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the potus' note:

- should we send just the Bell letter
to Mack + Rasco (+ Dorskind for
reply)
- or - reply to both Bell + Martin letter
- other

- John

Per 3/18, 6:55pm conversation w/
Todd, replies to both Bell +
Martin needed.

- Bell letter copies to Mack, Dorskind
- Martin letter copies to Rasco, Dorskind

- John

THE PRESIDENT HAS SEEN

3/18/96

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Ickes note on his March 8 meeting with Kate Michaelman. She believes choice issue should be put in context of family values -- that government shouldn't interfere with choices that should be left to individual families. Coupled with need to reduce abortions, reduce teen pregnancy, encourage family planning and adoption.

Rasco note on Virginia Kelly Center in Hot Springs. HUD says at end of February construction was 52% complete, and estimated completion date is April 28, 1996.

Letter from Richard Bell, CEO of Riceland Foods to Sec. Glickman. Via Leon. "We in the Arkansas rice industry are grateful for your February 16 announcement providing proposed terms for a 1996 rice price support program if Congress does not pass new farm legislation. The announcement has...encourag[ed] financial institutions to begin making production loans to growers for their 1996 rice crop."

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Videotapes from Crow Tribe of Montana. You recently met Ada Bends, coordinator for the tribe's drug elimination program, at the White House Conference on Youth, Drug Use and Violence. She has sent a videotape on "Crow Tribal Housing Drug Elimination Program - 'Our Way of Life.'"

JIM DORSKIND:

please coordinate the reply.

cc: Wach
1800 Do Reg
(sublet pt of
Ag
record)

also
cc: Chas
he's a friend
in the community
I should say
right

cc: Chas
(sub sign reply)



Richard E. Bell
President

March 6, 1996

Honorable Daniel R. Glickman
Secretary of Agriculture
U.S. Department of Agriculture
Washington, DC 20250

Dear Mr. Secretary:

We in the Arkansas rice industry are grateful for your February 16 announcement providing proposed terms for a 1996 rice price support program if Congress does not pass new farm legislation.

The announcement has been successful in encouraging financial institutions to begin making production loans to growers for their 1996 rice crop. Loans are now being made.

I believe that the loan rate which you selected was an important factor in making the announcement credible.

Thank you for your action. It was important to our industry.

Sincerely,

Richard E. Bell
President and
Chief Executive Officer



CHIEF OF STAFF TO THE PRESIDENT

TO THE PRESIDENT

36 MAR 12 P2:28

File



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250
(202) 720-3631

FAX TRANSMITTAL

DATE:

SENT TO:

MR
Sunetta

PHONE #:

FAX #:

OF PAGES SENT:

(excluding cover sheet)

FROM:

Secretary Clickman

PHONE #:

202-720-3631

FAX #:

202-720-5437

COMMENTS:

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should sign
Regny

cc: Chas
(sub sign regny)

NationsBank

NationsBank Corporation

NC1 007-5703

Charlotte, NC 28255

704/386-8885

96 MAR 5 1996

Ersine:

Thanks for reviewing this -- and for forwarding it,
if you think it's OK, as is. It can easily be amended.

Joe

- for revisions:

Tel. 386-8885

Fax 386-1132

Nmay -
I believe the
President will
probably want to
see & respond
as appropriate
I miss you
Carol

NationsBank

NationsBank Corporation
Charlotte, NC 28255-0001
704/386-8885

February 26, 1996

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

Dear Mr. President:

I continue to hear reports of your concern about Lou Gehrig's disease--and even that you have asked about us. Joan and I are very grateful.

Your comment that, "Now that Lou Gehrig's record has been broken, it's time to break this disease," has been widely reported (although I don't get nearly enough credit as your "speech-writer" for that line!). Your public notice of the challenge of ALS is immensely helpful in encouraging people who have the disease and also encouraging the research community and the FDA to keep pressing for effective treatments.

On the personal front, we're doing well. I have some weakness, particularly in my right hand, but I keep up a regular schedule with work and exercise. Life is good. On the research front, the very first drug ever approved for this disease has just reached the market, and I am due to begin it next week. It hasn't been proven to do very much, but it's the first thing ever to do anything at all! And nobody has had a chance to take it for a long period of time. So we'll see.

There are some things that you can do for all of us with ALS, mainly to help continue the momentum of interest in the disease. I know how difficult your schedule and your logistics can be, but I thought I'd mention a few possibilities:

- 1. Attend a baseball game on Lou Gehrig's birthday (or some other relevant date) and call attention to the need for patient care and for research.

The Honorable William J. Clinton

Page 2

February 26, 1996

2. Attend Jerry Lewis's revival of "Damn Yankees," to honor the great Yankee Gehrig and also Lewis, whose telethon has raised millions for ALS research and patient care.
3. Tape a television PSA that we can promote nationwide, in conjunction with Gehrig's birthday or other anniversary.
4. Invite ALS "stars" -- researchers, fund-raisers, patients -- to the White House for some ceremony, perhaps honoring Cal Ripken.

With Erskine Bowles back in Charlotte, my brother Jim (now VP of the Carolinas Medical Center) and I are working with him to establish an ALS Clinic in Charlotte -- the first in the South! And we'd probably piggy-back a fund-raiser onto any of the ideas I've listed, with your permission.

I do understand the problems of the presidential schedule and know it's complicated by campaigning, but if there's any possibility for these or other ideas, please have someone on your staff contact me. You can be sure we'll make the most of any opportunity. I'm a great pro-motor!

Whatever the outcome of these ideas, please know that Joan and I deeply appreciate your friendship and your concern.

Sincerely,



Joe Martin

cc: Erskine Bowles

P.S. Did you know that Gehrig still holds one major-league record? And no slouch of a record, either, after almost 60 years: "Most grand-slam home runs"! We just need to hit one more for him.

Toop :

Should we send
this page and
401(k) memo to

Ann Lewis

Dick Morris

_____	yes	_____	no
Send for <u>this</u>		Rehm memo	
to them.			

3/18/96

THE WHITE HOUSE

WASHINGTON

96 MAR 15 P4:23

March 15, 1996

MEMORANDUM TO

CHIEF OF STAFF

FROM:

RAHM EMANUEL *RE*

RE:

WEEKLY REPORT

BFA do it before this pause

WELFARE: Bruce Reed and I met this week with Carol Rasco to review the proposal from Health and Human Services. We are putting together a small group that will work on the proposal's two recommendations; teen school participation and work participation rates. The group's objective is to see if any of these recommendations could be developed for a Presidential announcement.

I have also asked HHS for a complete review of all pending welfare waivers and their status.

We continue to hear that Senator Dole will accompany Governor Thompson at the signing of the States welfare legislation. There is speculation that they will do this as early as Monday while campaigning in Wisconsin.

CRIME /DRUGS: Today General McCaffrey is announcing the formation of the Presidents anti-narcotics Council and his plan to travel to Mexico per the President's direction. The two announcements should receive a good amount of coverage. As of 11:30 am, 47 reporters are planning on attending his press conference.

Ceb w/ 2/18/96

I believe that the Wall Street Journal is running their story on the Administration's drug profile some time next week. . As I mentioned in previous reports, this will not be a favorable article. The article will claim that the Administration accomplished things the first couple of years but did not really pay attention to the issue until recently. I have had some success at adding Clinton accomplishments and GOP negatives to the article. However, because the Journal had a very negative pre-concieved story line and someone at the DEA gave them a memo that the FBI Director and the DEA Director sent the President, the story will be predominately negative.

An 'One Strike You Are Out' meeting this week worked out with the Department of Justice and Housing all the major outstanding issues.

On March 28th the President would release the guidelines at a White House Conference on One Strike. The Toledo Housing Authority will serve as a successful model of the One Strike program.

agree

I think we need to reschedule the Connecticut anti-gang event for early April. I would prefer to do the event before the President leaves for Japan and Russia. (It is worthwhile to note that April is turning into a big foreign policy month with few domestic announcements.)

*lot more
sentences
in comes
out*

US News and World Report is running a story this week which covers the President's disagreements with the ACLU. The story will report that when it comes to crime, the President has broken ranks with a traditional Democratic group. I reminded them of Senator Dole's praise of the President's public housing sweep policy. I wanted to emphasize the fact that Dole has praised the Administration's anti-crime efforts.

The National District of Attorneys is prepared to endorse the President's drug testing initiative. I have submitted a scheduling proposal for early May when they are in town for a Presidential speech and endorsement.

IMMIGRATION: The Senate mark-up has exposed the level of disagreement among the GOP for all it is worth. There is no doubt that they will soon close ranks when the bill heads to the floor.

*Leon/Evelyn
agree
push this*

I think we have three objectives to accomplish over the next month. First, let the Republican division play itself out and ensure that the Administration does not get in the way. Second, highlight their efforts to protect big business and our desire to protect United States legal workers. Third, continue to announce enforcement actions at INS which underscores the point that we are already doing what they are only talking about doing.

(INS is preparing an anti-smuggling initiative and a new Northeast worksite enforcement operation. I think it is essential to get the anti-smuggling initiative out before the California primary. I may need your help in pushing Doris Meissner because Alan Bersin and Doris are bickering over details. With the national press in California for the primary it is all the more important to have a big splash on our immigration efforts.)

Attached is an article in USA Today that came out on Wednesday, March 13th, that I think is very good.

SCHOOL UNIFORMS : We continue to receive positive coverage on school uniforms. I have asked the Department of Education for; (1) an assessment of schools considering adopting a school uniform for next fall, and (2) to release a survey to Education forums and councils asking teachers, administrators, and members of the board of Education, if they are in favor of uniforms.

ECONOMICS: I worked with Secretary Reich last week in preparation for the announcement of the 401K Amnesty Program. The announcement was the last of four announcements on the security of pensions and was very successful.

2-3-96

*Send all to Ann Keen
PAC.*

GOP talks tough, acts meek on immigration

Republican susceptibility to big business — as in the case of a guest-worker program — may prove fatal.

The Republican Congress is dropping the ball on immigration reform.

A legislative drive began after the shattering victory of California's Proposition 187, the 1992 measure aimed at denying welfare to illegal immigrants. Then ethnic and business lobbies began their usual brutal tackling. The aim: to kill legal immigration reform by splitting it from the legislation. And now, incredibly, they have succeeded in literally inverting proposed policy toward illegal immigration, too.

On March 5, the House Agriculture Committee approved an amendment to allow as many as 250,000 foreign farm workers into the U.S. every year on temporary work visas — "guest workers." Essentially, this would legalize the current illegal immigrant flow. (There are about 2 million to 3 million illegal crossings of the U.S.-Mexican border annually; about 5 million illegal immigrants have permanently settled here, increasing by about 300,000 to 500,000 a year).

"Once you admit hundreds of thousands of people like this, why not just pull the Border Patrol off the border and let people in?" asked Rep. Lamar Smith, R-Texas, quarter-



By Peter Brimelow

back of the reform legislation. "This undercuts everything we're trying to achieve."

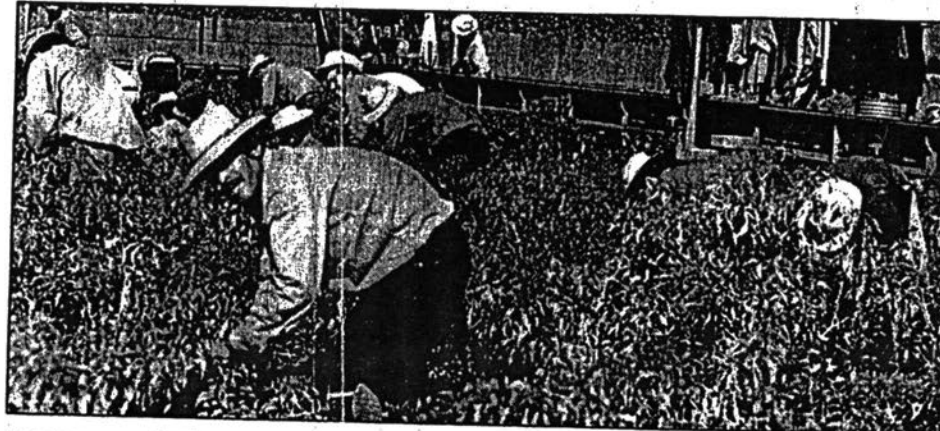
There's something to be said for a guest-worker program — but instead of legal immigration, not in addition to it.

And it's unbelievable folly to enact any guest-worker program without reform of the 14th Amendment. As currently interpreted by the

courts, this means that any child born in the United States — even if its mother is an illegal immigrant or even if she's a tourist — is automatically considered an American citizen and entitled to welfare and other benefits. This is one loophole through which illegal immigrants are picking the American taxpayers' pocket right now.

As a practical matter, it will be impossible to deport female guest-workers who bear children here. And, unlike the 1942-1964 bracero agricultural guest-worker program, this huge new guest-worker program probably cannot be restricted to men.

Most other industrialized countries have recognized that treating all children born within their borders as citizens is simply unworkable. Even House Speaker Newt



Bracero program: The United States had a guest-worker program from 1942 to 1964 when farmhands harvested crops.

Gingrich has spoken of the need for reform. But, needless to say, nothing has been done.

A recent Roper poll showed that 83% of Americans want to see immigration reduced, 70% to below 300,000 annually. (Recent legal immigration has averaged just below a million.) The evidence is now overwhelming that the immigrant wave unleashed, after a 40-year lull, by the 1965 Immigration Act and the subsequent collapse of border enforcement, has been a disaster.

Harvard economist George J. Borjas has recently calculated that total welfare participation by immigrants is now over 20%, twice the rate for

native-born American whites. And Borjas estimated the net economic benefit accruing to native-born Americans because of the immigrant presence is trivial, perhaps a couple of tenths of one percentage point of gross domestic product, probably wiped out by immigrants' net welfare cost. America is being transformed for — nothing.

But the Republicans cannot seem to act — even though the proposed legislation is pitifully moderate.

It will still allow a continued influx of over 500,000 a year. It will leave virtually untouched, at business's behest, the relatively small number of slots for skilled immigrants — the

much-touted "foreign geniuses" (which amount only to about 130,000 — and in recent years have gone unfilled). It will do nothing about the influx of 100,000-odd "refugees." (Virtually none are refugees as defined by the United Nations — it's an expedited, subsidized immigration program for politically powerful groups.) And, of course, it enacts nothing like the Eisenhower administration's deportation solution to the illegal immigration crisis of the early 1950s (sealing the borders and deporting the illegals — then over a million people).

The proposed legislation has one valuable feature: It cuts into "family

reunification," the absolute right of immigrants to bring in family members, sometimes quite remote. This invention of the 1965 Act has been responsible for the enormous Third World chain migrations that have crowded out all of America's traditional immigrant senders and caused skill levels to deteriorate sharply.

However, close "family reunification" (spouses and children) is still sacrosanct. Indeed, the proposed legislation envisages an accelerated reduction of the 1.2 million close-family backlog. The unspoken reason: Up to 80% are probably already here — smuggled in to join their 2.7 million relatives amnestied under the 1986 legislation. In effect, this is a second amnesty.

Why can't the Republicans act? Well, no less than 50-odd agribusiness organizations lobbied for the guest-worker program alone.

This Republican susceptibility to big business may prove fatal. Democrats generally echo labor union aversion to guest workers. President Clinton, who has been much tougher on illegal immigration than Reagan or Bush, could make a veto a campaign issue.

And Patrick J. Buchanan is manifestly qualified to persuade Californians to send Washington another message in their March 28 primary. Either way, Republicans will have only themselves to blame.

Peter Brimelow is author of *Alien Nation: Common Sense About America's Immigration Disaster*.

TODD:
To Dorskind for reply?

☒ yes

☐ no



Derek N. Shearer

Ambassador of the United States of America

American Embassy
Itäinen Puistotie 14A
00140 Helsinki

Tel: 358-0-171-931
Fax: 358-0-174-681

Helsinki, March 11th, 1996

SUOMEN JAZZ-ARKISTO

Pihlajatie 43 A
00270 Helsinki
☎ 90-4771252

Bill Clinton
President of the United States
The White House
Washington D.C.
USA

Dear President Clinton,

We write to you in the hope that you would be good enough to consent to become a life member of the Society of the Supporters of the Finnish Jazz Archives.

We are well aware of your keen interest in jazz and other popular music which you yourself practice playing the saxophone. This has been a source of inspiration to jazz-fans all over the world, not least here in Finland.

We are pleased to inform you that we have secured the membership of the Finnish President Martti Ahtisaari, who also is a keen fan of jazz and recently arranged at the presidential residence an nationally televised concert with the Count Basie (memorial) Orchestra and some top Finnish jazz musicians.

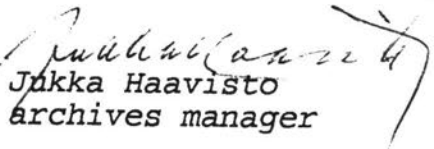
The largest Finnish daily, the Helsingin Sanomat, feted the event by publishing a cartoon of which a copy is enclosed.

We sincerely hope that you, Mr President, will be able to accept our invitation to become a life member of our society.

on behalf of

the Society of the Supporters of the
Finnish Jazz Archives

Yours sincerely,


Jukka Haavisto
archives manager

The Finnish Jazz Archives is sponsored a.o. by KODAK

what about

is jazz in Finland?

Staff Sec-
Pres. has not
seen

DARS (2) and
coordinate reply
W/ NSC. T.

ENS**ENS WORLD NEWS, INC. • EDUCATIONAL NEWS SERVICE, INC.**

445 W. 45th Street, New York, NY 10036 • 212-903 5722 • Fax: 212-489 7155

Urgent!

3/14/96

Personal & Confidential

President Bill Clinton
Air Force One8:30PM
DETERMINED TO BE AN ADMINISTRATIVEMARKING INITIALS: MI DATE: 9/11/192019-07-14-1

Dear Mr. President:

I just had an idea that may help in preventing the suicide terrorist attacks in Israel. I thought since the young terrorists are often brainwashed believing that they will go to paradise when they kill Israeli's, that if a massive counter campaign by the Islamic clergy in Gaza and the territories supporting the peace process immediately preached in the mosques that those ideas of paradise are false and that the terrorists receive no rewards and are condemned and suffer.

I am not an authority on Islam, but, what I have understood is that Islam does not promote violence and death.

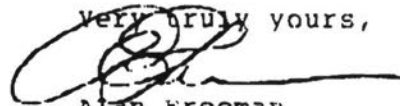
If my idea is good, it could be tried as early as tomorrow, the Muslim Sabbath.

Perhaps, leaflets with that message could be distributed in massive quantities.

I have corresponded with you on other occasions and produced the video on the September 13, 1993 Declaration of Principles.

I can be reached at 609-823-1211.

Very truly yours,


Alan Freeman
President

P.S. Congratulations on your peace efforts on this trip.

The above idea could be carried on Arab TV, newspapers, etc.

TO ~~Donated~~ Greg
~~Don~~ for Smith
Reply ?

yes

NO

CLINTON
GORE

P.O. Box 1996
MANCHESTER, NH 03105
603 · 644 · 1996
FAX: 603 · 622 · 5809

Feb 22, 1996

THE PRESIDENT
3118196

to Clinton up
to Craig Smith

Dear President & Mrs Clinton,
Congratulations, Mr. President,
Not only did you win N.H. Again
this time you added MERRIMACK
to your column.

Your trip to MERRIMACK SEVERAL
weeks ago made the difference!
I also had many Republicans come
up to me at the Polls saying "I'll
be with your guy in the fall".
Many Republicans wrote you in on
their ballot!

We started yesterday working
on STAFF in MERRIMACK to reach
everyone (R, D I) AND new voters for
the fall. There will not be A LOOK OR

CLINTON/GORE '96

P.O. Box 19300, WASHINGTON, D.C. 20036-9300 PHONE 202 · 331 · 1996

PAID FOR BY THE CLINTON/GORE '96 PRIMARY COMMITTEE, INC. A CONTRIBUTION TO CLINTON/GORE '96

Granny left untouched.

I was especially very proud of the MERRIMACK High Students who came in car loads with homemade signs saying, "M.H.S Student's ♥ President Clinton" or "President Clinton is the only EDUCATIONAL President". I also had the Senior Citizens out there holding signs AND would not go home when it started to rain.

Needless to say, I am very very proud of ALL my STAFF in MERRIMACK. They have worked SUPER hard in GOTV and it PAID OFF!

GOD BLESS You ALL. I Love you! I have my fingers (crossed) for Chicago! As A delegate. If you need me for anything I'm A phone call away.

Sincerely,
Marta A. Moran

Jim - Liz is very
good friend of
Clinton

TODD:

To Dorskind for reply?

☒ YES

☐ NO

coord. note w/ VP office

~~Send copy of this to VP?~~

~~yes~~

~~no~~

Among Staff

March 7, 1996

MEMORANDUM

THE PRESIDENT HAS SEEN

3/18/96

To: The President
From: Nancy Hernreich
Andrea Whitney
cc: Steve Silverman
cc: Gene Sperling
cc: Don Baer
Re: Liz Robbins

Handwritten note:
Missed reply to Liz
Saw article
RHL
RK

As you prepare to travel to NetDay, Liz Robbins has written you in response to today's New York Times criticism about internet use in the classroom.

Scholastic Publishing has responded to your challenge by donating 2,000 free accounts on the Scholastic Network to California schools. In response to critics, the Scholastic Network is creating a "Gold Seal" program to regulate the internet sites entering classrooms.

Examples of productive internet use in the classroom are enclosed. They range from Online conversations with Rosa Parks to Online expeditions of Antarctica.

March 7, 1996

President William Jefferson Clinton
The White House
Washington, D.C. 20500

Dear Mr. President;

I wanted to write you a short note as you travel to NetDay to tell you about one of the more interesting and important responses to your challenge which I believe also answers the criticism in today's New York Times that internet use in the classroom may be an unproductive fad, and too difficult for the average teacher to use in coherent, structured, and focused lesson plans. Last week we were noodling with the staff at the NEC about two issues. First, how to answer the question the Times and others in the press have been asking, i.e., "okay the schools have wires -- what does it mean? what can you do with it?" Second, how to add a missing resource -- the one discussed in the Times -- namely, if I'm a newly-wired teacher, where do I go to get training on how to use the net, how do I find and connect with another class to learn with, how do I put together a science project with an antarctic researcher (indeed how do I even find the researcher and find time to organize the project), how do I know where to look for resources, how do I incorporate these resources in a lesson plan, and how do I keep my students from wasting time accessing the "cool muscle car of the day" web site?

In response to these concerns, we turned to Scholastic Publishing (the CEO/owner, Dick Robinson, is one of my oldest friends and clients; you've met him as he was one of your earliest supporters) since Scholastic is already operating the most comprehensive on-line service for the education community (K-12), the Scholastic Network. I asked Dick if he could help. He said he could, and Scholastic has responded to your challenge by donating 2,000 free accounts on the Scholastic Network (i.e., membership, access, free time, and training for California teachers, etc.) to California schools (and note that each account can have up to six separate users -- i.e., classes -- for a total of up to 12,000 classes served).

So, here is how your challenge is providing more than wiring and raw internet access -- it now also includes the critical missing piece of the "highway", which links the wiring and the vast, unorganized internet into a manageable, coherent, educationally screened and predeveloped, resource that's not only safe for students and teachers but also exciting and fun! For those critics who don't think the internet is either safe or easily useable for education, I'm enclosing a few of the many examples of exciting educational projects drawn from the 8,000 schools nationwide now using the Scholastic Network of resources tied directly to school curriculum, and organized by subject and grade level. These examples describe projects such as the following: class to class collaborations around the nation and the world with museums, scientific labs, human rights organizations, and experts who mentor classes; live on line access through chats and bulletin board discussions with

authors, journalists, scientists, and world leaders such as Rosa Parks; integrated lesson plans for teachers and other professional development resources enabling teachers to help each other peer to peer; and, ongoing teacher mentoring support. Perhaps most important, these examples show how teachers can have the vast resources of the internet organized and made useable without having to find and organize it all themselves. This Network solves -- for teachers at least -- the current problem of the internet, namely that it's a vast library with no organized shelving, no Dewey Decimal system, and no central card catalog.

Here's how the Network is also addressing the safety issue. Scholastic, with its teacher members, is developing an internet Good-Housekeeping-Seal-of-Approval equivalent for education called the "Gold Seal" program to answer concerns about the internet being too "wild and woolly" for children. Scholastic has recruited teachers who search for and visit internet sites, then rate and review them for educational content, safety, and age appropriateness. Otherwise, as the Times article points out, teachers are often overwhelmed by the daunting task of wading through masses of material in search of age appropriate information, as well as incorporating the material in their current lesson plans.

I thought you'd want to know that your challenge has brought with it a component that, once they're wired, provides schools with easy and organized access to the internet's resources, relationships with other classes and teachers, and prescreened "education only" content safety guides. This component also answers the press/naysayer question, most recently raised by today's Times, "so these schools are wired -- what can you do with it? How does it help education? And is it safe for kids?"

Accordingly, I have attached today's Times article as well as a description of some of the new resources and projects undertaken by previously wired schools using the internet and Scholastic Network. I hope you find it interesting as examples of what "getting wired" can mean to California schools and how schools already have a tool to turn the internet's vast resources into easily incorporated classroom lessons, once, thanks to your leadership, "the wires have been pulled"!!

Sincerely,

A handwritten signature in cursive script, appearing to read "Liz Robbins".

Liz Robbins

EXAMPLES OF HOW SCHOOLS AROUND THE COUNTRY ARE LINKED NATIONALLY/WORLDWIDE AND HAVE EASY ACCESS TO PRESCREENED EDUCATIONAL CONTENT THROUGH SCHOLASTIC NETWORK

Scholastic Network will bring California teachers and students in touch with classrooms spanning the nation. Unique collaborative projects allow students to share their thoughts and ideas with their peers while they work with museums, scientific labs, research centers, human rights organizations and hundreds of other experts. California educators are invited to become a part of *Scholastic Network's* global learning community--without leaving their classrooms.

Here are some examples of projects students have done through Scholastic Network:

Students Campaign Online for Human Rights

When students from the Broad Meadows Middle School in Quincy, MA, met face-to-face with 12-year-old human rights activist, Iqbal Masih, they were shocked to learn that he was one of 7 million children who work as slave laborers in the Pakistani carpet industry. Even more shocking was Iqbal's tragic death--he was shot while riding his bike in his home country--just months later. Ron Adam's students, determined to make a difference, contacted their peers across the country on *Scholastic Network* and helped raise money and support to build a school in Iqbal's name in Pakistan.

Students "Speak" with Rosa Parks Live on Scholastic Network

Teachers and students participated in a live chat on *Scholastic Network* with civil rights leader Rosa Parks as part of a special January 1996 project, "Honoring Dr. King." Children across the country asked questions and listened as Ms. Parks told the story of what happened on the bus that important day.

- "Thanks for sitting down on the bus and standing up for civil rights! You make me believe that all of us can be heroes."
- "It must have taken a lot of guts to stand up for your rights the way you did. You also showed that men aren't the only people who can make a difference."--Sixth graders

A School in Oklahoma City Reaches Out

Only hours after the April 19, 1995 bombing in Oklahoma City, teacher Delores Choat helped her students to post a moving and emotional message to classrooms everywhere via *Scholastic Network*. The message told of the panic, confusion and fear in the children's hearts as they learned of this tragedy. Within 24 hours, classrooms across the country had sent messages of reassurance to Delores' kids. Students in Los Angeles who had experienced the earthquake extended their wishes and empathy to the children of Oklahoma City.

Online Expedition: Antarctica

Students joined teacher and author Sandy Markle on a month-long voyage aboard the National Science Foundation state-of-art ice breaker, the Nathaniel B. Palmer. Sandy kept students informed daily on *Scholastic Network*, keeping a journal and sharing research from scientists who live and work in Antarctica, studying ice, weather, the ozone layer and wildlife. Sandy also offered contests, photos and answers to students' questions.

The South African Black Doll Project

Up until just a few years ago, the only dolls available for young children in South Africa were white dolls. For almost 50 years under Apartheid, the sale and mass distribution of black dolls in South Africa were banned. Teaming up with the nonprofit foundation Ikamva Labantu, students on *Scholastic Network* helped to create black dolls and send them to South Africa. To date, over 5,000 dolls have been delivered to the children of South Africa. Now students from New York City's Frederick Douglass Academy in Central Harlem are traveling to South Africa from April 2 - 12, where they'll be reporting on their journey to other *Scholastic Network* subscribers.

Learning About American Indian Life

Students nationwide learned first-hand about the daily activities of students who live on the Tuscarora Indian Reservation in New York State. Young members of the Iroquois Confederacy provided insights into their personal experiences with school, entertainment, home life and work through an online message board discussion. Teacher Janneke Bogyo moderated the month-long project, helping her students to field close to 500 questions from students in urban, rural and suburban communities across the country.

- "I am a straight-A student in the sixth grade at Tuscarora Indian School in Lewiston, New York. I enjoy football, basketball and lacrosse. If you think that it would be fun to learn about a different culture, than ask me. I'll be glad to help!" --Joseph H. Woodbury III
- "I'm 10-years-old. I live on the Tuscarora Indian Reservation. I have two brothers and one sister, and I live with my parents. I like to sew and Indian dance. My mother teaches me to do beadwork. I've made some hair pieces, bracelets, necklaces, rings, and dreamcatchers." --Rae'chell Greene
- "We are 4th grade students, in Brooklyn, New York. We study about Indians and we make things of Indian Culture, such as masks. We have also made maps of where different Indian tribes live. From reading about the children, we can see there are many things alike about all of us." --A New York classroom

Rhyming Online with Award-Winning Author, Jane Yolen

Inspired by Aesop and based on her most recent book, renowned author Jane Yolen and *Scholastic Network* created a writing project in which students submitted their own fables, written in rhyme. Students across the country were elated when Ms. Yolen provided feedback and encouragement to their work, also written in rhyme!

Online Experts Who Have Volunteered to Mentor California Teachers

Martine Wayman, Seattle, WA. Martine acts as one of *Scholastic Network's* Online Mentors, helping newcomers find their way online and make the most of the experience. From assisting teachers to send e-mails, to advising them on how best to use online resources in their lesson plans, Martine is a personal friend to thousands of classrooms.

Charles Miller, Concord, CA. This third grade teacher serves as a computer mentor and site technology coordinator. He is a member of *Scholastic Network's* Board of Internet Evaluators. He writes, "One of the questions I frequently grapple with is how the Internet and World Wide Web can really benefit our students. I believe the answer has to do with teachers. The information superhighway can instantly provide teachers with usable lesson plans, classroom resource information and emerging trends in education theory and practice. This can result in improved classroom instruction, which is a direct benefit to our students."

ton Hall wins
g East opener
final second, page B19.



Minor rules infraction
dashes Olympic
dream, page B19.



With Marbury,
Georgia Tech
is the leader of the
A.C.C. pack, page B21.

The Metro Section

B1

THURSDAY, MARCH 7, 1996

The New York Times

The Internet Goes to School

Bellwether or Bust? Educators Debate Value of Surfing

By NEIL MacFARQUHAR

TENAFLY, N.J. — Before her third-grade class waded into the Internet, Mary Anne Denner, a teacher at the Maugham Elementary School here, selected the White House home page as an engaging first exhibit where they might be able to extract information for future reports.

The first group of four pupils elbowed one another for space in front of the computer screen, clicking the buttons to bring up a picture of President Clinton riding a horse or an image of Socks, the White House cat, that actually meowed through the speakers. "Meow!" the boys and girls shouted back.

"If you were watching the news you might not know what Clinton does because on the news he just talks," said Jeffrey Brunswick, who is 8. "And you couldn't hear the cat go meow anywhere else."

The World Wide Web was a hit. Then the computer access system clogged and no other pupils could hook up. "Technology is the worst thing to teach with," Mrs. Denner sighed.

In fits and starts, the Internet is pushing its way into

elementary-school classrooms nationwide. Its fans argue that it will expand and invigorate the way many subjects are taught because it puts the entire world at students' fingertips. Skeptics call it technological razzle-dazzle that will ultimately only distract children from learning.

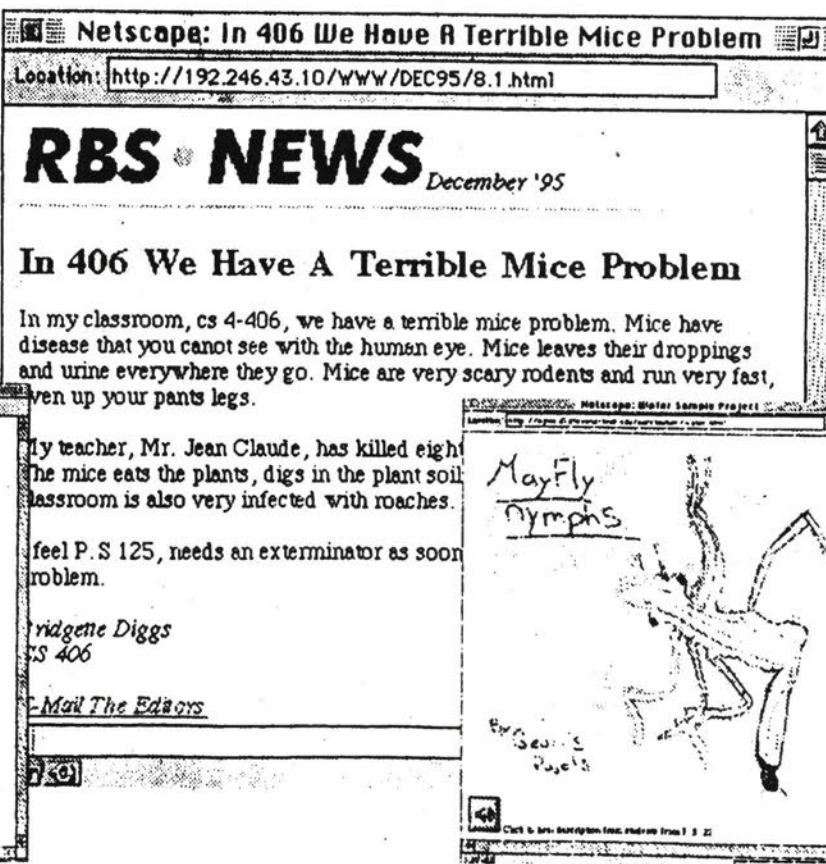
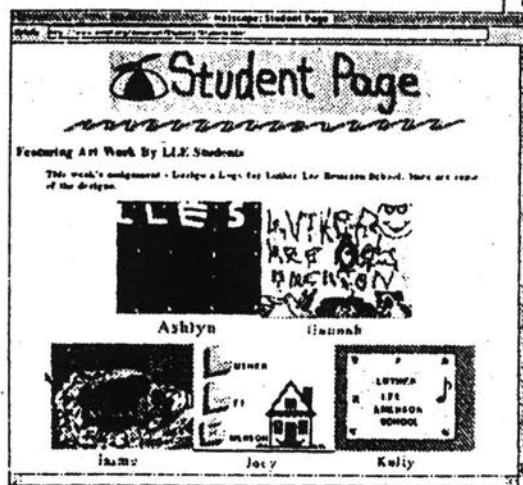
"Computers in classrooms are the filmstrips of the 1990's," said Clifford Stoll, a computer critic and author, recalling his own elementary school days in the 60's. "We loved them because we didn't have to think for an hour, teachers loved them because they didn't have to teach, and parents loved them because it showed their schools were high-tech. But no learning happened."

Still, most states are pushing their schools on line, and educators are scrambling to adapt the Internet to the classroom. No one is quite sure how to weave such an amorphous mass of unedited information into teaching reading, writing and arithmetic.

"People are trying to figure out how to bring it into the core

Continued on Page B4

Home pages for schools are a growing phenomenon. Students design logos for Luther Lee Emerson School in Bergen County, N.J., left; Bridgette Diggs writes about rodents from the Ralph Bunche School in Harlem, center, and Gevris Pujols at Public School 22 in Jersey City offers a mayfly drawing.



R E G I O N

The Internet Goes to School, and Educators Briskly Debate Its Value

Continued From Page B1

of the curriculum rather than just a fun thing that we do on the side," said Rod Haenke, the assistant principal at Oxbow Creek Elementary School in Champlin, Minn., where students have been working on the Internet for four years. "Even though the projects are fun and exciting, they have to be able to show that the kids are actually learning what they are supposed to."

Schools are signing onto the Internet at breakneck speed compared to the general public. The most recent figures from the United States Department of Education indicate that 50 percent now have access to the Internet, up from 35 percent in 1994, well ahead of the estimated 6 percent of the general public with either Internet or on-line access. The number of actual classrooms connected has jumped from 3 percent to 9 percent nationwide in the past two years.

School connections are likely to accelerate even faster given President Clinton's announcement in February that the Federal Government would invest \$2 billion toward getting every classroom in the United States connected by the year 2000.

"What teachers talk about is that this is the first real set of resources that significantly expand the textbook and the library in phenomenal ways," said Linda G. Roberts, the director of technology at the Education Department. "From the par-

ents' point of view, it is a question of skills students need for the rest of their lives. Technological literacy is the new basic the public believes is important."

On Saturday, about 200 California high-tech companies organized by Sun Microsystems will hold Net Day, a day with the goal of getting all 13,000 schools in California to connect five classrooms and their library to the Internet on that day alone. Currently, 2,000 California schools are linked to the Internet, said John B. Gage, chief scientist at Sun.

The problem is that beyond the wiring lies an abyss. Once a classroom is connected to the Internet, there is no formula for what to do with it, and the amount of material can be overwhelming. Ask the computer to search for information on the word "biology," for example, and it will come up with 400,000 Internet entries. No teacher could dig through them all.

"There are many statewide programs throughout the United States devoted to wiring, but there are not a lot of good educational applications," said Dr. Edward A. Friedman, a professor at Stevens Institute of Technology in Hoboken, N.J.

Stevens is part of a growing band of private corporations, government agencies and educational institutions seeking to shape teaching materials for the Internet, and to steer teachers to well-organized World Wide Web sites.

Stevens received one of the largest



Dith Pran/The New York Times

Marianne Denner guides some students in the Internet at Maugham School in Tenafly, N.J.

grants awarded by the National Science Foundation — \$2.9 million over three years — to help 500 New Jersey schools get on line, integrate the Internet into their science curriculums and share the results. Only about 50 schools in New Jersey now have classroom access to the Internet, Dr. Friedman said.

Mrs. Denner's class in Tenafly and an eighth-grade class taught by

Cornelia Rogers at Public School 22 in downtown Jersey City are two of the schools participating in the Stevens program. Both teachers found what many schools around the country discovered: kids are motivated by contact with students in other countries, and by the thought that their work will be on display around the world.

"They are anxious to improve and don't want anyone to see their mistakes," said Miss Rogers, who has one laptop computer to share with 80 students. They all put their work on floppy disks and Stevens puts it out on the Internet.

Joshua D. Baron, a curriculum specialist at Stevens, has put together Internet packages that help instructors do experiments about genetics, volcanoes or tides and waves. The curriculum materials, which can read like treasure hunts, are expected to get students to tap into sources of constantly updated data on the Internet to conduct their classroom experiments.

One of the first science experiments was a comparison of water samples from the pond in a Jersey City public park with samples taken by students from the Taihei River in Akita, Japan. The exchange was slow in coming and sometimes the messages written in Japanese arrived garbled, as %\$@\$. Eventually, however, both sides determined they had similar microscopic organisms.

The home page for the water ex-

periment now has a drawing of a fly nymph created by Gevris Pujols, an eighth grader, and anyone in the world who clicks on the picture can hear him say: "A mayfly nymph is usually found around weeds. It is real gross and it looks like a roach with a long tail and eyes at the side of the corners of his head."

Nationwide, home pages by individual schools are a growing phenomenon, with hundreds of student newspapers, poems and drawings on display.

Mr. Gage, the California scientist, recalls coming across a home page on which three 11-year-olds were arguing with a noted astrophysics professor about the size of the explosion that would occur when a comet hit Jupiter.

"The old model of the teacher absorbing physics, biology and the physical sciences and then pouring it into kids' brains is gone," Mr. Gage said. "It is the kids that do the exploration; the kids are in control."

For those who dislike the Internet in the classroom, that is the stuff of nightmares.

"A fifth grader is an inappropriate teacher," said Mr. Stoll, author of the book "Silicon Snake Oil: Second Thoughts on the Information Highway" (Doubleday, 1995), a critique of the computer industry. "I don't want my children to learn from other students. I want them to learn from competent, paid teachers."

Skeptics think educators need to spend more time weighing the argu-

ments made by huge computer and publishing corporations that making learning more exciting is an improvement. The skeptics say they believe that a decade of computer use in schools has not resulted in any marked improvement in children's learning basic skills.

Instead, they say, the Internet will promote a cut-and-paste style of learning, with students parroting trivial bites of information found on the computer screen instead of developing the critical judgment and analysis engendered by culling through books.

"Kids have to be free to exercise their imaginations," said Neil I. Koblitz, a professor of mathematics at the University of Washington who just published an article arguing that computers should be kept out of math classrooms until students have finished calculus. "To be inundated with visual stimulation and a machine that does it for you is not the best way to learn. It is not science simply because they are punching a keyboard on a computer."

In addition, there is still no organizational framework on the Internet like a card catalogue in a library that allows for a focused review of the materials and some assurance of what is current.

"One of the biggest problems with the Internet is that no one runs it," said Susan Vecchia, editor of Multimedia Schools Magazine. "People think because the information is on the computer it is right."

318 / 90

CC UP

96 MAR 1 P 6:33

March 1, 1996

ON

izenship Meeting

OK let other ideas go
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ON

izenship Meeting

OK let other ideas go
this is too slow

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this is too slow

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OK let other ideas go
this is too slow

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 Alex W (son)
 Anna W
 Doris W
 John W
 Frank W
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6) And providing working Americans with reassurance that the nation's leaders are concerned with their plight and offer answers for their problems.

To further these ends, we propose that you convene a meeting that's large enough to ensure a dynamic conversation among diverse points of view, but small enough to remain manageable and focussed on key challenges. Among the questions this group would address: What are the appropriate roles and responsibilities of the corporation in a changing economy? How do corporate citizens do right both by their employees and their bottom line? How can government and business find common ground in meeting our economic challenges? What innovative approaches can we identify and highlight?

Participants would include a contingent of corporate executives that offer positive examples of corporate citizenship and are prepared to publicly advocate that approach including some who believe there is a responsible way to downsize. But we also propose to include CEO's with different perspectives: one or two that remain committed to a cost-cutting-at-all-costs strategy. We feel everyone will benefit -- and the media will be impressed with -- a conference that truly offered an open and rigorous exchange of views.

This approach would enable you to celebrate positive examples of corporate citizenship, to encourage a dialogue between CEO's on what constitutes appropriate activity, to demonstrate your leadership among various points of view, and to provide the media with a more compelling story.

We still are working through ideas about participants, but some CEO's that we are considering include George Fisher of Kodak, John Snow of CSX (and the new chief of the Business Roundtable), George David of United Technologies, Bob Haas of Levi-Strauss, and Gerald Greenwald of United Airlines, Ralph Larsen of Johnson & Johnson, Jack Welch of General Electric, and Edgar Woolard of Dupont.

One issue that remains to be resolved is whether to include John Sweeney and Rich Trumka, the President and Executive Vice President of the AFL-CIO. Both are thoughtful and articulate, and see labor-management cooperation as a priority. Their participation also would allow you to underscore your initiative in bringing people together around tough American challenges. But on the downside this could almost work too well, turning the focus to labor-management collaboration rather than solely on wages and corporate citizenship.

Attached is a more detailed breakdown of our proposal -- including timing, participants, audience, etc.

We're ready to move quickly to put the details on this framework. Shall we proceed?

Attachment



MUCER
S. Haas
Starbuck

**PROPOSED EVENT: CHALLENGES FOR AMERICAN CORPORATIONS
IN A CHANGING ECONOMY**

EVENT: Approximately four hours divided as follows:

9:30 - 9:45 Welcome and Introduction

9:45 - 10:00 Presidential Remarks

10:00 - 10:45 Three Perspectives on Corporate Citizenship

Brief presentations by three corporate executives:

- An exemplary company that does right both by its workers and its bottom line;
- A committed adherent to cost-cutting strategies and shareholders as the only concern; and
- A company that has changed its view from the latter to the former.

10:45 -12:00 Roundtable Discussion

- A free-flowing conversation among the meeting participants where various perspectives are drawn out and discussed.

12:00 -12:30 Presidential Wrap Up

- Your analysis and summary, including highlighting useful examples and statements of participants, and bringing people together toward a consensus.

PARTICIPANTS:

A small group -- perhaps 10 -- that offers a mixture of corporate executives, including best practice firms, firms that have reformed their point of view based on experience, firms that have downsized but in a responsible fashion, and firms that remain strenuously committed to cost cutting strategies. Other participants could include John Sweeney, President of the AFL-CIO, and Rich Trumka, Executive Vice President.

LOCATION:

A local business school such George Washington or Georgetown.

AUDIENCE:

Business school students and invited guests (other business leaders, union executives, community groups, academics and experts).

OPEN TO PRESS:

yes

THE PRESIDENT HAS SEEN

3/18/96

great praise and enthusiasm for you, but also not one word of criticism. Deborah and I thank you for your great kindness to us and to the wonderful people of Taylor and the Down Rivers."

Ickes note on his March 8 meeting with Kate Michaelman. She believes choice issue should be put in context of family values -- that government shouldn't interfere with choices that should be left to individual families. Coupled with need to reduce abortions, reduce teen pregnancy, encourage family planning and adoption.

Rasco note on Virginia Kelly Center in Hot Springs. HUD says at end of February construction was 52% complete, and estimated completion date is April 28, 1996.

Letter from Richard Bell, CEO of Riceland Foods to Sec. Glickman. Via Leon. "We in the Arkansas rice industry are grateful for your February 16 announcement providing proposed terms for a 1996 rice price support program if Congress does not pass new farm legislation. The announcement has...encourag[ed] financial institutions to begin making production loans to growers for their 1996 rice crop."

Letter from Joe Martin re Lou Gehrig's disease. Via Erskine. Martin, of Nations Bank in Charlotte, appreciates your concern about the disease and offers suggestions about maintaining focus on it, including: (1) attending a ball game on Gehrig's birthday and call attention to the need for patient care and research; 2) taping a television PSA in conjunction with Gehrig's birthday; or 3) inviting researchers, fundraisers, patients, etc. to the White House for a ceremony of some sort, perhaps honoring the new "Iron Man," Cal Ripken. We have forwarded a copy of this letter to Scheduling.

Videotapes from Crow Tribe of Montana. You recently met Ada Bends, coordinator for the tribe's drug elimination program, at the White House Conference on Youth, Drug Use and Violence. She has sent a videotape on "Crow Tribal Housing Drug Elimination Program - 'Our Way of Life.'"

JIM DORSKIND:

Please coordinate the reply.

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cc: Cress
he's a friend
in the community
I should say
right

cc: Charo
(sub sign sury)



CROW TRIBAL COUNCIL

P.O. Box 159
Crow Agency, MT 59022
(406) 638-2601

Clara Nomee, Madam Chairman
Joseph Pickett, Vice-Chairman
Marvin Stewart, Secretary
Dennis Big Hair, Vice-Secretary

Crow Country

March 7, 1996

President Bill Clinton
United States of America
White House
Washington, D.C.

Attention: Ms. Lucia Wyman
Assistant, Legislative Affairs

Dear Mr. President:

The Crow Tribe of Indians of Montana annually host the Crow Indian Celebration Pow-Wow and Rodeo. This celebration is recognized as the largest Indian teepee encampment of the World, with over 50,000 visitors in attendance.

As the official leader of the Crow Tribe, I am extending an invitation to you to attend the Crow Indian Celebration which is scheduled for the third (3rd) weekend, August 16, 17, 18, 1996.

Crow Tribal members, like most Native Americans of this Country are cognizant of your relentless efforts in maintaining Tribal Treaty Rights. Should you be able to attend, I will host a National Indian Leaders Summit for you to address.

Mr. Myron Falls Down, my Executive Aide, is the contact person for further details, (406) 638-2601.

Hoping you are able to accept our invitation, I remain,

Most Respectfully,

Clara Nomee

Clara Nomee
Madam Chairman
Crow Tribe of Indians



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

THE PRESIDENT HAS SEEN
3/18/96

March 15, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY

RE: CEQ WEEKLY REPORT

*Thank
you
Kathy*

96 MAR 15 9:40

OMNIBUS APPROPRIATIONS

The Senate is expected to complete work on the Omnibus Appropriations bill next Tuesday. The Administration objected to the previous appropriations conference reports on the environment because of special interest riders and inadequate funding. To fix the funding problem, the Administration proposed \$966 million for EPA and \$75 million for DOE climate related programs.

The Senate made substantial progress on the funding side by agreeing to add back \$727 million to EPA. However, this still leaves shortfalls in important programs for climate, environmental technologies, and water quality -- especially Boston Harbor which received no additional money.

The House added back no money for EPA.

Both the House and the Senate continue to concede little ground on the issue of riders. They still include provisions affecting Tongass National Forest, Mojave Desert, Columbia River Basin, Endangered Species Act, wetlands protection, and the Toxic Release Inventory (Right-to-Know). Furthermore, the Senate rejected the Administration-supported Murray amendment to fix the timber rider from the FY 1995 Rescissions Act. I must emphasize that the environmental community is strongly opposed to the riders included in this bill and feel that they are reason enough for this bill to be vetoed. At a press conference with Senator Tom Daschle (D-SD), Congressman Richard Gephardt (D-MO) and others on Wednesday, the Vice President indicated that the bill would be vetoed, even if the money problems were fixed, if the riders were not fixed as well.

Senator John Chafee (R-RI) and Senator Harry Reid (D-NV) offered an amendment to the omnibus appropriations bill that would have repealed the moratorium that has been in place since last summer on listings and critical habitat designations under the Endangered Species Act (ESA). It lost by two votes. You should know that environmentalists are criticizing us for not doing more to support the amendment, and are pushing for a statement that you will veto the omnibus bill over this issue. Our response at this point is that we have consistently

opposed the ESA moratorium, and were actually working with environmentalists the day of the vote on this rider. However, we have not committed to a veto over any single one of the rider issues; rather, as you reiterated in a statement today, we object to all of the "harmful and unacceptable riders affecting the environment."

REGULATORY REFORM

The Senate has agreed to pass next week the bill on regulatory reform, introduced by Senator Kit Bond (R-MO), which reduces burdens on small business and requires a Congressional layover of major rules (a Reid-Nickles proposal). The Administration supports this legislation, although we are seeking additional improvements. Because this bill is narrow in scope, it is expected to strengthen the hand of moderate House Republicans who want to limit the House to a narrow bill as well.

Meanwhile, Senator Carl Levin (D-MI) has completed work on a regulatory reform proposal that meets most of the substantive objections of the Administration and the labor/public interest coalition. At the same time, Senator J. Bennett Johnston (D-LA) has produced a new proposal of his own, with the support of Senator Chuck Robb (D-VA), which may set up a duel with Senator Levin. The Administration will need to monitor this situation very carefully in the next few weeks. The Bond bill is likely to be the only bill that is signed on regulatory reform this year.

MURRAY TIMBER AMENDMENT

Unfortunately, despite considerable effort by many of your staff, cabinet officers and the Vice President, the Murray legislation was defeated in the Senate yesterday, 54-42. Senator Mark Hatfield (R-OR) exerted considerable pressure on individual Members to oppose the bill, and several Members who had expressed support for it voted against or abstained. We must now determine our timber rider strategy in the context of the omnibus bill, which will carry the Hatfield/Gorton language that we believe is unsatisfactory. Prior to the Senate vote, you issued a strong letter of support for Senator Murray's bill.

In addition, The Oregonian published an editorial on Tuesday, March 12 supporting Senator Patty Murray (D-WA) proposal on old-growth timber. The editorial is attached for your review. Similar supportive editorials have appeared in the Seattle Post-Intelligencer and the Seattle Times.

ENDANGERED SPECIES ACT

You may recall that there has been considerable controversy in California over the Endangered Species Act's requirements as related to the Stephens' Kangaroo rat in Southern California.

3/18/96

✓ need to see Babbitt
I am happy to report that last week, the Riverside County Habitat Conservation Agency voted to establish a 43,000-acre wildlife preserve which will serve both the needs of the species and potentially other species and will free 530,000 acres of land from development restrictions by May 6th. Local press is signaling that the controversy may now be near an end. We are being praised in the press for pulling this off. The Department of the Interior handled this masterfully and deserves much credit.

NEW WORLD MINE

After a confidential meeting with the owners of the New World mine Yellowstone, I established a small working group to determine if there exchange of assets that may provide the company a graceful exit.

JIM DORSKIND:
Please coordinate the reply.

✓ must resolve all issues
The working group developed some attractive options that could provide the Administration, the company, and the conservation groups. To follow Vice President convened a meeting with Secretary Babbitt, Secretary Clinton, Administrator Browner, Assistant Secretary of the Army Martin Lancaster, Director Rivlin, and me to discuss next steps. My objective is to name a lead negotiator for the Administration early next week to begin very sensitive talks with the company as soon as possible. ~~There are many obstacles to surmount and an agreement is not assured.~~ But, I am very optimistic that we have a real opportunity here. It is critical, however, that this remain absolutely confidential. Freelancing on the part of any agency will sink the deal.

ECONOMISTS ON THE ENVIRONMENT

The Oregonian reported on Tuesday, March 12 that a group of more than 60 economists from the Northwest agree that environmental protection is good for economy. A statement was issued by the economists which made the following points: 1) environmental protection has helped create and maintain the economic health and vitality of the Pacific Northwest; 2) the loss of jobs in natural resources and aerospace industries has not been primarily due to environmental restrictions. The article is attached for your review.

✓ need to get this to Congress

3/18/96

Send to Doriskind for response
ASA P?

Yes ☒

No ☐

cc: Don Baer
~~Gene Spaulding~~
Laura Tyson
Laura Rascu
Gene Spaulding

C



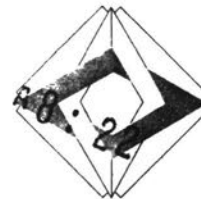
Business Enterprise Trust

Norman Lear

Through Jeff Sney
Please send asap

96 MAR 18

March 12, 1996



VIA FEDERAL EXPRESS

BOARD OF TRUSTEES

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Henry B. Schacht
Cummins Engine
Company, Inc.

John T. Walton
Walton Family Foundation

President Bill Clinton
The White House
1600 Pennsylvania Avenue
West Wing
Washington, D.C. 20500-2000

Dear Mr. President:

I read your recent speech at Harman International Industries and couldn't be happier that you are continuing to sound the drum on an issue so central to our future. When you addressed our 1994 Business Enterprise Awards Ceremony via satellite you urged our audience to treat workers "not as cost centers to be cut, but wealth centers to be strengthened." Vice President Gore underscored that same theme in his closing remarks.

For the last seven years the Trust has been at the cutting edge of this evolution of business' ever increasing influence on and responsibility to American society. The stories of our 25 award recipients exemplify the values you spoke of at Harman International and are being used in over 450 colleges, business schools and corporate training centers in the U.S. and increasingly abroad, inspiring the next generation of business leaders to "go and do likewise." The First Lady graciously included several of the stories in her book, and this fall all the stories will reach a much wider audience with the publication of *Aiming Higher: 25 Stories of How Companies Prosper by Combining Sound Management and Social Vision*.

Please use us as a resource as you continue to speak out on this issue. Our nomination database has over 1100 examples of American businesspeople whose innovative management programs address important social needs while enhancing bottom-line profitability. We would be happy to provide you with information on any of these companies or with short video documentaries on our award recipients.

Thank you for having Carol Rasco call me. I hope we can get together in Washington or Los Angeles soon.

Sincerely,

3/18/96

From the Oral

Send to Legislative Affairs
for response -

Yes ☒

No ☐

C

SENATORS:

BOB BENNETT, CHAIR

DANIEL AKAKA
CONRAD BURNS
PETE DOMENICI
MARK HATFIELD
HOWELL HEFLIN
JOHN F. KERRY
DON NICKLES
SAM NUNN
PAUL SIMON
ALAN SIMPSON
TED STEVENS



Bob Bennett
United States Senator

February 28, 1996

REPRESENTATIVES:

BILL BARRETT
DAVE CAMP
BUD CRAMER
VERN EHLERS
BILL EMERSON
TILLIE FOWLER
PETE GEREN
TONY HALL
CARRIE MEEK
ROBERT C. SCOTT
IKE SKELTON
BOB STUMP

96 MAR 18 AID: 19

The President
The White House
Washington, DC 20500

My dear Mr. President,

As we have just returned to the first meeting of our Senate breakfast group after congress reconvened, we want to take this opportunity to thank you for the great leadership and spirit you bring to the National Prayer Breakfast.

Your remarks at the breakfast were most fitting and your kindness to all the international guests is very encouraging. Thank you very, very much for the partnership we feel in hosting these friends from all over the world.

Most sincerely,

Bob Bennett

Conrad Burns
Don Nickles

Howell Heflin

Sam Nunn

John F. Kerry

Craig Thomas
Bill Frist
Al J. Levine

Rich Schweiker

Sam Doolittle

Danny L. Rostenkowski

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THE WHITE HOUSE

WASHINGTON

96 MAR 1 P 6:33

March 1, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT B. REICH
ROBERT E. RUBIN
LAURA D'ANDREA TYSON

SUBJECT: Response on Corporate Citizenship Meeting

You asked us to move ahead on a meeting of CEO's to examine the issues surrounding corporate downsizing and the growing income gap. Alexis Herman is coordinating a broader memo deal with an of issues regarding outreach to business leaders that you will receive in a few days. *This memo deals with only the issue of possible events to promote corporate citizenship.*

These meetings -- with CEO's and, potentially, other key economic leaders -- would offer an opportunity for you to exercise national leadership for five purposes:

Celebrating corporate leaders who do the right thing, and exerting moral suasion for values and purposes you have consistently articulated: the need for companies to treat their workers as assets to be developed; for business, labor, and government to work together for the common good; and for society to offer opportunities for education and training and for people to make the most of these opportunities.

Discussing and planning a positive program for how business, labor, government at every level, educational institutions, and other public and private institutions can respond to the needs of working people and their families.

Identifying new ideas and innovative approaches toward boosting skills, protecting workers, promoting the corporate bottom line and narrowing the income gap, including how corporations themselves are addressing these issues.

Promoting Administration policies -- such as improving education and training and securing health care and pension coverage -- that help working Americans make their way in times of change.

5) And providing working Americans with reassurance that the nation's leaders are concerned with their plight and offer answers for their problems.

To further these ends, we propose that you convene a meeting that's large enough to ensure a dynamic conversation among diverse points of view, but small enough to remain manageable and focussed on key challenges. Among the questions this group would address: What are the appropriate roles and responsibilities of the corporation in a changing economy? How do corporate citizens do right both by their employees and their bottom line? How can government and business find common ground in meeting our economic challenges? What innovative approaches can we identify and highlight?

Participants would include a contingent of corporate executives that offer positive examples of corporate citizenship and are prepared to publicly advocate that approach including some who believe there is a responsible way to downsize. But we also propose to include CEO's with different perspectives: one or two that remain committed to a cost-cutting-at-all-costs strategy. We feel everyone will benefit -- and the media will be impressed with -- a conference that truly offered an open and rigorous exchange of views.

This approach would enable you to celebrate positive examples of corporate citizenship, to encourage a dialogue between CEO's on what constitutes appropriate activity, to demonstrate your leadership among various points of view, and to provide the media with a more compelling story.

We still are working through ideas about participants, but some CEO's that we are considering include George Fisher of Kodak, John Snow of CSX (and the new chief of the Business Roundtable), George David of United Technologies, Bob Haas of Levi-Strauss, and Gerald Greenwald of United Airlines, Ralph Larsen of Johnson & Johnson, Jack Welch of General Electric, and Edgar Woolard of Dupont.

One issue that remains to be resolved is whether to include John Sweeney and Rich Trumka, the President and Executive Vice President of the AFL-CIO. Both are thoughtful and articulate, and see labor-management cooperation as a priority. Their participation also would allow you to underscore your initiative in bringing people together around tough American challenges. But on the downside this could almost work too well, turning the focus to labor-management collaboration rather than solely on wages and corporate citizenship.

Attached is a more detailed breakdown of our proposal -- including timing, participants, audience, etc.

We're ready to move quickly to put the details on this framework. Shall we proceed?

Attachment

Handwritten notes on left margin:
MUCER
S. Hannon
Starbuck
Handwritten signature:
[Signature]

**PROPOSED EVENT: CHALLENGES FOR AMERICAN CORPORATIONS
IN A CHANGING ECONOMY**

EVENT: Approximately four hours divided as follows:

9:30 - 9:45 Welcome and Introduction

9:45 - 10:00 Presidential Remarks

10:00 - 10:45 Three Perspectives on Corporate Citizenship

Brief presentations by three corporate executives:

- An exemplary company that does right both by its workers and its bottom line;
- A committed adherent to cost-cutting strategies and shareholders as the only concern; and
- A company that has changed its view from the latter to the former.

10:45 -12:00 Roundtable Discussion

- A free-flowing conversation among the meeting participants where various perspectives are drawn out and discussed.

12:00 -12:30 Presidential Wrap Up

- Your analysis and summary, including highlighting useful examples and statements of participants, and bringing people together toward a consensus.

PARTICIPANTS:

A small group -- perhaps 10 -- that offers a mixture of corporate executives, including best practice firms, firms that have reformed their point of view based on experience, firms that have downsized but in a responsible fashion, and firms that remain strenuously committed to cost cutting strategies. Other participants could include John Sweeney, President of the AFL-CIO, and Rich Trumka, Executive Vice President.

LOCATION:

A local business school such George Washington or Georgetown.

AUDIENCE:

Business school students and invited guests (other business leaders, union executives, community groups, academics and experts).

OPEN TO PRESS:

yes

3/18/96

THE WHITE HOUSE
WASHINGTON

96 MAR 6 P8:48

MARCH 6, 1996

MEMORANDUM FOR THE PRESIDENT

FROM:

EVELYN LIEBERMAN
KITTY HIGGINS *Kitty*
DOUG SOSNIK *DS*
MARCIA HALE *MHA*
BOB NASH *Bob Nash*

SUBJECT:

OKLAHOMA CITY

I. ACTION-FORCING EVENT:

To determine the extent of your participation in the one-year anniversary of the Oklahoma City bombing.

II. BACKGROUND:

Yes The one-year anniversary of the bombing occurs on April 19, while you will be in Moscow for the Nuclear Safety Summit. Mayor Norick has invited you to participate in a memorial service, and the Vice President is prepared to go on your behalf. Marcia Hale has requested that you tape a video for the service, which Mayor Norick has suggested will be shown live on the local television stations.

Scheduling will try to find the earliest possible date for you to return to Oklahoma City to meet with families and victims of the bombing (many of whom you did not meet last year) and the Advisory Board of the President's OKC Scholarship Fund.

The Advisory Board was appointed last fall, but has not formally met. Most of the identified need for education assistance has been realized through the contributions made to the 11 different scholarship funds created in the aftermath of the bombing. Governor Nigh, Chair of your Advisory Board, recommends you travel to Oklahoma City before the anniversary, and that you meet with the Advisory Board. Since the goal has virtually been met the original reason for bringing this board together no longer exists. The meeting will provide an opportunity to thank those distinguished citizens for their willingness to serve and recognize and celebrate the success of all those who have helped to meet the education needs of the children victimized by this tragedy. Governor Keating and Mayor Norick have indicated to Governor Nigh that they would be happy to join you in such a meeting in Oklahoma City.

III. RECOMMENDATION

- That you travel to Oklahoma City before the April 19 anniversary, or at the earliest possible date, to meet with families and victims of the bombing and the Scholarship Fund Advisory Board. Perhaps we can add a stopover in Oklahoma City onto another trip.
- That the Vice President participate in the memorial service on April 19.
- That you tape a video to be shown at the memorial service on April 19.



____ Approve

____ Disapprove

____ Discuss

Report Urges Shift in AIDS Research

*Much of Work Has
Small Tie to Disease*

By Rick Weiss

Washington Post Staff Writer

A1

Much of the \$1.4 billion of federal money being spent on AIDS research is supporting studies that are at best marginally related to the disease, while some of the most promising avenues of investigation remain underfunded, according to a review of the National Institutes of Health's AIDS research program, released yesterday.

The independent report—commissioned by the NIH's Office of AIDS Research—calls for significant and in some cases surprising shifts in research priorities. It recommends scaling back the federally funded effort to develop new AIDS drugs, for example, in part because the pharmaceutical industry already is doing much of that work and because drugs now appear less likely to have a long-term global impact on the epidemic than vaccines and other prevention efforts.

The report, by a panel of more than 100 outside experts, also recommends a big increase in funding for basic immunology studies, which might someday explain why experimental AIDS vaccines have not been working well in clinical trials. And in the hope of attracting more top-notch researchers with novel ideas, the report calls for devoting more of the AIDS budget to research proposals suggested by individual scientists, as opposed to institutionally mandated projects.

See NIH, A16, Col. 1

NIH, From A1

AIDS activists praised the findings. "If NIH director Harold Varmus throws his support behind this report and implements its recommendations, the American people can be sure that, for the very first time, every dollar spent on AIDS research is being spent on critical research of the very highest quality," said Michael Harrington, policy director for the New York-based Treatment Action Group, in a statement.

At a news conference yesterday on the NIH campus in Bethesda, Varmus said he would move quickly to review and implement the report's suggestions. "This is a process that will take some time, but it will be effected," Varmus said.

William Paul, director of the NIH Office of AIDS Research, which coordinates the distribution of AIDS research funds to the NIH's 24 individual institutes, said budget restrictions precluded immediate spending shifts. But he said he would devote his \$10 million "discretionary fund" to promising research proposals that had gone unfunded this year but fall within the areas emphasized by the new report.

"This way we can act quickly,"

Paul said. "It's not a panacea. But it's a good down payment."

The 37-page document is rich with praise for the many achievements by NIH-funded scientists during the past 15 years. Among the key advances made with NIH support were the rapid development of a blood test, which has kept the nation's blood supply essentially free of HIV and the development of several new drugs.

But the report is perhaps most notable for its candid assessment of how grant-hungry scientists, apparently as adaptable as the rapidly mutating virus, responded to the country's swiftly growing AIDS research budget by pitching their proposed research in far-flung areas of science

as having potential relevance to AIDS.

It is common practice for scientists who are applying for funds to emphasize the potential value to patients of their basic research. And the NIH has long supported the idea that research with seemingly little relevance to everyday life can pay off with unexpected medical benefits. But in the AIDS arena, the report suggests, things went too far.

Although no specific numbers are offered—in part because the coding and accounting system at NIH is so poorly coordinated that no analysis was possible—the report states that "a substantial proportion of NIH AIDS funds" was inappropriately spent. It calls for a tighter and more uniform

definition of what AIDS research is, and a revamped coding system to make accounting easier.

Princeton University molecular biologist Arnold J. Levine, who chaired the evaluation working group that wrote the report, emphasized that it can be difficult to say what kinds of research are relevant to AIDS, and that the definition is constantly changing. For example, he said, 10 years ago it was right to spend significant sums toward the development of a blood substitute, because it wasn't clear whether donated blood would ever be safe again.

"The blood supply looks very secure now," Levine said. "There can be some deemphasis now in the NIH on blood substitutes research."

Even some areas that remain important should, in some cases, receive less funding, Levine said. He said the panel was dismayed, for example, to see scientists making repeated efforts to develop AIDS vaccines even as it became painfully apparent that the approaches being used were not working.

"There have been many attempts" to develop vaccines, Levine said. "But there haven't been enough attempts to explain why they failed." That means less money for vaccine trials, and more for basic immunology studies, he said.

The report is the result of 15 months of investigation by 118 experts, including 90 scientists, 18 AIDS advocates, and 10 representatives

from the biotechnology and pharmaceutical industries.

Levine said the panel became convinced that studies on AIDS prevention have not been getting enough support. "We feel that preventive medicine is the medicine of the future," he said. Yet only 6.5 percent of the AIDS research budget goes to projects in that arena, which include studies of how to prevent the kinds of behavior that spread the disease.

The panel offered strong support for the Office of AIDS Research and rejected the notion of a new institute at NIH dedicated to AIDS. "There is a vitality in having 24 institutes with different perspectives and different agendas carry out research on AIDS," Levine said.

THE WASHINGTON POST

FRIDAY, MARCH 15, 1996

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originals sent

JOHN GRISHAM | SISTER HELEN PREJEAN | DENNIS COVINGTON
DONNA TARTT | CLYDE EDGERTON | JULIA REED

A the Oxford American

Spring 1996

A Magazine from the South

\$5.50 (Canada \$6.50)

CRIME

SPECIAL DOUBLE ISSUE



The Oxford American

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Amendment arguments, and it pontificates about the necessities of artistic freedom of expression. Its apologists can go on, ad nauseam, about how meaningful even the most pathetic film is to social reform.

It's no surprise that *Natural Born Killers* has inspired several young people to commit murder. Sadly, Ben and Sarah aren't the only kids now locked away and charged with murder in copycat crimes. Since the release of the movie, at least several cases have been reported in which random killings were executed by troubled young people who claim they were all under the influence, to some degree, of Mickey and Mallory.

Any word from Oliver Stone?

Of course not.

I'm sure he would disclaim all responsibility. And he'd preach a bit about how important the film is as a commentary on the media's insatiable appetite for violence. If pressed, he'd probably say that there are a lot of crazies out there, and he can't be held responsible for what they might do. He's an *artist* and he can't be bothered with the effects of what he produces.

I can think of only two ways to curb the excessive violence of a film like *Natural Born Killers*. Both involve large sums of money—the only medium understood by Hollywood.

The first way would be a general boycott of similar films. If people refused to purchase tickets to watch such an orgy of violence as *Natural Born Killers*, then similar movies wouldn't be made. Hollywood is pious, but only to a point. It will defend its crassest movies on the grounds that they are necessary for social introspection, or that they need to test the limits of artistic expression, or that they can ignore the bounds of decency as long as these movies label themselves as satire. This all works fine if the box office is busy. But let the red ink flow and Hollywood suddenly has a keen interest in rediscovering what's mainstream.

Unfortunately, boycotts don't seem to work. The viewing public is a large, eclectic body, and there are usually enough curious filmgoers to sustain a controversial work.

So, forget boycotts.

The second and last hope of imposing some sense of responsibility on Hollywood, will come through another great American tradition, the lawsuit. Think of a movie as a product, something created and brought to market, not too dissimilar from breast implants, Honda three-wheelers, and Ford Pintos. Though the law has yet to declare movies to be products, it is only one small step away. If something goes wrong with the product, whether by design or defect, and injury ensues, then its makers are held responsible.

A case can be made that there exists a direct causal link between the movie *Natural Born Killers* and the death of Bill Savage. Viewed another way, the question should be: Would Ben have shot innocent people *but for* the movie? Nothing in his troubled past indicates violent propensities. But once he saw the movie, he fantasized about killing, and his fantasies finally drove them to their crimes.

The notion of holding filmmakers and studios legally responsible for their products has always been met with guffaws from the industry.

But the laughing will soon stop. It will take only one large verdict against the likes of Oliver Stone, and his production company, and perhaps the screenwriter, and the studio itself, and then the party will be over. The verdict will come from the heartland, far away from Southern California, in some small courtroom with no cameras. A jury will finally say enough is enough; that the demons placed in Sarah Edmondson's mind were not solely of her making.

Once a precedent is set, the litigation will become contagious, and the money will become enormous. Hollywood will suddenly discover a desire to rein itself in.

The landscape of American jurisprudence is littered with the remains of large, powerful corporations which once thought themselves bulletproof and immune from responsibility for their actions. Sadly, Hollywood will have to be forced to shed some of its own blood before it learns to police itself.

Even sadder, the families of Bill Savage and Patsy Byers can only mourn and try to pick up the pieces, and wonder why such a wretched film was allowed to be made. 37

the Oxford American

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
3/18/96

March 15, 1996

MEMORANDUM TO THE PRESIDENT

FROM: STEPHANIE STREETT & ANNE WALLEY

SUBJECT: SCHEDULING DECISIONS

CC: EVELYN LIEBERMAN

Accept:

Date of Event:

3/17/96

3/19/96

3/20/96

3/21/96

3/25/96 - 3/29/96

3/28/96

3/29/96

3/29/96

4/11/96

Description of Event:

Address to the United Jewish Appeal
Youth Leadership Conference, Washington,
DC

Women's History Month Photo

Meeting With Bipartisan Congressional
Leadership on the Middle East & the
Budget

OPTION: Drop-By Meeting With Northern
Ireland Leader Dr. Paisley

Meeting to Discuss the Election of the
Next Secretary General of the UN

Attend "One Strike" Symposium @ the
White House Conference Center Hosted by
Secretary Cisneros

Meeting With Sec. Christopher to Discuss
the Current Political Situation in Russia

Meeting With Insurance & Health Care
CEOs to Discuss the Kennedy-
Kassenbaum Health Reform Proposal

Movie Night With Political Supporters

THE PRESIDENT HAS SEEN
3/18/96

Pending:

Date of Event:

Description of Event:

CEL

3/15/96 - 4/12/96

Presentation of a Presidential Citation
to Red Skelton

3/15/96 - 3/28/96

Bill Signing For the Housing Opportunity
Program Extension Act

SLQ

3/15/96 - 3/28/96

Photo-Op With the White House News
Photographer's Association Award Winners

3/17/96

Phone Call to William Bulger For His
Annual Saint Patrick's Day Celebration

SL 3/22/96

Oval Office Photo-Op With the National
Association of Women Judges. (You will
be presented with an award recognizing
your appointment of women to the federal
bench.)

**This is the day that you go to Bethesda
Naval Hospital. You will be finished
around 2pm and have the rest of the
afternoon down. We would schedule
this to happen directly before the 7pm
reception for the National Newspaper
Association.**

4/21/96 - 4/27/96

White House Ceremony For the
Presidential Service Awards

Regret:

3/19/96

Joint Center For Political and Economic
Studies

**The Vice-President will be attending this
dinner in your place. You are unable to
attend because of a White House
reception and two DNC dinners that
evening.**

THE PRESIDENT HAS SEEN

3/18/96

Regret:

Date of Event:

3/18/96
↙

Description of Event:

Speech to the Council of State School
Officers

**You will be traveling to Fort Polk &
New Orleans, Louisiana on this day.**

3/23/96
↘

Orthodox Prayer Breakfast in Honor of
Archbishop Iakovos

**You are scheduled to be in Ohio
all day.**

Can GS go?

cc: NOTUS, GEORGE, HAROLD, ANN LEWIS, LISA, MAGGIE, MELANNE,
MC CURRY
From: HRC

Bad News, Period

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About the Authors

Kathleen Hall Jamieson and Joseph N. Cappella are professors in the Annenberg School for Communication of the University of Pennsylvania.

Bad News, Period

Thomas E. Patterson, Syracuse University

What did Newt Gingrich do to deserve such awful coverage? Although the Contract With America moved at unprecedented speed through the House of Representatives, statements about Gingrich from national reporters and their sources during the first 100 days of the new Congress were more than 60% negative. And Gingrich was not the only one pilloried. All of the GOP's top congressional leaders, and the Republican congressional majority itself, received more negative than positive coverage (Center for Media and Public Affairs 1995).

Republicans attributed their lousy coverage to the press's knee-jerk liberalism, a charge that might have made sense had the Democrats in Congress received favorable coverage. But, in fact, they, too, were portrayed negatively.

The inadequacy of the liberal-bias theory is also apparent in news coverage of Bill Clinton's presidency. Although Clinton was the

first Democratic president in 12 years, he did not even get a honeymoon period: his coverage was nearly 60% negative during the first two months on the job. Two years into his presidency, Clinton's numbers were no better. Except for a month of positive news during the NAFTA debate, Clinton's coverage was unceasingly negative (Center for Media and Public Affairs 1993, 1994).

Ingrained cynicism rather than knee-jerk liberalism is the media's real bias. Reporters have a decidedly low opinion of politics and politicians, and it slants their coverage of Republicans and Democrats alike.

A New Standard: Staging the Negative

The notion that "bad news makes for good news" has long been a standard of American journalism, but the media have raised it to new

heights in recent decades. Negativity in the news increased sharply during the 1970s, jumped again during the 1980s, and continues to rise. Since the 1960s, bad news has increased by a factor of three and is now the dominant tone of news coverage of national politics (Patterson 1994; Lichter and Amundson 1994).

Underlying the change is a shift in the style of journalism. In the 1960s, reporters began to question their traditional approach to the news. The existing rules emphasized the words of the newsmakers; to a large extent, their statements defined their coverage. Most of what they had to say about themselves and their programs was positive in tone; as a result, most of their news coverage was favorable.

However, a growing list of government failures and a heightened sense of their own power led many journalists to conclude that they should no longer merely cover top leaders but should also critically

THE PRESIDENT HAS SEEN

3/18/96

Baer Ryl

examine their actions. Newsmakers' messages would no longer be taken at face value; the accuracy of the message and the credibility of the source would be as newsworthy as the message itself.

Into the early 1970s, this new attitude was tempered by a prudent regard for the facts. The press hounded Johnson and Nixon on Vietnam and Watergate, but only as credible allegations and damning evidence came increasingly to light.

By the late 1970s, however, critical journalism had degenerated into a form of reporting that exalted controversy rather than accuracy. Intent on exposing the failings of political leaders but without the time or knowledge to do the job properly on a daily basis, journalists slipped into a quick and easy form of criticism. When a politician made a statement, they turned to adversaries to attack it. The critical element was supplied, not by a careful investigation of the claim or action, but by the insertion of a counterclaim (Westerstahl and Johansson 1986, 138).

This type of critical reporting, as Larry Sabato (1991) observes, is best described as "attack journalism." It is rooted in controversy and superficial condemnation rather than careful analysis and inquiry. Strife and discord are the theme. This is not totally new: a good fight has nearly always attracted the media's attention. Only in recent years, however, have the journalists themselves staged the fights. The result has been a sharp increase in conflict as a news element. Before the 1980s, most political stories did not contain a clash of interests and opinions; now they do (Lichter and Amundson 1994, 136).

Although portrayed by the press as watchdog journalism, this type of reporting is actually ideological in its premise. Journalists are *presumed* to act out of personal rivalry and naked self-interest rather than also from political conviction (Westerstahl and Johansson 1986, 141). Journalists routinely claim that politicians make promises they do not intend to keep or could not keep even if they tried. Most bad-press stories criticize politicians for

shifting their positions, waffling on tough issues, posturing, or pandering to whichever group they happen to be facing (Robinson 1983, 2).

By the rules of attack journalism, the mere whiff of a controversy or scandal is grounds for a story. Although there is no persuasive evidence that official corruption has risen in Washington (Garment 1991), scandals increasingly fill the headlines. In the last decade, ethical lapses have accounted for a fourth of the coverage of Congress compared with less than a tenth in the previous decade (Lichter and Amundson 1994; Rozell 1994).

In pursuing their attack, journalists use perfection as a standard for judging performance, which means that officials typically get little credit when things go right and are often sharply denounced for their failings (Lichter and Smith 1993). News coverage of President Clinton's first year in office illustrates the tendency. The theme that Clinton was reneging on his campaign commitments first surfaced in the news when, during the early days of his presidency, he broke a campaign promise to open the nation's shores to the Haitian boat people and sought a compromise with Congress for a new policy on gays in the military. Compromises over tax increases and deficit-reduction spending cuts and an unexpected delay in the submission of his health-care proposal to Congress kept the theme alive through the summer and into the fall.

In total, however, Clinton kept far more campaign promises than he broke. Among the promises kept in his first year were a tax increase on higher incomes, an end to the ban on abortion counseling in family-planning clinics, a family-leave program, banking reform, NAFTA, a college-loan program, the Brady bill, and a youth training program. He also proposed numerous programs that were still working their way through the Congress as 1993 ended. Clinton's relationship with Congress was extraordinary. Since 1953, Congressional Quarterly has kept track of Congress's support of legislation on which the president has announced a position. Congress backed Clinton's position on 88%

of contested votes in 1993, a level exceeded only twice in 40 years—by Dwight Eisenhower in 1953 and Lyndon Johnson in 1965 (Congressional Quarterly 1994, 3620).

Nevertheless, the press repeatedly portrayed Clinton's efforts as inept and insincere, a fiction sustained by the nature of news. When a politician keeps a promise, as Clinton did when he ordered an end to the ban on abortion counseling, it makes news for a brief period only. When a commitment is broken, however, it retains its news value. Clinton's promise to change the policy on gays in the military was in the news for months.

Political leaders are nearly in a no-win situation with the press. Since it is always possible to find an opponent willing to attack what a politician says, and since even the most effective policies are never wholly successful, the press has an endless supply of criticisms at its command and seldom has reason to adjust its negative appraisals. Seven months into Clinton's presidency, *The New York Times* breathlessly concluded on its front page that the White House was in shambles: "The triumphs and wreckage now scattered across his calendar reflect what he himself brought to the Presidency. More by nature than by circumstance, perhaps, Mr. Clinton governs by careening from one tight spot to another" (Rosensteil 1994, 32).

A Disillusioned Public

The media's bad news tendency has heightened Americans' disillusionment with their political leaders and institutions (Patterson 1994, 23; Robinson 1976, 409-32; Center for Media and Public Affairs 1994, 4). Congress has perhaps fared the worst. A relentless stream of negative stories about congressional scandal, rivalry, conflict, and self-interest since the 1970s has helped to drive Congress's approval ratings to historical lows (Mann and Ornstein 1994, 4).

The sharpest indicator of the effect of negative news, however, is the public's view of presidential candidates. Through the 1960s, as

measured by the Gallup poll. Barry Goldwater was the only major-party nominee who at campaign's end had a negative image with the electorate. Since then, most candidates have finished the campaign with a negative image; further, the more negative a nominee's coverage in recent decades, the more negative his image (Patterson 1994, 22-24). Attack journalism is not the only reason why voters' impressions of presidential nominees have become so unfavorable, but it is undeniably a leading factor (Goldfarb 1991).

The press's negativity has colored the views even of citizens with a high sense of political efficacy. In the 1960s, mistrust of government was concentrated among people who had little interest in and exposure to politics. Today, their view is shared by citizens who are politically interested, efficacious, and attentive. Unlike the situation in the 1960s, increased news exposure is now positively correlated with a heightened mistrust of government (Miller, Goldenberg, and Erbring 1979; Patterson 1991).

It could be argued that the press in recent years is finally telling the true story of politics, that public officials are an ineffective and untrustworthy lot. Perhaps, for example, as the press's election coverage asserts, candidates routinely make promises they have no intention of keeping, and which are made, not only to deceive the voters, but to trick them into supporting actions that are contrary to their interests.

The evidence, however, indicates otherwise. Studies by Pomper and Lederman (1980), Fishel (1985), Krukones (1984), and Budge and Hofferbert (1990) reveal that candidates redeem the bulk of their campaign promises when elected to office. A basic truth is that politicians have a stronger incentive to keep their word than to break it. No following is loyal despite broken promises. George Bush paid dearly even within his own party for breaking his 1988 promise of "no new taxes."

Nor, as the press implies, is there dishonor in the play of poli-

tics. The news media disparage the slow deliberation and negotiation that mark the work of representative institutions. The press extols immediate results and unbending leadership, but these are rare and typically problematic in a political system based on an elaborate system of checks and balances that is designed to foster compromise and deliberation (Mann and Ornstein 1994).

The public has few psychological defenses against the news media's claim of self-interested officials and dysfunctional institutions. Unlike messages that attempt to change issue attitudes (such as editorials that take a position on abortion policy), the claim that an officeholder is devious or that an institution is malfunctioning does not contradict deeply held beliefs. Moreover, because the media speak with one voice, the message appears to be factual rather than what it often is—mere opinion. The media, television in particular, present "news without ambiguity, equivocation, or uncertainty" (Iyengar and Kinder 1987, 126).

Of course, politics is sometimes plagued by officeholders' deceit and myopia, and the media should inform the public about it. Democracy requires a degree of skepticism if it is to operate properly. Lance Bennett (1981, 308-317) talks about "degradation rituals" in politics, which, through the process of subjecting political leaders to close scrutiny, affirm the principle of accountability.

But the press has gone way beyond the point of responsible criticism, and the effect is to rob political leaders of the public confidence that is required to govern effectively. The abrupt and transient form of politics that the press generates works against responsible leadership. It is a politics of shifting standards and fleeting controversies, spurring citizens to demand immediate solutions to stubborn problems which in turn encourages politicians to pursue short-term and ultimately self-limiting policies and strategies.

It is ironic that journalists, who tend to have liberal beliefs, have become the unwitting handmaiden

of the conservatives. Right-wing attacks on government activism gain power when the public believes that government is ineffective and run by inept and self-serving officials. Opinion polls during the 1994 campaign indicated that a majority of Americans believed, contrary to fact, that under Clinton the economy had receded, the budget deficit had increased, and tax rates on lower-income Americans had been raised. The Republicans' sweeping victory in the 1994 congressional elections was built on a public so persuaded of official incompetence that it could only assume the worst about government's performance.

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About the Author

Thomas E. Patterson is Distinguished Professor of Political Science in Syracuse University's Maxwell School of Citizenship. He is the author of *Out of Order* (Vintage, 1994), which examines the media's role in presidential elections. He is also the author of a full-length introductory American government text, *The American Democracy* (McGraw-Hill, 1996), and a brief edition of the same text, *We the People* (McGraw-Hill, 1995).

The Mass Media as Political Actors

Benjamin I. Page, *Northwestern University*

One can imagine several ways in which media organizations—that is, individual media outlets, chains, networks, or umbrella corporations—might pursue policy objectives. One way could involve standard interest-group techniques for influencing political candidates and public officials. Media organizations (e.g., Rupert Murdoch's News Corporation) and their executives might seek public policies of particular concern to themselves (e.g., relaxation of limits on foreign ownership of U.S. TV stations), by making campaign contributions, doing favors for politicians, or lobbying, just like other interest groups. Journalists and scholars have come upon a number of examples of such influence attempts. A closer look, particularly at possible connections between what media firms lobby for and what they air or print could be valuable. (Devereux 1993, for example, has found evidence that some newspapers' endorsements of Lyndon Johnson in 1964 were linked with policy payoffs.)

I want to focus, however, on a different way in which media organizations might seek to influence policy: the *indirect* approach of using their publications or broadcasts to try and change the beliefs and policy preferences of mass and/or elite audiences, which would presumably affect subsequent policy decisions.¹ This indirect approach might be especially attractive to media organizations because of their special positions as key disseminators of political information. Its use could have important implications for the nature of democratic deliberation.

The concept of "political actor," applied to the media or anyone else, implies observable *action* that is *purposive* (though perhaps functional rather than consciously intended) and sufficiently *unified* so that it makes sense to speak of a single actor. A critical question, therefore, concerns whether—or to what extent—media outlets do in fact use their publications and broadcasts in a purposive and uni-

fied fashion to pursue policy objectives.

Subsidiary but important research questions concern what kinds of media act in this way, under what circumstances, concerning what sorts of issues. Also, who drives the process (owners? managers? journalists?), acting upon what motives (economic self-interest? values? ideology? professional norms?), with what degree of consciousness? By what mechanisms could the actions of many individual coworkers be coordinated (ownership interference? managerial hierarchy? selective recruitment? internalized norms and routines?) In what formats are attempts at policy persuasion made? (In editorials and commentary only? Also in news stories? Entertainment?) What persuasive techniques are used? (Framing? Manipulation of salience? Selective quotation? Value-laden language? Evidence and argumentation? Striking anecdotes? False or misleading assertions?) Finally, what effects, if any, do such influence attempts

THE PRESIDENT HAS SEEN
3/18/96

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THE WHITE HOUSE
WASHINGTON

29 February 1996

MEMORANDUM TO

THE PRESIDENT

CC

LEON PANETTA
SANDY BERGER
ALEXIS HERMAN

FROM

HAROLD ICKES

RE

Congressman Bob Menendez re Helmes-Burton
202-225-7919

Sandy Berger reports that Congressman Menendez was extraordinarily helpful in crafting the compromise for Helmes-Burton yesterday. As you know, he has been unhappy with some aspects of the Administration as it relates to our Cuba policy -- primarily, I think, on process grounds. Over the last several months, I think that we have been successful in regaining some modest support from him in general. I talked to him this morning (Thursday) to thank him for the helpful role he played yesterday with respect to Helmes-Burton. I know you are pressed, but I think it would be very helpful for you to call him to express your appreciation as well.

Leon / O'Leary / Baer / 120 Fyler

EDITORIAL

BY DAVID GERGEN
EDITOR AT LARGE

THE PRESIDENT HAS SEEN
3/18/96

STAYING AHEAD OF THE LIONS

Out on the savanna of Africa, a gazelle wakes up every morning knowing that day he must run faster than the fastest lion or he will be eaten by sundown. Nearby, a lion wakes up knowing he must run faster than the slowest gazelle or he will go to bed hungry. If you want to compete in today's world marketplace, you'd better be ready to run fast, too."

That was the message delivered a few years ago by Fred Smith, hard-charging CEO of Federal Express, to budding entrepreneurs gathered for a conference in Tennessee. It expressed a core belief of many leaders in corporate America, Asia and, more recently, Europe. In a world where a trillion dollars changes hands every day in financial markets, where high-tech workers in California must compete with young scientists in Bangalore, India, where goods flow easily across borders, a corporation must be nimble and often ruthless to survive.

Until recently, this globalization— or turbo capitalism — was regarded as a win-win by mainstream thinkers. Trade would expand, smart companies would move ahead, and workers along with consumers would prosper. In many respects, reality has lived up to theory: Spurred by growing trade, the world's economic wealth has expanded by 50 percent in the past five years, adding \$10 trillion to our economic well-being. America has also produced many of the superstars, such as Microsoft, Intel and Federal Express.

But it is now dawning that this new economic age carries a higher price than first advertised. Early this month, about 1,000 business leaders, political figures and scholars from around the globe met at the annual World Economic Forum in Davos, Switzerland, where they focused on globalization. While there was much to celebrate, there were also rising concerns about economic stress and social disintegration in the industrialized countries.

The central question is whether the advanced nations will create enough well-paying jobs in this new age. In the past five years, the number of unemployed people in united Germany has nearly doubled to 4.2 million, the highest since World War II. Layoffs are inevitable, say

German employers, when labor contracts and social benefits required by government have driven up the cost of labor in the German chemical industry to \$43.40 an hour, almost twice the cost of a U.S. chemical worker. Across Europe, job creation is anemic and unemployment has soared to 10 percent or more in many countries.

America, of course, has taken a different course, holding down labor costs and social benefits. As a result, companies have created nearly three times as many jobs as the Europeans, but many are part time, wages are stagnant or falling for average workers, and income inequality is rising. Hearing Washington politicians boast about how many jobs they had created, a worker for TWA is widely quoted as saying, "Yeah, my wife and I have four of them."

The problem is aggravated because political and economic pressures, including a need to attract more investment, are forcing governments to downsize at the same time corporations are. Thus, at the very moment a worker's employment is threatened, so is his government safety net—a double whammy.

Coming away from Davos, columnist Thomas Friedman captured the political implications of all this in the *New York Times*, pointing to a growing

public backlash against global integration and free-trade agreements. "The losers are now asserting themselves," embodied in the supporters of Pat Buchanan in America, the outbreak of labor unrest in France; or the chilling popularity of Gennadi Zyuganov, head of Russia's resurgent Communist Party and current front-runner in the presidential elections scheduled this year.

No one at Davos knew exactly how to ease the process of globalization in advanced countries, but it was a U.S. senator, Bill Bradley, who gained the most attention for concrete ideas. Bradley believes that at a minimum, every worker should enjoy three forms of security: help in training for future employment and guarantees that when he leaves, he can take his health insurance and pension with him. Surely, more reforms will be needed, but these represent a good place to start—especially here in America, where too many workers now feel like gazelles.

Globalization has expanded trade and created great wealth, but this 'turbo capitalism' has a dangerous downside as well.





REGULATORS
THE PRESIDENT HAS SEEN
3.18.96

TOP-Left-Be

HOW DO YOU POLICE CYBERSPACE?

The FTC's Varney wants Net folk to help write the rulebook

To the dismay of seasoned net surfers, government arrived in free-wheeling cyberspace last year with a heavy hand. Congress proposed to jail anyone sending smut online. A federal judge ruled against Prodigy Services Inc. for libel. And abroad, German authorities barred CompuServe Inc. from offering sites containing pornography. Internet pioneers were outraged at the intrusions.

But as cyberspace increasingly becomes a medium of social transaction and commerce, government efforts to regulate it are sure to increase. Enter Christine A. Varney, 40, the youngest member of the Federal Trade Commission. Her mission: To become the first U.S. Cyber-Marshall, protecting

consumers buying products and services online against fraud, deceptive ads, and privacy violations. "The laws on the books should exist in cyberspace, too," she says.

Varney, a Clinton appointee who joined the FTC in October, 1994, insists she isn't about to strangle the burgeoning technology with rules. "As a New Democrat, I believe we don't know nearly enough to regulate now," she says. That's why she endorses industry self-policing as a first step. In September, she inaugurated the FTC's Privacy Initiative, inviting consumers, online service companies, advertisers, and others to propose voluntary industry guidelines to protect the privacy of Internet users by spring. To get the dialogue go-

BRAVE NET WORLD:

Varney believes that "the laws on the books should exist in cyberspace, too"

ing, the FTC has established a Web site, which has logged almost 200 comments so far.

Cyber-snooping is not big business yet. But with electronic marketing expected to take off this year, Varney is heeding predictions that consumers will clamor for more safeguards against marketers culling personal data from their virtual communications. In the meantime, the former partner at the Washington law firm of Hogan & Hartson has spurred FTC probes into alleged fraud and misleading advertising in cyberspace. Several cases—including actions against advertising in the guise of anonymous online testimonials—will be unveiled this spring.

Varney is no stranger to the Brave Net World. As former Cabinet Secretary for the Clinton White House, her job was to monitor and coordinate communications among the Administration's agency chiefs. But the longtime cyber-surfer was shocked that her wards didn't have E-mail and pushed to get them wired.

UNLIKELY ALLIES. Now her go-slow attitude on regulation worries privacy rights advocates. The FTC has "adopted a see-no-evil, hear-no-evil strategy," complains Mark Rotenberg, director of the Electronic Privacy Information Center. "Because the FTC is not prepared to protect privacy, there will be tremendous waffling" in the industry.

But Varney has support from some unlikely allies, who share her fear that tight regulation of the Net may be premature. "You don't want to regulate this new frontier to death before giving it a chance to live and flourish," says Richard F. O'Donnell, spokesman for the Progress & Freedom Foundation, a conservative think tank allied with House Speaker Newt Gingrich. And many in the Net *avant garde* agree. "We're in the age of the Stanley Steamer trying to figure out how I-95 is going

VARNEY'S AGENDA

Commissioner Christine Varney will lead the Federal Trade Commission's search for ways to protect consumers from abuses in cyberspace.

FRAUD Law-enforcement authorities are tracking down fraudsters hawking their wares online. In 1995, the FTC sued a credit repair shop, and state regulators pursued everything from pyramid schemes to miracle cures.

MISLEADING ADVERTISEMENTS The FTC is investigating deceptive ads in cyberspace—such as product endorsements by company representatives offered anonymously in casual chat-room talk.

PRIVACY The FTC supports a self-policing mechanism against violations of customers' privacy. It wants consumers to decide whether information gleaned from their E-mail and Web visits is disclosed to marketers.

to work in 50 years," says D.C. attorney Ronald Plesser.

While Varney believes the FTC can police online fraud and deceptive ads through traditional enforcement, she thinks protecting privacy will create the greatest challenge for regulators because fast-changing technology presents totally new ways for business to observe consumers' habits. For example, marketers may soon be able to track someone's "clickstream"—the areas in cyberspace that a consumer clicks on to with a mouse, including all Web sites visited, pages accessed, and time spent per page. That could provide a starkly revealing glimpse of an Internet user. Given such possibilities, "we do need to exercise some self-control," says Roland J. Sharlette, vice-president at J. Walter Thompson USA in Detroit, which represents online advertisers including Ford Motor, Motorola, and Kodak.

For now, electronic privacy concerns center on the sale of E-mail addresses to marketers interested in sending solicitations via the Net. A handful of mailing-list brokers have recently launched E-mail businesses. Altoona (Pa.)-based net.net advertising inc., for example, is about to rent a list of 1 million E-mail addresses collected from the Net to four large corporations, including Shell Oil Co. Net.net is clipping the list into 100 interest categories—including sports, arts, and investments. But the company claims to protect privacy by allowing consumers to opt out of the mailing list—similar to a database maintained by the Direct Marketing Assn. that allows consumers to avoid receiving snail-mail solicitations.

PRIVACY EDGE. Cyber-marketers recognize that such protections might lure more consumers into electronic transactions—from shopping to banking. "If you don't respect privacy, the industry is not going to grow," says William J. Tobin, president of Oakton (Va.)-based PC Flowers & Gifts Inc., a pioneering online marketer. And guaranteeing privacy may give one online service provider an edge over others. "Consumers are starting to shop around," notes Bill Burington, assistant general counsel at America Online Inc. in Vienna, Va.

Still, online service companies are un-

likely to give up the revenues they're getting from selling information about their subscribers to marketers. AOL and CompuServe sell such data, and Prodigy will send messages to targeted subscribers on behalf of advertisers.

But the industry realizes it has to come up with its own rules of the road—at least to stave off burgeoning attempts by the states to regulate online privacy. The online service companies successfully scuttled a proposal introduced in Maryland last fall requiring them to give subscribers the opportunity at least every year to opt out of receiving unsolicited E-mail. Now, a Minnesota lawmaker is contemplating introducing a measure prohibiting online service providers from giving out personal information about their users without their consent.

The industry has just begun to devise minimum privacy standards under the auspices of the Interactive Services Assn., which may offer on-screen options for consumers to click on to bar the use of personal data. But some businesses balk at rules they say would put them at a disadvantage to other

industries. For example, if E-mailing your personal shopper at Nordstrom's entails lots of time-consuming questions aimed at securing consumer consent on private information, you might simply use the telephone. "Erecting huge numbers of roadblocks becomes burdensome for E-mail-based transactions," says William R. Moroney, president of Multimedia Telecommunications Assn., which represents phone and computer technology companies.

An even greater challenge is the global nature of the technology. "We could run our company off a sailboat in the middle of the ocean," says Philip E. Devorris, net.net's president. "I don't know how you could police it."

Even Varney admits that her initial moves at cyber-regulation are just the beginning of a long process. "I don't think self-regulation ultimately will provide all the answers," she says, envisioning a time when the government may have to adopt more aggressive rules. "But it's a good start." Varney only hopes that in the end, both technology and consumers win.

By Catherine Yang in Washington

Marketers recognize that allowing users to opt out of E-mailing lists might lure more of them into electronic transactions—from shopping to banking

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Call now or contact us at <http://www.hp.com/info/1133> and we will send you print samples demonstrating the incredible color reproduction of the HP CopyJet. We will also be glad to include a detailed product brief explaining our inkjet technology with precision digital color imaging. Find out about the HP CopyJet and start saving money on color printing and copying today. A year from now you'll be happy you did.

 **HEWLETT
PACKARD**

3/18/96

FRIDAY, MARCH 15, 1996

Conservative Blinders

By HUGH PEARSON

Recently I received an invitation from the conservative Heritage Foundation to a lecture and luncheon celebrating the inauguration of The Center for New Black Leadership. The Center's goal, as outlined two weeks ago in an essay on this page by board members Glenn Loury and Shelby Steele, is "to counter the broad range of constraints on the opportunities of black Americans . . . without negating personal responsibility."

While I agree with that goal, I'm not convinced that we need another organization focusing on African-Americans as a separate group of people. Beyond that concern, I wondered how this new think tank intends to accomplish its stated aim, particularly since board members and officers distinguish it from other organizations designed to improve African-American life by stating that their philosophy inclines toward the conservative side of the policy debate on racial issues. So I decided to attend the kickoff lecture and luncheon and ask a few questions.

Mutual Alienation

My inspiration for asking was a new book by Gordon MacInnes, a Democratic state senator from New Jersey, called "Wrong for All the Right Reasons: How White Liberals Have Been Undone by Race." Mr. MacInnes argues that both African-Americans and white Americans have contributed to our mutual alienation. But because white America is in the majority, it has a greater obligation to promote change.

His specific criticism of white liberals is: "[They] don't respect black Americans enough to treat them as individuals. White liberals patronize blacks when crime, welfare dependency and family instability are not subjected to the normal give and take of political discourse." Of course, most African-Americans aren't poor. But it is the persistent problems of those who are (one-third of the population) that merit attention. And in contrast to liberals, the nation's Republican conservatives aren't shy about demanding that the poor be more responsible. But Mr. MacInnes is equally critical of the right. He writes, "Republicans—who worship an unfettered marketplace—display no enthusiasm for fighting racial discrimination, which so clearly distorts free markets."

He points to Jack Kemp and Bill Bennett as the only prominent members of the party who directly address the subject of race (though at this point I would add Colin Powell). But in the end, he says, the efforts of both men are flawed. While Mr. Bennett's proposal for a new civil rights agenda stresses tackling crime, welfare dependency and family instability among the black poor, it doesn't address the covert forms of discrimination still affect-

ing the lives of all African-Americans. Similarly, writes Mr. MacInnes, Jack Kemp's "frequent speeches on urban problems never emphasize discrimination" against nonwhites.

There is, for instance, the pervasive practice of discrimination in the real estate industry. It is the major reason there are predominantly black neighborhoods, Hispanic neighborhoods, Asian neighborhoods and white ones, which tend to contain the best housing stock of all. And it is

Republicans, who worship a free marketplace, display no enthusiasm for fighting racial discrimination, which so clearly distorts free markets.

a major reason racial misunderstanding continues, since it lessens opportunities for interaction across our artificial racial barriers. Furthermore, discrimination in the real estate industry affects the ability of nonwhites to obtain the most promising employment.

Last year, in an essay on this page, author Farrell Bloch noted that the most promising jobs are moving to America's suburbs, where concentrations of blacks and Hispanics are less likely to be found (even though America's black suburban population is growing rapidly, moving into its own communities). Suburban employers, Mr. Bloch wrote, tend to feel that potential employees who also live in the suburbs will have a better on-time arrival record and lower absentee rate than job applicants who live far away in depressed inner-city communities. Hence (and this is my interpretation of the situation), despite the existence of affirmative action programs, which open many doors, job discrimination continues, but with an additional excuse: "You didn't get the job because you live too far away."

Getting tough on discrimination against nonwhites also would aid and abet the standard conservative solution for the economic uplift of African-Americans: the launching of more black businesses. It would halt the pervasive practice of bank and insurance company redlining in poor communities. And it would pave the way for greater black participation in promising fields where an inner-city location is a liability to growth.

Thus Mr. MacInnes proposes the following solution to these persistent problems: Don't create new laws—stiffen the penalties for violating the antidiscrimination laws that already exist. Impose criminal penalties on those who practice racial discrimination that are as stiff as those imposed on embezzlers, forgers and counterfeiters. Real estate brokers who practice it should lose their licenses. Individuals found guilty of persistent racial discrimination should be imprisoned.

Gordon MacInnes isn't the first person to suggest this solution. In fact, when black conservatives are asked what should

be done about continuing discrimination against African-Americans, their most common response is that toughening the penalties against discriminators is the answer. Yet no one has actively pursued this. So I asked Peter Bell, chairman of The Center for New Black Leadership, if promoting legislation to that effect will become one of the group's major priorities. "We have not discussed whether that is an issue we will concentrate on," he responded. "We have a very large plate."

Though the center's aim is "to counter the broad range of constraints on the opportunities of African-Americans . . . without negating personal responsibility," it hasn't found the time to consider this crucial need. Yet it has found the time to aid Senate Majority Leader Bob Dole and Rep. Charles Canady of Florida in their effort to pass the Equal Opportunity Act of 1995—a bill designed to ban the use of racial and gender preferences in awarding a small percentage of government contracts to nonwhites and women. Such set-asides, however, keep far fewer business opportunities away from white men than white men throughout our economy continue to keep from African-Americans. So why is it a higher priority?

I called the offices of Bill Bennett and Jack Kemp to ask why their own recommendations for aiding African-Americans don't include calls for toughening our antidiscrimination laws. Mr. Bennett responded by faxing a copy of his new civil rights agenda, which, as stated earlier, doesn't contain any such proposal. Mr. Kemp didn't respond at all.

'Enforcing Laws'

The remaining Republican presidential candidates also appear reluctant to tackle the issue. Mr. Dole's campaign office didn't return phone calls seeking his opinion of the idea. Neither did Pat Buchanan's (of course, that's to be expected). However, Steve Forbes, who bowed out of the race yesterday, had this to say: "We should vigorously enforce the laws already on the books. The problem is enforcing laws, not creating new ones. We should debate how to put teeth into those laws if they don't have any teeth to begin with. But it is my belief that under a flat tax there will be more capital available to all and less opportunity for discrimination."

No matter how much capital becomes available in our economy, discrimination against African-Americans will continue to be a major problem without tougher penalties on those who practice it. Today's conservatives commonly treat efforts to address this issue as a form of paternalism, implying that the fate of African-Americans shouldn't be in their own hands. Of course it should be. But our society must strike the proper balance between calling on African-Americans to help themselves and recognizing the limits of self-help in a pluralistic society where one group still enjoys inordinate power over everyone else. Gordon MacInnes's proposal does exactly that.

Mr. Pearson is a Journal editorial page writer.



Gordon MacInnes

Acacia
we're worried
on this - it's
worth knowing
you're going?
PR

Dear Bill and Bob: Let's make a deal

Dear President Clinton and Senate Majority Leader Dole,

No, too stiff and pompous — like I'm composing a proclamation.

Dear Mr. President and Mr. Majority Leader,

Strike that. Nobody uses anything that stilted for good of Bob Dole.

Dear Bill and Bob,

Perfect. Sure, it's a bit irreverent, but that's the folksy image they'll be projecting in the fall campaign.

I know you guys are not in the habit of getting mail together. But from now on, the two of you are destined

to go into the history books together.

You're a matched set like Kennedy-Nixon or (gulp) Bush-Dukakis.

The press is about to make a big deal about how never before has a Senate



Politics

By Walter Shapiro

majority leader run against an incumbent president.

Will you work together on legislation like (comeback) adults? Or will it all be puerile political posturing as you get ready for the big game this November? I fear I know the answer — and it's not going to make all those high-school civics teachers, with their diagrams on "How A Bill Becomes a Law," very happy.

But I see an area where you can make a deal. And it won't cost you a vote. It might even help with some of those angry voters, the ones with pitchforks who want to storm the castle with Pat Buchanan. They're miffed that instead of a real choice in November, they will be forced to pick their favorite capital insider.

My idea is simple — reform the financing of presidential elections. Do it now while memories of the idiocies, the unfairness and the built-in corruption of the current system are still fresh.

You know what I'm talking about. All those fund-raisers are exhausting and humiliating. Plus, so many of the big givers — the ones who arrange tons of individual \$1,000 donations — always want something in return. Where did they ever get that idea?

Something is rotten with a system where since 1980 nominees in both parties have always been the candidates who raised the most money. No disrespect to you guys. But it's a rigged game — and schnooks like Lamar Alexander and Dick Lugar were doomed from the start. (Phil

HYPE & GLORY



By Greg Gibson, AP

'Matched set': President Clinton and Sen. Bob Dole are in a history-making battle for the presidency.

Gramm had other problems). Money talks and America listens.

Here's a problem you both can relate to: Rich guys who don't play by the rules and try to buy the election. Think Steve Forbes, Bob. Don't look so smug, Bill. Remember Ross Perot? The original Perot, the patriotic billionaire who materialized out of thin air and almost made the world forget Bill Clinton. Can't we help candidates compete against the Perots and Forbeses of the future?

You caught that bit about "the future?" That's the beauty part: None of these reforms would take effect until 2000.

Granted, no politician ever wants to do anything against his self-interest. That's why I'm pretty depressed over the chances of ever fixing congressional campaigns.

Back to the future. Win or lose, both of you will be pretty much out of the picture in the 2000 election. Bob, I know you haven't made a one-term pledge. You want to keep your options open. But smell the coffee. You'll be 76 next time around, a fine age to retire.

The gimmick is that you get praise for fixing the system — and the other guys live with the consequences. Trust me, Al Gore and Newt can take care of themselves. This is in your mutual self-interest. This as risk-free as it gets.

How would you do it?

C'mon, you two know how to write and sign bills. Nothing fancy, no blue-ribbon commissions, no panels of experts, no long delays while everybody's consulted. Bill, you lock some

White House staffers in a room with Bob's people for a few days and you draft legislation you both can be proud of.

You have ideas, but here are my notions. Keep federal matching funds for the primaries, but make them a real subsidy, maybe \$4 for each \$1 raised in small contributions. Throw in some free TV time, with all those channels it won't hurt anybody. Raise the individual contribution limit to \$5,000 — favors shouldn't come cheap.

If there is another self-funded Forbes in the future, increase everyone's else subsidies to compensate. And Bob, here's one for you. You're almost broke and you don't get any more money until the convention. That's ludicrous. Candidates should be able to tap into their general election funds as soon as they corral a majority of the delegates.

And please eliminate "soft money" in the general election. Those fat-cat contributions to the political parties are an embarrassment.

Once you craft a bill, Senate passage should be easy, since the Senate has a leader who's been tested, who knows leadership and even has a dog named "Leader." Bob, you may have

to work on Newt in the House. Tell him that you need this bill to win — and won't forget him when you're in the White House. Relax, Bill, it's the kind of rhetorical flourish that Newt loves.

How about a signing ceremony on the White House lawn on July 4? With fireworks!

Best of luck to you both in the fall.

Your friend,
Walter

Walter Shapiro's past columns are available on USA TODAY Online at <http://www.usatoday.com>

Leon
Swordin challenge
aim to do it?
RR

THE PRESIDENT HAS SEEN
3/18/96

Roll / GS / Mail Room Law
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Tobacco Industry Switches Brands

After Favoring Democrats, Cigarette Firms Shift Donations to GOP

By Glenn Frankel
Washington Post Staff Writer

When Speaker Mark Killian of the Arizona House of Representatives got a surprise phone call at home from Haley Barbour last spring, he assumed the chairman of the Republican National Committee was calling to compliment him on the legislature's groundbreaking work in passing welfare and prison reforms.

But Barbour had something else in mind. As Killian recalled it, the chairman urged his fellow Republican to release for a vote a pro-tobacco bill that the speaker was holding up.

"The speaker was a little bit surprised and a lot disappointed," said Killian's spokesman, Jack Lavelle. "He understands the tobacco industry is a very powerful force and gives money to a lot of people in Washington. He was just kind of sad that the chairman of his party

called for that reason." And unmoved: Despite Barbour's phone call, Killian proceeded to kill the bill, which would have allowed the state to override tough local restrictions on cigarette smoking.

For the Republican national chairman to reach down to a state legislator on behalf of the tobacco industry suggests how strong the industry's clout within the party has become. Indeed, both Democrats and Republicans, as well as lobbyists and public-interest groups all agree that a historic shift is taking place. After decades in which the industry took pains to spread its influence and campaign contributions evenly between the two main parties, Republicans are increasingly becoming the party of tobacco. And as Killian's response suggests, some Republicans are not happy about it.

"We're not Republicans and we're not Democrats—our politics are the politics of tobacco," said Walker

See TOBACCO, A14, Col. 1

TOBACCO, From A1

Merryman, veteran lobbyist for the Tobacco Institute, the industry's prime lobbying group. "But there's definitely been a sea change.

"Up until 1994 we were a lot more oriented toward the Democratic Party because virtually every elected official in the [tobacco-growing] Southeast was a Democrat—congressmen, governors, state legislators. But that's rapidly changing. At the same time, we have the most hostile administration in history in office. You deny reality at your peril."

One way to measure the change is money. Two reports released yesterday by Common Cause and the U.S. Public Interest Research Group show the industry, reacting to increased government efforts to restrict its products, is giving record amounts of cash to political parties and individual congressmen, and that the vast majority of the money is going to Republicans. During the last off-election year in 1993, tobacco political action committees gave \$477,000 to Democratic candidates and \$422,000 to Republicans. Last year the same PACs sent \$841,000 to Republicans and only \$281,000 to Democrats.

A similar shift has occurred in the giving of "soft money," unrestricted donations to party organizations. According to the Center for Responsive Politics, in 1991 the industry gave \$1,170,724 in soft money, 62 percent of it to Republican organizations. By last year the amount had risen to \$2,793,496, and 85 percent went to Republicans.

Historically, tobacco industry giving has been relatively equal... with slightly more given to the political party in power," said Matthew Myers, general counsel for the Campaign for Tobacco-Free Kids, financed by a coalition of anti-smoking groups, who presented the two reports at a news conference yesterday. "But these studies show the industry has chosen to make this a highly partisan issue through unusually lopsided giving to one party—the Republican Party."

Part of the reason is ideological; the

Republican pro-business and pro-de-regulation agenda is a comfortable fit for an industry that senses it is under siege in the halls of the federal government's regulatory agencies and in court. Tobacco companies are battling the Food and Drug Administration's plans to begin regulating nicotine as a drug, as well as federal proposals to restrict workplace smoking and require states to tighten restrictions on tobacco sales to minors.

At the same time, six states are suing tobacco companies to recover Medicaid costs of treating smoking-related illnesses. Earlier this week the Liggett Group broke ranks with the rest of the industry to agree to settle a huge class-action lawsuit and withdraw from the fight against the FDA's proposal.

Part of the switch to the GOP is also due to the aggressive fund-raising tactics of Republicans who have sought to take full advantage of their domination of both chambers of Congress. And part is due to the demise of traditional "blue dog" Democrats from tobacco-growing states who sided with the industry and their replacement by conservative Republicans.

Republican officials deny that the industry's sharp increase in contributions means it has effectively bought GOP support. "We've always taken the Reagan view on contributions, which is we assume that people who are contributing to the campaign are supporting us and not the other way around," said Tony Blankley, spokesman for House Speaker Newt Gingrich (R-Ga.). "We are in favor of free markets and freedom, and anyone who feels they are having their freedom taken away from them would be attracted to our party."

Both Republican leaders and tobacco spokesmen point out that the Democratic Party is the leading recipient of soft money from trial lawyers and law firms, which stand to benefit from the anti-tobacco suits. Last year, the lawyers gave the party nearly \$1.8 million, according to the Center for Responsive Politics.

Still, the GOP leadership's embrace of tobacco is causing consternation

among some Republicans, who fear their party will be seen as the captive of America's most controversial industry, and that President Clinton and the Democrats will turn this to their advantage in November.

"I'm sorry to say this, but I think what is happening to the Republican Party is a tragic mistake," says Elizabeth Whelan, a conservative Republican who is a prominent critic of federal regulatory agencies but opposes the party's identification with the tobacco industry. "Republicans are basically allowing the liberals to monopolize an important public health issue."

THE WASHINGTON POST
FRIDAY, MARCH 15, 1996

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FRIDAY, MARCH 15, 1996

On the most important issue involving the federal government and the tobacco industry—the Clinton administration's push pushing for increased government regulation—Republican congressional leaders have been vocally supportive of the industry. Gingrich said the FDA had "lost its mind" for seeking regulatory authority over tobacco and has branded Food and Drug Commissioner David A. Kessler "a thug and a bully."

The GOP presidential front-runner, Senate Majority Leader Robert J. Dole (Kan.), whom Common Cause says has received nearly \$46,000 in tobacco

PAC contributions over the past decade, also has attacked the FDA proposal.

Portraying the administration as anti-tobacco could have tangible benefits for the GOP in Kentucky and Tennessee, tobacco-growing "swing" states that Clinton won in 1992. And the tobacco industry is ready and willing to make the case. "Even before the inauguration Hillary Clinton announced she was banning smoking in the White House," said the Tobacco Institute's Merryman. "Then there was the proposed \$2-a-pack excise tax increase to pay for health care reform. Now there's the FDA's assault. Any one of these would have been enough to upset a lot of people. The fact is the Republican Party is attractive because they're not the party that has sought to attack tobacco."

But White House plans to frame the issue in a different way. "They'll say we're anti-tobacco; we'll say we're pro-kid," said a Clinton aide.

In his State of the Union address, the president warned the industry: "Market your products to adults if you wish, but draw the line on children." It's a message the administration hopes will sell not only in health-conscious California but also even in tobacco-growing regions.

One place it is not selling is Congress. When Reps. Henry A. Waxman (D-Calif.) and James V. Hansen (R-Utah) got together to circulate a statement committing signers to supporting the administration's goal of decreasing children's access to tobacco products, they tried to make it a bipartisan effort. They even obtained an endorsement from Pat Robertson, head of the Christian Coalition, in hopes of attracting more Republicans. But as of last week, of the 90 signatories all but 17 were Democrats.

An opposing letter objecting to the FDA's proposals was signed by 32 senators and 124 House members. The signatories received a combined \$3.4 million in tobacco industry contributions over the previous 10 years, according to Common Cause, three times the average of lawmakers who did not sign the letter.

Whelan, who heads a public advocacy research group in New York that has criticized regulatory agencies such as the FDA and the Environmental Protection Agency, organized a letter to Gingrich last July—signed by 42 Republican physicians and scientists—that called on him to take a firm stand against "the grave public health danger caused by tobacco."

The letter said conservatives should seize the issue from "well-meaning social engineers and safety alarmists" who see the answer as an expansion of government regulatory power, and instead promote "an anti-smoking agenda consistent with personal freedom, commercial free speech and minimal government." It called on Gingrich to acknowledge that cigarette smoking is the leading cause of preventable death, to dissociate himself and his colleagues from the tobacco industry, and to push for tougher state restrictions on cigarette sales to children.

Gingrich never replied to the letter. Instead, spokesman Blankley questioned the Republican credentials of the signatories. "They can call themselves anything they want but how many elected offices have they held?" asked Blankley. "The speaker gets thousands of letters. He responds to ones he feels are of some national import."

A spokesman for Barbour denies the Republican national chairman was seeking to pressure fellow Republicans to aid the industry when he placed his phone call to Arizona Speaker Killian last spring or a similar call to the office of Texas Gov. George W. Bush (R) last summer. "He makes calls all the time to check on bills he's interested in," said spokesman Ed Gillespie.

Another tobacco "preemption" bill is moving toward the Arizona House again this year, but Killian has made clear he has not changed his view. "The speaker has six kids, he's a scoutmaster, and he's very opposed to children becoming involved with tobacco," said spokesman Lavelle. "He's let it be known if the bill gets over here people are wasting their time. I believe he said, 'I'll tube it again.'"

THE PRESIDENT HAS SEEN

3/18/96

March 14, 1996

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

FROM: JACK QUINN *sm &*
COUNSEL TO THE PRESIDENT

KUMIKI GIBSON *KG*
COUNSEL TO THE VICE PRESIDENT

MARVIN KRISLOV *MK*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: AFFIRMATIVE ACTION: UPDATE

96 MAR 15 P3:01

long before the Empowerment
but don't wait for
lost in the

We write to update you on the status of the various efforts in affirmative action -- particularly in the area of procurement, including the Vice President's proposed Executive Order on Empowerment Contracting.

I. Background

As you know, in June 1995, the Supreme Court extended the so-called "strict scrutiny" test to race-conscious Federal affirmative action programs. This decision, in Adarand Constructors, Inc. v. Pena, establishes that the government may use race-conscious affirmative action programs to remedy the past and present effects of discrimination, but only when these programs are (1) narrowly tailored to serve (2) a compelling government interest.

Soon after the Supreme Court's decision, the President directed the Federal agencies -- working under the guidance of the Department of Justice -- to review existing race-conscious affirmative action programs to ensure that they are effective, fair, and consistent with Adarand. Since that directive, Justice has been diligently reviewing all race-conscious Federal affirmative action programs; its review is now close to completion.

II. Justice's Findings & Proposal for Procurement Reform

Justice has concluded that the Federal government indeed does continue to have a "compelling interest" in remedying the past and present effects of discrimination in the Federal government's procurement process. (For example, Justice found that the Federal government has consistently failed to utilize minority firms commensurate with their availability.) Justice also has determined that anti-discrimination laws alone cannot remove all of the barriers to opportunity.

As recently reported in The Washington Post (attached), the Department of Justice has drafted a proposal to improve our Federal affirmative action procurement programs. This approach would place greater emphasis than at present on combatting fraud. In addition, the Justice proposal would expand the pool of participating businesses by lowering the standards for eligibility. (This approach will allow more women-owned businesses and businesses owned by economically-disadvantaged Whites to participate in what traditionally have been race-conscious affirmative action programs.) Justice's proposal also makes clear that race-conscious programs should be used only after an agency has attempted to increase participation through race-neutral measures, such as outreach and recruitment.

The heart (and most controversial portion) of the Justice proposal is its structure designed to "narrowly tailor" Federal affirmative action programs. This system will establish a "benchmark" in each industry, representing the amount of minority participation in contracting that one would expect to occur absent the effects of discrimination. These benchmarks will then be used to guide the Federal government in its use of race-conscious affirmative action programs.

According to its architects, this approach does not impose a quota on the Federal government when awarding contracts or limit the number of awards that can be made to minority firms through race-neutral measures. Under this approach, every firm will be required to meet all quality and performance standards in order to be selected for any government contract. This system rather creates a figure (the so-called benchmark) that determines when the government may no longer consider race or ethnicity when awarding government contracts. Having said this, some will no doubt argue that the use of "benchmarks," just like the use of "goals," will have the practical effect of impelling results, in the awarding of contracts, that are virtually identical to those one would have with quotas.

We are currently determining the appropriate time for Justice to release its proposal. The Department hopes to do it very soon. We are getting pressure from some members of Congress to release it as soon as possible: They would like to use it as ammunition against the Dole-Canady bill, which would eliminate all Federal affirmative action programs. Before doing so, however, we have to do some additional outreach and vetting -- primarily to those shaken by the tenor of the recent New York Times article (attached). (You should know that this article was gravely inaccurate.) The civil rights and minority business communities, however, have been generally receptive to the proposal.

III. Defense's Rule of Two Set-Aside Program

As a result of Justice's review and recommendation, in October 1995, the Department of Defense suspended use of the "Rule of Two" set-aside program. Under this set-aside program, whenever a contract officer could identify two or more small disadvantaged businesses that were qualified to bid on a project, the officer was required to set the contract aside for bidding by small disadvantaged businesses.) Because a number of minority firms participated in this program, many such firms (and their representatives) are reeling from this decision -- despite Defense's efforts to create additional opportunities for minority firms. We are working closely with Defense and Justice on developing such opportunities and on improving Defense's relationship with these firms and representatives.

IV. SBA's 8(a) Program

Contrary to the New York Times article, the Department of Justice also found that SBA's 8(a) program meets the constitutional requirements of Adarand. It found that the program is already narrowly tailored: 8(a) is a business development program targeted at firms that are disadvantaged economically (as opposed to racially), and its objective is to assist these firms in becoming economically viable. While the Department of Justice is currently defending 8(a) in several court challenges, we think that it may be vulnerable insofar as the program includes a provision for sole-source contracting, which some categorize as a set-aside.

SBA and Justice are working closely to improve the effectiveness and efficiency of the 8(a) program by strengthening safeguards against fraud in the program (the primary complaint of those who oppose the program) and by reaching out to assist more economically-disadvantaged businesses.

V. Other Affirmative Action Efforts

The Department of Justice has concluded that all of our Federal employment programs meet Adarand's strict scrutiny test. It has, however, issued guidance for Federal agencies that suggests proper methods of targeting and limiting the use of such programs. We have heard of no complaints about this aspect of the Justice review.

The Justice Department will analyze separately other Federal efforts that could be labelled as "affirmative action" programs, such as direct Federal aid programs and government grants. We expect this review to be complete in the next few months.

Finally, several months ago, the Vice President completed a proposal for an Executive Order on Empowerment Contracting, as the President requested in his July 1995 affirmative action speech. (This Order would allow Federal agencies to give preferences to businesses that locate in or hire a significant number of residents from distressed communities.) We are prepared to recommend that the President issue this order when the time is right -- i.e., when the recent fury over our affirmative action efforts dies down, but before Senator Bond's bill gains momentum. (Bond's bill proposes a place-based approach to Federal contracting which competes directly with SBA's 8(a) program.) To do so before that time could subject us to the charge that we are abandoning a race-conscious approach for a place-based effort.

* * *

Please contact us if you have any questions on this issue or would like a briefing on this matter.

Attachments

cc: Leon Panetta (w/attachments)
Harold Ickes (w/attachments)
Ron Klain (w/attachments)
George Stephanopoulos (w/attachments)
Alexis Herman (w/attachments)

White House to Suspend a Program for Minorities

By STEVEN A. HOLMES

Continued From Page A1

WASHINGTON, March 7 — After a long review of affirmative action, the Clinton Administration has decided to suspend, for at least three years, all Federal programs that reserve some contracts exclusively for minority and women-owned companies, officials said today.

The officials added that the three-year moratorium on set-aside programs, which have proved to be the most hotly debated type of affirmative action, would include such stringent conditions for reintroducing the

programs that it was doubtful they would ever return.

"As a practical matter, set-asides are gone," a senior Administration official said, speaking only after being promised anonymity.

At the same time, the Administration has decided to allow Federal agencies, if they can justify it, to use other kinds of preferences, like giving price breaks and extra points in evaluating contract bids by minority and woman-headed companies.

Officials said it was not clear how great a practical effect the moratorium would have, because the number

of set-aside programs had been dwindling already. But in political and legal terms, the new guidelines represent the Administration's attempt to steer a middle course on an issue Republicans seized on after their landslide victory in 1994.

The Administration's decision to maintain some preferences puts it on a collision course with some Republicans, including Senator Bob Dole — the front-runner in the Republican race to become Mr. Clinton's opponent in November — who are moving legislation through Congress that would ban such practices. The bill sponsored by Mr. Dole in the Senate and Charles T. Canady of Florida in the House was approved today by the Constitution Subcommittee of the House Judiciary Committee by a vote of 8 to 5.

In addition to the debate in Washington, a proposal on California's ballot in November to halt virtually all affirmative action programs in that politically crucial state means that the question of race-based con-

tracting, employment and educational programs will likely be a major issue in the fall election.

In jettisoning set-asides, the Administration ends the type of affirmative action programs that officials say are most difficult to defend and most resemble quotas, which Mr. Clinton has said he opposes.

Meanwhile, the Administration is preserving some preference programs, though setting tougher criteria for their use and requiring Federal agencies to first try race-neutral means such as increased recruitment, to increase the number of minority contractors.

"If what you want is not to have the Federal Government take any steps at all to integrate Federal procurement processes then this won't satisfy you," an Administration official said. "If what you want is to have the Federal Government try to integrate its procurement processes, and involve qualified minority contractors in as restrained and lawful a way as possible, this does it."

The alteration of procurement regulations is the latest in a series of changes to the Government's affirmative action programs that stemmed from President Clinton's promise last July to "mend, not end" race- and sex-based remedial efforts. The President ordered the review to determine whether Federal affirmative action programs are effective and if they comply with last June's Supreme Court decision in *Adarand Constructors v. Peña*, which set strict limits on when and how Federal agencies may grant preferences to minority and female contractors.

The Administration's alterations of Federal affirmative action programs will be contained in a set of policy guidelines that will be issued in the coming weeks, officials said.

Administration officials say the Federal Government has only one set-aside program, the so-called rule of two program that was run by the Pentagon until last October when it was suspended. Under the program, if at least two qualified small, disadvantaged businesses bid on a Defense Department contract, the Pentagon can limit the bidding to such companies. Under Federal regulations, it is difficult for any companies, other than minority-owned ones, to qualify as "disadvantaged."

It is unclear, however, whether Administration officials consider the Small Business Administration's 8(a) program to be set-aside. That program allows Federal agencies to place some contracts into a special pool where only "disadvantaged" businesses may bid on them. Last year, minority companies received \$4.5 billion in contracts under the 8(a) program.

Administration officials said today that the Justice Department will review the 8(a) program to see if it is legal under the *Adarand* ruling.

Officials said today the guidelines are an effort to reach a goal of having five percent of the Federal Government contracts be awarded to minorities. That goal was unanimously approved by both houses of Congress in 1994 prior to the elections that year. Its passage without a dissenting vote is evidence of how quickly attitudes on affirmative action shifted among many Republicans. While the party was an architect of many affirmative action programs in the late 1960's and early 1970's, a number of prominent Republicans, like California Gov. Pete Wilson and Mr. Dole last year pushed sweeping proposals to abolish them.

Under the guidelines Federal agencies are first required to use racially neutral means, such as enhanced recruiting, stepped up advertising on minority radio stations and in minority periodicals to try to reach the five percent goal.

Federal agencies now have the discretion whether or not to use these types of methods first or not. "Prior, it wasn't required," an Administration official said. "It was a thing that depended almost entirely on the energy of the procurement officers."

The guidelines also require that agencies commission so-called "disparity studies" to determine what is the available pool of minority or female contractors who could provide a good or service in a given area. These studies also have to determine how large that applicant pool would be if not for provable discrimination in that particular industry.

Using these figures, agencies then determine a benchmark for the percentage of minority or female contractors it ought to have. That benchmark will determine what kind of affirmative action steps the agency may take. The further away from the benchmark an agency finds itself, the more blatantly preference means in contracting it may employ.

"It has to be a pretty egregious, persistent situation for set-asides to be used," a Justice Department official said today.

Representatives for civil rights groups and organizations that object to affirmative action declined to comment today, saying they had not yet seen the Administration's plans.

THE NEW YORK TIMES,

FRIDAY, MARCH 8, 1996

Continued on Page A18, Column 4

Administration Memo Outlines Limited Affirmative Action Contracting

By Ann Devroy
Washington Post Staff Writer

The Clinton administration is preparing new rules for all federal departments that would impose limits on race-based government contracting and require proof of discrimination before such contracts can be awarded.

The rules, which the White House expects to finalize within days, were outlined in a draft memorandum to general counsels throughout government.

Designed to begin implementing President Clinton's pledge to "mend not end" affirmative action programs, they would disallow all strict set-aside rules that designate specific numbers of minority contracts. For programs throughout government that give minorities explicit preferences, such as extra points for minority ownership in contract bidding stan-

dards, a broad new set of limits would be imposed.

Under the limits, such "race-conscious" procurement would be allowed only after a "disparity study" finds credible evidence of discrimination, including the percentage of minority participation in a specific industry, within a specific region, that might have been expected absent that discrimination.

That percentage, under the proposal, would then become a "ceiling" for that region and industry, and race-conscious government procurement decisions would be allowed until the ceiling was reached. As one official explained the process, if the government determined, for example that absent discrimination 30 percent of all computer installation in a region would likely be done by minority firms, such firms could be given preferences until they had received 30 percent of the industry's gov-

ernment business. Then the government would rule the preferences must end.

In addition, the government would establish for the first time a certification process to ensure that businesses seeking government contracts as minority-owned firms actually are minority-owned and qualified for the business.

Currently, most government departments and agencies require only self-certification, with a signed form asserting minority ownership.

The guidance, in effect, lays out a procedure that government departments and agencies must use to meet the standard of "strict scrutiny" laid out for federal race-based programs by the Supreme Court last year. Under that standard, contracts awarded on the basis of race must serve a "compelling government interest" and must be narrowly constructed to redress identifiable past discrimination.

After that decision, Clinton ordered a review of all affirmative actions programs. He said that ongoing discrimination meant such programs still were necessary, but pledged to overhaul them to meet the new legal standard.

Clinton's pledge defused, at least temporarily, loud Republican cries that government set-aside and "quota" programs were reverse discrimination and unfair to whites. Although the Republicans pledged to address the issue legislatively, such measures are not scheduled to come up in Congress this year.

It also defused equally loud cries from Democrats and civil rights activists to retain the programs.

On March 1, the Justice Department issued new guidelines on the related issue of affirmative action and federal employment that are considered likely to produce less change than the procurement guidelines. "Procurement is a much bigger deal," said one government lawyer involved in drafting the new guidelines. "Government affirmative action procurement raised far more questions as to legality than government employment practices did" under the court ruling, he said.

Officials said the Justice Department has

AFFIRMATIVE ACTION, From A8

spent weeks working with key procurement agencies, such as Defense, Transportation, NASA, Energy, the General Services Administration and others, on the practical implementation of the guidelines. The federal government awarded \$10 billion in contracts to minority firms in 1994 and \$11.2 billion in fiscal 1995, although some of that was in open, competitive bidding.

Associate Attorney General John Schmidt, who directed the drafting of the new guidelines, said it was "an effort to come up with a structure for affirmative action in federal procurement that starts with the premise there is a need for affirmative action in procurement."

Some critics of the administration's stance, including one government lawyer briefed on the guidelines, dismissed the effort as one aimed not at "mending" affirmative action programs, but at maintaining them under the guise of "a new industry, producing statistical analysis on demand that will prove discrimination in a way that it appeases federal courts, whether it's true or not."

Daniel Sutherland, a legal scholar at the conservative Center for Equal Opportunity, made much the same case in a position paper on the original Clinton's directive and Justice Department analysis of the Supreme Court decision. Sutherland wrote that states and local governments had turned to "disparity studies" to prove discrimination after lower court rulings against their affirmative action programs. The studies, he charged, often had preordained results and statistics manipulated by economists to support their desire to continue the programs.

Sutherland said courts have been persuaded by "these superficially sophisticated reports" and the Clinton administration's reliance on them and other devices means it is exercising "its considerable energy to preserve all current racial preference programs."

White House senior adviser George Stephanopoulos said it is true that "we want to do everything we can to promote minority contracting." But, he said: "We need to do it within the law. This proposal strikes that balance."

THE WASHINGTON POST

THURSDAY, MARCH 7, 1996

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

3/18/96

March 15, 1996

Mr. President

Here are (1) a copy of
an op-ed in my name we've
submitted to the WSJ on
"judges" and (2) some of
the decisions we've
identified from GOP judges
that are worrisome.

Jack Quinn

*See memo to
Reagan*



U.S. Department of Justice

Office of Policy Development

THE PRESIDENT HAS SEEN

3/18/96

Washington, D.C. 20530

March 14, 1996

MEMORANDUM

TO: Eldie Acheson

FROM: Harry Litman
Lisa Sorkin

SUBJECT: Cases Granting Habeas Corpus Relief to Petitioners
Convicted of Gruesome Crimes

We attach synopses of a number of cases in which federal judges appointed by Presidents Bush, Reagan, Ford, and Nixon granted petitions for habeas corpus to petitioners who had been convicted of particularly violent and gruesome crimes. These cases are in addition to the one featured in the draft op-ed.

Perkins v. LeCureux, 58 F.3d 214 (6th Cir. 1995)

This is the case of the notorious "911 murders," so named because one of the victims called 911 during the crime and the 911 tape recorded the blasts of multiple gun shots over a period of several minutes. The two murdered victims were a husband and wife who returned to their home to find Perkins and his co-defendants in the midst of a burglary. The defendants shot the husband and wife 22 times, killing them both. In March 1975, Perkins and his codefendants pleaded guilty to two counts of second-degree murder.

Eight years later, Perkins filed a petition for habeas corpus, which was denied. Eight years after that, in 1991, Perkins filed a second petition for habeas corpus, this time alleging that the state judge at his trial had impermissibly considered race in sentencing. The defendant based his argument on comments that the state judge made in a 1985 habeas proceeding involving one of the codefendants. At the 1985 proceeding, the state judge, who like the defendant was African-American, said one of the considerations that he took into account at sentencing was "send[ing] a message back to the black community to stop this kind of senseless killing in connection with robberies." Based on this comment, the federal district court (Judge David W. McKeague, W.D. Mi., a Bush appointee) granted relief and ordered resentencing. On appeal, the Sixth Circuit (Jones [Carter], Siler [Bush], and Wiseman [Carter], DJ) reversed. The court of appeals found insufficient evidence of prejudice and held that evidence of a state judge's thought processes in sentencing a defendant is inadmissible at a habeas hearing. The court of appeals also pointed out that the judge, defendants, victims, prosecutor, and defense counsel were all African-American.

The case is noteworthy because a Bush appointee ordered resentencing of a perpetrator of particularly violent and notorious murders based on wispy and dubious evidence of racial animus, where all the significant parties to the case, including the supposedly racist judge, were African-American.

Davis v. Scott, 51 F.3d 457 (5th Cir. 1995)

Davis entered the home of his neighbor and brutally attacked her four young children. Three of the children died due to multiple skull fractures; one child exhibited evidence of sexual assault. Davis was convicted of capital murder and sentenced to death. In 1992, eight years after the crime, Davis sought federal habeas corpus relief. He argued that the jury had improperly been prevented from considering the mitigating effect of childhood abuse and emotional and mental disorders. The district court (Judge Sam Sparks, W.D. Tex., a Bush appointee) found that there was a reasonable likelihood that the jury had not considered the mitigating evidence and overturned the death sentence. The Court of Appeals for the Fifth Circuit (King [Carter], Higginbotham [Reagan], and Barksdale [Bush]) reversed. The court of appeals held that there was no nexus between the alleged emotional and mental disorders and the crime, and in any event that the jury in fact had been able to consider the evidence.

The case is noteworthy because a Bush appointee set aside the death penalty in a particularly gruesome case involving murder and sexual abuse of young children based on emotional disorders and other vague conditions that the court of appeals held had no connection to the crime.

Correll v. Thompson, 63 F.3d 1279 (4th Cir. 1995)

In August 1985, Correll, with the help of two confederates, stopped a car and entered it on the passenger side. When the driver exited the car, Correll followed him, choked him until he lost consciousness, and stole his wallet. Correll then placed the victim in the trunk of the car and drove him to a wooded area. There, Correll removed the victim from the trunk, repeatedly kicked him in the face, dragged him into the woods with the help of a confederate, and killed him by stabbing him twice with a hunting knife.

Correll was convicted of murder and robbery and sentenced to death. In February 1991, he sought a writ of habeas corpus, arguing that the trial court admitted a confession against him in violation of Edwards v. Arizona, which held that officers cannot continue to interrogate a suspect who has requested a lawyer. The district court (James C. Turk, W.D. Va., a Nixon appointee) vacated the conviction and sentence, concluding that the confession was obtained after Correll had invoked his right to counsel and in response to custodial interrogation by law enforcement officers, in violation of Edwards. Alternatively, Judge Turk found that the confession was tainted by two earlier confessions that had been elicited in violation of Edwards. The Fourth Circuit (Wilkinson [Reagan], Wilkins [Reagan], and Phillips [Carter]) reversed, finding that the confession was not obtained as a result of police interrogation and that the earlier confessions were not obtained in violation of the Fifth Amendment. The Fourth Circuit also found that admission of the confession was at most harmless error.

The case is noteworthy because a Nixon appointee set aside a conviction for a particularly gruesome and wanton murder based on a procedural violation that the court of appeals found had not occurred and that would in any event have been harmless error.

McAleese v. Mazurkiewicz, 1 F.3d 159 (3rd Cir. 1993)

McAleese brutally murdered his ex-wife in the basement of her residence. An autopsy revealed that he stabbed her forty times, fractured her skull, and inflicted numerous lacerations. After his conviction for third-degree murder, McAleese in March of 1989 filed a petition for a writ of habeas corpus, alleging that his trial counsel had been ineffective. The district court (Thomas N. O'Neill, Jr., E.D. Pa., a Reagan appointee) granted the writ. Judge O'Neill concluded that the trial counsel had been constitutionally deficient because he had failed to fully investigate facts that might have supported McAleese's alibi and had not presented an alibi defense through a particular witness after suggesting to the jury in his opening statement that he would do so.

The Third Circuit (Becker [Reagan], Hutchinson [Reagan], Weis [Nixon]) reversed. It held that counsel had not broken any promise to the jury, that his decision not to call a witness reflected sound trial strategy, and that counsel's failure to locate certain phone records was not unreasonable and had not resulted in prejudice.

This case is noteworthy because a Reagan appointee set aside a conviction for a particularly gruesome murder based on assistance of counsel that the court of appeals concluded was not constitutionally defective.

Tuggle v. Thompson, 57 F.3d 1356 (4th Cir. 1995)

Tuggle brutally raped, sodomized, and murdered a woman he had met earlier that night. An autopsy revealed that Tuggle had beaten the victim, inflicting multiple bruises and abrasions, bitten her on the breast, and raped and sodomized her before killing her by shooting her in the chest. Tuggle was convicted of capital murder and sentenced to death. In September 1992, nine years after the crime, he petitioned the Western District of Virginia (James C. Turk, W.D. Va., a Nixon appointee, and the same judge who granted relief in Correll v. Thompson) for a writ of habeas corpus. Judge Turk granted the writ and vacated the defendant's conviction and sentence.

Judge Turk found relief was warranted on six different grounds: (1) the trial judge should have appointed a psychiatrist to rebut testimony as to Tuggle's "future dangerousness"; (2) Tuggle's right to trial by an impartial jury was violated; (3) the evidence was insufficient to convict him of murder during the commission of a rape; (4) the trial court erred in allowing testimony that the defendant posed a "future danger" to society because such testimony was based on discussions with the defendant outside the presence of counsel; (5) the "vileness" instruction given to the jury was unconstitutionally vague; and (6) the Virginia Supreme Court erred in upholding the death sentence on the aggravating circumstance of "vileness," after it set aside the finding of the aggravating circumstance of "future dangerousness." The Court of Appeals for the Fourth Circuit (Widener [Nixon], Hamilton [Bush], and Chapman [Reagan]) reversed and remanded, rejecting all of the district court's legal conclusions and criticizing the district court's approach to the case. (N.B.: The Supreme Court subsequently vacated the court of appeals decision and remanded for consideration of whether the failure to appoint a psychiatrist was harmless error. The case is currently pending before the court of appeals.)

This case is noteworthy both for the brutality of the crime and the district court's overreaching in granting relief on six separate grounds, and for the Fourth Circuit's criticism of Judge Turk. The Fourth Circuit began its analysis by reprimanding Judge Turk and throughout its opinion continually took him to task for elementary errors of law. The court expressed its "considerable concern [that] the district court opinion appears to have considered the case . . . as if it were the original trial or appellate court without regard to prior findings of fact and numerous decisions of this court."

Raper v. Mintzes, 706 F.2d 161 (6th Cir. 1983)

Raper, angered because his estranged wife had begun dating another man, went to her house late at night, shot and killed her, and then proceeded to kill two children of her boyfriend who were in another room of the house. Roper also shot the boyfriend, who was the only occupant of the house to survive the attack. Roper was convicted of first-degree murder of his wife, second-degree murder of the children, and assault with intent to murder the boyfriend. He was sentenced to life imprisonment on each conviction. On a petition for federal habeas relief, the district court (Judge James P. Churchill, E.D. Mich., a Ford appointee) granted the writ as to the first-degree murder conviction. The court concluded that the prosecutor's references in closing argument to the "uncontradicted" or "unrefuted" testimony of the boyfriend were unconstitutional references to Raper's failure to testify, since Raper was the only person who could have contradicted the testimony. The court therefore held that the conviction had violated the rule of Griffin v. California that the prosecution may not burden the right against self-incrimination by commenting on a defendant's failure to testify. The Sixth Circuit (Jones [Carter], Contie [Reagan], and Gibson [Johnson], dissenting) affirmed, agreeing with the district court that the prosecutor's comments were improper indirect references to Raper's decision not to testify.

This case is noteworthy because a Ford appointee granted habeas relief in a gruesome case involving multiple murders, including of young children, based on the tenuous ground (albeit one affirmed by the majority of the panel in the court of appeals) that references to "uncontradicted" or "unrefuted" testimony were comments on the defendant's exercise of his right not to testify.

Jack Quinn
Counsel to the President

A 13-year-old boy is murdered by four young men because the boy catches them stealing a bike worth five dollars. The four men stomp the boy to death and stifle his screams by shoving stones down his throat. All four men are convicted of second-degree murder and their convictions are affirmed by a state appellate court.

Then a federal judge decides that the trial transcript suggests that one of the defendants' constitutional rights had been violated. The judge reverses the conviction and criticizes the police for what he says are "troubling" inconsistencies between detectives' written reports and their trial testimony. Annoyed at the prosecution's decision to file an appeal, the judge then orders the defendant freed on \$3,000 bail. Despite evidence that convinced a jury, the judge calls the prosecution's appeal "preposterous." A unanimous appeals court affirms the judge's decision.

Is this another Clinton appointee who, according to this newspaper's editorial page, is the sort of judge willing to "put a murderer back out on the streets" because of technical trial errors? No, in fact, the judge was appointed to the bench by President Reagan. And the three appeals court judges who affirmed his decision? You guessed it: they were all Reagan judges -- the ones who, in this newspaper's view, are supposed to be "willing to overlook a technical violation in order to protect the rights of the community."

Or take another instance plucked almost at random from recent volumes of the reporter of federal cases (and there are more): one of the participants in the notorious "911 murders" in Detroit, in which a husband and wife were shot 22 times by burglars, asks a federal judge to let him go 16 years after the crime, on the basis of comments the sentencing judge made more than a decade after the trial. The judge orders the man freed unless the state is willing to resentence him. Why? Because the after-the-fact comments by the African-American judge *might* have revealed bias against the African-American defendant in a case in which the victims, the prosecutor and the defense counsel were also African-Americans.

The President who appointed this judge? George Herbert Walker Bush.

The point, of course, is not whether these Reagan or Bush judges had it right or wrong. Unlike me or the editors of this

newspaper, they had reviewed the records of the cases and reached conclusions based on their view of the facts. The point is that it is unfair to evaluate any judge on the basis of any single case. Federal judges hear hundreds of motions each year and decide not to suppress evidence and to reject constitutional arguments in the overwhelming majority of cases. But there is no doubt that once judges are on the bench, any President, Democrat or Republican, will find individual cases decided by each of his appointees with which he strongly disagrees.

Which brings us to the recent decision by Judge Harold Baer of the Southern District of New York to suppress evidence in a drug case. Like so many Americans, President Clinton believes Judge Baer's decision was wrong -- not only in the result he reached but also in his unjustified attack on the police. Immediately after the decision, the President instructed me to ascertain that his Justice Department was prepared to challenge the judge's decision vigorously. In fact, the only person who is actually *doing something* about the Baer decision is the President's chief law enforcement appointee in New York, U.S. Attorney Mary Jo White. It was Ms. White's office that brought the prosecution in the first place, argued strenuously for the admission of the evidence, and immediately filed a 55-page motion for reconsideration that described as "unwarranted" and "misguided" Judge Baer's conclusion that there was nothing unusual about young men running from police on a deserted street in the middle of the night.

The Clinton-appointed prosecutor also warned the judge that adoption of this approach would cripple "law enforcement in Washington Heights and other similar communities, because it would prevent the police from pursuing those who flee in those neighborhoods, and make it that much more difficult for the police to stop the people who threaten the safety and well-being of all law-abiding people in the community." Last week the President's prosecutor convinced the judge to rehear the case before rendering a final judgment.

It is simply ridiculous for this newspaper and others to assert that Judge Baer's decision reflects a new approach to criminal justice by President Clinton or his judges. The old shibboleth that Democratic judges are more interested in setting criminals free than punishing them and that ^{Procs} ~~Republican~~ judges have the opposite predilection is untrue (today, as it always has been.) I could point to many more decisions by Reagan and Bush judges like the ones I have described.

Furthermore, when you look at the whole record of President Clinton's judicial appointments -- rather than one case plucked from thousands -- you quickly see that the President's picks will serve the American people well. Fully 64% of the President's judicial appointments have been rated "well qualified" by the ABA, a higher percentage than any of his three predecessors' appointees have received.

At the same time that some Republicans are criticizing President Clinton's judges, the Alliance for Justice has criticized the President for failing to appoint liberals. The *Legal Times* recently said, "From the beginning, [President Clinton's] philosophy toward judicial selection has differed from that of his two immediate predecessors [who] engaged in a crusade to put committed conservatives on the bench." In fact, the President has not applied any ideological litmus test to the appointment of federal judges. As *US News and World Report* recently said of the President's judicial appointments, "Centrism is carrying the day. . . . Left and right both gripe about Clinton's taste in judges."

In an election year, it's not surprising that the old myths are hauled out. That's especially predictable at a time when more Americans trust President Clinton on the crime issue than they do Congressional Republicans. (*Wall Street Journal/NBC News* poll January 12-16, 1996). The President won passage of a comprehensive crime bill that is helping to put 100,000 new cops on the beat. His bill also expanded the death penalty and put three-time violent felons in prison for life without parole. The President has stood with the police on every major crime issue -- from the Brady Bill limiting handguns to the ban on assault weapons.

It is in the country's best interest to keep politics out of the selection of federal judges as much as possible, even in an election year. In 1992, the Senate Judiciary Committee, chaired by Democrat Joe Biden of Delaware, confirmed 66 Bush judges, including 10 Court of Appeals judges -- fully one-third of all of President Bush's judicial appointments. For the last year, Senator Orrin Hatch of Utah, Chairman of the Judiciary Committee, has acted fairly in evaluating President Clinton's judicial nominees. Now I trust that the entire Senate will make sure that President Clinton's judicial nominees continue to receive fair treatment, even in an election year.

Let's not let presidential election year politics bring the old poisonous rhetoric back into the judicial selection process. Let's take a pledge not to play politics with appointments to the federal bench.

March 14, 1996 4:15pm

1217 words

THE PRESIDENT HAS SEEN

3/18/96

THE WHITE HOUSE

WASHINGTON

96 MAR 6 P6:40

March 6, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: DONALD A. BAER 

SUBJECT: RISING HEALTH CARE COSTS

Here are the articles I believe you referred to last week about rising health care costs. I hope they are useful.



Copyright 1995 The New York Times Company
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December 20, 1995, Wednesday, Late Edition - Final

SECTION: Section A; Page 1; Column 1; National Desk

LENGTH: 1012 words

HEADLINE: Rates Are Rising on Policies That Cover Gaps in Medicare

BYLINE: By ROBERT PEAR

DATELINE: WASHINGTON, Dec. 19

BODY:

Adding new fuel to the budget debate, the largest suppliers of private health insurance supplements to Medicare said today that their premiums would rise by an average of about 30 percent next year.

The increase was disclosed by the American Association of Retired Persons and the Prudential Insurance Company of America, which provides supplemental coverage to 3.1 million members of the association. Other companies are also raising premiums for these policies, which help fill gaps in Medicare by paying hospital charges, doctors' bills and other expenses not covered by the Government program.

The higher charges for these Medigap policies come on top of premium increases that Republicans in Congress and President Clinton have already proposed for Medicare itself. The Republicans want bigger increases than the Administration will accept, and some of the most intense arguments in the budget debate involve this and other Medicare proposals.

More than two-thirds of the 37 million Americans covered by Medicare have Medigap insurance. Average premiums for the Prudential policies range from \$51 to \$151.75 a month, depending on how much the policies cover.

Much of the rise in premiums is attributed to increased use of outpatient services. Medicare pays the full cost of much in-hospital care, but beneficiaries pay at least 20 percent of the cost of outpatient services.

Jerry Carey, a spokesman for Prudential, said: "Our premiums are dictated by our claims experience. The biggest reason for the higher premiums is that we saw a big increase in claims volume nationwide, especially outpatient claims. We've seen a big increase in utilization of outpatient services."

The increase in claims started in the second half of 1994, when President Clinton's ambitious plan to remake the nation's health care system was dying. The connection between the two events is unclear, but some health care experts suggest that doctors and other health care providers began limiting the number and complexity of services while the debate over the Clinton plan was raging.

There are 10 standard Medigap policies, covering items like prescription drugs, skilled nursing care and the 20 percent of doctors' bills not covered by Medicare.

Discussing Medigap premiums, Wayne F. Haefer, membership director of the association of retired persons, said: "The rates will rise, on average, 30 percent. The size of the increase will vary according to the specific plan and the state where the policyholder lives."

Nationally, premiums for the most basic Medigap coverage sold through the association will average \$51 a month next year, and the average monthly premium for the most extensive Medigap policy will be \$151.75. In general, Prudential charges the same premiums to residents of a particular state or geographic area, regardless of their age or medical condition. Other companies charge higher premiums to older people, and their rates can exceed \$300 a month.

Prudential said its Medigap premiums would rise an average of 40 percent next year in Georgia, Hawaii, Illinois, Maine, Ohio, Oklahoma, Utah and Wyoming; 37 percent in California, Kansas, Missouri, New Hampshire, Vermont and Wisconsin; 35 percent in Rhode Island, and 34 percent in South Dakota.

The increases will average 17 percent in New York, 29 percent in Connecticut and 30 percent in Pennsylvania. Prudential is waiting for a decision by New Jersey regulators.

Outpatient services, provided at hospitals, clinics and doctors' offices, have been increasing for a variety of reasons. Many patients like to avoid overnight stays in the hospital when possible. Hospitals have financial incentives to discharge patients as quickly as possible. For example, Medicare pays hospitals a set fee for each patient admitted with a given condition, regardless of how long the person is hospitalized. Medicare, health maintenance organizations and private insurers have encouraged the use of outpatient services, hoping to save money.

New technology permits doctors to perform many more services on an outpatient basis. As H.M.O.'s and private insurers limit payments to doctors, some doctors may try to maintain their income by doing more procedures on an outpatient basis.

Susanne C. Bowman, director of insurance services at the A.A.R.P., said that Prudential paid \$12 million to \$13 million a day in claims for members of the association. Because of higher claims and costs, she said, the company is paying \$1 million a day more than it anticipated.

"We had an independent actuary review Prudential's pricing calculations," Ms. Bowman said. "We concluded that the increases were justified. State insurance departments also

reviewed the rates and concluded they were justified."

The association said last month that it would end its exclusive arrangement with Prudential when it expires at the end of 1997, but Peter L. Ashkenaz, a spokesman for the association, said this decision was not related to the increase in premiums. Prudential and other companies will be allowed to bid for the right to sell health insurance products to members after 1997.

The association has insisted that Prudential offer the same Medigap rates to all subscribers in a given area, regardless of age, so that older members will have access to affordable coverage. President Clinton recently proposed that all Medigap insurers follow this practice, known as community rating.

Increases in Medigap premiums may encourage more Medicare beneficiaries to enroll in H.M.O.'s, which accept Medicare fees as payment in full for coverage. But, health policy experts say, if H.M.O.'s attract large numbers of young, healthy Medicare beneficiaries, the sicker and older people may be left in the standard Medicare program, and Medigap rates will then rise faster.

"Many elderly people live on fixed incomes," said Gail E. Shearer, a health policy analyst at Consumers Union. "Without community rating, Medigap costs increase much faster than inflation, and people over 75 or 80 can no longer afford the high premiums."

GRAPHIC: Table: "Medigap Premiums Rising" lists planned increases state-by-state in the average monthly premium for Medigap insurance, a supplement to Medicare sold through the American Association of Retired Persons. (Sources: Prudential Insurance Company of America, American Association of Retired Persons) (pg. B13)

LANGUAGE: ENGLISH

LOAD-DATE: December 20, 1995

Copyright 1996 The Washington Post
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February 04, 1996, Sunday, Final Edition

SECTION: EDITORIAL; Pg. C06

LENGTH: 553 words

HEADLINE: The Health Care Cost News

BODY:

THE COST to employers for employee health insurance went up only a few percentage points again last year, new surveys suggest. The results are tantalizing, because the cost of health care is the central problem from which so many others flow. If you can get the cost down, you can do all kinds of other things from which you are otherwise foreclosed. You can use the savings to begin to meet the needs of the uninsured, for example.

But how much pressure can you safely put on costs before you start doing harm to care? That's what no one really knows. The uncertainty, and thus the risk of strenuous cost containment, played a major part in the debate over President Clinton's health care reform plan in 1994, and again in the debate between Republicans and Democrats over cutting Medicare and Medicaid to balance the budget last year.

The private-sector experience of recent years suggests to some that there is a lot more air in health care costs than provider and other advocacy groups would have you believe. That means you can squeeze pretty hard and still not jeopardize care; it also suggests the squeezing isn't that hard to do. Everyone knows what employers have done. They have become much more aggressive health care shoppers, begun to limit what they will pay, to bargain over the price of health care services and to push employees toward the various forms of managed care. That's how they have saved; why couldn't the whole society achieve comparable savings?

But of course it isn't that simple. Workers and their families may be a healthier group than the society as a whole, and therefore easier to insure. They exclude almost by definition the elderly and disabled who are in government programs. The employers are also achieving some of their savings simply by shifting costs to employees -- rear ranging the insurance so that one way or another the employees pay a larger share of the bill.

They are shifting costs in a subtler way as well. For years the privately insured paid part of the cost of caring for the poor, in that a hospital, for example, would charge its paying patients more to make up for the cost of those who could not pay. Now employers are saying they will pay only for the care their employees receive and are refusing to pay the extra; the

hospitals are having to look to public programs.

Finally, it isn't clear how long the current private-sector savings will last. There can be a one-time-only drop in costs associated with a shift to managed care, but to what extent it then endures over many years no one quite knows.

The lesson thus may be mixed. The society as a whole probably can't achieve all the savings the private sector has, but it can achieve some of them. Medicare probably can't be safely cut as much as the Republicans proposed last year, but it can still be cut much more than the Democrats for political reasons were willing to countenance; the coverage would still be adequate. There are risks either way, particularly as the baby boomers begin to retire -- too much cost on the one hand, not enough care on the other. The policy-makers need to feel their way. The private-sector experience of the past few years is part of the evidence they need to take into account, but only part. The health care cost problem hasn't been solved.

LANGUAGE: ENGLISH

LOAD-DATE: February 04, 1996

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January 30, 1996, Tuesday, Final Edition

SECTION: FINANCIAL; Pg. E01

LENGTH: 563 words

HEADLINE: Premiums Up 2.1 Pct. For Health Insurance; Analysts Unsure Whether '95 Data Show Trend

BYLINE: Spencer Rich, Washington Post Staff Writer

BODY:

Premiums for employer-sponsored health insurance rose on average 2.1 percent per employee last year, after declining 1.1 percent in 1994, according to a survey released yesterday by the benefit consulting firm A. Foster Higgins & Co.

Foster Higgins's John Welch called the performance "great news" because it indicates that the 1994 decline was not "just a blip." Premium costs had been rising sharply at or near a double-digit annual rate from 1988 to 1993.

But Henry Aaron of the Brookings Institution and former Medicare administrator Gail Wilensky warned that it is too soon to conclude that the rise in health costs has been permanently slowed. Wilensky said that while "there's no way you could interpret this as anything but good news, the question is how real it is" for the long term.

The Foster Higgins report attributed the small increase in combined premiums paid by employers and employees -- from \$ 3,741 per worker in 1994 to \$ 3,821 in 1995 -- to more people enrolling in economical managed-care health plans, increased competition and a slow increase in overall consumer prices.

The survey found that for large companies (with 500 or more workers), overall premium costs rose 3.5 percent, to an average of \$ 4,181. These firms had higher costs because many cover their retirees, who generally have more health care expenses than younger workers, the benefits firm said.

For companies that contract with health maintenance organizations to provide health care to employees, costs last year fell 3.8 percent. In traditional insurance plans, in which employees are reimbursed for their expenses in using health care providers of their choice, premiums rose 4.4 percent.

Large companies in the Baltimore-Washington area had average premium cost increases of 3.9 percent, to \$ 4,316. At large firms in Maryland, premiums rose 5.7 percent to \$ 4,460 per

worker, but in Virginia they dropped 0.2 percent, to \$ 3,894. There was no separate data for the District.

Foster Higgins, which surveyed a national sample of 2,800 companies with 10 or more employees, also said employers have been reducing coverage for retirees.

"We don't know whether it's temporary or the beginning of a great new day of cost control," Aaron said of the survey results.

He said the way the study was conducted might produce more favorable conclusions than justified because it measured premiums, not total health expenditures. For example, he said, employers might be shifting more costs to beneficiaries by increasing their co-payments or deductibles while holding down premium increases.

Companies also could be curtailing benefits. He said spending on health as measured by the gross domestic product has been rising faster than the rate in the Foster Higgins survey of premiums paid by employers and employees.

Wilensky said the study "shows continued aggressive purchasing on the part of employers, and given the very substantial excess capacity in the health care system, there is no reason we shouldn't see more of these low-rate increases in the future."

Foster Higgins's Welch said that "some genuine long-term efficiencies seem to be revealed by the data."

In another survey released yesterday, the consulting firm Towers Perrin Co. predicted that health care costs for large employers would increase at an average rate of 3 percent this year.

LANGUAGE: ENGLISH

LOAD-DATE: January 30, 1996

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January 30, 1996, Tuesday, Late Edition - Final

SECTION: Section D; Page 1; Column 5; Business/Financial Desk

LENGTH: 958 words

HEADLINE: Survey Finds Health Costs Rose in '95

BYLINE: By MILT FREUDENHEIM

BODY:

The cost of employees' health care resumed its climb last year after a surprising dip in 1994. And the upward trend is apparently continuing in 1996, according to surveys of employers published yesterday by two big benefits consulting firms.

The rise was almost entirely in the cost of traditional health insurance. Health care costs for participants in managed-care networks fell for the first time last year, down 3.8 percent from 1994. Such networks now cover 71 percent of all workers who have insurance provided by their employers, compared with 63 percent a year ago.

The remaining workers and most retirees are covered by traditional healthcare plans, and the costs of those rose 4.4 percent, pushing up the overall average by 2.1 percent, to \$3,821 an employee.

The ranks of retirees swelled last year as companies shed hundreds of thousands of workers. That increase came even as a growing share of smaller companies said they planned to drop or curtail coverage for future retirees.

"The number of retirees, as a percentage of all those with coverage, rose in 1995," said John Erb, a principal and the chief analyst with the Foster Higgins benefits consulting firm, which surveyed 2,764 employers with 10 or more employees. "Costs for active employees, without the retirees, rose only two-tenths of 1 percent."

The Foster Higgins survey reported on costs paid by employers plus the premiums paid by their employees. The 1994 survey found a decline of 1.1 percent in average costs, after a decade of steady increases. The surveys are based on a national sample designed to reflect 700,000 employers with 10 or more employees -- a total of 75 million full-time and part-time workers.

In another survey, the health care costs of 120 of the nation's biggest companies were projected to rise 3 percent in 1996, Towers Perrin, also a benefits consulting firm, said. These companies foresaw no change for 1996 in the costs of covering employees in health

maintenance organizations and a 4 percent increase, on average, for employees covered by traditional benefits or other types of managed care.

Health care analysts said the increases reflected continued demand for expensive new tests and procedures as well as the medical needs of the growing numbers of older or retired employees. Many older people are reluctant to join health maintenance organizations and other managed-care networks, which typically hold down costs by reducing payments to doctors and hospitals and withholding payment for services deemed unnecessary.

Uwe Reinhardt, a health care economist at Princeton University, said the survey results showed that H.M.O.'s, which collect a set amount for each person enrolled, "do in fact succeed in holding down costs." He said that was partly because doctors and hospitals often made up for lost income by raising the fees they charged patients not enrolled in H.M.O.'s.

Kenneth S. Abramowitz, a health care securities analyst with Sanford C. Bernstein & Company, said other managed-care networks called preferred provider organizations, or P.P.O.'s, required patients to pay part of the bill. But he said employees with access to this type of network "only use them half the time." They often consult other doctors, even if they have to pay 30 percent or more of the charges.

Even doctors in health maintenance organizations are charging \$10 or \$15 a visit instead of the former \$5 fee, William J. Falk, a principal with Towers Perrin, said.

Mr. Reinhardt added that the surveys did not fully reflect cutbacks in coverage, for example, for mental health and alcohol and drug problems. The Foster Higgins survey said 20 percent of employers now send employees to specialized programs for such problems, up from 14 percent in 1994. Such programs typically set rigorous limits on treatment.

Speaking of the long-term outlook on health care costs, Mr. Reinhardt said, "I wouldn't bet the farm that this monster has been slain for good, but certainly the data are hopeful in showing that managed care seems to be working so far."

The costs for retirees younger than 65 averaged \$5,242, Foster Higgins said. Employers spent \$1,803, on average, for supplementary coverage for retirees older than 65, who send most of their medical bills to Medicare.

Helen Darling, manager of health care strategy and programs with the Xerox Corporation, said the survey results were generally in line with what Xerox has experienced with its 47,000 employees and 10,000 retirees. She said the cost of traditional insurance rose 7.2 percent for each Xerox employee in 1995, while H.M.O. charges were flat.

Overall per-employee costs at Xerox increased 1.2 percent in 1995, to \$4,211, and are expected to rise 2.2 percent, to \$4,304 this year.

Noting that many health maintenance organizations were showing robust earnings, Mr. Erb of Foster Higgins said there was room for employers to demand even lower prices.

Ms. Darling said, "We read the same reports as the stock-market analysts," noting that she referred to the H.M.O. companies' financial performance when she bargained with them on coverage for Xerox employees.

Health care costs are influenced both by price increases, which have been slowing, and the number of medical tests and procedures performed. The Labor

Department's medical price index rose 4.1 percent in the 12 months that ended in November, compared with a 4.8 percent increase the preceding 12 months. Overall consumer prices were up 2.6 percent in the 12 months that ended last November.

The Bureau of Labor Statistics said the December comparisons, which have been delayed by the partial closing of the Government during the recent Federal budget disputes, would be released Thursday.

GRAPHIC: Graph: "Rising Health Costs" tracks change in average total health benefit costs, for active and retired employees, from 1987 through 1995. Also tracked are total health benefit costs, based on company size, from 1992 through 1995. And finally, graph tracks percentage of employees offering medical coverage to retirees under age 65 and to retirees eligible for Medicare from 1993 through 1995. (Source: Foster Higgins) (pg. D21)

LANGUAGE: ENGLISH

LOAD-DATE: January 30, 1996

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Chicago Tribune

January 30, 1996 Tuesday, NORTH SPORTS FINAL EDITION

SECTION: BUSINESS; Pg. 1; ZONE: N

LENGTH: 705 words

HEADLINE: FIRMS HOLD HEALTH-CARE EXPENSE RISE TO 2.1% IN '95

BYLINE: By Chuck Hutchcraft, Tribune Staff Writer. Tribune wires contributed to this story.

BODY:

For the second straight year, U.S. companies have found a way to rein in health-care costs even without a government overhaul of the system.

Health-care costs in 1995 increased 2.1 percent for the nation's employers, according to a survey of 2,800 companies that was released Monday by Foster Higgins, a New York-based employee benefits consulting firm.

For large companies, the increase was 3.5 percent nationwide and 5.6 percent in the Chicago area.

Though the numbers were larger than they had been in 1994, when health-care costs actually declined, they still were far below the double-digit growth that had become routine through the 1980s and early '90s.

Meanwhile, another survey, by the management consultant Towers Perrin, said health-care costs for 120 large employers will increase at an average rate of 3 percent during 1996.

The relatively low increase in health-care costs reflects a continuing shift to managed-care programs, including health maintenance organizations, preferred provider organizations and point-of-service plans, said John Erb, a principal with Foster Higgins.

This comes despite the backlash against the restrictions of health maintenance organizations and other managed-care programs, the sponsors of the two surveys said.

"The old (traditional indemnity) plans are dying," Erb said. "They're just collapsing under the weight of their costs."

"There's no question that HMOs offer better quality in terms of preventative services--front-end health care," Erb said.

"The real concern of the public and public policymakers is the back end--is the HMO going

to deny you care . . . ? We've seen no pattern of that."

The cost of traditional indemnity plans rose 4.4 percent in 1995, according to the Foster Higgins survey, while preferred provider organizations and health maintenance organizations fell 2.1 percent and 3.8 percent, respectively. Point-of-service plans rose 3.4 percent.

The survey further predicts that this shift is likely to increase as Congress seeks greater reductions in Medicare and employers look to HMOs and other managed-care plans to curtail health costs for their retired workers.

U.S. employers with 10 or more employees spent 2.1 percent more for health benefits; their average cost was \$3,821 per employee in 1995, compared with \$3,741 per employee in 1994.

That followed a 1.1 percent drop in 1994. Previously, health benefit costs increased 18.6 percent in 1988, 16.7 percent in 1989, and 17.1 percent in 1990, gradually tapering to 8 percent in 1993.

In 1995, employers with 500 or more employees spent an average of \$4,181 per employee, or 3.5 percent more than in 1994. The 98 companies with 500 or more workers surveyed in the Chicago metropolitan area and northern Indiana spent an average of \$4,414 per employee, or 5.6 percent more than in 1994.

Erb said larger companies are likely to have more retirees covered by their health plans and retirees are less likely to be enrolled in managed-care plans.

The survey also found that Midwest employers "have the lowest retiree enrollment in managed care--and the highest cost. Only 47 percent of early retirees and 22 percent of Medicare-eligible retirees in the Midwest are in any form of managed care. Per-retiree cost rose 12.1 percent, reaching \$3,311 in 1995, well above the national average of \$3,131."

Midwest companies also tended to be unionized and more likely to extend coverage to retirees, "especially early retirees," Erb said.

He defined traditional health plans as those with deductibles, which pay 80 percent of the medical costs while workers pay the rest, and which allow workers free choice of physicians.

The Foster Higgins survey predicts that "As Congress seeks greater reductions in Medicare spending, employers are looking to HMOs and other managed-care plans to help manage costs of their retiree populations, which are growing because of downsizing and increased use of early retirement incentives."

The survey also found that for the first time in the 10 years it has been conducted, the average cost of HMO coverage dropped nationally, from \$3,385 per employee in 1994 to \$3,255 in 1995, a decline of nearly 4 percent.

LANGUAGE: ENGLISH

1ST STORY of Level 1 printed in FULL format.

Copyright 1996 The Times Mirror Company
Los Angeles Times

January 30, 1996, Tuesday, Home Edition

SECTION: Business; Part D; Page 1; Financial Desk

LENGTH: 888 words

HEADLINE: A BALM FOR BUSINESS;
COST OF USING HMOS DIPS FOR FIRST TIME IN SURVEY'S HISTORY

BYLINE: By ROBERT A. ROSENBLATT, TIMES STAFF WRITER

DATELINE: WASHINGTON

BODY:

With business demanding savings in health expenses, the average cost to corporations of using health maintenance organizations dropped 3.8% last year, the first decline in 10 years of surveys, according to a report released Monday.

And HMO enrollment had its biggest jump in a decade, from 23% of workers in 1994 to 27% last year, according to Foster Higgins, an employee benefit firm that surveyed 2,800 companies.

The average cost to a company for HMO coverage fell to \$3,255 per worker, down from \$3,385 a year earlier. In California, HMO charges dropped to \$3,415 from \$3,556 in 1994.

Employers, who eagerly seek price reductions, are now also increasingly concerned with quality. "The employer feeling is that the HMOs have pretty much squeezed everything they can out of the doctors and the hospitals and other providers," said Glenn Meister, a principal at Foster Higgins' Los Angeles office.

Corporate executives are wondering, "How tightly can we squeeze this before quality is impacted?" Meister said. "Employers are wrestling with that."

Business "wants to strike a balance -- companies are focusing not on the provider so much but on the (HMO) plans themselves," he said.

HMOs now typically pay hospitals and doctors on a fixed basis, with the doctors getting a certain amount each month for every person enrolled in a health plan, regardless of the services rendered. The hospitals might be paid on a per diem basis, or a fixed amount for each hospital stay.

Under the traditional fee-for-service medicine, separate charges are submitted for each office visit, test, treatment or surgery.

National health benefit costs for business, including all types of insurance, rose 2.1% last year to \$3,821 per worker, up from \$3,741. California's increase was 1.8% to \$4,525, from \$4,445. Costs rose overall because traditional

Los Angeles Times, January 30, 1996

fee-for-service plans jumped in price nearly 5%, even as the HMO charges were falling.

The low growth rate for 1995, and an overall dip in 1994, confirms that the era of huge double-digit cost increases paid by business for health coverage is over. As businesses accelerate the shift to managed care and other tightly controlled health systems, more pressure to hold down costs is expected on doctors and hospitals.

HMOs have long been popular among big corporations, but they are now making inroads among companies with less than 500 workers, according to the report.

In California, where Kaiser Permanente made the HMO system familiar for two generations, nearly 50% of the insured population already belongs to HMOs. Other forms of managed care, such as preferred provider organizations -- a restricted listing of doctors and hospitals -- are also widespread in the state.

Although fee-for-service coverage -- also known as indemnity insurance -- is still commonplace in much of the country, it is dwindling rapidly in California. For most hospitals in the state, less than 5% of their patients are charged on a fee-for-service basis, according to C. Duane Dauner, president of the California Healthcare Assn.

In Southern California, the traditional system of payment "will be extinct in the next five years," said David Langness, a spokesman for the Healthcare Assn. of Southern California, which represents hospitals and groups of doctors in six counties, including Los Angeles and Orange.

Foster Higgins said the national survey shows indemnity plans had an average cost of \$3,650 per worker last year, up from \$3,495. Preferred provider organizations cost \$3,169 per worker, down from \$3,238. And point of service plans, which allow workers to go outside the restricted network of doctors and hospitals in return for paying more out of their own pocket, cost an average of \$3,415, up from \$3,302.

In addition to shifting to HMOs and other managed-care systems, companies are striving to control their costs by reducing or eliminating health insurance for retirees, according to the report. Just 41% of retirees under 65 were given health insurance last year, down from 43% in 1993.

The survey uses a sample of employers weighted to reflect all companies and government agencies with 10 or more workers. This makes it valid for more than 700,000 employers and 75 million full- and part-time workers, Foster Higgins said.

(BEGIN TEXT OF INFOBOX / INFOGRAPHIC)

Coming Down

A survey of 2,800 companies by the employee benefit firm Foster Higgins has found that the average health-care benefit cost to businesses rose a modest 2.1% last year after dipping 1.1% in 1994. The survey found that the cost of using health maintenance organizations dropped 3.8% in 1995, the first decline in 10 years of surveys. Foster Higgins said enrollment in HMOs showed a big increase in 1995, to 27% of all employees.

Los Angeles Times, January 30, 1996

While Cost Increases to Employers Slow. . .

Percentage change in total health benefit cost:

1987: +6.9

1988: +18.6

1989: +16.7

1990: +17.1

1991: +12.1

1992: +10.1

1993: +8.0

1994: -1.1

1995: +2.1

. . .HMO and PPO Costs Are Declining

Average cost per employee in 1995 and percentage change from 1994, by category of medical plan:

Health maintenance organizations: \$3,255 (-3.8%)

Point of service plans: \$3,415 (+3.4%)

Preferred provider organizations: \$3,169 (+2.1%)

Traditional indemnity plans: \$3,650 (+4.4%)

Source: Foster Higgins

GRAPHIC: Chart, Coming Down, PAUL ZIEKE / Los Angeles Times

LANGUAGE: ENGLISH

LOAD-DATE: January 31, 1996

Copyright 1996 Newsday, Inc.
Newsday

January 30, 1996, Tuesday, NASSAU AND SUFFOLK EDITION

SECTION: BUSINESS; Pg. A33

LENGTH: 403 words

HEADLINE: Region Hit by Higher Health Costs

BYLINE: By Dena Bunis. STAFF WRITER

BODY:

While employers across the nation continued to see their health insurance costs moderate last year, those in the Northeast bucked the trend with average 8.3 percent increases, according to a nationwide survey released today.

Total spending for all employers rose by 2.1 percent, according to an annual employer survey conducted by Foster Higgins, the New York-based benefits consulting firm. The report also said managed care has become "the norm," now covering seven in 10 workers.

Analysts found that the Northeast lags behind the rest of the nation in managed care, even though enrollment has doubled in the region over the past two years. While all types of managed care plans grew nationwide, from 63 percent of all insured workers in 1994 to 71 percent in 1995, Foster Higgins reports that in the Northeast, enrollment grew just 2 percent, from 63 percent in 1994 to 65 percent in 1995.

"Until recently, we haven't had the same widespread offering of managed care products as there have been in California and other places," said Robert Eicher, a Foster Higgins principal. In addition, Eicher said, the heavy health regulations in New York State have made it more difficult for managed care companies to cut costs.

Another factor fueling the Northeast's rate increases, Eicher said, was the cost of retiree health plans. Employers in the Northeast reported that 18 percent of their insured are retired, the highest percentage of any region. Costs for that group rose 13 percent in 1995, and retirees in the Northeast are less likely to be enrolled in managed care plans.

"In the future, you will see more employers either dropping retiree health or moving rapidly to managed care for their over-65 retirees," Eicher said.

For the first time in the 10 years that Foster Higgins has conducted its employer survey, the average cost of HMO coverage dropped nationwide. The 3.8 percent decline - from \$ 3,385 per employee in 1994 to \$ 3,255 in 1995 - reportedly was the result of HMOs beginning to reduce costs among smaller employers.

Traditionally, large employers have gotten better deals in managed care because they cover more people, which gives them greater bargaining power. But as that market became saturated, and as states - including New York - began to require HMOs to offer plans to smaller businesses, the small-employer market has become more competitively priced, Eicher said.

LANGUAGE: ENGLISH

LOAD-DATE: January 30, 1996

THE PRESIDENT HAS SEEN

3/18/96

MARCH 16, 1996

96 MAR 16 P3:05

MEMORANDUM FOR THE PRESIDENT

CC: HAROLD ICKES
FROM: DOUG SOSNIK
SUBJECT: COLORADO AND GAY MARRIAGES

As I mentioned to you, Governor Romer will be calling you tomorrow, Sunday, March 17, to discuss the bill he has pending before him allowing gay marriages.

In anticipation of that conversation, attached is a draft of Romer's proposed veto message.

✓ Icker/Sosnik/Attale
- I'll talk w/ -
- w/ the veto -
- thank you -
- say I'm wrong on medicinal
- say I'm not going
- Caffer-Bruant
BK

✓

This was a difficult decision for me. I have said before that I am personally uncomfortable with the idea of gay marriage.

I believe in the sanctity of marriage between a man and a woman. That is my personal history and tradition, and it reflects thousands of years of religious tradition and many faiths. Marriage is one of our society's most important institutions. It is also an institution in trouble, and I strongly believe that we as a society must work to honor and strengthen it.

At the same time, I acknowledge and respect those men and women who have chosen to enter into long-term relationships with members of the same sex, who love, honor and are committed to each other. This relationship is no less valuable to them ~~or ultimately to our society~~ *than the traditional marriage to* *take that out* between a man and a woman.

After much deliberation, I have decided to veto this bill. There are two key reasons.

First, I believe this legislation is premature, seeking to remedy a circumstance that does not exist. It was introduced and passed in reaction to a hypothetical future action by the federal courts and the state of Hawaii.

Colorado law regarding marriage is very clear. It recognizes the union of a man and a woman. Any action in Hawaii or elsewhere will not change this fact without the affirmative support of the legislature and ultimately the people of Colorado. No legislature has passed, nor has any court ruled, anywhere in this country that any state must recognize gay marriages. Frankly, that is years away. For anyone to suggest that Colorado will have to recognize the marriage of gays and lesbians from any jurisdiction any time soon is simply spreading false and misleading information.

Second, this bill is blatantly political and partisan. It was proposed by those in this state who want to divide Coloradans. It was proposed with malice, for political purposes, to drive a wedge. It is part of a national campaign to create a wedge social issue during a Presidential campaign. It is intended to embarrass the Democratic Party, which has a rich tradition of tolerance. In 1988, it was Willie Horton. In 1992, it was flag burning (?). Now, in 1996, we see gay bashing.

Similar legislation was introduced in 19 states this year as part of a cynical effort to create a divisive issue and engage politicians in an issue that has nothing whatsoever to do with solving the real problems facing American families. Banning same sex marriage will not lead to one more child getting a better education; it will not lead to the creation of one better job; it will not lead to a balanced budget, or welfare reform.

This is a cynical ploy by the extreme right in this country, fueled by the media's interest in a good fight, and playing on the fears of many American families, to make political hay by dividing people. It only reinforces the notion that our nation's politics and civic life is completely disconnected from the concerns, worries and hopes of the average family in Colorado and across the nation.

We shouldn't let it divide us in Colorado.

How, then, should we proceed?

My personal preference is that we in this government, and in this society, develop a means whereby we officially recognize the long-term relationship between members of the same sex, that we honor their commitment to each other, that we recognize that they have some inherent rights based on that relationship - this would include that transfer of property in death, the delegation of power of attorney in life, and issues related to adoption, taxes, and employer-provided benefits.

But I am under no illusion that the majority of members of this legislature would, at this point in time, agree with me on this issue. Frankly, the approach that Senator Wham at one point advocated to create a

study commission would have been, I believe, the most responsible course of action. If there is to be additional action in this legislature on this issue, I hope it goes in this direction.

In the absence of this kind of process, I ask that the people of Colorado commit to tolerance, or at least agree to disagree, and not let this issue detract us from the work we must do to improve public education, create good jobs, and protect the natural beauty of Colorado.

My veto of this bill will not lead to a single "gay marriage". At the same time, had I chosen to sign it, not one gay or lesbian couple would have been prevented from joining together as partners.

Most people in Colorado, I believe, want to continue to honor the sanctity of a traditional marriage. And while I know that many are uncomfortable with the issue of homosexuality, I do not believe that most people in Colorado want to demonize those, who through orientation or preference, lead that lifestyle.

Even members of the so-called religious right use the phrase "love the sinner but hate the sin".

Whatever one's view of homosexuality, I hope that Coloradans will see through this effort to divide us, and will support those of us who, through tolerance and mutual respect, seek to unite the people of Colorado and this country toward a common vision. There is enough hate in this world. Enough strife. Enough preaching of intolerance.

For these reasons, I am vetoing this legislation. I urge the legislature to proceed with its important work, and leave cynical, partisanship posturing behind.

POLITICS & POLICY

Gingrich Shows
New Flexibility
On SpendingSavings From Privatization
May Be Used to Ease
Effect of Domestic Cuts

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Congressional Republicans, in an effort to salvage an 11th-hour budget victory, plan to introduce by the end of the month revised welfare and Medicaid revision bills being developed by a bipartisan team of governors.

While the latest overhaul efforts appear to have stronger Democratic support than previous plans, Democratic governors involved in the process stressed yesterday that they remained dissatisfied with a number of the provisions. "There is more work to be done," said Colorado Democrat Roy Romer, a member of the governors' working group writing the modified plan.

Even so, congressional Republicans said they would introduce the plans as free-standing legislation March 25. The House will then hold hearings, with a plan to vote in perhaps late April or early May. The Senate will take up the legislation at about the same time, although its timetable isn't set.

Republicans have abandoned the idea of attaching welfare and Medicaid overhaul to a bill raising the \$4.9 trillion debt ceiling. "We're prepared to give the president a third and final opportunity to fundamentally change the direction of welfare in America," said Rep. Bill Archer, the Texas Republican who heads the House Ways and Means Committee.

With prospects now remote for a larger balanced-budget deal, congressional Republicans are seeking to push through at least some of the separate pieces of their budget-overhaul proposal. Welfare and Medicaid changes, as well as some form of a child tax credit, are viewed as among the few areas with even a remote chance of success.

The newest welfare and Medicaid plans mark the latest effort by Republicans to salvage some trophy for their efforts to balance the federal budget. They draw heavily on bipartisan revision proposals outlined by the governors last month. Governors have been meeting over the past few weeks in an effort to fill in details as well as to make the plan more appealing to Democrats. Both the White House and congressional Democrats have criticized the earlier efforts, saying they allow states to cut too deeply into benefits for the poor.

Michigan Gov. John Engler described the soon-to-be-introduced plan as a "fine-tuning" of the proposal. "There were no major policy changes," he said.

The Republicans' welfare and Medicaid plans, key elements of their yearlong, failed effort to shrink the size and scope of the federal government, were based on both reducing federal spending and turning greater control of the programs over to the states. President Clinton vetoed the initial GOP bills. The coalition of governors then put forth a modified version, hoping to bring the two sides together. Though the administration and congressional Democrats have been more receptive to the governors' effort than they were to the original Republican plan, they have still withheld support.

The latest modifications are largely an effort to address the most recent Democratic concerns, Republicans said. They would require states to put more of their own money into child-care services, for example. The governors' plan also cuts for an additional \$1 billion contingency fund, allows states to receive food stamps as an entitlement, and reduces previously proposed cuts in the Earned Income Tax Credit.

Revised Welfare and Medicaid Plans
To Be Introduced by GOP This MonthBy CHRISTOPHER GEORGE
AND DANA MILLBANK

Staff Reporters of THE WALL STREET JOURNAL
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Chance of Success

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Yearlong Effort

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More Control for States

Like the original congressional Republican plan, the governors' Medicaid plan would give states greater control over running the program within their borders, while reducing the level of federal funding. The governors' plan was more generous than the original GOP proposal, but Democrats didn't like the latitude it gave states in determining who was eligible for aid. The new plan is expected to offer a more precise definition of beneficiaries. For example, it would give states a choice between current standards and setting their own standards, subject to federal approval.

While Democrats and Republicans are still haggling over details of the revised plan, governors from both sides agreed they were in striking distance of coming to terms on a proposal that both sides could accept. "I want to stay with this approach," said Gov. Romer.

Republicans are seeking to push through some revisions with the 1996 elections fast approaching. The Clinton administration may also see some potential for a political windfall by signing on to changes in welfare and Medicaid.

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Newt Gingrich

THE MOS



BUSINESS BRIEFS

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **North Carolina Welfare Waiver:** North Carolina's Cabarrus County welfare reform proposal, the *Work Over Welfare Project* is in the final stage of Departmental review and may be approved this week. This will be the second demonstration approved in North Carolina during the Clinton Administration, and the 56th in 37 states overall.
- **Agreement in Principle Reached Between Oregon and HHS:** An agreement in principle has been reached between HHS and Oregon on the key issues that would allow the state to implement the Oregon Option welfare reform demonstration.

②
★
✓
Third New Protease Inhibitor for AIDS: On March 13, 42 days after the application was submitted for FDA review and 12 days after an advisory panel recommended approval, FDA granted accelerated approval to Merck's Indinavir (trade name Crixivan) for use alone or in combination with nucleoside analogs, such as AZT, to treat HIV.

✓
• **HIV Antigen Test Licensed:** On March 14, FDA licensed the HIV-1 p24 Antigen Assay and the HIV-1 p24 Antigen Neutralization Kit, devices manufactured by the Coulter Corporation for the screening of blood to detect HIV antigens. The newly approved test will help detect the HIV-1 virus approximately one week sooner than currently available tests.

• **Domestic Violence Hotline Update:** Since the opening of the National Domestic Violence Hotline on February 21, the Hotline has received almost 13,000 calls (over 7,000 in the first 48 hours of operation).

• **LA County Waiver Negotiations:** HHS had very productive meetings with LA County and State officials regarding implementation of the County's proposed Medicaid waiver following a meeting between the White House and County officials. Since that meeting, County officials have agreed to the Department's budget neutrality proposal. Final approval of the waiver is expected shortly after March 29.

CC: MS
✓
• **Working Group Report on AIDS Research Released:** On March 14, NIH released a report by the NIH Research Program Evaluation Working Group which examines the NIH AIDS research effort, and makes a series of recommendations for ways to further focus these efforts. The report notes that our national investment in AIDS research has paid off in many ways. For example, we now have eight anti-retroviral drugs on the market, compared to two at the beginning of this Administration. The Working Group raises a concern with the allocation of AIDS research dollars for research that may not be AIDS-related.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **HUD Assumes Control of Housing Authority:** On March 13, HUD assumed control of the Springfield, Illinois Housing Authority. Mayor Karen Hasara, the Board of Commissioners,

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

3/18/96

March 15, 1996

96 MAR 15 4:22

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *KMS 3/12/96*

SUBJECT: Summary of Cabinet Weekly Reports
March 8 - March 15

DEPARTMENT OF TREASURY

- **Roll-out Ceremony for New Currency:** Secretary Rubin will host a roll-out ceremony for the new \$100 bill in New York City on March 25. The entire New York Congressional delegation is invited to attend, as are the Chairmen and Ranking Members of the House and Senate Committees on Finance, Ways & Means, Appropriations and Banking.
- **Tribal Gaming Compliance Conference:** Stanley Morris, Financial Crimes Enforcement Network (FinCEN) Director has invited 142 tribal casino leaders to participate in FinCEN's Bank Secrecy Act gaming compliance conference to be held in Orlando, FL on April 5 and 6.
- **Suspended Cuban Flights:** Treasury is evaluating various issues related to your decision to suspend licensed direct charter flights between Cuba and Miami. Approximately 3,000 U.S. citizens and residents were remaining in Cuba after the suspension of the charters. In a related matter, as a result of the compensation provisions that affect blocked assets, claimants in other sanctions areas -- most notably the Pan Am 103 claimants -- are pressing their cases in Congress to receive similar treatment.
- **Social Security:** The Senate Finance Subcommittee on Social Security held a hearing on March 11 on Social Security and future retirees. SSA Commissioner Chater testified on the long-range financial status of Social Security. The hearing also discussed partial privatization of Social Security, an option Senator Moynihan strongly opposed.
- **Savings Association Insurance Fund (SAIF):** On March 11, House Banking Chairman Leach told a group of thrift executives that, "prospects were declining" for action this year on the SAIF recapitalization bill, blaming the Administration for derailing the SAIF fix when you vetoed the budget reconciliation bill. Treasury staff have been discussing with the Senate Democratic leadership ways in which the SAIF fix could be attached to upcoming legislation.

- **The Week Ahead:** On March 16 and 17, Secretary Rubin will attend the APEC Finance Ministers Conference in Kyoto, Japan and hold bilateral meetings with his counterparts from China, Australia, Malaysia and Japan. On March 18 - 20, he will visit Hong Kong and the Philippines.

DEPARTMENT OF COMMERCE

- **FY 97 budget:** On March 18, Secretary Brown will conduct a press conference and rollout of the FY 1997 budgetary request for the Department of Commerce.
- **Secretary Brown's Travel:** On Monday, the Secretary will leave for Latin America to visit Colombia, Panama, and Nicaragua, returning to Washington on March 21. In Colombia, he will participate in the America's Business Forum in Cartagena with Ambassador Kantor.
- **Eizenstat Confirmation Hearing:** Ambassador Stuart Eizenstat is scheduled to appear before the Senate Banking Committee on March 19, regarding his nomination to become Under Secretary for International Trade.

✓ **Corporate Subsidies/Welfare:** The Senate Governmental Affairs Committee held a hearing on the Corporate Subsidy Review, Reform, and Termination Act of 1996, a bill that creates a commission to eliminate federal corporate subsidies. Commerce is concerned that "corporate subsidies/welfare" could be defined to include private-public partnership technology programs such as the Advanced Technology Program. Rep. Kasich intends to introduce legislation to eliminate six programs considered as corporate welfare, and it is unclear whether ATP will be on the list.

- **Census 2000:** Motivated by the concern of a potential under count of the minority population, Rep. Meeks will introduce legislation in the coming weeks to prohibit the use of statistical sampling in the 2000 Decennial Census.
- **G-7 Jobs Conference:** On April 1 and 2, Secretary Brown will participate in the G-7 Jobs Conference with Secretaries Rubin and Reich in Lille, France. He will make a stop in Paris before embarking on an April 3-5, mission to Bosnia and Croatia, where he will meet a small business delegation in Zagreb.
- **Travel to South Africa:** Secretary Brown will lead the U.S. government delegation to the G-7 Conference on the Information Society and Developing Countries scheduled for May 13-15 in Johannesburg, South Africa. It will include over 40 developed and developing countries.

DEPARTMENT OF LABOR

- **Fire Fighters' Annual Conference:** On March 18, the Secretary will deliver a speech to the International Association of Fire Fighters' Annual Legislative Conference in Washington. His

remarks will focus on the recent attacks on the Department's training and enforcement budgets, as well as attacks on the OSHA, the Family and Medical Leave Act and the Fair Labor Standards Act.

- **General Motors Strike:** The effects of the strike by some 2,700 workers represented by the UAW against General Motors' Delphi Chassis Systems in Dayton continues to escalate. Since the stoppage began on March 5, shortages of parts manufactured at the two plants have resulted in the closing of 22 of GM's 29 assembly plants in North America. With the closing of these assembly plants, GM has had to halt or limit production at more than 30 other parts manufacturing facilities in the U.S., Canada, and Mexico. About 87,000 workers are idled.
- **Union Election:** On March 11, Richard Cordtz announced that he will not seek re-election as president of the 1.1 million member SEIU. The election of top union officers will take place at the SEIU convention in Chicago, April 22-25. Andy Stern, SEIU's Director of Organizing, is now unopposed in the election.
- ✓ **Minimum Wage:** The Department has developed a public education campaign that coincides with upcoming state minimum wage activities, including ballot initiatives and changes in state minimum wage laws. States that are targeted include: CA, NY, CT, OR, RI, ID and VT.
- **Garment/Sweatshops:** The Secretary's public education campaign continues with a major consumer education effort to be announced on or about March 25, the 85th anniversary of the Triangle Shirtwaist fire. The Department continues to release the results of recent raids.
- **60 Minutes:** On March 19, Secretary Reich will tape an interview with *60 Minutes* regarding abuses of child labor.
- **Immigration:** The Secretary will distribute a regional op-ed on the Administration's interest in preserving worker protections in the Senate Immigration Bill. He will participate in television, newspaper and radio interviews in the top ten regional markets to discuss the risk to U.S. jobs if worker protection is not included in the immigration bills.

DEPARTMENT OF TRANSPORTATION

- **I-95 Fire in Philadelphia:** Part of Interstate 95 was closed on March 13, after a suspicious tire fire erupted beneath an overpass and left the roadway too weak to support traffic. Governor Ridge made his emergency declaration and DOT is awaiting his letter of intent for a request for Emergency Relief funds. Over 150,000 cars use this span of highway each day, and it is estimated that it could be closed for several weeks. Administrator Slater travelled to Philadelphia to survey the site.
- **Wisconsin Central Railway (WC) Freight Train Derailment:** The evacuation of the WC Freight Derailment site still has not been lifted because emergency responders are concerned

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that a leak may develop while trying to move and upright the derailed tank cars. The Federal Railroad Administration, National Transportation Safety Board and WC are investigating the cause of the accident, and are diligently working to get displaced residents back to their homes.

 **New State Infrastructure Bank Authority:** In response to the National Highway Systems Designation Act of 1995 authorizing up to 10 state infrastructure banks, DOT has received 15 applications from states to participate in this program. DOT plans to make announcements of successful applicants by the end of March.

- **Los Angeles Tower Dedication:** FAA Administrator Hinson will participate in the March 22 dedication ceremony for the new state of the art Los Angeles tower.
- **FAA Reform Rollout:** To highlight FAA's rollout of personnel and acquisition reforms on March 28, Secretary Peña, Administrator Hinson and possibly Vice President Gore will host a kickoff rally for employees at DOT. Later, Administrator Hinson will hold a town hall meeting with employees via satellite.
-  **FAA Reform Legislation:** The House approved by voice vote the Federal Aviation Administration Revitalization Act of 1995. This measure would make the FAA an independent agency and streamline efforts to modernize the Nation's aging air traffic control system. Secretary Peña sent a letter outlining his concerns to Chairman Duncan.
- **Secretary's Travel:** Secretary Peña will travel to New York and New Jersey on March 25, to announce a Queens Connector grant and a Maritime Administration/Federal Transit Administration/Federal Highway Administration grant.
- **Challenge 2000:** On March 19, Federal Aviation Administrator Hinson will attend a media briefing to announce findings of Challenge 2000, a comprehensive review of FAA's current certification and regulation capabilities.
- **Air Traffic Control System Story:** On March 24, *The New York Times Magazine* is expected to run a story on the state of the air traffic control system. The piece is focusing on a day-in-the-life look at New York air traffic controllers. While FAA officials delivered a message on personnel, procurement and financing reform, as well as safety being the top priority, the writer's slant is labor vs. management.
- **Flight Attendant Abuse:** *The Washington Post* and the *Chicago Tribune* are writing articles prompted by recent, publicized incidents of passenger belligerence toward air carrier flight attendants. The reporters are focusing on the disparity between Federal Aviation Administration and FBI data. The *Washington Post* said the flight attendants' unions are challenging the FBI statistics.

- **Cruise Ship Safety Review:** *New York Times* is writing a story on the just-released findings of the Cruise Ship Safety Review Task Force. The article will compare how the U.S. regulates its cruise ship industry, compared to how other nations regulate.
- **Emergency Relief (ER) Update Idaho:** A \$34 million fuel tax and registration fee increase needed to raise funds to repair flood-damaged roads in northern Idaho was defeated by a 5-4 vote in the Idaho Senate Transportation Committee. The proposed fees would have raised the \$6 million the State needs in order to qualify for \$18 million in matching Federal emergency funds.

UNITED STATES TRADE REPRESENTATIVE

- **Canada - Magazines:** On March 11, Ambassador Kantor invoked the dispute settlement procedures of the World Trade Organization (WTO) to challenge discriminatory practices by the government of Canada that unfairly protect Canada's domestic magazine industry. Following a 60-day consultation period, if USTR is unable to settle the matter with Canada, USTR will refer the matter to a dispute settlement panel. This dispute is the third such matter the Administration has taken to the WTO since the establishment of the USTR Enforcement Unit in January.
- **Canada - Dairy/Poultry/Barley:** On March 11-15, the United States presented oral arguments to a dispute settlement panel to consider the U.S. complaint involving Canadian import restrictions on agricultural products. Since January 1995, Canada has been applying tariff rate quotas on dairy, poultry, barley, and margarine, including those imports from the United States. This violates NAFTA's ban on increasing tariffs in cross-border trade. A panel ruling is expected in June.
- **Canada - Helms/Burton Act:** On March 12, Canada requested consultation under the NAFTA dispute settlement procedures regarding the Helms-Burton Act. Canada indicated that it wants to discuss the consistency of the Act with U.S. obligations under NAFTA, and to receive information on how the U.S. intends to implement the Act. On March 13, Mexico notified the U.S. of its intention to participate in this case.
- **Ambassador Kantor's Travel:** Ambassador Kantor will travel next week to Brasilia, Brazil to meet with various labor leaders and Brazilian legislators. He will also travel to Cartagena, Colombia for the Free Trade Area of the Americas Ministerial.

DEPARTMENT OF JUSTICE

- **Court Issues Temporary Restraining Order ("TRO") Against 1996 Telecommunications Act Provisions Requiring Scrambling Or Time-Channeling Of Indecent Programming:** Playboy Entertainment Group, Inc., et al. v. United States, et al. On March 7, the district court issued a TRO barring enforcement of Section 505 of the Telecommunications Act.

Playboy Entertainment Group, Inc. and Graff Pay-Per-View, Inc. asserted that Section 505 violates the First Amendment on the grounds, among others, that the statute fails to employ the least speech-restrictive means of achieving its purpose, it discriminates against adult-oriented cable networks, and the term "indecent" is unconstitutionally vague.

- **Summary Judgment Granted To U.S. In Challenge To Military's "Don't Ask, Don't Tell" Policy:** On March 6, the district court granted defendants' motion for summary judgment in Watson v. Perry, a challenge to the military's "Don't Ask, Don't Tell" policy, where the plaintiff challenged the new policy on equal protection, substantive due process, and First Amendment grounds, and sought a preliminary injunction enjoining the Navy from discharging him under the policy.
- **Indictments Unsealed in Detroit "Mafia" Case:** On March 13, 17 defendants were indicted as part of a criminal organization comprised of groups of individuals known as the "Cosa Nostra" families.
- **Department Approves Bank Merger:** On March 11, DOJ approved the \$3.8 billion bank merger involving CoreStates Financial Corp. and Meridian Bancorp, Inc. after the banks agreed to divest 11 branches in Pennsylvania with reported deposits of approximately \$444 million.
- **ADA Settlement Reached With Avis:** On March 6, the United States reached a settlement agreement with Avis -- the country's second-largest rental car company -- under Title III of the ADA. Under the agreement, Avis affirmed its policy that people with disabilities who do not drive can be the financially responsible party for car rentals when they are accompanied by licensed drivers and that they do not have to provide documentation of their disability. Avis has agreed to extensive training for employees and will, among other things, design a system to track reservations made by people with disabilities.
- **Illinois Redistricting Plan Upheld:** On March 11, a unanimous three-judge panel upheld the Illinois congressional redistricting plan in King v. State Board of Elections. The plaintiff had challenged the Fourth Illinois Congressional District under Shaw v. Reno as an unjustified racial gerrymander. The Fourth District is a majority-Hispanic district located in Cook County.
- **Government Reaches A Settlement In A Case Involving Superfund Cleanup At A Montana Pole And Treating Plant Superfund Site:** The settlement requires defendants, Atlantic Richfield Company, Burlington Northern Railroad, Inland Properties, Inc., Montana Resources Inc., and Dennis R. Washington, to pay \$37.1 million for the governments' past and future cleanup costs at the Site. This settlement will allow the State of Montana, EPA's designated lead agency for implementation of the remedy, to begin the remedial clean up of the Site this spring.

- **Preliminary Injunction Sought In Case Challenging The Fish And Wildlife Service's Designation Of Critical Habitat For The Federally Listed Mexican Spotted Owl:** In Coalition of Arizona and New Mexico Counties for Stable Economic Growth, et al. v. U.S. Fish and Wildlife Service, plaintiffs claim that the FWS designation of critical habitat for the federally-listed Mexico Spotted Owl violates the ESA, the Rescissions Act, NEPA and the APA, and request declaratory and injunctive relief. The U.S. has requested an extension of time to respond to plaintiffs' motion for a preliminary injunction and motion for partial summary judgment.
- **Indictments Unsealed in Major Southwest Border Drug Cases:** On March 1, indictments were unsealed in three related cases in Operation Swinger as part of the Southwest Border Initiative. The indictments charge four defendants with conspiracy to possess with intent to distribute approximately 400 kilograms of cocaine; seven other defendants with conspiracy to possess with intent to distribute approximately 1,000 pounds of marijuana in the Darcy Spencer case; and another 11 defendants with conspiracy to possess with intent to distribute approximately 20,000 pounds of marijuana. A total of 35 defendants have been charged as a result of this investigation, which is being conducted by the FBI, DEA, IRS and U.S. Customs.
- **Senate Hearing on Asset Forfeiture Program:** The Senate Permanent Subcommittee on Investigations has scheduled a hearing for March 19, on the asset forfeiture program. The Subcommittee will focus on the seizure of the Bicycle Club Casino in Los Angeles by the U.S. Marshals Service in 1990.
- **House Hearing on Farrakhan Trip to Libya:** The International Operations and Human Rights House International Relations Subcommittee will hold a hearing to investigate Louis Farrakhan's recent trip to Libya and meeting with Moammar Gadhafi on March 19.
- **Attorney General's Schedule:** On March 23, the Attorney General will address the National Youth Crime Prevention Conference in Miami. On March 24, she will address the National Conference on the Judiciary in Williamsburg, Virginia. On March 25, she will meet with the National Association of Attorneys General.
- **Affirmative Action Media:** On March 17, Deval Patrick will appear on CNN's "Both Sides" with Jesse Jackson to talk about affirmative action and clearing up procurement perceptions.
- **Youth Violence Media:** *The Los Angeles Times* and *Washington Post* are working on feature stories on youth violence.
- **Effects of Crime Bill on California:** *The Orange County Register* is working on piece on the crime bill's effects on California.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **North Carolina Welfare Waiver:** North Carolina's Cabarrus County welfare reform proposal, the *Work Over Welfare Project* is in the final stage of Departmental review and may be approved this week. This will be the second demonstration approved in North Carolina during the Clinton Administration, and the 56th in 37 states overall.
- **Agreement in Principle Reached Between Oregon and HHS:** An agreement in principle has been reached between HHS and Oregon on the key issues that would allow the state to implement the Oregon Option welfare reform demonstration.

 **Third New Protease Inhibitor for AIDS:** On March 13, 42 days after the application was submitted for FDA review and 12 days after an advisory panel recommended approval, FDA granted accelerated approval to Merck's Indinavir (trade name Crixivan) for use alone or in combination with nucleoside analogs, such as AZT, to treat HIV.

 **HIV Antigen Test Licensed:** On March 14, FDA licensed the HIV-1 p24 Antigen Assay and the HIV-1 p24 Antigen Neutralization Kit, devices manufactured by the Coulter Corporation for the screening of blood to detect HIV antigens. The newly approved test will help detect the HIV-1 virus approximately one week sooner than currently available tests.

• **Domestic Violence Hotline Update:** Since the opening of the National Domestic Violence Hotline on February 21, the Hotline has received almost 13,000 calls (over 7,000 in the first 48 hours of operation).

• **LA County Waiver Negotiations:** HHS had very productive meetings with LA County and State officials regarding implementation of the County's proposed Medicaid waiver following a meeting between the White House and County officials. Since that meeting, County officials have agreed to the Department's budget neutrality proposal. Final approval of the waiver is expected shortly after March 29.

 • **Working Group Report on AIDS Research Released:** On March 14, NIH released a report by the NIH Research Program Evaluation Working Group which examines the NIH AIDS research effort, and makes a series of recommendations for ways to further focus these efforts. The report notes that our national investment in AIDS research has paid off in many ways. For example, we now have eight anti-retroviral drugs on the market, compared to two at the beginning of this Administration. The Working Group raises a concern with the allocation of AIDS research dollars for research that may not be AIDS-related.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **HUD Assumes Control of Housing Authority:** On March 13, HUD assumed control of the Springfield, Illinois Housing Authority. Mayor Karen Hasara, the Board of Commissioners,

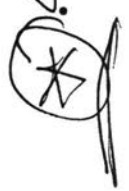
THE PRESIDENT HAS SEEN
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and public housing residents all agreed that an alternative management of the city's public housing system was preferred over preserving the status quo.

- **FY 97 Budget:** As part of the Administration release of its FY 97 budget on March 19, HUD will hold a series of briefings on the HUD budget to key Congressional staff, constituency groups, and the press. HUD is also working with the White House and the National League of Cities, U.S. Conference of Mayors, and the National Association of Counties to engage 20 mayors in an announcement strategy next week that applauds the major urban initiatives in the President's Budget (e.g. empowerment zones, brownfields, CDFIs, etc).

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **National Drug Control Strategy:** The National Drug Control Strategy is being delayed possibly for 60 to 90 days, to give Director McCaffrey time to reassess and reevaluate it. The review will involve identifying effective programs, the drug control budget and Strategy goals, priorities and objectives.
- **Puerto Rico Conference:** On March 21-22, Director McCaffrey will participate in a conference addressing drug abuse and crime. ONDCP is co-sponsoring the conference with Governor Pedro Rossello. The Attorney General, DEA Administrator Constantine and Governor Rossello will also make presentations. Further, the Presidents of Costa Rica, Panama, and Bolivia are tentatively scheduled to speak at a luncheon on March 22.



• **Proposal to Reprogram Counterdrug Funds:** On February 29, you announced your intent to reprogram \$250 million from DoD funds into counterdrug programs. ONDCP is working with agencies, who have identified a total of \$1.3 billion in requirements, to tailor a final program that will be high impact, innovative, bipartisan and address shortfalls in both supply and demand reduction. The completed program will be ready for submission to the President before final Congressional consideration of the FY 97 budget.



• **Mexico Trip:** Director McCaffrey is scheduled to travel to Mexico City with senior State, Justice and Treasury representatives to discuss with President Zedillo and his Government on how to increase binational counterdrug cooperation. The major objective of the trip is to secure an agreement to formulate a binational counterdrug strategy that can be signed by both Presidents.

SMALL BUSINESS ADMINISTRATION

- **Access to Capital:** The Administrator will be in Charleston, SC on March 18 with Senator Hollings to roll out the Defense Loan and Technical Assistance (DELTA) Program. The DELTA program is a partnership with the Department of Defense (DOD) and will leverage \$30 million from the DOD into \$1 billion for loans to small businesses directly effected by defense conversion.

VETERANS AFFAIRS

- **New Agent Orange Report:** On March 14, the National Academy of Sciences issued a new report on the health effects of exposure to Agent Orange and other herbicides. The report suggests new limited evidence of an association with neurological disorder in Vietnam veterans and spina bifida in their children. VA has announced that they will conduct an indepth review of the report.
- **VA to Release President's FY 97 Budget:** On March 19, Secretary Brown is scheduled to release the President's FY 97 Budget with some members of Congress and staff of veterans service organizations. A second briefing will be held for members of the press.
- **Dedication of New Detroit VA Medical Center:** On March 22, Secretary Brown will speak at the dedication of the new, state-of-the-art replacement VA Medical Center in Detroit. This project will relocate the acute care and outpatient services of the current Allen Park VA Medical Center to a new facility in downtown Detroit. Reps. Conyers and Dingell have expressed extensive interest in this project throughout its development.

SOCIAL SECURITY ADMINISTRATION

- **Hearing on Advisory Council Report:** On March 25, Sen. Simpson will hold a hearing on the Social Security Advisory Council Report which has not yet been finalized. Advisory Council members have been invited to testify.
- **Social Security Retirement Earnings Test Bill:** A bill that would gradually increase to \$30,000 a year in 2002 the amount that persons aged 65-69 could earn before their Social Security benefits are reduced is expected to go to the floor of the Senate the week of March 18. In addition to the earnings test provision, the bill would prohibit the payment of disability benefits under the Social Security and Supplemental Security Income programs to individuals whose disability is substantially related to drug addictions or alcoholism.
- **Social Security Continuing Eligibility Reviews:** SSA plans to issue a press release announcing that its FY 1997 budget request includes a special request for \$320 million to conduct additional continuing eligibility reviews of people collecting Social Security and Supplemental Security Income disability benefits. Advocacy groups for individuals with disabilities may react negatively to the announcement.

DEPARTMENT OF INTERIOR

- **Budget Press Conference:** Secretary Babbitt will hold a press conference on March 19, on Interior's portion of the FY 1997 President's Budget.

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Wildlife Refugees: On March 9, Interior and CEQ staff met to review a draft Executive Order on the National Wildlife Refuge System. The Executive Order will speak to the millions of Americans who hunt, fish and birdwatch, and through the Order will help to build a bridge between your supporters in the environmental and hunting/fishing communities.



Parks Initiative: Interior continues to work with CEQ and OMB on scheduling the announcement of the Parks Initiative. The initiative, which does not involve new funding, is designed to protect and enhance the National Park System as well as to encourage state and local preservation efforts.

- **Grazing Bill Update:** Next week the Senate is scheduled to take up the Domenici grazing bill which would elevate livestock grazing above other uses of public lands and reduce the ability of the public to participate in land use decisions. Without a filibuster, passage is likely in both Houses and the Secretary will recommend you veto the legislation.
- **Omnibus Bill:** The Senate will consider an omnibus package with 30 different titles of Parks-related legislation combined with several other non-Park provisions. Among them are the Utah wilderness legislation opposed by the Administration and titles on acquisition of lands in the NY/NJ Sterling Forest and resolution of management issues for the Presidio in San Francisco. The Administration strongly opposes inclusion of the Utah provision and today will advise Sen. Murkowski that if Utah is included that Secretary Babbitt will recommend veto of the entire package.
- **Endangered Species Act Update (ESA):** Congressional staff continue to meet to see if they can agree on an Endangered Species Act reauthorization bill. At their request, Interior and CEQ will provide advice on implementation of the Act. While staff are expressing optimism about an agreement, it would have to come within the next two months and there is fundamental disagreement among the parties. The March 13 close vote (51-49) against lifting the Endangered Species Act listing moratorium is seen by some of the staff as a sign of increasing support for the ESA in the Senate.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **USDA Responds To Wheat Fungal Disease Issue:** On March 8, USDA and the Arizona Department of Agriculture announced that karnal bunt (a fungal disease of grain) was detected in durum wheat seed, mostly in Arizona. Although a localized find now under quarantine, the presence of karnal bunt has possible serious implications for U.S. wheat exports. Many countries prohibit the import of wheat from exporting countries where the disease is present, and list karnal bunt as a quarantine disease or have established in their product requirements that karnal bunt is a disease of concern. USDA certifying officials have stopped issuing phytosanitary certification of wheat grain or seed to 21 countries, including Canada and Mexico. The United States is the world's leading wheat exporter, accounting for one-third of world wheat exports, with U.S. exports in FY95 valued at \$4.9 billion. The Department has

set up a team to develop a response. USDA has quarantined the affected ranch and is conducting inspections of port areas and transportation systems. USDA is also renegotiating agreements with the recipient nations.

- **United States Receives Russian Assurances On Poultry Access:** The U.S. recently received assurances from high-level Russian officials that Russia will resume issuing licenses for U.S. poultry imports. U.S. officials are now seeking the exact conditions under which the issuance of licenses will resume. The goal is to ensure that trade will resume in a meaningful way.
- **USDA/U.S. Poultry Industry Criticized In Report:** On March 13, the Center for Science in the Public Interest (CSPI) released a report critical of the U.S. poultry industry and USDA which received extensive media coverage. The report alleges that USDA has weakened its Hazard Analysis and Critical Control Point (HACCP) regulation to improve meat and poultry inspection because of industry pressure. Secretary Glickman denied that USDA has weakened the regulation and stated that CSPI was irresponsible for criticizing USDA before the final rule was issued. He also said that the final rule will be a fundamental improvement from the current system by bringing science-based controls into the meat and poultry production and inspection system.
- **U.S.-Mexico Tomato Growers Meet:** USDA trade officials met with tomato growers from Florida and the Mexican state of Sinaloa last week in Dallas in an attempt to lay the foundation for resolving trade differences between the two groups. The meeting focused on establishing formal mechanisms to exchange trade, production, and cost of production data. Florida producers believe that Mexico is dumping agricultural products on the U.S. market.
- **Key Congressional Visits And Activities:** This week, the second six-month report on timber salvage sales, required by Section 2001(k) of the Rescissions Act, will be sent to Congress. The first report was sent on September 1, 1995.
- **Congressional Hearings:** Secretary Glickman will testify before the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration on March 19 and the Senate Appropriations Subcommittee on Agriculture, Rural Development, and Related Agencies on March 26 regarding the 1997 agriculture appropriations bill.
- **Press Contacts With USDA:** PBS's *Lehrer News Hour* is preparing for a story on the salvage/318 timber issue. A reporter visited the Rocky Timber Sale on the Olympic National Forest (Washington) and will interview Under Secretary Jim Lyons on March 19. Also, the *New York Times Weekend Magazine* is researching the county supremacy issue in Nevada and how it relates to bombing of federal buildings.

DEPARTMENT OF ENERGY

- **Congressional Focus on Travel:** The House Commerce Subcommittee on Oversight and Investigations continues to hold hearings on the Department's foreign travel. The Department has implemented an interim travel policy that will guide all departmental foreign travel and fully implement the Department's Inspector General's recommendations. Although Secretary O'Leary and Rep. Dingell have requested that the Secretary be provided the opportunity to testify, no hearing has been scheduled.
- **Meeting with National Laboratories CEOs:** On March 20, Secretary O'Leary will meet the CEOs of the Department's contractors that manage and operate the National Laboratories, nuclear weapons facilities, and environmental cleanup sites nationwide. The agenda for this meeting includes contract reform, privatization, and the budget. Among those organizations attending will be Allied Signal, Battelle, Westinghouse, University of California, Lockheed Martin, and ICF Kaiser.
- **Secretary O'Leary's Travel to LA:** On March 22, Secretary O'Leary, along with Mayor Riordan, will designate Los Angeles as a Clean City. The Clean Cities Program is a community/industry partnership coordinated by the Department of Energy to promote the use of alternatives to conventional gasoline-fueled vehicles. Additionally, the Secretary will deliver the keynote address to the Greater Los Angeles African-American Chamber of Commerce.

ENVIRONMENTAL PROTECTION AGENCY

- **Common Sense Initiative:** On March 20-21, Administrator Browner will chair the third meeting of the Common Sense Initiative (CSI) Council. The CSI - made up of 28 representatives of industry, small business, labor, federal, state and local government, environmental justice groups and community-based and national environmental organizations - advises EPA on consensus, sector-based approaches to national environmental policy. The teams are developing strategies for public health and environmental protection that are flexible, innovative alternatives to the current regulatory system. Approximately 40 projects are underway.
- **Delaney Clause Action Regarding Walnuts:** EPA will be working with the walnut industry over the next 45 days to ensure that an action EPA is taking on March 15, pursuant to a court order, ~~does not adversely affect the California walnut industry~~ and other nut growers. EPA will work with the nut growers to assure that fumigant residues on walnuts and other nuts meet health standards. On March 15, EPA was required to revoke the use of propylene oxide, the only fumigant currently used on walnuts. Affected growers will obviously be concerned about the potential impact. However, EPA already is in contact with growers and hopes to find appropriate ways for them to use propylene oxide or make other alternative arrangements.

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EPA believes it can find workable solutions for the walnut industry (and for the growers of other nuts who also use propylene oxide) that will avoid any disruption.

DEPARTMENT OF EDUCATION

- **FAFSA Backlog:** The Department continues to work to eliminate the processing delay for the 1996-97 Free Application for Federal Student Aid. There have been some press reports about the delay, and others are expected. Secretary Riley expects that all applications submitted prior to March 1 will be processed no later than March 31, and all applications submitted by March 31 will be processed by April 15.
- **National English Standards:** On March 12, the National Council of Teachers of English and the International Reading Association released curriculum guidelines on the teaching of English. The Department has criticized the guidelines for failing to specify what students need to learn. The Administration withdrew funding for the project two years ago due to concerns over the pace of progress.
- **Immigration Bill:** The House is scheduled to begin debate on the Immigration in the National Interest Act on March 19. As currently drafted, the committee report states that the bill is not intended to address eligibility for public education, however, Rep. Gallegly may offer an amendment to allow states to deny or restrict public education for undocumented children.

GENERAL SERVICES ADMINISTRATION

 **Buildings to Schools:** GSA is working with the Department of Education to obtain a list of surplus federal property that can be converted into schools.

- **Oklahoma City:** GSA briefed *Newsweek* regarding the security measures being taken to prepare for "militia-type" activity on April 19, the anniversary of the Oklahoma City bombing. Also, with the bombing trial moved to Denver, GSA is forwarding all press inquiries regarding building safety and childcare facilities in Denver to Jim Manspeak, Clerk of the Denver Courts.

DEPARTMENT OF STATE

- **Middle East:** After your trip to Egypt, Secretary Christopher and Prime Minister Peres agreed on a sub-Ministerial meeting involving representatives from all 29 participants at Sharm el-Sheikh, to be held in Washington at the end of March. This meeting will produce a plan of action outlining steps to strengthen cooperation against terrorism.
- **China/Taiwan:** Tensions remain high in the Taiwan Straits as Chinese military exercises continue. Secretaries Christopher and Perry conveyed this Administration's deep concern over

China's reckless behavior to Liu Huaqiu, the Foreign Affairs Director of the PRC's State Council, in lengthy meetings in Washington over the past week.

- **Supplemental for Israel:** The State Department contacted key Congressional members on the emergency \$100 million anti-terrorism package for Israel. Overall initial reaction has been relatively positive, however skeptical Appropriations Committee staff have asked for detailed briefings.

DEPARTMENT OF DEFENSE

- **China/Taiwan:** *USS Independence* Battle Group has taken position east of Taiwan. The *USS Nimitz* Battle Group will arrive in the Western Pacific March 23. Meanwhile, the *USS George Washington* will replace the *USS Nimitz* Battle group in the Arabian Gulf.
- **Jordan:** During his visit to the Pentagon, King Hussein asserted his resolve to continue moving away from Saddam Hussein and to support anti-terrorism. King Hussein understands the challenges the Administration faces in Congress over F-16s, heartily endorses the AEF deployment to Jordan, and supports a SOFA. His only request was for (unspecified) counter-terror equipment. Meanwhile, the U.S decision to redeploy carrier assets away from the Middle East has caused CINCCENT to consider accelerating the AEF's deployment. The current wisdom is to stick with the original plan.

✓ **Confidentiality of Medical Information Concerning HIV-Positive Members:** DoD is developing a memorandum to the Military Surgeons General reminding all military medical treatment facilities of the policy generally prohibiting release of medical information on individuals outside the Department.

UNITED NATIONS

- **Sudan:** The Secretary-General has issued an unvarnished report sharply critical of Sudan's role in the assassination attempt of President Mubarak and its continuing support for terrorism. The Secretary-General's report provides an excellent basis to advance our efforts to combat Sudan's support for international terrorism.
- **Commission on the Status of Women:** The Commission on the Status of Women (CSW) is meeting at the UN for the next two weeks. The key issues on their agenda are how to follow-up on the Beijing declaration and what role the CSW should play vis-a-vis the other elements of the UN system in promoting the implementation of the Beijing Platform.

UNITED STATES INFORMATION AGENCY

- **First Lady's Statements on Islam Hailed:** The First Lady provided USIS Riyadh with a video-taped statement that was aired at a major Islamic Cultural Festival examining "Islam

and the West." The *Washington Post* reports that the statement was extremely well received, that it received major play in the Saudi media, and it was ultimately picked up by Reuters and distributed worldwide. The continuing interest in the Muslim world in the First Lady's statement has done a great deal to dispel the idea that America is hostile towards Islam.

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
John Hilley

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
3/18/96

March 16, 1996

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

X { (A) O'Connor/Cerf memo on March 18 FDA release on tobacco industry. On Monday, FDA will release new evidence, including whistleblower statements by three former Phillip Morris scientists describing the industry's efforts to control nicotine levels to ensure that smokers experience nicotine's pharmacological effects. These statements are significant because they suggest that this practice was industry-wide, not limited to Brown and Williamson. They also seem inconsistent with the Congressional testimony of a former Phillip Morris CEO. *This release will likely produce significant media coverage and "Sixty Minutes" will run the story tomorrow evening.* FDA is going to reopen the comment period on its proposed tobacco rule for an additional 30 days.

G: McCauley
Haley
DM
(B) Secretary Rubin memo on developments in Mexico. 1) *Economic recovery underway* -- economy grew in 3rd and 4th quarters; budget is in surplus, peso stable, interest rates and inflation are down. Still, banks and companies face heavy debt burden, and job creation is limited. Also 1997 legislative elections may put pressure on to relax tough policies. 2) *Greatly improved external financial situation* -- international reserves are back to healthier levels; Mexico's reentry into private capital markets has allowed it to repay the U.S. \$2 billion in principal (leaving \$10.5 billion) and over \$750 million in interest; though U.S. exports fell in 1995, they're 11% higher than in 1993, the year before NAFTA; 3) *Growing appreciation for your policy* -- February GAO report says our support helped Mexico avert default and restore basis for sustainable growth. But we still need to do more to get message across, especially given tendency of critics (e.g., D'Amato, Feinstein) to link our Mexico aid to problems like drugs and immigration. "A financially stable and prosperous Mexico is the best partner for combatting drug trafficking and for cooperating on the full range of issue of mutual concern."



THE PRESIDENT HAS SEEN
3/18/96

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

March 12, 1996

SECRETARY OF THE TREASURY

96 MAR 12 PM 2:27

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin **RER**

SUBJECT: Recent Developments in Mexico

One year after the depths of the Mexican financial crisis, an economic recovery appears to be underway. Mexico's economy grew, on a quarterly basis, in the third and fourth quarters last year.

- Other encouraging signs are a budget surplus, a more stable peso, lower interest rates, and reduced inflation.

Despite this good news, there are vulnerabilities that we will have to watch.

- Banks and private corporations have been weakened and face a heavy debt burden.
- While unemployment is down from the recession's depths, job creation is still limited.
- The 1997 legislative elections could add to pressures to relax some of Mexico's tough economic policies that have been pursued rigorously since our program was put into effect.

Mexico's external financial situation has dramatically improved. International reserves are back to much healthier levels and debt amortizations in 1996 pose a far smaller risk of causing liquidity problems.

- Current reserve levels (about \$15.8 billion) exceed the \$13.7 billion of estimated 1996 amortizations of external public sector debt. At the end of 1994, in contrast, projected amortizations of over \$41 billion were almost seven times larger than Mexico's reserves (\$6.1 billion).

Mexico's rapid reentry to private capital markets -- over \$8 billion raised since July 1995 -- has allowed it to repay U.S. emergency support and rebuild its reserves.

- So far, Mexico has repaid the U.S. \$2 billion in principal, leaving \$10.5 billion outstanding, and over \$750 million in interest.

Mexico's large current account deficit has been virtually eliminated, from about 8.0% of GDP in 1994.

- U.S. exports to Mexico fell in 1995 with the recession. NAFTA and our support package, however, have allowed our exports to

remain 11% higher than in 1993 -- the year before NAFTA was enacted -- and to increase as a share of Mexico's imports.

With Mexico's financial stature solidifying and its economy turning around, there appears to be a growing appreciation that the policy you embarked upon last year was correct. In February, the GAO released a report on Mexico's financial crisis. The report, which was commissioned by House Banking Committee Chairman, Jim Leach, indicates that the crisis resulted from Mexico's adherence to unsustainable policies in 1994, that U.S. authorities closely monitored the situation in 1994, and that you acted within your authority in providing assistance. The report also indicates that, while challenges remain, our support has helped Mexico avert default and restore the basis for sustainable growth.

Even with this growing appreciation, we have not completely gotten our message across. The Mexico support package continues to be criticized by those associating it with drug trafficking and immigration problems. One current example is legislation introduced by Senators Feinstein and D'Amato. Their bill links the continuation of the program to Mexican action in ten areas related to counternarcotics.

While we agree with the need to remain tough on narcotics, this kind of linkage would be counterproductive. A financially stable and prosperous Mexico is the best partner for combating drug trafficking, and for cooperating on the full range of issues of mutual concern. This is the message we need to get across, backed up by our continued pressing of Mexico on these issues.

ways
I think we need to reschedule the Connecticut anti-gang event for early April. I would prefer to do the event before the President leaves for Japan and Russia. (It is worthwhile to note that April is turning into a big foreign policy month with few domestic announcements.)

let's see when it comes out
US News and World Report is running a story this week which covers the President's disagreements with the ACLU. The story will report that when it comes to crime, the President has broken ranks with a traditional Democratic group. I reminded them of Senator Dole's praise of the President's public housing sweep policy. I wanted to emphasize the fact that Dole has praised the Administration's anti-crime efforts.

The National District of Attorneys is prepared to endorse the President's drug testing initiative. I have submitted a scheduling proposal for early May when they are in town for a Presidential speech and endorsement.

IMMIGRATION: The Senate mark-up has exposed the level of disagreement among the GOP for all it is worth. There is no doubt that they will soon close ranks when the bill heads to the floor.

Learn/Event agree
I think we have three objectives to accomplish over the next month. First, let the Republican division play itself out and ensure that the Administration does not get in the way. Second, highlight their efforts to protect big business and our desire to protect United States legal workers. Third, continue to announce enforcement actions at INS which underscores the point that we are already doing what they are only talking about doing,

run this
(INS is preparing an anti-smuggling initiative and a new Northeast worksite enforcement operation. I think it is essential to get the anti-smuggling initiative out before the California primary. I may need your help in pushing Doris Meissner because Alan Bersin and Doris are bickering over details. With the national press in California for the primary it is all the more important to have a big splash on our immigration efforts.)

Attached is an article in USA Today that came out on Wednesday, March 13th, that I think is very good.

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SCHOOL UNIFORMS : We continue to receive positive coverage on school uniforms. I have asked the Department of Education for; (1) an assessment of schools considering adopting a school uniform for next fall, and (2) to release a survey to Education forums and councils asking teachers, administrators, and members of the board of Education, if they are in favor of uniforms.

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ECONOMICS: I worked with Secretary Reich last week in preparation for the announcement of the 401K Amnesty Program. The announcement was the last of four announcements on the security of pensions and was very successful.

Good
Send all to Ann Keeling PM.