions R&D	350	447	417	548	+131	+31%
Renewable energy R&D	257	363	275	363	+88	+32%
Fusion energy science program	340	361	244	264	+20	+8%
Department of Commerce:						
NIST—Advanced technology program	68	341	300	345	+45	+15%
NIST—Manufacturing extension partners	18	74	100	105	+5	+5%
NIST—Intramural research	193	247	259	271	+12	+5%
NOAA—Weather service modernization	474	576	604	742	+138	+23%
NTIA—National information infrastructure	.....	42	54	59	+5	+9%
Department of Defense:						
Dual use application program	.....	.....	.....	250	+250	NA
USDA national research initiative	98	101	97	130	+33	+34%
Department of Transportation:						
Intelligent transportation infrastructure	.....	28	212	349	+137	+65
National Science and Technology Council initiatives:						
High performance computing and communications: [2]						
Defense	298	371	310	335	+25	+8%
Health and Human Services	47	68	81	87	+6	+7%
National Aeronautics and Space Administration	82	131	116	104	–12	–10%
Energy	100	115	113	119	–5	+5%
National Science Foundation	233	297	291	280	–11	–4%
Commerce	12	30	31	34	+3	+10%
Environmental Protection Agency	.....	12	12	6	–6	–48
Transportation	.....	24	23	43	+20	+87%
Education	.....	16	12	18	+6	+50%
Veterans	.....	24	21	16	–5	–24%
Total	772	1,088	1,010	1,042	+32	+3%
U.S. global change research program: [3]						
Health and Human Services	1	4	4	4	+0	+*%
National Aeronautics and Space Administration	917	1,308	1,250	1,375	+125	+10%
Energy	118	119	111	112	+2	+1.8%
National Science Foundation	124	169	163	170	+7	+4%
Agriculture	55	60	56	59	+3	+5%
Commerce	66	57	60	69	+9	+15%
Interior	38	30	29	29	+0	.....
Transportation	—	6	6	7	+1	+17%
Environmental Protection Agency	—	23	25	19	–6	–24%
Smithsonian	—	7	7	7	.....	.....
Tennesse Valley Authority	—	2	1	1	.....	.....
Total	1,319	1,785	1,712	1,852	+141	+8%
Environment and natural resources	.....	5,365	5,186	5,448	+262	+5%
Partnership for a new generation of vehicles	—	223	241	288	+47	+20%
Construction and building	—	168	162	194	+32	+20%
Educational technology	—	464	397	434	+37	+9%

[1] Includes Administration's proposed adjustments to 1996 continuing resolution levels.
[2] Listing by agency required by law.
[3] Listing by agency required by law, subset of Environment and Natural Resources.
NA=Not applicable.

* Less than $500 thousand or 0.5 percent.

Boosting Funding for Basic Research and Health Research: The budget proposes $14 billion for basic research, a $278 million increase over 1996, including a three percent increase for the National Science Foundation. Given the importance of basic and applied health science research, the budget boosts funding at the National Institutes of Health by four percent.

Strengthening University-based Research: University-based research is key to America's future; simultaneously, it provides new knowledge and new technology, and it trains the next generation of scientists and engineers. The budget proposes $13 billion for university-based research, an increase of $155 million over 1996. Merit-reviewed research would total $22 billion, an increase of about six percent over 1996, and would cover about 30 percent of the R&D budget.

Investing in Innovation to Create New Jobs and Industries: Under this Administration, many of the new jobs have been high-tech, high-wage jobs in industries like biotechnology and computing that didn't exist a decade or two ago. The budget maintains a strong investment in technology to foster these high-priority civilian S&T industries and jobs. Funding continues or expands for high-performance computing research; for the Advanced Technology Program, which works with industry to develop high-risk, high-payoff technologies; for a Manufacturing Extension Program to help small businesses battle foreign competition by adopting modern technologies and production techniques; and for other programs.

Increasing Environmental Research: S&T investments are critical for enhancing environmental quality. While we are making progress on many pollution fronts, emerging global environmental problems pose new risks. The budget maintains vital research to provide safe food, clean air, and pure water. It supports research into new environmental technologies to provide better environmental protection at lower cost, while generating jobs and exports. It supports programs to increase energy efficiency and the development of renewable energy sources that cut demand for foreign oil, and partnerships with industry to develop cars that use less fuel. The budget invests in programs that preserve biological diversity and help us understand and prepare for changing climate conditions and natural disasters. These investments also provide a sound scientific basis for rational rule making on, and cost-effective implementation of, environmental regulations. (For more details, see Chapter 9.)

Investing in a 21st-Century Education: Information technology has revolutionized America's businesses, but largely bypassed its classrooms. We must find a way to use this new technology to help children prepare for the challenges of the 21st century. Building on the experience of earlier Federal investment in educational technology, the President is proposing a new Technology Literacy Challenge Fund to encourage States and communities, working with private sector partners, to develop and implement plans for adopting these technologies. (For more detail, see Chapter 8.)

Enhancing Programs to Keep our Nation Secure: While the budget continues investments in defense research that ensure our strong, future military capabilities, it also fosters key programs to keep nuclear weapons out of the hands of terrorists, achieve a Comprehensive Test Ban Treaty by using science-based techniques to monitor nuclear weapons stockpiles, and bolster strong international S&T cooperation to improve global stability. The budget also supports the Dual Use Applications Program, which puts the technical know-how and economies of scale from commercial industry at the service of national defense.

Agency Highlights

National Science Foundation (NSF): The NSF promotes science in service to society, primarily by awarding competitively-selected grants for research and education. Because most NSF awards go to our Nation's colleges and universities, they serve to both produce knowledge and train the next generation of scientists and engineers. The budget proposes $3.3 billion for NSF, a more than three percent increase over 1996. Included are funds to address critical health, safety, and environmental impact issues at the Amundsen-Scott Station at the South Pole.

National Institutes of Health (NIH): The budget continues the Administration's commitment to biomedical and behavioral research, which promotes the health and well-being of all Americans. The proposed $12.4 billion for NIH is a $467 million, or four percent, increase over 1996. NIH's highest priority will continue to be funding investigator-initiated, peer-reviewed research project grants. The budget includes increases for HIV/AIDS-related research, research into breast cancer and other health concerns of women, minority health initiatives, high performance computing, prevention research, gene therapy, and developmental and reproductive biology. The budget also includes funding for a new NIH Clinical Research Center, which would give NIH a state-of-the-art research facility in which scientists would bring their latest discoveries from the laboratory bench to the patient's bedside.

Environmental Protection Agency (EPA):

Environmental Technology Initiative (ETI): The ETI is a partnership among government, industry, non-governmental organizations, and communities to protect public health and prevent pollution by promoting innovative environmental technologies, both in the United States and abroad. ETI supports regulatory reinvention efforts by allowing companies and communities to comply with environmental regulations by using the most cost-effective technology strategies possible. The budget proposes $72 million for ETI, and a total of $127 million for all of EPA's environmental technology efforts.

Science to Achieve Results (STAR) Program: The budget proposes $115 million (20 percent more than 1996) for the STAR program, which awards grants on the basis of rigorous peer review by extramural researchers. Under the program, EPA cooperates with NSF and the Energy Department to sponsor joint requests for grant applications.

National Aeronautics and Space Administration (NASA):

International Space Station: The Administration proposes continued funding of the International Space Station at $2.1 billion. In less than two years, NASA will launch the first segments of this ambitious undertaking among the United States, Europe, Japan, Canada, and Russia. NASA and the Russian Space Agency ~~(RSA)~~ have reconfirmed their commitments to the program and have conducted precursor research on two Space Shuttle flights to the Russian MIR space station, with another seven planned through 1998.

Mission to Planet Earth (MTPE): MTPE is NASA's effort to observe, understand, and predict natural and human-induced changes to the environment. The budget proposes $1.4 billion for MTPE, nine percent more than 1996. MTPE programs include the Earth Observing System (EOS) satellites and information system, the Landsat satellite, and a broad range of scientific research and data analysis activities. NASA is also exploring new ways to obtain environmental data using very small spacecraft and purchasing data sets from industry.

New Millennium Initiative (NMI): The NMI represents a fundamentally new way for NASA to develop and operate robotic space missions. The initiative has transformed space missions from an occasional, decade-long, multi-billion dollar undertaking to more frequent, cheaper, exciting projects that have reinvigorated a broad section of the space science community. The budget proposes $549 million to support over 25 missions, either in orbit or under development.

Reusable Launch Vehicle (RLV) Technology Program: The RLV technology program develops technology designed to significantly reduce the cost of getting into space. The budget proposes $266 million in preparation for a 1996 decision whether to proceed with the X–33, an experimental flight vehicle whose costs would be shared with industry.

Aeronautics Initiative: The budget proposes $442 million for NASA aeronautics initiatives, a seven percent increase over 1996. These initiatives are partnerships with industry and include advanced subsonic technology and high speed research that may revolutionize the next generation of airplanes.

Department of Energy (DOE):

Stockpile Stewardship: The President's commitment to a Comprehensive Test Ban Treaty (CTBT) is closely linked to the Administration's plan to maintain the safety and reliability of the nuclear weapons stockpile through

scientific experiments and computer modeling (i.e., no explosive testing of nuclear weapons). The budget proposes $1.6 billion for these efforts, a five percent increase over 1996. The President hopes to complete and sign the CTBT in 1996.

Science User Facilities Initiative: The budget proposes continuing this $100 million initiative begun in 1996 to supplement the operations and capabilities of DOE's major basic research facilities. The 1996 funding has generated an increase in hours of operation ranging from 20 to 100 percent at various DOE facilities; additional staff support for the university, government, and industry researchers; and upgraded and expanded instrumentation.

Energy Efficiency and Pollution Prevention R&D: The budget proposes increases for research on technologies that use natural gas and electricity more efficiently; new manufacturing processes that offer higher productivity as well as lower energy and environmental costs; and innovative transportation and energy conversion processes. The budget proposes $548 million, $131 million more than in 1996.

Renewable Energy R&D: The budget proposes $363 million, $88 million over 1996, for research and technical assistance designed to foster world-class competitive renewable electricity and fuels industries, including solar thermal and photovoltaic, wind and geothermal power, transportation fuels, and energy from biomass crops and wastes. The development of alternative energy sources represents a critical environmental and economic issue for the next century.

Fusion Energy Sciences Program: DOE continues to support basic research and experimentation in plasma and fusion sciences, with the long-term goal of harnessing fusion as a viable energy source. The budget proposes $264 million, roughly an eight percent increase over 1996, and provides for increased basic research activities, the investigation of tokamak alternatives, and continued operation of the three major U.S. experimental machines. The budget proposes continued U.S. participation in the design of the International Thermonuclear Experimental Reactor.

Department of Commerce (DOC):

National Institute of Standards and Technology (NIST): NIST has a primary mission to promote U.S. economic growth by working with industry to develop and apply technology, measurements, and standards. NIST employs a unique combination of innovative programs. The Advanced Technology Program (ATP) is a rigorously competitive, industry-led, and cost-shared R&D program that fosters technology development, promotes industrial alliances, and creates jobs. The budget proposes $345 million for ATP to support roughly $120 million in new awards and continue commitments to over 500 companies. The Manufacturing Extension Partnership (MEP) provides our Nation's 381,000 smaller manufacturers with technological information and expertise that could improve their operations. The budget proposes $105 million for MEP to support 75 extension centers nationwide. The budget proposes $271 million for NIST laboratories to support important measurement research with industry in areas such as semiconductor metrology, advanced materials, and biotechnology. The budget also proposes $105 million for technology facilities, $80 million of which to construct a new Advanced Technology Laboratory to support cutting-edge research.

National Oceanic and Atmospheric Administration (NOAA) National Weather Service Modernization: The largest modernization in the National Weather Service's history is well underway. The budget requests $742 million to support his multi-year effort to develop and deploy cutting-edge technology, including advanced radar equipment, other ground observing systems, and geostationary and polar-orbiting satellites which will greatly improve the timeliness and accuracy of severe weather and flood warnings.

National Telecommunications and Information Administration (NTIA) National Information Infrastructure (NII) Grants Program: The budget requests $59 million in grants to help develop the NII, which provides the infrastructure that enables computers to connect to one another and to information systems across the country. These grants help fund demonstration projects to show how information technology can improve the delivery

of educational, health, and other social services.

Department of Defense (DOD):

Dual Use Applications Program: The budget includes $250 million for the Dual Use Applications Program (DUAP). DOD would solicit projects as government-industry partnerships, and select those that meet military needs. The DUAP is built around a three-year process of transition from technology concept to product demonstration. This new program builds on the dual use successes of the Technology Reinvestment Project (TRP), a highly successful experiment that proved that DOD could acquire superior commercial technologies for military needs through cost sharing, government-industry partnerships.

Department of Agriculture (USDA) National Research Initiative: The budget proposes $130 million for the National Research Initiative (NRI), a 34 percent increase over 1996, to support a broad range of research, including integrated pest management, biological control of pests and diseases, human nutrition, plant genome, water quality, food safety, sustainable agriculture, and agricultural systems. NRI is unique in USDA's research portfolio because its awards are based on merit review evaluations by scientific peers.

Department of Transportation Intelligent Transportation Infrastructure (ITI) Initiative: The budget includes $349 million for the ITI initiative, an increase of 65 percent over the 1996 level. Under ITI, the Administration would work with 75 of the Nation's largest and most congested metropolitan areas to develop and deploy modern information technology for highway and transit systems.

National Science and Technology Council Interagency Initiatives

High Performance Computing and Communications (HPCC): The budget proposes $1 billion, a three percent increase over 1996, for research and development in information and communications technologies that builds on the accomplishments of HPCC over the past five years.

Environment and Natural Resources: The budget proposes $5.4 billion, a five percent increase over 1996, for research to address environmental issues ranging from local to regional and global scale, including: air quality, biodiversity and ecosystems, global change, natural disaster reduction, resource use and management, toxic substances/hazardous and solid waste, and water resources/coastal and marine environments. The budget includes about $2 billion for the U.S. Global Change Research Program, eight percent more than 1996.

Partnership for a New Generation of Vehicles: The budget proposes $288 million, a $47 million increase over 1996, for research to: 1) develop advanced manufacturing techniques that make it easier to get new automobiles and auto components into the marketplace quickly; 2) use new technologies for near-term improvements in auto efficiency, safety, and emissions; and 3) lead to production prototypes of vehicles that are three times more fuel efficient than today's cars, with no sacrifice in comfort, performance, or price.

Construction and Building: The budget proposes $194 million, a 20 percent increase over 1996, for research to develop better construction technologies to improve the competitive performance of U.S. industry, raise the life cycle performance of buildings, and protect public safety and the environment.

Educational Technology: The budget proposes $434 million, or a nine percent increase over 1996, for research and development on education and training to improve learning in schools, workplaces, and homes. The areas of focus include: technology demonstrations; digitization; research on learning, teaching and assessment; and the development of interactive learning tools and community-based learning environments. This activity contributes to the President's Technology Literacy Challenge, described in more detail in Chapter 8.

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11. ENFORCING THE LAW

"At last we have begun to find the way to reduce crime, forming community partnerships with local police forces to catch criminals and prevent crime."

President Clinton
January 1996

The budget continues the Administration's aggressive efforts to make the streets safer for all Americans and to secure the Nation's borders. It:

- empowers communities to fight crime locally by hiring more police, provides innovative programs to prevent non-violent offenders from becoming hardened criminals, and stresses drug treatment and prevention;
- commits resources to ensure that violent criminals and serious drug traffickers remain behind bars, and proposes that violent juvenile offenders be prosecuted as adults; and
- targets resources to combat illegal immigration—at the border, at worksites, and in prisons—through deterrence, enforcement, and swift deportation.

Taking Back Our Streets

The Administration's continuing efforts to work with communities and local police forces are paying off. In 1994, America's violent crime rate dropped by four percent from 1993 to its lowest level since 1989. Preliminary figures for the first six months of 1995 indicate a further cut in violent crime. While this trend is encouraging, violent crime, especially among juveniles, remains at an intolerable level.

The budget proposes $24 billion to control crime, an increase of $26 billion over 1996. Chart 11–1 shows law enforcement spending by year. To help make our streets safe and free people from fear, the budget continues initiatives to hire more police in communities of all sizes, enhance State and local law enforcement and crime prevention assistance, and confront gangs, including juvenile gangs, involved in violent crimes.

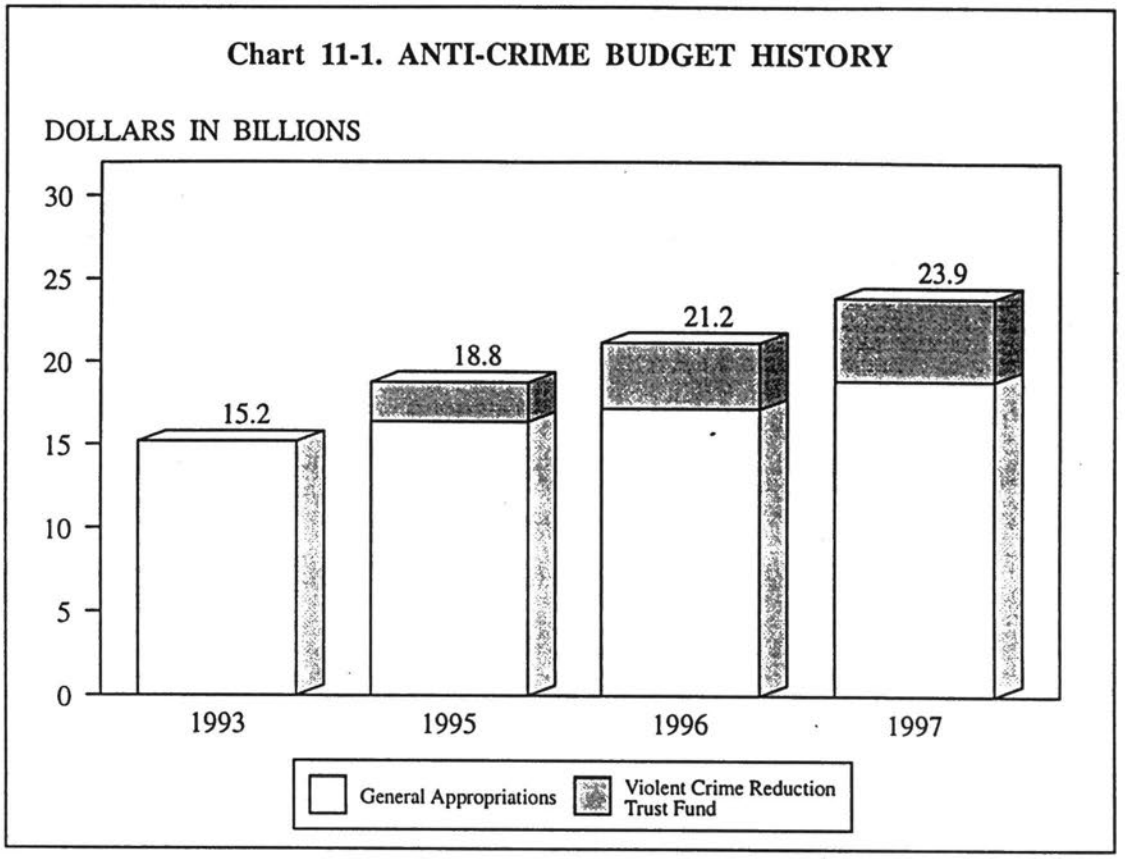
Community Policing: Community policing is integral to fighting crime and improving the quality of life in the Nation's cities, towns, and rural areas. That's why the President has pledged 100,000 new police officers on the street by 2000. By the end of 1996, the Community Oriented Policing Services (COPS) initiative will have funded almost 49,000. The budget proposes almost $2 billion to put 19,000 more officers on the street in local communities. COPS provides flexibility to communities, giving local law enforcement agencies the funds to buy sophisticated crime equipment, hire support personnel that allow the deployment of more officers, and implement community policing techniques.

The budget also proposes $25 million to increase the number of police officers with advanced education and training. The Police Corps grant program would give educational assistance to students with a sincere interest in law enforcement; scholarship recipients would have to make a four-year law enforcement service obligation. The Police Scholarship program would give scholarships to individuals now working as police officers. These two programs would help enhance State and local law enforcement recruitment, retention, and education.

State and Local Assistance: The Violent Crime Control and Law Enforcement Act of 1994 was designed to provide a balance between enforcement and prevention programs. The Violent Crime Reduction Trust Fund (VCRTF) provides $5 billion toward programs authorized in the 1995 Crime Act,

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Chart 11-1. ANTI-CRIME BUDGET HISTORY



including $3.6 billion for State and local law enforcement and $0.5 billion for prevention programs (see Table 11–1). Along with COPS, the VCRTF funds grants for new prisons and prevention programs for violence against women and handgun violence.

Incarcerating Violent Offenders: The Administration seeks to ensure that convicted violent offenders serve at least 85 percent of their sentences behind bars. For this purpose, the budget proposes $630 million in State grants to build new prisons and jail cells under two programs—the Violent Offender Incarceration and Truth in Sentencing Programs. The funding includes $170 million to reimburse States for the costs of incarcerating criminal aliens.

Preventing Violence Against Women: The budget proposes $250 million to combat gender-based crime. About $180 million would go for programs to better investigate, prosecute, and convict those who commit violent crimes against women. The other $70 million would fund programs that prevent rape and the sexual exploitation of runaway, homeless, and street youth.

Brady Handgun Violence Prevention: To date, the 1993 Brady bill that provides for a waiting period before a gun purchase already has stopped 44,000 people with criminal records from buying guns. To further prevent the sale of firearms to ineligible purchasers, the budget proposes $50 million to assist States in upgrading their criminal history record-keeping systems and $20 million to create a national instant handgun check system.

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Table 11–1. VIOLENT CRIME REDUCTION TRUST FUND SPENDING BY FUNCTION

(Budget authority, in millions of dollars)

	1995 Actual	1996 Estimate [1]	1997 Proposed	Dollar Change: 1995 to 1997	Percent Change: 1995 to 1997
Prevention:					
Violence Against Women	27	180	254	+227	+841%
Drug Courts	12	100	100	+88	+733%
Prison Drug Treatment	.....	41	+61	+61	NA
Other Prevention Programs	21	19	42	+ 21	.....
Subtotal, Prevention	60	340	457	+397	+562%
State and Local Assistance:					
Community Policing (COPS)	1,300	1,803	1,950	+650	+50%
Incarceration of Violent Offenders	25	618	630	+605	+2,420%
Incarceration of Undocumented Criminal Aliens	130	300	330	+200	+154%
Other State and Local Assistance	550	187	659	+109	+20%
Subtotal, State and Local Assistance	2,005	2,908	3,569	+1,564	+78%
Federal Law Enforcement Assistance:					
Department of Justice:					
Immigration	284	381	505	+221	+78%
Other Department of Justice	.....	321	344	+344	NA
Department of Treasury	30	69	90	+60	+200%
Judiciary	.....	30	35	+35	NA
Subtotal, Federal Law Enforcement Assistance	314	801	974	+660	+210%
Total, Violent Crime Reduction Trust Fund	**2,379**	**4,049**	**5,000**	**+2,621**	**+110%**

[1] Includes Administration's proposed adjustments to 1996 continuing resolution levels.

Gangs: Clearly, criminal gang violence is among the most difficult challenges facing law enforcement. As gangs become an increasingly powerful and deadly force, the Administration is pursuing a coordinated national strategy to help combat them. The budget proposes a variety of programs to stem violence on the street and in public housing:

- *Safe Streets:* The budget proposes $117 million, an increase of $2.9 million over 1996, for the Safe Streets program, which blends the efforts of the Federal Bureau of Investigations (FBI), other Federal law enforcement agencies, and State and local police departments to investigate street crime and violence.
- *Mobile Enforcement Teams (METS):* The Drug Enforcement Administration provides guidance and other assistance to local police agencies and State and local police departments to disrupt and dismantle the most violent gangs involved in drug trafficking. The budget proposes $20 million for this program, an increase of $5.9 million over 1996.
- *Juveniles:* Juvenile arrests for serious offenses rose 68 percent from 1984 and 1993, partly due to gang violence as groups fight for turf. As a result, the

President pledged in his State of the Union address, "I'm directing the FBI and other investigative agencies to target gangs that involve juveniles and violent crime, and to seek authority to prosecute as adults teenagers who maim and kill like adults."

- *One Strike and You're Out:* The President believes that public housing is a privilege, not a right, and residents who commit crime and pedal drugs should be immediately evicted. The budget provides $290 million to support anti-drug and crime activities in public housing, including $10 million to implement the President's "one strike and you're out" initiative.

Domestic Terrorism: Though few in number, domestic terrorist groups are a serious threat to the security and safety of the Government and public. The budget provides about $100 million to help Federal law enforcement agencies prevent domestic terrorism, and investigate and prosecute domestic terrorists who commit violent and illegal acts.

Digital Telephony: The Communications Assistance for Law Enforcement Act ensures the ability of law enforcement agencies to conduct court-authorized wiretaps as the Nation converts from analog to digital communications technology. Last year, the President proposed $100 million to reimburse telecommunications carriers for modifying equipment and services in order to maintain the ability to conduct wiretaps. Congress did not fund the program but, due to its importance, the budget again proposes $100 million.

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Combating Drug Abuse and Drug-Related Crime

Drug abuse and drug-related crime costs our society an estimated $67 billion a year[1] and destroys the lives and futures of a major portion of our most precious resource—our youth. Illicit drug trafficking breeds crime and corruption, drug use helps to spread AIDS and other deadly diseases, and addiction erodes our productivity. The effects of drugs and drug-related crime are felt acutely in our communities and on our urban street corners.

The budget proposes $xx.x billion for drug control, an increase of $x billion over 1996. The budget would build on initiatives that began in 1996 by renewing the emphasis on drug law enforcement, interdiction, and international programs, while maintaining funding for drug treatment and prevention. Table 11–2 shows the funding for selected drug control programs.

Table 11–2. DRUG CONTROL SPENDING

(Budget authority, dollar amounts in millions)

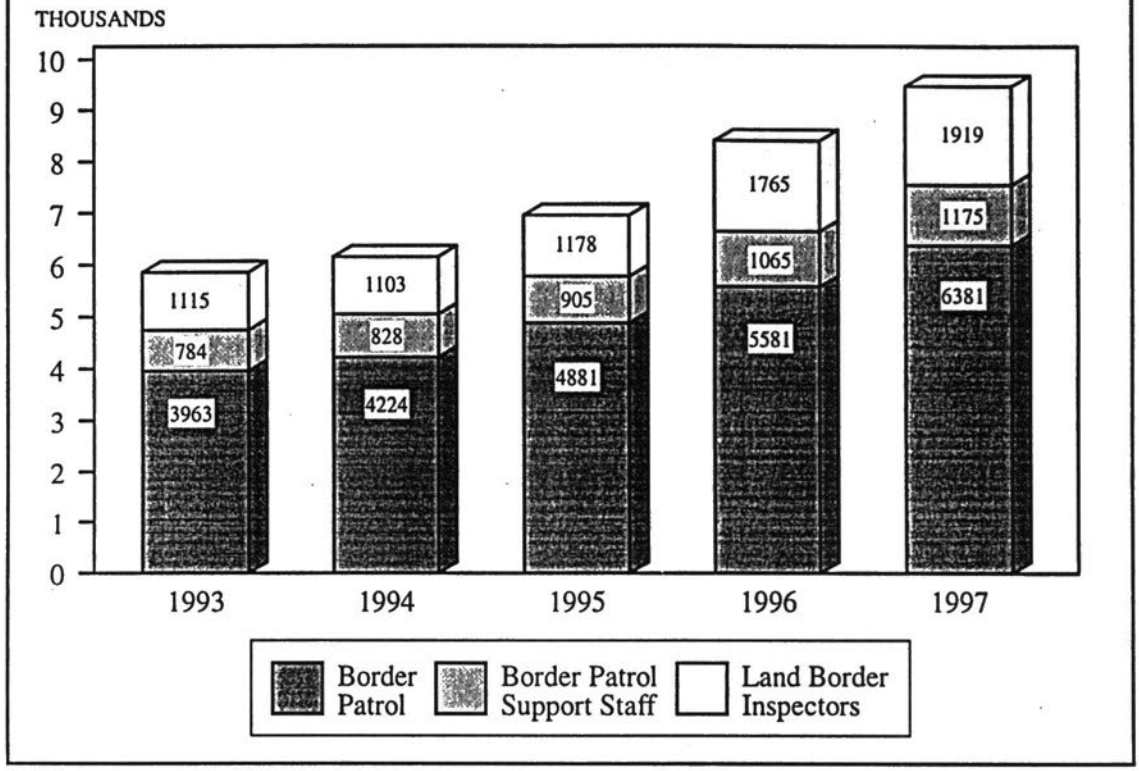
	1995 Actual	1996 Estimate[1]	1997 Proposed	Dollar Change: 1995 to 1997	Percent Change: 1993 to 1997
Domestic Law Enforcement	6,911	7,553	8,268	+1,357	+20%
Demand Reduction	4,689	4,587	4,953	+264	+6%
Interdiction	1,280	1,339	1,437	+157	+12%
International	292	320	401	+109	+37%
Total, Drug Control Spending	**13,172**	**13,799**	**15,059**	**+1,887**	**+14%**

[1] Includes Administration's proposed adjustments to 1996 continuing resolution levels.

[1] Substance Abuse: The Nation's Number One Health Problem, Key Indicators for Policy, Institute for Health Policy, Brandeis University (1993).

reference chart?

CHART 11-2. IMMIGRATION AND NATURALIZATION SERVICE BORDER PATROL AND LAND BORDER INSPECTION STAFFING



Drug Law Enforcement: The budget proposes $x.x billion for domestic drug law enforcement, an increase of $xx million over 1996. The budget boosts Federal law enforcement efforts while targeting new resources to community-based law enforcement and to stop the flow of illegal drugs at the border. The Federal role continues to focus on providing leadership and training, fostering intergovernmental cooperation, and providing incentives to States and localities to adopt successful drug control methods.

Interdiction and International Programs: The Administration has an integrated international strategy which has made it harder for traffickers to get their product into the United States for sale. The budget proposes $xx million, $xx million more than in 1996, for these programs.

- *Source Country Efforts:* Internationally, along with interdiction, the United States is focusing on disrupting the drug leadership and its production, marketing, and money-laundering infrastructure. This requires that we closely cooperate with narcotics source and transit countries, and hold our allies to a high standard of action.
- *Dismantling the Colombian Cali Drug Cartel:* Federal assistance led to the indictment of 24 people in 1995, including four Cali Cartel leaders. Also with U.S. assistance, the Colombian National Police recently arrested six of seven top Cali Cartel leaders.

Improving and Targeting Drug Treatment: The budget proposes $x.x billion from all sources to treat drug abuse, $xx million more than in 1996. With existing funds, the Nation will have the capacity to treat about xxx million addicts in 1996. The budget proposal would make treatment available to a record xxx million addicted Americans—furthering the Administration's goal of making

treatment available to all who want and would benefit from it.

To rid the Nation of drug addiction, the Administration's top priority is treating hard-core users. The following programs reflect the Administration's commitment to address drug abuse where the battle is toughest—in the streets, jails, and urban and rural drug markets of America.

- *Drug Testing:* To break the cycle of crime and drugs, the budget proposes $xx million for the Administration's criminal justice drug testing initiative. Under it, all those arrested for Federal crimes would be drug tested before being released back into the community.
- *Drug Courts:* Drug courts, for which the budget proposes $100 million, offer an alternative for non-violent offenders who are willing to participate in, and would benefit from, rehabilitative drug treatment. Drug court programs rely on sanctions, such as incarceration and increased drug-testing and supervision, to encourage treatment.
- *Substance Abuse Treatment:* The budget proposes $1.2 billion, a $67 million increase over 1996, to support State substance abuse activities, which help target resources to local hard-core user populations. In addition, the budget helps restore funding for substance abuse demonstration programs to $XXX million, a $XX million increase over 1996, providing treatment services for pregnant women and other under-served Americans.

Emphasizing Community-Based Prevention: The budget proposes $x.x billion for drug prevention programs, an increase of $xxx million over 1996. After significant and steady declines through the 1980s, teen drug use is rising and anti-drug attitudes are softening. Drug glamorization in popular culture, especially rock music, and the highly publicized debate about drug legalization have fueled these reversals. To help stem these trends, the budget puts a major priority on keeping America's youth drug-free.

- *The Safe and Drug Free Schools and Communities Program:* The Safe and Drug Free Schools and Communities program provides an important foundation for the Nation's drug and violence prevention efforts. It now serves 39 million students in 97 percent of the Nation's school districts. The budget proposes $500 million, an increase of $34 million over 1995.

Securing Our Borders and Enforcing the Law

The President has placed a high priority on controlling our Nation's borders. For too long, insufficient staff, inadequate facilities, and outmoded equipment and technology have permitted uncontrolled movement across the border; over 3.5 million aliens now reside in this country illegally. As a nation of immigrants, we must welcome those who seek legal entry or refugees who seek protection from harm. As a nation of laws, however, we must maintain our borders and deter and remove those who enter illegally.

The President has worked with Congress over the last three years to boost funds for the Immigration and Naturalization Service (INS) by 77 percent. The President's Immigration Initiative is a strategic plan to secure the borders as we work with State and local governments to reduce the effects of illegal immigration. The budget proposes $3.1 billion for INS, $427 million more than in 1996.

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Table 11–3. IMMIGRATION AND NATURALIZATION SERVICE PROGRAM FUNDING

(Budget authority, dollar amounts in millions)

	1993 Actual	1995 Actual	1996 Estimate	1997 Proposed	Dollar Change: 1993 to 1997	Percent Change: 1993 to 1997
Appropriated Funds						
Border Patrol	354	442	583	716	+362	+125%
Investigations and Intelligence	143	169	122	152	+9	+6%
Land Border Inspections	83	88	228	279	+196	+236%
Detention and Deportation	161	194	309	401	+240	+149%
Program Support and Construction	226	437	494	599	+373	+165%
Subtotal	967	1,330	1,736	2,147	+1,180	+122%
Fee Collections:						
Citizenship and Benefits	308	359	539	511	+203	+66%
Air/Sea Inspections and Support	255	362	381	439	+184	+72%
Subtotal	563	721	920	950	+387	+69%
Total INS	**1,530**	**2,051**	**2,656**	**3,097**	**+1,567**	**+102%**

Securing the Border: Controlling illegal entry at the border with limited resources has been a continuing challenge for INS—one that the Administration has addressed. Under its plan, Border Patrol staffing would rise by over 85 percent from 1993 to 1998 (to over 7,000 agents). Since 1993, the Administration and Congress have provided funds to hire 1,850 more patrol agents to meet staffing needs at the Nation's busiest Southwest border crossing points. The budget builds on this foundation, adding resources to support 800 more Border Patrol agents, 150 INS inspectors, and 657 Customs personnel to strengthen land ports-of-entry and stem the flow of illegal aliens and drugs.

- *Enforcement Strategy Along the Border:* Since 1993, the Administration has focused on deterrence at the border. This multi-year plan targeted border enforcement along the Southwest border, starting with the largest illegal crossing areas. Projects such as "Operation Gatekeeper" in San Diego and "Operation Hold-the-Line" in El Paso have helped deter illegal crossing. Local law enforcement officials cite these projects as important factors that helped to significantly reduce crime—upwards of 60 percent—in affected border communities. The budget expands these initiatives to cover the full Southwest border. It adds 850 agents and inspectors; proposes $33 million to replace outmoded equipment; and funds new weapons and electronic detection technology.

- *Use of Technology:* INS is using advanced biometric technology along the Southwest border to identify and control alien crossings. Its IDENT System uses stored fingerprints and photographs to form a unique identifier with information on aliens, for use in law enforcement. The IDENT system has allowed INS to tap "lookout" and law enforcement criminal data bases and provide real-time evaluation of illegal crossing trends, enabling INS to quickly redeploy Border Patrol resources. The budget provides $7.8 million to expand and operate the IDENT pilot along the entire Southwest border, and includes another $16.8 million for technology

to strengthen Southwest border enforcement.

Reducing the "Job Magnet" for Illegal Entry: Each year, a powerful "job magnet" draws thousands of illegal aliens to this country. The Administration has put muscle into the employer sanctions enforcement provisions of the 1986 Immigration Reform and Control Act. Since 1993, the Government has taken over 15,000 enforcement actions, leading to over 25,000 apprehensions and $10.5 million in employer fines. The budget proposes to make it easier for employers to verify employment eligibility, and to expand enforcement efforts against traditional employers of unauthorized labor. In addition, the President signed a path-breaking Executive Order on February 13 to deny federal contracts, for up to a year, to firms who employ illegal aliens.

- *Employment Verification:* Over half of the illegal aliens in this country have never crossed our borders illegally; rather, they overstayed the terms of their visas. Many of them use fraudulent documents to get jobs. To address this problem, INS developed several pilot employment verification systems to help employers determine the eligibility of potential employees. A telephone verification system in Orange County, California has enlisted over 200 employers—expected to grow to over 1,000 in 1996—who use a quick, effective, and nondiscriminatory system to verify the employment eligibility of new employees. The budget proposes $10 million to expand verification and fraud detection and prevention programs.

- *Worksite Enforcement:* Worksite enforcement and employer sanctions are keys to dampening the lure of illegal employment. The Administration's vigorous enforcement of employment standards denies employers the advantages of hiring highly vulnerable and exploitable illegal immigrants to work at substandard wages and in poor working conditions. Employers who knowingly hire illegal aliens should be held accountable. INS has launched a concentrated enforcement effort, centered in the Midwest and titled "Operation JOBS," that targets employers who routinely flaunt the law and hire illegal aliens. The joint exercise, drawing on the expertise of INS, the State and Labor Departments, and local officials, has generated 5,555 alien apprehensions and 4,453 removals since it began in January 1995. In addition, it has placed over 3,000 citizens in jobs that illegal aliens previously held. The budget proposes $xxx million, $20 million more than in 1996, for this effort, and adds 106 investigators and deportation officials to strengthen INS's worksite enforcement efforts.

Swiftly Removing Illegal and Criminal Aliens: The budget expands another part of the President's Immigration Initiative—removing criminal and undocumented aliens. It proposes a $38 million increase, to $xx million, to enhance INS' ability to identify, locate, and remove criminals and other deportable aliens. With these and other resources, INS would be able to remove 93,000 aliens in 1997, a 50 percent increase over projections for 1996.

- *Port Courts and Deportation:* This budget proposes $4.2 million to expand efforts by INS and the Executive Office of Immigration Review (EOIR) to expand the innovative "port court" concept that began in California. INS has established a port court at the Otay Mesa land border crossing port to expedite immigration hearings for aliens who try to enter the country using counterfeit documents or falsely claim U.S. citizenship. The port court provides a deterrent, ensuring that smugglers, document vendors, and those who try to enter the country illegally are prosecuted. The budget would expand the courts to additional ports of entry in 1997.

- *Institutional Hearing Program:* The criminal alien inmate population represents a growing portion of all inmates in Federal, State, and local prisons and correctional facilities. To expedite deportation and expulsions, INS, in conjunction with EOIR and State correction officials, has launched an innovative, on-site prison hearing program to conduct criminal alien deportation hearings while inmates serve their sentence. The program led to the removal of over 9,500 criminal aliens in 1995. The

budget proposes $9.2 million to add courtrooms and staff, and $11.1 million to expand the same concept to aliens incarcerated in local jails.

- *Deportation:* The budget proposes an increase of $13.4 million, to $xx million, to activate 700 new detention beds in Texas and Florida, and to enhance the INS alien transportation system.

Assisting States and Localities with the Costs of Illegal Aliens: Through the State Criminal Alien Assistance Program (SCAAP), the President has provided unprecedented help to reimburse State and local governments for the costs of incarcerating illegal aliens. In 1995, the Federal Government provided $153 million to reimburse 41 States. For 1996, the President proposed up to $500 million. This budget also recommends $500 million—$330 million in SCAAP and $170 million in State correctional facilities grants.

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