

THE PRESIDENT HAS SEEN

5-6-96

COS

THE WHITE HOUSE

WASHINGTON

96 MAY 3 P11 : 03

May 3, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS

SUBJECT: Summary of Cabinet Weekly Reports
April 26 - May 3

Severely
mild

DEPARTMENT OF TREASURY

- **Church Fire Update:** ATF continues to investigate the southeastern church fires. On April 26, a fire destroyed the Hebron United Methodist Church in Vail, NC, which has a white congregation, and the Effingham Baptist Church in Effingham, SC, which is a predominantly African-American church.
- **Presidential Awards for Excellence in Microenterprise Development:** A brochure describing the Presidential Awards for Excellence in Microenterprise Development was created with letters included from the First Lady and Secretary Rubin. A master mailing list is also being developed to disseminate information about this new Presidential Award program. The Association for Enterprise Opportunity's (AEO) annual meeting featured the videotaped formal announcement of the Presidential Awards for Excellence in Microenterprise Development by the First Lady and the Secretary.
- **SAIF:** Efforts to include legislation to recapitalize the Savings Association Insurance Fund (SAIF) in the next continuing resolution continue. Treasury is scheduling meetings with House and Senate Leadership to ensure that they are aware that this remains a top Departmental priority.
- **District of Columbia:** The District's \$4.994 billion FY 96 budget passed in the Budget Reconciliation Bill. The budget bill also enables the District's CFO to have full control over the financial operations of the District. It appears that both the District and the Authority now realize that it is unlikely that the District could finance its deficit or capital needs with market borrowing. Legislation will be required for any medium or long-term Treasury financing.
- **Natural Disasters:** On April 30, Senator Stevens released a draft of comprehensive legislation for natural disasters. The draft includes an auction program for the Treasury that provides reinsurance coverage to the insurance and reinsurance industries. The draft also proposes the creation of a quasi-regulatory commission under the

THE PRESIDENT HAS SEEN

5-6-94

supervision of the Treasury for the determination of "loss costs" for natural disaster insurance.

- ✓ **Adoption Promotion and Stability Act:** On May 1, the House Ways and Means Committee marked up legislation which would provide tax incentives for adoption. The bill contains non-tax provisions and would prohibit a state or other entity that receives Federal assistance from denying to any person the opportunity to become an adoptive or foster parent on the basis of race, color, or national origin.

DEPARTMENT OF COMMERCE

- **Defense Conversion:** BXA Deputy Under Secretary Carter will lead a small interagency delegation to Tashkent on May 16 - 17 to hold the first meeting and sign the Statement of Principles establishing the new committee on defense conversion with Uzbekistan chaired by him and Prime Minister Sultanov. Allied Signal and several other U.S. companies will travel with the U.S. delegation.
- **U.S. Russia Business Conference:** BXA Deputy Under Secretary Carter will also lead a U.S. Delegation of almost 40 U.S. business representatives to a conference in Yekaterinburg, Russia on May 21 - 24. ITA has taken the lead in organizing this event which will both promote U.S. business interests in the region and help train Russian defense enterprise managers in such areas as attracting capital, commercializing Russian technology, and establishing a regional market niche.
- **FY 97 Appropriations:** On May 8, Secretary Kantor will testify before the Appropriations Committee in the Senate and before the House on May 9.
- **G-7 Conference:** The G-7 Conference on the Information Society and Developing Countries, are scheduled for May 13 - 15 in Midrand, South Africa, and will include over 40 developed and developing countries. NTIA Assistant Secretary Irving is coordinating U.S. preparations for the Conference and will lead the delegation.

DEPARTMENT OF LABOR

- **Immigration and Olympic Guestworkers:** The Atlanta Committee for the Olympic Games (ACOG) has not applied for foreign guestworker certification for Olympic guestworkers. If the Department does not receive applications soon, there will not be sufficient time to process the submissions. In addition, ACOG has indicated that it will pursue non-guestworker visas from the State Department. Employee organizations representing broadcasting workers -- the AFL-CIO, IBEW, and CWA -- strongly oppose any such action. The Vice President's Office is aware.
- **AFL-CIO Town Halls:** Last week, AFL-CIO Secretary-Treasurer Trumka held "town hall" meetings in Birmingham, AL, and Los Angeles, CA. The meetings are part of a 30-city effort to highlight the federation's "America Needs A Raise" campaign. The purpose of the campaign is to focus political debate on the increasing wage gap between rich and poor. One of the federation's top officers will chair each meeting.

THE PRESIDENT HAS SEEN

5-4-96

- **United Food and Commercial Workers:** Difficult negotiations between the United Food and Commercial Workers and Denver, CO, area supermarkets are continuing. Current agreements covering some 17,000 clerks and meat cutters expire May 11. Union members are expected to vote on contract offers on May 14.
- **G.I. Bill for America's Workers:** The conference negotiations are continuing on workforce development legislation modeled after your G.I. Bill for America's Workers. The conferees have identified about 600 items of contention. Conferees plan to proceed through each item individually until all items are settled. A joint letter to the conferees from Secretaries Reich and Riley is being prepared.
- **FY 97 Budget:** On May 7, the Secretary will testify before the House Appropriations Subcommittee about the FY 97 budget. On May 9, the Secretary will appear before the Senate Appropriations Subcommittee about the FY 97 budget.
- **Commencement Message:** On May 7, the Secretary will tape a radio actuality of a graduation message to American students. He will focus his remarks on how students can succeed in the new economy.
- **Low Wage Women:** The Department is currently working with the First Lady's office to schedule an event with the Secretary, the First Lady, and low wage women. The event may occur on May 8.

DEPARTMENT OF TRANSPORTATION

- **Secretary's Travel:** On May 9, in Denver, Secretary Peña will announce the signing of a full funding grant agreement for \$178 million to the Regional Transportation District for an 8.7 mile extension of the Southwest Corridor Light Rail line to Littleton. The light rail line is projected to carry over 8,400 passengers daily and is scheduled to be completed by the year 2000. On May 10, while in Los Angeles, he will award a Livable Communities grant announcement and then travel to San Francisco and award a \$250,000 community safety grant to the Mission District with Mayor Brown.
- **Aviation Inspection Program:** On April 30, the Senate held a hearing on the training and supervision of FAA inspectors. Administrator Hinson testified. The Committee heard testimony on deficiencies in the FAA inspection program, including testimony from an FAA inspector whose identity was shielded for his protection. In response to this, the FAA is reviewing the entire program to see what improvements are necessary. The hearing received wide media coverage.
- **Child Pilots:** On May 1, the House Transportation and Infrastructure Subcommittee on Aviation held a hearing on legislation regarding the piloting of aircraft by children. Administrator Hinson testified on Chairman Duncan's proposal to prohibit any non-pilot from manipulating the controls of an aircraft during a record-setting event. Secretary Peña has indicated his general support for the legislation, but has proposed strengthening it to include a ban on non-pilots from making take-offs and landings.

- **Athens Airport:** FAA teams have continued to train screeners, supervisors, and members of the Civil Aviation Authority (CAA). They have also assisted the CAA to implement long-term improvements. FAA hopes to conduct the reassessment May 6-10 and a determination regarding the travel will be made soon thereafter.

✓ **U. S. - Japan Aviation Agreement:** On May 1, the Department issued a statement that the following services would be permitted to operate during this summer season: United Airlines' Osaka-Seoul services; United's increase of capacity on its Los Angeles-Tokyo service for five weeks commencing May 2; Japan Airlines' Tokyo-Kona, Hawaii; Japan Airlines' Sendai-Honolulu service for up to seven weekly frequencies for five weeks commencing May 2. The two sides agreed to meet again in Tokyo June 3 - 4 to discuss other passenger issues currently outstanding, including the Japanese requests for consultations on passenger services. This is a significant development that has been closely watched.

- **Adarand Constructors, Inc. v. Peña:** This week the United States filed a motion for summary judgment in the Adarand case, which is before the federal district court in Colorado on remand from the Supreme Court. The Supreme Court's decision announced that all federal programs using racial classifications must be reviewed under a new standard of "strict scrutiny." The government's motion argues that Congress had a compelling interest in remedying discrimination in highway construction and governmental contracting, and that the SCC is a narrowly tailored program that furthers this interest.
- **Court Injunction Against Houston Metro's DBE Program:** On April 22, a federal judge in Houston issued an injunction against Houston Metro's Disadvantaged Business Enterprise (DBE) Program. The Houston Contractors Association have alleged that the DBE program is unconstitutional because it unfairly discriminates against its members by using race and gender as criteria in the contracting process. On April 26, the Federal Transit Administration (FTA) advised Houston Metro that failure to implement its FTA-approved DBE program, pending the outcome of DOT's review of its regulation, will constitute noncompliance and subject Houston Metro to sanctions, including possible suspension of authorization to draw down FTA funds.

UNITED STATES TRADE REPRESENTATIVE

- **Extension of Global Telecommunications Service Negotiations:** On April 30, Ambassador Barshefsky announced that basic telecommunications services negotiations conducted at the World Trade Organization would be extended until February 15, 1997. These negotiations were scheduled to conclude on April 30. The U.S. was a leader in these negotiations and had the strongest offer on the table, however, a critical mass of quality offers from our trading partners in the WTO talks was not forthcoming. Rather than accept a bad deal -- or walk away from the good offers tabled by many countries -- the U.S. won support for the February 1997 extension. U.S. industry and Congressional reaction to the extension was positive.

THE PRESIDENT HAS SEEN

5-6-96

- **WTO Reformulated Gasoline Dispute:** On April 29 in Geneva, the WTO Appellate Body released its report in the case involving EPA's regulation on imports of reformulated and conventional gasoline from Venezuela and Brazil. It affirmed the panel's finding that EPA's regulation is not in conformity with our obligations under the WTO, but at the same time it corrected the panel's fundamental misinterpretation of the scope of the GATT exception for conservation of natural resources. By mid-June USTR will have to announce our intentions with respect to the recommendation that we come into compliance.

Important
this
is
relevant to
the
report
decision
made

SMALL BUSINESS ADMINISTRATION

- **Confirmation Hearing:** On May 1, the Senate Small Business Committee considered your nomination of Ginger Lew to be SBA Deputy Administrator. Assuming that a few remaining background issues could be cleared up quickly, Members expressed a desire to vote on her nomination soon.

DEPARTMENT OF JUSTICE

- **Government To File Its Brief On May 7, In Case Challenging Defense Department Program To Collect DNA Samples:** Mayfield v. Dalton. Plaintiffs, two members of the U.S. Marine Corps, challenge a Department of Defense program to collect and store specimens of DNA from members of the armed forces for use in identifying remains in future conflicts. Plaintiffs claim that the samples may be used for improper purposes and lead to discrimination in obtaining employment and insurance based on genetic traits. The district court granted the government's motion for summary judgment and plaintiffs appealed. During the pendency of the appeal, the Department of Defense refined its policy expressly limiting the purposes for which the samples may be used to identification of remains, responding to a proper judicial subpoena and providing a means for the service member to request that his sample be destroyed upon completion of his military service. The Department's brief is now due May 7. In an independent proceeding, plaintiffs were court-martialed on April 16, for refusing to obey a lawful order that they provide a sample.
- ✓ **Police Hiring Grants:** The COPS Office expects to announce approximately \$600 million in police hiring awards, as well as grants under the Community Policing to Combat Domestic Violence Program within the next few weeks.
- **After District Court Denies Temporary Restraining Order, INS Releases Native Of Togo Seeking Asylum On Account Of Her Fear Of Female Genital Mutilation:** Fauziya Kasinga v. Blackman, et al. After Judge Conaboy denied a TRO to require INS to release Kasinga for purposes of a medical exam and to allow easier access to a telephone, the INS released petitioner from detention pending the administrative asylum determination. The INS had stated in its appeal brief to the Board that female genital mutilation ("FGM") may be a valid ground for asylum and that remand may be appropriate for the Judge to consider new evidence weighing on Kasinga's credibility. The Immigration Judge denied asylum finding that Kasinga's story was not credible and that, even if true, was not a valid ground for asylum.

1

THE PRESIDENT HAS SEEN

5-6-96

*J. Quinn
What's the
deal here?
BC*

National Credit Union Administration (NCUA): On April 23, Robert H. Swan filed suit seeking declaratory and injunctive relief against you and two others in connection with his termination from the NCUA Board, effective April 9, Swan v. Clinton, et al. The suit also challenges the recess appointment of Yolanda Townsend Wheat, made on April 12, to fill Swan's seat on the Board. Plaintiff's suit was accompanied by a motion for a preliminary injunction which seeks to require you to reinstate him and to refrain from removing him without cause.

• **Delaware Affirmative Action Program Is Challenged:** Kochen, et al. v. United States, et al. On April 15, several white law students sued the Department of Justice, U.S. Attorney Gregory Sleet, the Delaware State Bar Association, and a number of private Delaware law firms. In one of the first challenges to an affirmative action program filed against the federal government after the Supreme Court's 1995 decision in Adarand Constructors, Inc. v. Peña, plaintiffs claim that a fellowship program for first-year law students violates their equal protection and due process rights as well as the anti-discrimination provisions of Titles VI and VII of the Civil Rights Act. This fellowship program, which was established by the Delaware State Bar Association to recruit minority law students, provides minority first-year law students summer internships in Delaware law firms and some government offices, including the United States Attorney's Office for the District of Delaware.

*Leon - we
can't do this
again without
careful review
how let's discuss
BC*

Georgia Redistricting Plan Upheld: On April 30, the three-judge court in Johnson v. Miller ("Johnson III"), upheld, with some modifications, a redistricting plan proposed by Georgia that would reduce the number of legislative districts in the state with black majorities. The plan approved by the court is an interim measure, to be used for the 1996 state legislative elections. The DOJ had objected to the Georgia plan under the pre-clearance procedures of the Voting Rights Act, and subsequently intervened in the case seeking to preclude Georgia from implementing the plan. Some of the court's modifications to Georgia's plan were consistent with the Department's objections. The Department is studying the ruling and considering its options.

• **Defendant Convicted for Threatening Your Life:** In Utah, a defendant was sentenced to 24-years in prison and fined \$5,000 for threatening your life. The defendant was arrested as he tried to mail you a destructive device.

• **House Judiciary Committee Marks Up of Crime-related Bills:** The House Judiciary Committee marked up ten crime-related bills on April 24. Among the bills on the agenda which were approved by voice vote were: "Megan's Law"; the "Interstate Stalking Punishment and Prevention Act of 1996"; the "Mandatory Federal Prison Drug Treatment Act of 1995"; and the "United States Marshals Service Improvement Act of 1995." DOJ generally supports all of the bills and has been successful in modifying some of the provisions.

• **Cabinet Secretaries Commencement Speeches:** AP is doing a story on all of the Cabinet Secretaries commencement speeches. AP asked for a list of all the speeches the AG is doing, the invitations regretted and how the schools were chosen. They also asked for the topic of the speeches.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- gory* ✓ **Operation Restore Trust:** On May 3 marks the 1-year anniversary of Operation Restore Trust (ORT), an HHS initiative to combat health care fraud and abuse in 3 of the fastest growing areas of Medicare -- home health care, nursing home care, and durable medical equipment. ORT is currently targeting 5 states: California, Florida, New York, Texas, and Illinois. Together these states account for 40% of the nation's Medicare and Medicaid beneficiaries. In recognition of the progress made under ORT, HHS is working to schedule several media events around the initiative's anniversary.
- South Carolina Welfare Waiver:** On May 3, the Department approved South Carolina's "Family Independence Act" welfare reform demonstration project, the 60th welfare waiver approved during the Clinton Administration. The proposal, the State's second, is quite extensive and includes requirements for applicants to participate in job searches and sign self-sufficiency plans. The project would also establish a family cap statewide; time limit benefits; allow recipients to deposit up to \$10,000 into an Individual Development Account; extend Transitional Child Care and Medicaid to 24 months and require all school age AFDC recipients to attend school or participate in job search and training.
- Chase*
don't want this going wrong again ✓ **Los Angeles County:** On April 26, Los Angeles County submitted an amendment to its section 1115 Medicaid demonstration project. HCFA approved the original project on April 15. The amendment constitutes a financial proposal for fiscal years 1997 through 2000 of the five-year demonstration. The County projects that during the five-year project period, the County health care system will experience a budget shortfall of \$1.6 billion below the overall operating needs of \$11 billion. The County estimates that approximately half (\$804 million) of the shortfall could be addressed by continuation of some of the funding elements that are currently permissible for only the first year of the project. To make-up the additional shortfall, the County has proposed several funding mechanisms that Federal representatives have previously informed County and State officials would not be approved, such as waiver of the OBRA 1993 disproportionate share hospital limitations and a change in the Federal matching rate.
- CA Medicare Contractor Enters Into Criminal Plea Agreement:** On April 17, the Medicare carrier for northern California, California Blue Shield notified the HCFA that it would not renew its Medicare contract for FY 97. Last week, the California Blue Shield entered into an agreement with the Department of Justice in San Francisco to plead guilty to two felony counts of obstruction of Federal audit and one felony count of conspiracy to obstruct federal audit. It has agreed to pay \$1 million in fines; civil negotiations are underway, with the Government demanding \$41.3 million. This will be the first criminal conviction of a Medicare contractor, and is the primary factor in the mutual agreement of California Blue Shield and HCFA not to renew the contract. HCFA will select a new contractor by the end of May, and will transition the work performed by California Blue Shield at the close of its contract through the following March.

THE PRESIDENT HAS SEEN

5-6-96

- **Write-In Campaign Questions Medicare Payment for Physician-Assisted Suicide:** Congressional offices have been receiving form letters that ask whether physician-assisted suicide would be covered under Medicare if allowed in a state or would be permitted as a result of your balanced budget proposal. Some Congressional offices have forwarded letters to HCFA for response. HHS has responded that physician-assisted suicide is not "reasonable and necessary," therefore, Medicare would be prohibited from making payment.
- **Hispanic Women's Health Conference:** On May 9 - 10, an FDA-sponsored conference on Hispanic women's health will be held in Miami. The conference will provide a forum for health care and social service professionals, community leaders, and academia to exchange information on health issues that affect Hispanic women.
- ✓ **Head Start Expansion:** An announcement is expected in May to select grantees to expand services in New York City. The total amount of money available is \$4.2 million, and there has been significant interest in this RFP. Eighty-six applications were received and are being reviewed.
- **FY 97 Budget:** On May 15, Secretary Shalala will testify before the Senate Appropriations Subcommittee regarding the FY 97 budget proposal.
- **Report on Well-Being of America's Children to be Released:** During the month of May, HHS will release a new reference document entitled "Trends in the Well-Being of America's Children and Youth." This report will serve as a key resource on up-to-date trends on how the Nation's children are faring. It will contain a collection of annotated tables of indicators of child and youth well-being in five key areas (population, family and neighborhood; economic security; health conditions and health care; social development, behavioral health, and teen fertility; education and achievement) and an essay on family and population changes over the last century written by Dr. Donald Hernandez of the Census Bureau.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

• **Response to Dole's Voucher Proposal and Attack on Clinton Housing Policies:**

On April 29, Majority Leader Dole, in his remarks before the National Association of Realtors, criticized HUD and the current public housing system and instead proposed a plan to voucher out public housing. HUD is primarily working with columnists and editorial writers to respond to Dole's remarks. *Time* and *Newsweek* are working on stories to be printed in the next two weeks. Secretary Cisneros will interview with *Washington Post* columnist Richard Cohen in the next several days and is expected to appear on PBS's *NewsHour with Jim Lehrer* on May 8th, possibly with Senator Dole. The story will also be featured on *ABC's Weekend News Tonight*.

✓ **Administration's Campus of Learners:** On May 6, HUD will join the Show Coalition, a leading group in Hollywood for involving the entertainment industry in political and social change, Channel One, and the U.S. Conference of Mayors in hosting the "Youth at the Crossroads: The Info-Highway Summit." The summit will

THE PRESIDENT HAS SEEN

516194
launch a major public-private sector initiative to establish media literacy centers in distressed communities across the country. These centers will help underserved children get the training and access they need to learn in the new media and technology age of the 21st century. As a co-sponsor and partner in that effort, Secretary Cisneros will highlight the Administration's initiative to convert public housing communities into Campuses of Learners, where residents will be linked to computer-based education, job training and supportive services so they can become self-sufficient and successful in today's schools and workforce. Corporate sponsors of the summit include Microsoft, Revlon, Viacom, and Simon & Schuster. At the conclusion of the event, an accord will be signed by the summit co-sponsors, pledging to build computer access to low-income children nationwide.

- **New Haven, Connecticut:** On May 11, Secretary Cisneros will join New Haven Mayor John DeStefano in several events that demonstrate the Administration's visible achievements, in partnership with cities, to transform public housing into attractive communities of opportunity.
- **1996 Authorization Bill:** On May 9, the House is expected to take floor action on the U.S. Housing Act of 1996. The House bill repeals and completely rewrites the U.S. Housing Act of 1937. HUD has serious concerns about many of the provisions in the authorization bill.
- **FY 97 Budget:** On May 8, Secretary Cisneros will testify before Senate Appropriations Subcommittee and, on May 9, before the House Appropriations Subcommittee on the FY 97 budget.

VETERANS AFFAIRS

- **Investigative Research Center for Environmental Reproductive Hazards:** On May 1, VA issued a news release which announced plans to establish a research center to investigate potential environmental reproductive hazards of military service. The Department is finalizing a "request for proposals" and hopes to distribute the announcement this month. The establishment of the center follows a report by the National Academy of Sciences, which found new "limited or suggestive evidence" of an association between herbicides and spina bifida in the children of Vietnam veterans, although not enough to imply a cause-and-effect relationship. VA is looking into the evidence on which this finding was based. Studies to date of Persian Gulf War veterans and their families have shown no abnormal rate of birth defects, pediatric illnesses, or unusual contagious disease patterns, VA believes that more research is needed in this area, and further epidemiological studies are in progress.
- **Sexual Abuse/Assault To Women in the Military:** 20/20 is wrapping up a segment on sexual abuse/assault in the military and programs to treat women veterans who are suffering from the psychological effects of these incidents. VA has provided information to producers and arranged background interviews with several VA employees who are involved in treatment and research. DoD has provided 20/20 with a copy of their 1988 sexual harassment survey. The exact air date is not yet known.

5-6-96

SOCIAL SECURITY ADMINISTRATION

- **GAO Report on Supplemental Security Income:** On April 30 GAO released a report on "Supplemental Security Income (SSI): Some Recipients Transfer Valuable Assets to Qualify for Benefits". This report is a spinoff of an earlier GAO survey dealing with fraud, waste and abuse in the SSI program. A recent GAO report found that resource transfers are increasing, recipients are transferring resources worth millions of dollars, and recipients are transferring resources while qualifying for millions of dollars in SSI and other benefits.

Chano
is it this
stronger
highly
clear

GAO concluded that eliminating the SSI transfer of resource restriction has resulted in increased program costs. GAO further concluded that an SSI restriction, similar to the current medicaid restriction, could save millions in SSI program expenditures by delaying individuals' date of eligibility for benefits.

GAO recommends that Congress consider reinstating an SSI transfer-of-resource restriction. The restriction could be calculated in a way that takes into account the value of the resource transferred so that individuals transferring more valuable resources would be ineligible for SSI benefits for longer periods of time than those who transfer less valuable resources.

- **Public Pension Reform Caucus of the U.S. House of Representatives:** The Public Pension Reform Caucus has asked that Commissioner Chater meet with them on May 14 to discuss the upcoming Advisory Council Report. The Caucus, formed approximately 18 months ago, is comprised of 20 Republican Members of Congress and nine conservative Democrats who favor privatizing the Social Security program. Former Commissioner Dorcas R. Hardy also is scheduled to meet with this group the same day. The meeting is informal and not open to the press or the public.
- **Custody Dispute:** Sometime in the next several weeks, *60 Minutes* may air a segment involving a custody dispute over two children receiving Social Security survivor's benefits. The children currently live with their stepmother in London, England, where she has been receiving Social Security checks on their behalf. The children had previously been removed from the natural mother's home in the United States following allegations of neglect.

DEPARTMENT OF INTERIOR

- **FY 96 Land Acquisition Projects:** As required in the Interior section of the Omnibus Appropriations Act for 1996, Secretary Babbitt has submitted to Capital Hill, his list of priorities for 1996 land acquisition projects for the National Park Service, Fish and Wildlife Service, and Bureau of Land Management. The list totals \$69 million of which \$11 million is for various projects in California. He has included \$1 million to purchase properties from willing sellers to protect vistas surrounding Point Reyes National Seashore as recently announced in the Parks for Tomorrow initiative. He has included \$2.9 million for acquisitions for the Santa Monica Mountains National Recreation Area. He has also included \$1.7 million for a project in the Otay

Mountains east of San Diego and \$1 million for lands in Riverside County. The House and Senate Appropriations Subcommittees will have to review and approve this list before the acquisitions can be undertaken. It is likely that changes will be made.

- **Endangered Species Act (ESA) Listing Program Update:** On April 26 you signed a memorandum to the Secretaries of the Interior and Commerce waiving the legislative rider which would have continued the moratorium on certain activities under section 4 of the Endangered Species Act, including adding species to the list of endangered species. Secretary Babbitt has asked to setup a senior policy level group charged with starting up the listing program in the Fish and Wildlife Service (FWS). As a result of the moratorium and severe budget restrictions during the continuing resolution period, the FWS faces a large backlog of pending actions and court orders. The FWS plans to devote virtually all its resources to finalizing existing proposals to add species to the lists of endangered or threatened species. Courts are likely to require the FWS to proceed with the listing determinations for the red-legged frog, found primarily in CA, and the Barton Springs salamander, found only in Barton Springs near Austin, TX, in the near future. The FWS will be briefing congressional and constituent groups on the implementation strategy in the next two weeks.
- **Indian Gaming Regulatory Act Hearing:** May 9, John Duffy, Counselor to the Secretary will testify before the Senate Indian Affairs Committee on the impact of the U.S. Supreme Court's recent decision in *Seminole Tribe v. Florida* on the Indian Gaming Regulatory Act of 1988
- **Secretary's Schedule:** On May 2, the Secretary went to AZ to join federal firefighting crews in the Tonto National Forest. On May 6, the Secretary will participate in the signing of the Guatemalan Peace Accord in Mexico City. On May 8, the Secretary travels to Riverside, CA to participate in the formal event commemorating the completion of the Riverside County Habitat Conservation Plan. On May 9, the Secretary will address the Tall Timbers Fire Ecology Conference in Boise, ID.
- **Mining Patent:** The Secretary signed another mining patent for a billion-dollar gold property in NV. In a radio actuality used to announce the signing, the Secretary was harshly critical of the outdated Mining Law of 1872 that forces sale of public land for a pittance.
- **Outdoor Writers Fishing Tournament:** Interior is are planning a fishing tournament with Secretary Babbitt and attendees of the Outdoor Writers Conference in June in Duluth, MN. The event will take place shortly before you speak to the Outdoor Writers Conference and will focus attention on the Administration's environmental efforts that benefit sportsmen.
- **Conservation Fund:** The *San Jose Mercury News* is preparing a national story on the Land and Water Conservation Fund (LWCF) for *Knight-Ridder* wire service. The story will focus on the amount of those funds were actually appropriated; whether the

surplus (on paper) in the fund would ever be available; and what the funds that have been appropriated have purchased for Americans.

- **Mojave National Preserve:** *The Washington Post* is preparing a major story on the Mojave National Preserve, focusing on multiple use management versus park protection status.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Cattle Prices:** Trade data indicates that beef exports are up 29% from a year ago and have benefitted from lower prices. U.S. actions taken to help cattle producers have been key to expanded purchases. Leading the advance was a 37% increase in Japanese beef purchases. Sales to top buyers Canada, Korea, and Mexico also rose, but at a more moderate pace. Big increases occurred in shipments to Europe, the Middle East, and Colombia.
- **Australia Bans Karnal Bunt Products:** Australia has suspended imports of commodities and machinery that might be contaminated with the wheat fungus, Karnal bunt. The suspension will be in force until Australia is satisfied that data is available to show that the United States knows the precise distribution of the disease and the extent of contamination.
- **USDA Negotiates VT Forest:** On April 29, Under Secretary Lyons and Governor Dean met about Forest Service negotiations with the John Hancock Company to purchase a conservation easement on 31,493 acres of timberland owned by the company in northeast VT. Agreement was reached where the Forest Service will extend a \$3.3 million block grant to VT from obligated Forest Legacy funds for the state to acquire conservation easements or fee title on desired tracts.
- **Mad Cow Update:** The United Kingdom has announced a proposed Bovine Spongiform Encephalopathy policy that proposes the slaughter of around 42,000 cattle considered to be high risk and represents 2 percent of the total national dairy herd. Indications are that the proposal is not enough to result in a lifting of the EU export ban.
- **Exports Strong:** Trade statistics place the value of U.S. agriculture, fish, and forest product exports in February at \$6.1 billion, a 5 percent increase over the February 1995 level. Exports to six of the top U.S. markets rose, with sales up sharply in Russia, Egypt, and Mexico, and moderate gains in Japan, the European Union, and Canada.
- **USDA Reports:** USDA will release a report on how the Earned Income Tax Credit (EITC) has become a major source of income support for low-income rural workers, especially in the South, where the rural poor are concentrated. Proposed changes to improve the targeting of benefits would exclude many farmers from the program.

- **Release Food Cost Review:** USDA will release a *Food Cost Review* on May 10, which will reveal that the prices farmers received for commodities, as measured by the farm value of USDA's market basket of foods, fell 3.7 percent. The farm value share of the food dollar spent in grocery stores in 1994 was 24 percent, a decline of 2% from 1993. The farm-to-retail price spread of the Department's market basket of foods rose 4.5%, partly reflecting higher prices of inputs, such as labor.
- **Food Stamp Fraud Sweep:** On May 1, Secretary Glickman announced that USDA undercover investigators, working intensively in Tidewater, VA, Jacksonville, FL, and Seattle-Takoma, WA in April, caught 331 merchants in the act of committing food stamp fraud. A press conference was held in Jacksonville, FL on May 1 to announce the results of the sweep, known as Operation Trident. The stores caught in violations redeemed over \$11 million worth of food stamps last year, and the 82 caught trafficking redeemed more than \$3.2 million.
- **Arkansas Grant:** On May 6, USDA officials will be in Jasper, AR, a Champion Community, to participate in a ground breaking ceremony for a \$1.3 million expansion of the community sewer system. The improvements will add 140 people to the system, which currently serves more than 500 residents.
- **Food, Nutrition, and Consumer Services Procurement:** On May 8, the House Agriculture Committee will hold an oversight hearing on Food, Nutrition, and Consumer Services procurement policies. Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas will testify on the allegations that Celinda Lake's firm used a government food stamp project to get political data.

DEPARTMENT OF ENERGY

- **Royalty Reduction to Increase CA Oil Supply:** A new Bureau of Land Management (BLM) rule reducing the royalty rate for heavy oil produced on Federal leases is expected to result in the increase in economically recoverable reserves. The BLM action encourages operators to place back in production oil wells, implement enhanced oil recovery projects, and delay well plugging until maximum recovery is achieved. Most of the projected reserves' increase will take place in CA, which produces 91 percent of U.S. heavy oil, nearly one-sixth of the total U.S. domestic production.
- **Tech Transfer - Cancer Treatment Development:** The Idaho National Engineering Laboratory (INEL) will license Boron Neutron Capture Therapy technologies to a newly formed ID company to develop cancer treatment and perform clinical trials. In similar news, INEL is producing a new medical isotope, to be used as a pain reliever for cancer patients. This is the second new medical/industrial isotope produced at the lab in the past 90-days under their new business initiative.
- **Cleanup Savings:** On May 2, the environmental restoration report, "Expediting the Cleanup," was delivered to Congress. The report describes an allocation of \$60 million to six DOE Field Offices to accelerate the cleanup at 14 geographic sites in

nine states. It states that this investment enabled the Department to complete the 40 activities on the average one year earlier, and should result in a life-cycle cost savings of \$48.5 million.

- **North Korea Safeguards:** On May 6, DOE is scheduled to deliver the first 20 of 100 unattended monitoring sensors to the International Atomic Energy Agency (IAEA). These sensors are urgently needed by the IAEA and will be the sole IAEA verification method of monitoring spent nuclear fuel reprocessing in North Korea.
- **Gasoline Price Hearings:** On May 8, House Commerce Committee Energy and Power Subcommittee Chairman Schaefer will hold a hearing on the recent rise in gasoline prices and the Strategic Petroleum Reserve drawdown. Associate Deputy Secretary Kyle Simpson will testify. Also, Chairman Murkowski will hold hearings on May 9, before the Senate Committee on Energy and Natural Resources on the recent rise in gasoline prices. Secretary O'Leary will testify at the Senate hearing.
- **National Science Bowl Awards Luncheon:** On May 6, Secretary O'Leary will present the National Science Bowl Awards. Eight thousand high school students representing 43 States will compete for top honors during the sixth annual National Science Bowl. The competition will be held from May 3-6. The top four winning teams will each receive a one-week, hands-on science experience at a National Laboratory.
- **Historically Black Colleges and Universities (HBCU):** On May 8 Secretary O'Leary will host an awards ceremony where the Office of Nuclear Energy will award two grants. The first will go to Howard University to establish a cooperative internship program under which six Howard students will work in DOE's nuclear energy program offices. The second will go to Morgan State University.
- **Washington Post Magazine:** On May 5, the cover story of the Sunday *Washington Post Magazine* will be "Half-Lives: Government, Poison, Lies, and the Splitting of Atomic America." The article is about the environmental legacy of the Cold War at DOE's Hanford Site. The article contains a significant factual inaccuracy -- an estimate for the cleanup of the Hanford site of \$230 billion with a potential of \$500 billion. DOE contends that cleanup at Hanford will cost \$50 billion. The article misused the \$230 billion figure used by DOE as the projected total expenditure for all nuclear weapons facilities cleanup. DOE is also concerned because the research stopped in 1992 and does not credit this Administration's initiation and completion of numerous cleanups at Hanford as well as significant cost savings amounting to nearly \$2 billion over the next five years. DOE has spoken to the editor and reporter and will submit a response.
- **FOIA Request:** On October 5, 1993, Greenpeace submitted a FOIA request to DOE's Oak Ridge Office for three documents concerning technology jointly being developed between the Oak Ridge National Laboratory and the Japanese Power Reactor and Nuclear Fuel Development Corporation (PNC). Two of the documents were provided immediately. The last document contained technical information regarding a fuel

system. While the information was not classified, PNC requested that the information not be released. State Department requested that the document be denied in full because it contains Foreign Government Information. Greenpeace is expected to appeal the denial and, if the appeal is denied, they may choose to seek judicial review in the Federal courts.

DEPARTMENT OF EDUCATION

- **Secretary's Travel:** On May 4 and 5, the Secretary will travel to Los Angeles for the Educator Awards Luncheon and to address the gathering "Youth at the Crossroads." On May 6, the Secretary will be in Mexico City for the meeting of the U.S.-Mexico Bi-National Commission. On May 10 and 11, the Secretary will deliver commencement speeches at Midlands Technical College (SC) and Southeast Missouri State University.

ENVIRONMENTAL PROTECTION AGENCY

- **Major Victory in Community Right-to-Know:** In a major victory for your Administration's stronger Community-Right-to-Know program, a federal court has dismissed a chemical industry lawsuit challenging an EPA rule that nearly doubled the number of chemicals industry is required to report. Under the Right-to-Know program, companies must report on the chemicals that they release into their communities. In 1994, Administrator Browner nearly doubled the number of toxic chemicals which must be reported to 615. The industry litigants challenged the legality of expanding the list, seeking to curtail the public's access to information on toxic chemicals. In its decision issued on May 1, the Court upheld EPA's final rule expanding the list of chemicals covered by the Toxics Release Inventory -- an annual listing of chemical hazards industries have released into the environment. Chemical companies must begin reporting the use of any of the 615 chemicals this year. Press reports indicate the industry will appeal.
- **Takings:** Majority Leader Dole may bring the Omnibus Private Property Rights Bill to the Floor the week of May 6. Senator Biden has promised to filibuster the overly-broad bill.

GENERAL SERVICES ADMINISTRATION

- **Missing Childrens Postings:** Beginning on May 19, GSA will roll-out events nationwide showcasing the successful implementation of your Executive Order requiring the posting of missing childrens posters in federal buildings. By May 24, GSA expects all federal facilities to post pictures and descriptions of missing children on electronic kiosks or bulletin boards. GSA is working with DOJ and other agencies involved to coordinate national activities recognizing Missing Childrens Day here in Washington, D.C.
- **Unfunded Mandates:** Federal funding for state roads leading to and connecting with the new Calexico border station project in California continue to receive statewide

media attention. State officials recently visited the site and declared their outrage that the Federal Government is not funding new and improved roads/highways. Although the State's Department of Transportation has been aware of the Federal governments expansion plans along the border for years, they have not set aside funds for highway upgrade in the areas. Other sites targeted in CA are Tecate and Otay Mesa stations.

- **The Red Cross:** *ABC News*, the *New York Times* and the *Washington Post* have requested information on the American Red Cross's authority since 1992 to use the full range of GSA supply programs, services and federal supply schedule. Authority for the access of these services was established under the Foreign Assistance Act of 1961.

OFFICE OF PERSONNEL AND MANAGEMENT

- **Investigations Privatization:** On May 2, 706 OPM Investigations Service employees received separation (RIF) notices. By the terms of our Employee Stock Ownership Plan (ESOP) agreement, all of these people will receive job offers, at comparable pay and benefits, from the new U.S. Investigations Services, Inc. (USIS). Those who accept offers will become owners of the company through the first ESOP initiated by privatization of a Federal activity. Another 40 investigations unit employees are staying with OPM for oversight of USIS. OPM entered into a contract with USIS in April to conduct background investigations. OPM is working with the NPR to place ESOP stories in business publications.
- **Career Transition for Federal Employees Facing Downsizing:** On May 14, there will be an official opening event at the new interagency career-transition center in D.C.. Officials from OPM, DOL, and local governments will participate.
- **Hearing on Veterans' Preference in Federal Employment:** On April 30, the House Subcommittee on Civil Service held a hearing on veterans' preference in Federal employment. Administration witnesses were not invited to testify, but OPM did submit a statement for the record. OPM is making follow-up calls to reporters to get out accurate data about the hiring of veterans during this administration.
- **Buyout Legislation Hearing:** On May 8, the House Civil Service Subcommittee will hold a hearing on proposed buyout legislation. The members who have introduced buyout, "soft landing", or other separation incentive legislation will be invited to testify. A second hearing may be held on May 14 for Administration and other witnesses to testify.
- **FY 97 Budget:** On May 15, the Senate Appropriations Subcommittee will hold a hearing on OPM's FY 97 budget request. Director King will be invited to testify.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Activities:** This week you declared disasters in 2 counties in AR and 3 counties in IL; flooding occurred in the Midwest in IL, IN, MI, MN, OH, and WI. Preliminary damage assessments are underway in CT and IL for flooding, and in ME

for a severe storm. Preliminary flood damage assessments have been completed for MT and NJ.

DEPARTMENT OF STATE

- **Travel to Mexico:** Secretaries Christopher, Glickman, Shalala, Peña, Riley, Babbitt, Cisneros, Attorney General Reno, Administrator Browner, Director McCaffrey, Director Duffey and other sub-cabinet officials will be in Mexico from May 6-7 for the 13th Meeting of the U.S.-Mexico Bi-National Commission, headed by Secretary Christopher. This is the annual meeting among Cabinet officials of the U.S. and Mexico to discuss cooperative activities and other matters of mutual interest.
- **Turkey, Greece, and Cyprus:** During a recent visit, Assistant Secretary-Designate Kornblum found considerable interest in finding a solution to the long-standing problem in Cyprus. Both Athens and Ankara encouraged the U.S. to act as the facilitator in resolving the impasse. Greek and Turkish experts will meet in Geneva this month to prepare for a Foreign Ministers meeting in June in Berlin.
- **Vietnam Certification:** The State Department is in the process of drafting a Presidential certification that Vietnam is "cooperating in full faith" on POW/MIA issues. This is in response to last week's inclusion of language in the Omnibus Appropriations Act freezing our diplomatic presence in Vietnam at July 11, 1995, levels unless you sign such a certification within sixty days.
- **Burundi:** Hutu insurgent groups have carried out attacks in 14 of the country's 15 provinces; only the capital has been spared. The attacks have sparked an extremist Tutsi backlash where several senior Hutu officials and Tutsi moderates have been assassinated in the past week. Efforts by former Tanzanian President Nyerere to broker a negotiated settlement have been unsuccessful. Nyerere now believes that he must bring the leading Hutu insurgent leader into the talks in Tanzania on May 22.
- **Bosnia/Iran:** On May 1, the House Government Oversight and Rules Committees considered a resolution establishing a Select Subcommittee of HIRC to investigate the alleged U.S. role in shipment of Iranian arms to Bosnia. Floor action may come next week. On April 30, at a closed SSCI hearing Embassy Zagreb DCM Nietzsche, along with CIA and DoD witnesses, responded in detail to Sen. Specter's questions concerning the roles of Ambassadors Redman and Galbraith.
- **MFN Status for China:** Whip calls are revealing stronger opposition than last year, with many Members feeling "betrayed" that last year's compromise legislation criticizing China's human rights abuse was never taken up by the Senate. The group asked that the Administration cease predictions that the House will disapprove MFN and urged a public NAFTA-like effort by you. They also recommended small group meetings at the White House, as soon as possible, and that we seek an early vote in the House.

DEPARTMENT OF DEFENSE

- **China:** The Chinese have agreed to host a delegation of National Defense University (NDU) faculty members and students, and is likely to invite a second NDU group. These are strong signs that the PLA wishes to proceed cautiously with Sino-American relations at the working-level, while still hoping for a PRC Minister of Defense visit here later this year.
- **Landmine Issues:** During the first week of the Convention on Conventional Weapons (CCW) Review Conference in Geneva, participants reached broad support for most aspects of a working text of the main articles of the landmines protocol. It meets many of the USG negotiating objectives, providing for no exception to the detectability requirement for anti-personnel landmines (APLs), a requirement that 90% of APLs self-destruct at 30 days and 99.9% of APLs self-destruct or self-deactivate at 120 days, and an eight year transition period to implement these APL requirements. Most delegations regard this as a balanced package, but the Chinese and Russians continue to insist on a 10 to 12 year transition period that would begin when the CCW enters into force.
- **Fleet Week '96:** Secretary Perry is pleased and grateful that you have decided to join the Fishers aboard the *Intrepid* to formally open Fleet Week '96 in New York. Zach Fisher is one of the military's greatest benefactors and your willingness to attend this event sends a strong message of the Administration's appreciation.
- **Haiti:** On May 7, Deputy Secretary White will visit Haiti to meet with President Preval and U.S. Forces there. Defense is trying to resolve the FRAPH documents issue prior to his trip.

UNITED NATIONS

- **60 Minutes:** On May 5, *60 Minutes* will run a piece on Iraq in which Ambassador Albright is interviewed by Leslie Stahl. Stahl spent a week in Iraq during which she asked tough questions regarding the impact of our sanctions policy, focusing on humanitarian problems. Ambassador Albright outlined our policy for continued support of U.N. against Iraq.

CENTRAL INTELLIGENCE AGENCY

- **60 Minutes:** On May 5, *60 Minutes* will air a segment on "The Lost Commandos." The commandos were South Vietnamese who were trained by CIA and dropped into North Vietnam during the Vietnam War. Currently, a lawsuit is in progress, with unit survivors requesting reparation money from the U.S. Government. The *60 Minutes* report will include an interview with former DCI Colby.

UNITED STATES INFORMATION AGENCY

- **Chernobyl:** Commemorating the tenth anniversary of the Chernobyl nuclear power plant disaster, VOA aired several special reports, including expert analyses by humanitarian, medical and social activists, and by U.S. and foreign officials.
- **Middle East Peace Process:** In the midst of the serious tensions fueled by the Israeli-Hezbollah conflict in southern Lebanon, USIS Amman claimed a cultural "first" when Israeli and Jordanian musicians performed together on the same stage in a concert with the Apple Hill Chamber Players, an American ensemble from New Hampshire. Israeli and Jordanian alumni of the AHCP's summer music camps performed before an audience of 200 at the Royal Cultural Center in Amman in an event sponsored by USIS, the Jordanian National Music Conservatory and the Marriott Hotels.
- **Bosnian Survey:** Highlights of a just completed study of Bosnian Muslims indicate that support for the Dayton accords not only remains widespread, but has deepened substantially since December 1995. The percentage strongly supporting the accords has more than doubled in the last four months (from 33% to 69%), suggesting a strong commitment to the peace agreement. Similarly, nine in ten voice a favorable opinion of IFOR, and 96% back the inclusion of American troops in IFOR.

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

THE PRESIDENT HAS SEEN

5-6-96

J. Quinn
What's the
deal here?
BS

National Credit Union Administration (NCUA): On April 23, Robert H. Swan filed suit seeking declaratory and injunctive relief against you and two others in connection with his termination from the NCUA Board, effective April 9, Swan v. Clinton, et al. The suit also challenges the recess appointment of Yolanda Townsend Wheat, made on April 12, to fill Swan's seat on the Board. Plaintiff's suit was accompanied by a motion for a preliminary injunction which seeks to require you to reinstate him and to refrain from removing him without cause.

- **Delaware Affirmative Action Program Is Challenged:** Kochen, et al. v. United States, et al. On April 15, several white law students sued the Department of Justice, U.S. Attorney Gregory Sleet, the Delaware State Bar Association, and a number of private Delaware law firms. In one of the first challenges to an affirmative action program filed against the federal government after the Supreme Court's 1995 decision in Adarand Constructors, Inc. v. Peña, plaintiffs claim that a fellowship program for first-year law students violates their equal protection and due process rights as well as the anti-discrimination provisions of Titles VI and VII of the Civil Rights Act. This fellowship program, which was established by the Delaware State Bar Association to recruit minority law students, provides minority first-year law students summer internships in Delaware law firms and some government offices, including the United States Attorney's Office for the District of Delaware.

- **Georgia Redistricting Plan Upheld:** On April 30, the three-judge court in Johnson v. Miller ("Johnson III"), upheld, with some modifications, a redistricting plan proposed by Georgia that would reduce the number of legislative districts in the state with black majorities. The plan approved by the court is an interim measure, to be used for the 1996 state legislative elections. The DOJ had objected to the Georgia plan under the pre-clearance procedures of the Voting Rights Act, and subsequently intervened in the case seeking to preclude Georgia from implementing the plan. Some of the court's modifications to Georgia's plan were consistent with the Department's objections. The Department is studying the ruling and considering its options.

- **Defendant Convicted for Threatening Your Life:** In Utah, a defendant was sentenced to 24-years in prison and fined \$5,000 for threatening your life. The defendant was arrested as he tried to mail you a destructive device.

- **House Judiciary Committee Marks Up of Crime-related Bills:** The House Judiciary Committee marked up ten crime-related bills on April 24. Among the bills on the agenda which were approved by voice vote were: "Megan's Law"; the "Interstate Stalking Punishment and Prevention Act of 1996"; the "Mandatory Federal Prison Drug Treatment Act of 1995"; and the "United States Marshals Service Improvement Act of 1995." DOJ generally supports all of the bills and has been successful in modifying some of the provisions.

- **Cabinet Secretaries Commencement Speeches:** AP is doing a story on all of the Cabinet Secretaries commencement speeches. AP asked for a list of all the speeches the AG is doing, the invitations regretted and how the schools were chosen. They also asked for the topic of the speeches.

THE PRESIDENT HAS SEEN

5-6-96

*J. Quinn
What's the
deal here?
BS*

National Credit Union Administration (NCUA): On April 23, Robert H. Swan filed suit seeking declaratory and injunctive relief against you and two others in connection with his termination from the NCUA Board, effective April 9, Swan v. Clinton, et al. The suit also challenges the recess appointment of Yolanda Townsend Wheat, made on April 12, to fill Swan's seat on the Board. Plaintiff's suit was accompanied by a motion for a preliminary injunction which seeks to require you to reinstate him and to refrain from removing him without cause.

Delaware Affirmative Action Program Is Challenged: Kochen, et al. v. United States, et al. On April 15, several white law students sued the Department of Justice, U.S. Attorney Gregory Sleet, the Delaware State Bar Association, and a number of private Delaware law firms. In one of the first challenges to an affirmative action program filed against the federal government after the Supreme Court's 1995 decision in Adarand Constructors, Inc. v. Peña, plaintiffs claim that a fellowship program for first-year law students violates their equal protection and due process rights as well as the anti-discrimination provisions of Titles VI and VII of the Civil Rights Act. This fellowship program, which was established by the Delaware State Bar Association to recruit minority law students, provides minority first-year law students summer internships in Delaware law firms and some government offices, including the United States Attorney's Office for the District of Delaware.

*XXXXX
Leon - we
can't do this
again w/out
careful scrutiny
how let's discuss
BS*

Georgia Redistricting Plan Upheld: On April 30, the three-judge court in Johnson v. Miller ("Johnson III"), upheld, with some modifications, a redistricting plan proposed by Georgia that would reduce the number of legislative districts in the state with black majorities. The plan approved by the court is an interim measure, to be used for the 1996 state legislative elections. The DOJ had objected to the Georgia plan under the pre-clearance procedures of the Voting Rights Act, and subsequently intervened in the case seeking to preclude Georgia from implementing the plan. Some of the court's modifications to Georgia's plan were consistent with the Department's objections. The Department is studying the ruling and considering its options.

Defendant Convicted for Threatening Your Life: In Utah, a defendant was sentenced to 24-years in prison and fined \$5,000 for threatening your life. The defendant was arrested as he tried to mail you a destructive device.

House Judiciary Committee Marks Up of Crime-related Bills: The House Judiciary Committee marked up ten crime-related bills on April 24. Among the bills on the agenda which were approved by voice vote were: "Megan's Law"; the "Interstate Stalking Punishment and Prevention Act of 1996"; the "Mandatory Federal Prison Drug Treatment Act of 1995"; and the "United States Marshals Service Improvement Act of 1995." DOJ generally supports all of the bills and has been successful in modifying some of the provisions.

Cabinet Secretaries Commencement Speeches: AP is doing a story on all of the Cabinet Secretaries commencement speeches. AP asked for a list of all the speeches the AG is doing, the invitations regretted and how the schools were chosen. They also asked for the topic of the speeches.

5-6-96

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Operation Restore Trust:** On May 3 marks the 1-year anniversary of Operation Restore Trust (ORT), an HHS initiative to combat health care fraud and abuse in 3 of the fastest growing areas of Medicare -- home health care, nursing home care, and durable medical equipment. ORT is currently targeting 5 states: California, Florida, New York, Texas, and Illinois. Together these states account for 40% of the nation's Medicare and Medicaid beneficiaries. In recognition of the progress made under ORT, HHS is working to schedule several media events around the initiative's anniversary.

- **South Carolina Welfare Waiver:** On May 3, the Department approved South Carolina's "Family Independence Act" welfare reform demonstration project, the 60th welfare waiver approved during the Clinton Administration. The proposal, the State's second, is quite extensive and includes requirements for applicants to participate in job searches and sign self-sufficiency plans. The project would also establish a family cap statewide; time limit benefits; allow recipients to deposit up to \$10,000 into an Individual Development Account; extend Transitional Child Care and Medicaid to 24 months and require all school age AFDC recipients to attend school or participate in job search and training.

Los Angeles County: On April 26, Los Angeles County submitted an amendment to its section 1115 Medicaid demonstration project. HCFA approved the original project on April 15. The amendment constitutes a financial proposal for fiscal years 1997 through 2000 of the five-year demonstration. The County projects that during the five-year project period, the County health care system will experience a budget shortfall of \$1.6 billion below the overall operating needs of \$11 billion. The County estimates that approximately half (\$804 million) of the shortfall could be addressed by continuation of some of the funding elements that are currently permissible for only the first year of the project. To make-up the additional shortfall, the County has proposed several funding mechanisms that Federal representatives have previously informed County and State officials would not be approved, such as waiver of the OBRA 1993 disproportionate share hospital limitations and a change in the Federal matching rate.

- **CA Medicare Contractor Enters Into Criminal Plea Agreement:** On April 17, the Medicare carrier for northern California, California Blue Shield notified the HCFA that it would not renew its Medicare contract for FY 97. Last week, the California Blue Shield entered into an agreement with the Department of Justice in San Francisco to plead guilty to two felony counts of obstruction of Federal audit and one felony count of conspiracy to obstruct federal audit. It has agreed to pay \$1 million in fines; civil negotiations are underway, with the Government demanding \$41.3 million. This will be the first criminal conviction of a Medicare contractor, and is the primary factor in the mutual agreement of California Blue Shield and HCFA not to renew the contract. HCFA will select a new contractor by the end of May, and will transition the work performed by California Blue Shield at the close of its contract through the following March.

5-6-96

SOCIAL SECURITY ADMINISTRATION

- **GAO Report on Supplemental Security Income:** On April 30 GAO released a report on "Supplemental Security Income (SSI): Some Recipients Transfer Valuable Assets to Qualify for Benefits". This report is a spinoff of an earlier GAO survey dealing with fraud, waste and abuse in the SSI program. A recent GAO report found that resource transfers are increasing, recipients are transferring resources worth millions of dollars, and recipients are transferring resources while qualifying for millions of dollars in SSI and other benefits.

Chater
is this
turning
right?

GAO concluded that eliminating the SSI transfer of resource restriction has resulted in increased program costs. GAO further concluded that an SSI restriction, similar to the current medicaid restriction, could save millions in SSI program expenditures by delaying individuals' date of eligibility for benefits.

GAO recommends that Congress consider reinstating an SSI transfer-of-resource restriction. The restriction could be calculated in a way that takes into account the value of the resource transferred so that individuals transferring more valuable resources would be ineligible for SSI benefits for longer periods of time than those who transfer less valuable resources.

- **Public Pension Reform Caucus of the U.S. House of Representatives:** The Public Pension Reform Caucus has asked that Commissioner Chater meet with them on May 14 to discuss the upcoming Advisory Council Report. The Caucus, formed approximately 18 months ago, is comprised of 20 Republican Members of Congress and nine conservative Democrats who favor privatizing the Social Security program. Former Commissioner Dorcas R. Hardy also is scheduled to meet with this group the same day. The meeting is informal and not open to the press or the public.
- **Custody Dispute:** Sometime in the next several weeks, *60 Minutes* may air a segment involving a custody dispute over two children receiving Social Security survivor's benefits. The children currently live with their stepmother in London, England, where she has been receiving Social Security checks on their behalf. The children had previously been removed from the natural mother's home in the United States following allegations of neglect.

DEPARTMENT OF INTERIOR

- **FY 96 Land Acquisition Projects:** As required in the Interior section of the Omnibus Appropriations Act for 1996, Secretary Babbitt has submitted to Capital Hill, his list of priorities for 1996 land acquisition projects for the National Park Service, Fish and Wildlife Service, and Bureau of Land Management. The list totals \$69 million of which \$11 million is for various projects in California. He has included \$1 million to purchase properties from willing sellers to protect vistas surrounding Point Reyes National Seashore as recently announced in the Parks for Tomorrow initiative. He has included \$2.9 million for acquisitions for the Santa Monica Mountains National Recreation Area. He has also included \$1.7 million for a project in the Otay

- **Release Food Cost Review:** USDA will release a *Food Cost Review* on May 10, which will reveal that the prices farmers received for commodities, as measured by the farm value of USDA's market basket of foods, fell 3.7 percent. The farm value share of the food dollar spent in grocery stores in 1994 was 24 percent, a decline of 2% from 1993. The farm-to-retail price spread of the Department's market basket of foods rose 4.5%, partly reflecting higher prices of inputs, such as labor.
- **Food Stamp Fraud Sweep:** On May 1, Secretary Glickman announced that USDA undercover investigators, working intensively in Tidewater, VA, Jacksonville, FL, and Seattle-Takoma, WA in April, caught 331 merchants in the act of committing food stamp fraud. A press conference was held in Jacksonville, FL on May 1 to announce the results of the sweep, known as Operation Trident. The stores caught in violations redeemed over \$11 million worth of food stamps last year, and the 82 caught trafficking redeemed more than \$3.2 million.
- **Arkansas Grant:** On May 6, USDA officials will be in Jasper, AR, a Champion Community, to participate in a ground breaking ceremony for a \$1.3 million expansion of the community sewer system. The improvements will add 140 people to the system, which currently serves more than 500 residents.
- **Food, Nutrition, and Consumer Services Procurement:** On May 8, the House Agriculture Committee will hold an oversight hearing on Food, Nutrition, and Consumer Services procurement policies. Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas will testify on the allegations that Celinda Lake's firm used a government food stamp project to get political data.

DEPARTMENT OF ENERGY

- **Royalty Reduction to Increase CA Oil Supply:** A new Bureau of Land Management (BLM) rule reducing the royalty rate for heavy oil produced on Federal leases is expected to result in the increase in economically recoverable reserves. The BLM action encourages operators to place back in production oil wells, implement enhanced oil recovery projects, and delay well plugging until maximum recovery is achieved. Most of the projected reserves' increase will take place in CA, which produces 91 percent of U.S. heavy oil, nearly one-sixth of the total U.S. domestic production.
- **Tech Transfer - Cancer Treatment Development:** The Idaho National Engineering Laboratory (INEL) will license Boron Neutron Capture Therapy technologies to a newly formed ID company to develop cancer treatment and perform clinical trials. In similar news, INEL is producing a new medical isotope, to be used as a pain reliever for cancer patients. This is the second new medical/industrial isotope produced at the lab in the past 90-days under their new business initiative.
- **Cleanup Savings:** On May 2, the environmental restoration report, "Expediting the Cleanup," was delivered to Congress. The report describes an allocation of \$60 million to six DOE Field Offices to accelerate the cleanup at 14 geographic sites in



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

THE PRESIDENT HAS SEEN
5/6/96

May 3, 1996

96 MAY 3 P8:50

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *Kathleen McGinty*

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

D'AMATO'S ATTACK ON GINGRICH

*agrees
main sum
for review
this w/
Ann Lewis*

In press statements and on a radio show interview this morning, Senator Alfonse D'Amato (R-NY) attacked Speaker Newt Gingrich for an environmental agenda that has "already hurt Republicans." Senator D'Amato said the House Republican agenda "sent the wrong message"; that voters "want lower taxes and less spending, but not dirty drinking water." I have attached an article for your review.

[We need to make clear that it is not just the Gingrich environmental agenda that is hurting Dole; it is the Dole environmental agenda that is hurting Dole.]

TAKINGS

Leon:

We will send to the Hill today strong letters of opposition from the agencies to Senator Dole's radical takings legislation. Senator Dole has floor time scheduled for the bill next week, but it is unclear that he will actually move it. In the event that it does move, we have a Statement of Administration Policy prepared that reiterates your intention to veto it.

*Someone
should have
seen this
before I talked
to them - I
was wrong
about it*

Dole has received strong pressure from both Republicans and Democrats not to move this bill. They acknowledge that it is an extreme measure and Republicans, in particular, do not want to suffer another bruising on the floor.

Anticipating the bill, many papers have already editorialized against it. But, Dole seems driven by commitments to the National Realtors Association. They have been the fourth largest contributors to his campaign, and he promised them in a speech on Monday that he would bring it to the floor. Attached is an article for your review.

SHRIMP EMBARGO

Wednesday, pursuant to federal court order, the U.S. government embargoed imports of some types of shrimp from more than 30 countries. The embargo implements the provisions of a 1989

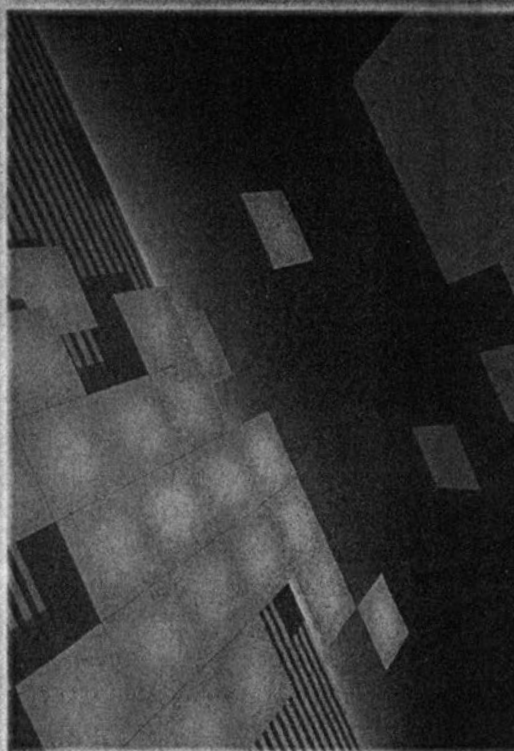
THE PRESIDENT HAS SEEN
5.6.96

Laura/Gun

Some good stuff - interesting
charts -
BC

Taxes & The New Economy

Why Fairness Matters **Progressive Versus Flat Taxes**



Robert J. Shapiro

Progressive
FOUNDATION

About the Author

Robert J. Shapiro is the director of economic studies of the Progressive Foundation and vice president of the Progressive Policy Institute. He is also co-chairman of the Committee for Free Trade and Economic Growth, and contributing editor at *The New Republic* and *International Economy*. Previously, he served as a principal economic advisor to Bill Clinton in the 1992 presidential campaign, chief economic policy adviser in the Dukakis-Bentsen campaign, and legislative director and tax counsel for Senator Daniel Patrick Moynihan. Dr. Shapiro also has been a Fellow of the National Bureau of Economic Research and of Harvard University. He earned his doctorate at Harvard University and also holds degrees from the University of Chicago and the London School of Economics and Political Science.

Contents

Preface	1
Summary of Findings	3
I. The Case for Progressive Taxation	7
II. Equity and Economic Growth	15
III. Elements of Proportionality and Progressivity in Federal Taxation	19
IV. The Distribution of Federal Taxation	25
V. A Close Look at the Leading Tax Proposals	31

THE PRESIDENT HAS SEEN

5.6.96

VP / Leon / Tony / Sandy

This is v. interesting
of the perimeter - pls

Wad → if poss, etc

in for 07 Sp in Coast & Area

(No' clearly unsuitable
for saying at least in this
work.) —

BC

Foreign Policy, Spring 1996

Policy Principles for Unthreatened Wealth-Seekers

by John Mueller

We have lived through a truly remarkable period of history. In an incredibly short time, virtually all the major problems that tormented big-country (sometimes known as Great Power) relations for nearly half a century have been resolved: the unpopular and often brutal Soviet occupation of Eastern Europe; the artificial and deeply troubling division of Germany; the expensive, crisis-prone, and apparently dangerous military contest between East and West; and the ideological struggle between authoritarian, violence-encouraging communism and sometimes-panicky capitalist democracy.

In the wake of this amazing transformation, concerns have been repeatedly voiced that there is no longer any consensus about, or coherence to, the organizing principles of foreign policy. Applying a rather unresonant metaphor, President Bill Clinton suggested last October that we need a "mainframe explanation for the PC world in which we're living."

Such concerns, however, are based mostly on faulty historical re-

JOHN MUELLER is a professor of political science at the University of Rochester. His most recent books are *Policy and Opinion in the Gulf War* (University of Chicago Press, 1994) and *Quiet Cataclysm: Reflections on the Recent Transformation of World Politics* (HarperCollins, 1995).



ILLUSTRATION BY VINT LAWRENCE

call. Policy is about as coherent and consensual today as it has ever been—or as it ever gets. And, if comparisons are kept consistent, there has not been the “isolationist backlash” that Clinton and others decry.

Some observers like to hark back nostalgically to the Cold War, when actions were guided by the overarching policy—or “mainframe”—of containing communist expansionism. History surely suggests, however, that there was a great deal of inconsistency in the application of this policy. Even as it was formulating containment policy, the Truman administration stood by and watched as the world's most populous country, China, fell into the communist camp. Dwight Eisenhower was unwilling to use military measures to prevent a communist victory in Indochina, but he held fast to the tiny islands of Quemoy and Matsu off the China coast. John Kennedy sought to shore up the anticommunist position in South Vietnam even as he was acquiescing to an agreement that gave the communists effective control of large portions of neighboring Laos. And there was a huge, scandal-laced debate about intervening in Nicaragua under Ronald Reagan. Moreover, there was often enormous disagreement within the Atlantic community—more than there has been over Bosnia—about how to deal with the communist challenge over issues like the status of Berlin. And further, at no time was there a notable willingness to send troops to far corners of the globe to die for purposes that were essentially humanitarian.

Policy after the Cold War, like policy during it, will be improvised from issue to issue and from crisis to crisis. But by actions more than policy pronouncements, the United States and its major allies are developing a guiding policy “mainframe” that is at least as coherent and consensual as anything found during the Cold War. Although the application of this policy is often muddled in the familiar manner, the policy seems to consist of five firm and enduring principles.

1. Confront major, immediate problems with determination and dispatch. This principle is hypothetical, and it is put forward mainly for the sake of completeness. In fact, our era is most extraordinary: If we apply conventional standards, there are today no major immediate problems or threats. There are minor, immediate problems and major long-range problems, but no major immediate ones.

Something resembling a major, immediate problem—and the only such case since the end of the Cold War—sprang up with the Iraqi

invasion of Kuwait in 1990. There was wide consensus among the world's major (and not-so-major) countries that the world should react forcefully to counter Iraq's aggression—particularly to prevent a further attack against more significant oil-exporting countries like Saudi Arabia. Deterring troops were sent, and, in punishment for the attack, devastating economic sanctions were imposed. Any disagreement was over the tactical issue of whether war should be used to force the invaders out after the problem of further aggression had been effectively solved.

2. Seek wealth. The absence of major, immediate problems makes it possible to luxuriate in this principle of national acquisitiveness.

Historically, this is a remarkable change. Increasingly, it seems, countries have prosperity as their central goal, and status derives from economic prowess, not from empire, military capacity, or triumph in war. By contrast, Leo Tolstoy observed, in *War and Peace* in 1869, that “all historians agree that the external activity of states and nations in their conflicts with one another is expressed in wars, and that as a direct result of greater or less success in war the political strength of states and nations increases or decreases.” Today, militarily unimpressive Japan and Germany, the big losers in the last war, enjoy great “political strength.”

Moreover, although there are many individual disputes over specifics, there is considerable consensus that the best way to become prosperous is to emphasize market forces and free trade. Somewhat unexpectedly perhaps, this notion has advanced greatly under Clinton with the passage of the North American Free Trade Agreement (NAFTA) and with the subsequent major advance in the General Agreement on Tariffs and Trade. Indeed, Clinton's willingness to fight for NAFTA despite the intense objections of one of his party's central constituencies, organized labor, may have been one of the greatest acts of courage in the history of the presidency.

The concept of leadership may undergo significant evisceration as the pursuit of wealth becomes a dominant motivation in world affairs. Continental Airlines at one time enjoyed “price leadership” in the industry, but registered poor profits—something unlikely to impress stockholders. The United States is still overwhelmingly the world leader by almost any conventional standard, yet it has sometimes been consumed with a jealousy of follower Japan's economic prowess that approaches paranoia.

Moreover, it is not clear in our current world what benefits "leadership" or "primacy" bring. If it means a country must be the first to risk lives and capital for a venture of little importance, then leadership is clearly of questionable value. The most-often-cited instance of international "leadership" since the end of the Cold War was that of American president George Bush during the Persian Gulf war. He was CEO of the "world's sole remaining superpower" (however, if military and especially nuclear strength is what it is all about, Russia is quite super as well—substantially more super than was the Soviet Union during the Cuban missile crisis), and from this position Bush led the coalition in opposition to Iraq's invasion of Kuwait. But to gain the support of other countries, his slogan was, essentially, "Please support our war and we will do almost all of the fighting and pay almost all of the cost in lives." (Even at that, some countries—Egypt and Syria, for example—had to be bribed.) Rather than providing leadership, it seems that Bush successfully sold a deal so sweetened that no oil-dependent state could sensibly turn it down.

3. **Chip away judiciously at major, long-term problems.** There are two concerns in carrying out this principle: identifying what the major long-term problems are and coming up with plausible solutions. Both tasks are tricky.

In my view, the most important major, long-term concern today is helping to guide Russia and China toward constructive international citizenship. After World War II, Germany and Japan were converted from violent, intensely destructive enemies into prosperous friends, allies, and peaceful competitors whose perspective on the world is much the same as the Western victors'. As policies go, this process of constructive engagement may well be among the greatest triumphs of enlightened self-interest in history, and there is broad consensus that it should now be applied to Russia and China. No one knows exactly how to do this, but policy agonies are made easier by the fact that, as with the Germans and the Japanese, the Russians and the Chinese will have to do most of the work themselves.

There are other long-range problems that are variously held to be of major concern: nuclear proliferation, international terrorism, pollution, global warming, migration, ethnic conflict, population growth, religious fundamentalism, and global unemployment due to rampant robotics. These bear watching, and it is perhaps not a complete waste of money for the Defense Intelligence Agency to study

the rapid growth of the water hyacinth in Africa's Lake Victoria on the grounds that the plant can kill fish, leading in turn to a famine that might somehow threaten "global security." But how crucial many such concerns actually are is open to question. As Calvin Coolidge is said to have observed, when you see 10 problems coming down the road at you, you can be pretty sure that nine of them will wind up in the ditch before they get to you.

An unwillingness to send Americans to die in humanitarian causes—even when promoted as advancing democracy or freedom—is hardly new.

Thus, pundits have been warning of the supposed dangers of overpopulation for some 2,000 years. Global-warmers now argue that the phenomenon will raise the sea level by one-tenth of an inch per year, making it a notable annoyance in about 600 years, during which time, presumably, one can fill a rather large number of sandbags. The number of Americans killed by international terrorism is considerably less than the number killed by lightning.

In contrast with the numbers predicted by doomsayers, nuclear proliferation has been astoundingly slow. For example, John Kennedy repeatedly pointed out with alarm that there might be up to 20 nations with a nuclear-weapons capacity by 1964. It was widely assumed that countries would seek to obtain nuclear weapons once they had achieved the technical capacity to do so, in part because the weapons were such important symbols of status—or virility. But clearly, as pointed out in books by Stephen Meyer (*Dynamics of Nuclear Proliferation*) and Mitchell Reiss (*Bridled Ambition*), there has been no such technological imperative. Increasingly, nuclear weapons have come to be seen as expensive and dangerous anachronisms rather than status symbols. Indeed, several countries, such as Argentina, Brazil, South Africa, South Korea, and Taiwan, have actually backed away from or reversed nuclear-weapons programs.

And whatever happened to that Latin American debt crisis that inspired so much hand-wringing a while back? Remember the two winters in the early 1990s during which the population of Russia was

supposed to starve to death? What of the famines that were going to engulf the globe in the 1970s? And what about that nuclear war over the Crimea that was supposed to take place between Russia and Ukraine?

It was only a few years ago that we were being told that "economics is the continuation of war by other means," and Japan was said to be on the verge of a veritable takeover of the American economy. This concern has diminished as Japan's economy has gone into retreat and as incautious Japanese firms find themselves saddled with American properties worth half what they foolishly paid for them.

Another problem that alarmed many just a few years ago was the apparent rise of extreme nationalism in Central and Eastern Europe. But, while still a valid concern, hypernationalism seems to have been notably reduced, even, it seems, in Serbia, where a policy of essentially isolating the Bosnian Serbs has found few public opponents. Hypernationalism is dangerous only if it has some real demagogic appeal. It did for a while, but—perhaps—does no longer.

This is not to deny that nationalism is quite robust in Europe. I find that it is easy to get Norwegians to say some really quite nasty things about the Swedes, for example. But that sort of nationalism does not threaten to lead to armed conflict. It is not that various national groups have suddenly fallen in love with each other, but simply that they are now motivated more by economic and other issues. Under other circumstances things could reverse, of course, but for now militant nationalism does not seem to be gaining appeal.

If this notion is correct, Yugoslavia is doubly tragic. Had the Serbs held their cool in the face of Croatian and Bosnian regimes that they feared, with some basis in recent history, would persecute them, then the threatening regimes might have simply mellowed with the trends of time. (Of course, one reason militant demagogues have often done so poorly lately is that the Yugoslav example demonstrates the possible consequences of their policies.) This notion also suggests that the split of Czechoslovakia might never have happened if discussion of the issues had been allowed to linger.

In some cases, as with the Serbs in Croatia and Bosnia, outsiders have sought to inflame nationalist tensions—with disastrous consequences. But this does not seem to be the wave of the future. A recent study titled *Minority Mobilization Without War*, by political scientists Ellen Gordon and Luan Troxel, notes that Turkey, concerned

about the condition of Turks within Bulgaria, opened its borders to Bulgarian Turks in 1989—but then soon closed them when the new immigrants caused too many problems. Thus, they find, "Turkey, while being supportive of the Turkish minority in Bulgaria, has little interest in inflaming internal ethnic relations in Bulgaria." Poland, they also note, has come to a similar conclusion with respect to the Polish minority in Lithuania. Similarly, Russia thus far has done remarkably little about Russians living in other countries. And in last year's election in Hungary, politicians found that calls to help Hungarians in other countries were ineffective; a troubled electorate responded, "What about the Hungarians *within* Hungary?"

4. When a less-developed country gets its act together and is likely to be able to make a constructive contribution, work to facilitate its transition into the developed world. Although there has been a great deal of talk about potential conflicts and clashes between North and South or between the West and the rest, it is overwhelmingly clear that the wealthy countries of the world do not run an exclusive club. On the contrary, they have shown a considerable willingness not only to admit new members, but also to expend resources to assist in the transition.

It is to everybody's advantage that South Korea has come from devastation to productivity and growing prosperity, and as South Korea and others (such as Argentina, Chile, Mexico, Singapore, Taiwan, and Thailand) have advanced, they have been welcomed into the ranks. And once they arrive, the developed countries—as the United States has recently shown with regard to Mexico—will often spend money and take risks to help keep them there.

5. Seek cooperatively to alleviate troubles in other parts of the world if this can be done at low cost, particularly in lives, but seek to isolate and contain troubles if they cannot be alleviated at low cost. Most day-to-day media attention has been focused on knotty immediate problems that are rather minor from the perspective of the major countries—though not, of course, from the perspective of those who are in the midst of them. For such concerns, policymakers and the public seem to be following this principle of low-cost engagement.

Whereas cooperation was extremely difficult to muster during the Cold War, all sides now have a strong incentive to cooperate to generate peace and stability. Thus, the major countries are free as never before to work together to establish an orderly and productive world.

The curiosity is that, where they once found conflicts in almost every place in the world to be important, they now see very few conflicts of much importance at all.

Harvard's Samuel Huntington has challenged the (many) critics of his notion that the central dynamic of world politics will be a "clash of civilizations" to produce "a better explanation for what is going on in the world." One such explanation derives from Thomas Friedman's observation in a *New York Times* column that the world is being divided into forward-looking states like Japan, which produce superb products like the Lexus automobile, and backward-looking states like Serbia, which fight over who owns which cherry tree. The essence of principle 5 is that the Lexus-builders of the world are willing to spend money and a very small number of lives to help the cherry-tree battlers settle their disputes, but the Lexus-builders are principally determined, failing coherent resolution of these conflicts, to contain and isolate them while continuing to pursue their primary goal—to become even richer.

The United States and its major allies are developing a guiding policy "mainframe" that is at least as coherent and consensual as anything found during the Cold War.

As a case in point, the mission to Somalia helped to bring a degree of order to a deadly situation that was causing a major famine, and, as a result, hundreds of thousands of lives were saved, according to credible estimates by the U.S. government. The economic cost of this international mission has been put at \$2 billion, and some scores of peacekeepers lost their lives in the process. A carefully calibrated comparison would be difficult, but it seems likely that never in human history has so much been done for so many at such little cost.

Yet, this spectacular success is remembered, particularly in the United States, as a failure. This is chiefly because of an incident in October 1993 involving American soldiers who had the idea (it was their own, not the United Nations's) of trying to capture some rene-

gade Somali leaders. The mission went awry when a helicopter crashed, and 18 Americans (and some 300 Somalis) lost their lives in a subsequent day-long firefight. The reaction of American politicians and the American public to this misguided episode is instructive: The political demand rose to pull U.S. troops out of Somalia. In essence, when Americans asked themselves how many American lives it was worth to save hundreds of thousands of Somali lives, the answer came out rather close to zero.

The general reluctance to become involved in the actual fighting in Bosnia—despite years of the supposed "CNN effect"—suggests that Americans reached the same conclusion regarding Bosnia as they had over Somalia: The cost in American lives of policing a conflict like that should be virtually zero. The British, Canadians, French, and others came to this same conclusion regarding their own soldiers.

Confronted with direct aggression committed by a nuclear-weapons-seeking monster, Bush was able to inspire some public support for sending troops to liberate Kuwait. But even in this case, the numbers of those supporting war did not increase during the public debate, and it is clear that if U.S. casualties had become significant, Bush would have been in enormous trouble politically. Indeed, there was some decline of support during the war, despite its incredibly low U.S. casualties.

The experience in Somalia suggests two other lessons that bear on the current dispatch of forces to help keep the peace in Bosnia. First, the episode demonstrates that when peacekeeping leads to unacceptable deaths, peacekeepers can be readily removed with little concern about saving face. This was also true in 1983, when 241 American marines were killed by a terrorist bomb in Lebanon. The situation, thus, need not become a quagmire.

Second, although there may be an overwhelming political demand that casualties be extremely low, there is little problem keeping occupying forces in place as long as they are not being killed. After the Somalia fiasco, the Americans stayed on for several months and, since none were killed, scarcely any attention was paid or concern voiced. Similarly, although there was little public or political support for sending U.S. troops to Haiti, there has been almost no protest about keeping them there since none have been killed in combat.

The reluctance to intervene should not be seen as some sort of new isolationist impulse. Americans were willing, at least at the out-

set, to send troops to die in Korea and Vietnam, but that was because they subscribed to a doctrine of containment that viewed communism as a genuine threat to the United States that needed to be stopped wherever it was advancing. Polls from the time make it clear that Americans had little interest in losing American lives simply to help the besieged South Koreans or South Vietnamese. Thus, an unwillingness to send Americans to die in humanitarian causes—even when promoted as advancing democracy or freedom—is hardly new.

ORDERING DEVICES IN THE NEW ERA

Finally, in the remarkable, threat-free era the major countries are now experiencing, two ordering devices—economic sanctions and alliances—have gained increased potential.

With the application of economic sanctions to Iraq in 1990, to Haiti in 1991, and to Serbia in 1992, the big countries in their new consensual era may be honing a credible, inexpensive, and potentially potent weapon for use against small- and medium-size aggressors. Essentially, they have demonstrated that the world can get along quite well without the economic participation of such countries and that they can inflict enormous reprisals at remarkably little cost to themselves—particularly, and all-importantly, in lives. The effectiveness of economic sanctions has been criticized, however. They seem to have worked, most people think, in South Africa, but they have failed in Iraq. The Iraq case is an extreme one, though, since it appears that the sanctions require that Saddam Hussein commit political, and probably actual, suicide. While sanctions can hardly be said to have solved the war in Bosnia, they do seem to have contributed to Serbia's willingness to sign the Dayton accord. These sanctions encouraged a radical change in Serbia's policy, and their threat probably helped to keep Croatia in line.

An additional important international medium of management, especially in Europe, could be NATO. Of late, commentators routinely complain, sometimes in the same breath, that NATO no longer has a purpose and that Russia cannot be let into NATO because that would ruin its purpose. This shows an incomplete understanding of alliances. As historian Paul Schroeder has shown, alliances formed in Europe have characteristically been designed in part to control an ally—often, in fact, that has been the *main* purpose of the alliances.

Although not often mentioned, one notable role of NATO has been to control Germany. As it has often been irreverently put, NATO was designed to keep the Soviets out, the Americans in, and the Germans down.

Various uncontrollable remnants of disintegrating armies have contributed significantly to the warfare that has taken place recently in Europe (and in the Caucasus). By integrating the militaries of Central and Eastern Europe, including Russia, into NATO, the organization would gain important leverage over one of the chief potential instruments of trouble in the area. It would have lines to major players, and, by treating them as valued members of the community rather than as inscrutable second-class citizens, it would keep them tied to and in direct contact with the peaceful, advanced West.

This scheme is no panacea, but in the past NATO played a useful role in this regard. Thus, the prospect of Spanish membership in NATO may have helped undermine the 1981 coup attempt by the country's military, and NATO probably helped keep the contest between member states Greece and Turkey from getting worse. If Yugoslavia had been a member—it was moving in that direction in the 1950s—NATO would have had direct lines to leaders of the Yugoslav army and, accordingly, would have been in a far better position to understand and deal with problems as they emerged. Instead, NATO viewed the Yugoslav army as an incomprehensible marauding force made up of a bunch of guys with c's at the ends of their names. According to *Balkan Tragedy*, a recent book by Brookings scholar Susan Woodward, the Yugoslav army tried early in the war to become a peaceful buffer between the warring Croats and Serbs, a role that never came to fruition in part because the West labeled the Yugoslav army an occupation force and refused to talk to its leaders.

Overall, however, it seems clear that there is not now, nor has there ever been, much political will among unthreatened wealth-seeking countries to send troops to lose their lives refereeing deadly quarrels that are distant and essentially unimportant to them. That reality sets limits on such interventions, but it does not necessarily make them impossible or paralyze policy. This may not please some moralists and internationalists, but it is part of a policy "main-frame" that lacks neither coherence nor consensus.

Progressive
FOUNDATION

staff see

THE PRESIDENT HAS SEEN
5-6-96

'96 APR 16 P2:50

JIM DORSKIND:

April 8, 1996

Please coordinate
the reply.

President Bill Clinton
The White House
Washington, DC 20502

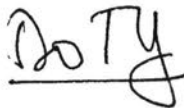
Dear Mr. President:

I hoped you might find our new analysis of
progressivity in the tax system interesting and
useful. You will not be surprised to learn that the
data and logic establish that true democrats have
been right all along!

Best,



Robert J. Shapiro



Laura/Gun

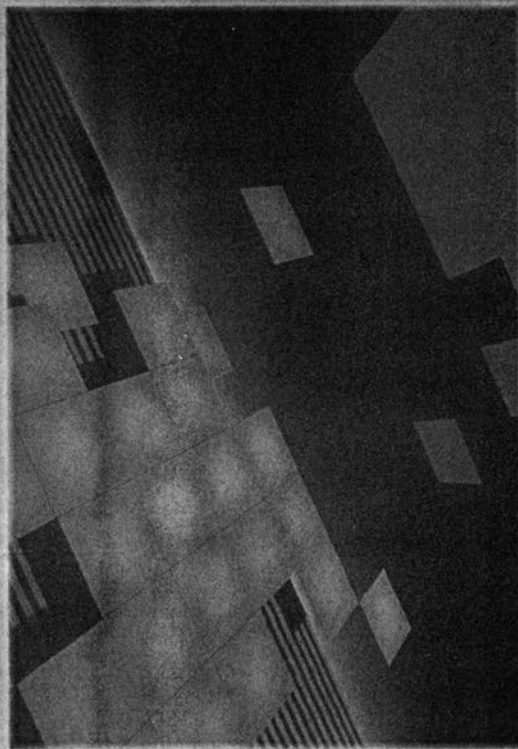
THE PRESIDENT HAS SEEN
5.6.96

Some good stuff - interesting
charts -
BC

Taxes & The New Economy

Why Fairness Matters

Progressive Versus Flat Taxes



Robert J. Shapiro

Progressive
FOUNDATION

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 5-7

TO: *Leon*
Harold
George
FROM: Staff Secretary

Mike *McCarty*
~~*Washington*~~

Fly. Draft of
sat tex letter.

Todd

DRAFT OF LETTER TO GINGRICH & DOLE

96 MAY 6, P 7: 57

As I have previously stated, this Spring can be a season of bipartisan achievement if we are willing to work together to find common ground.

In recent weeks, there has been intense debate on two policy issues: the need to increase the minimum wage, and the recent rise in gas prices. Both these issues are of genuine concern to the American people. There is a way to break this legislative logjam. I will sign legislation that increases the minimum wage by 90 cents, and that helps America's motorists by temporarily reducing the gas taxes. Such legislation should not include other provisions designed merely to elicit a presidential veto.

As you know, I believe that it is imperative that we increase the minimum wage. For decades, both parties have agreed that the minimum wage should be a living wage. But if we do not act, by the end of this year, the minimum wage will have fallen to a 40 year low in purchasing power. Millions of hard working Americans would benefit from a minimum wage increase. A minimum wage increase is fundamental to American values of family, work and responsibility. You cannot raise a family on \$4.25 an hour. So it is unconscionable that the Congress has refused to schedule a vote on this measure.

Since February of this year, average gasoline prices have sharply increased. We believe this has happened largely for several temporary reasons, and I have taken action to address these factors. In the face of a price increase of this sort, a temporary measure to

redress a temporary increase is justifiable. Therefore, I would sign an immediate reduction in the gasoline tax until January 1, 1997. At that time, there should be a review to determine if the reduction is still warranted. Any reduction in the gas tax should be passed on to consumers, and not merely used to enrich oil companies. And any gas tax cut should be fully paid for by a measure such as the bipartisan agreement to shore up the savings and loan insurance fund (SAIF) and share the interest cost on the FICO bonds. Any permanent changes in the tax code would have a major impact on the budget, and should only be made as part of a bipartisan negotiation to balance the budget in seven years.

Once we break this logjam, we should turn to the task of balancing the budget in seven years. The American people are best served when we put aside partisanship and work together for the public interest. That, in the end, is how we enacted a budget for this year. That is how we passed strong anti-terrorism legislation. And above all, that must be the way we finish the job of balancing the budget and moving forward on the Kassebaum-Kennedy health care bill, welfare reform and other priorities. I ask you, once again, to come back to the bargaining table to finish the job we all were elected to do.

Please join with me to choose progress over partisanship.

Proposed language:

Repeal of the gas tax should be appropriately paid for, by measures such as the bipartisan agreement to recapitalize the Savings Association Insurance Fund ("SAIF") and share the interest cost on the FICO bonds.

Phil Kaplan

FAX 456-2215



United States
**Office of
Personnel Management**

Washington, DC 20415-0001

MAY 6 1996

In Reply Refer To:

Your Reference:

96 MAY 17 9:11

MEMORANDUM FOR TODD STEARN
ASSISTANT TO THE PRESIDENT/STAFF SECRETARY

FROM: *James B. King*
JAMES B. KING
DIRECTOR

SUBJECT: Proposed Presidential Message

This is to request that a Presidential message be included in our awards ceremonial booklet for Federal employee personnel attending an Office of Personnel Management (OPM) conference and awards ceremony. The awards ceremony is for the OPM Director's Awards for Outstanding Employee Health Services Programs and will be held July 31, 1996, in Washington, DC, during OPM's National Conference on Federal Employee Assistance and Health Enhancement Programs. We will recognize five Federal agency programs at the awards ceremony. The awards ceremony is conducted in conjunction with our national conference held every two years.

We have been able to include a Presidential message in some of our past ceremonial booklets and we would like to include one for this year. Attached is the proposed Presidential message, a 1992 awards ceremonial booklet, a conference schedule, and a conference flyer.

Thank you for your assistance. If you have any questions, please call Janice R. LaChance, Chief of Staff, at 606-1000.

Attachments

Jim D. [unclear]

Let's do this.

Todd

THE WHITE HOUSE
Washington

I am delighted to extend my warmest congratulations to the winners of the 1996 OPM Director's Awards for Outstanding Employee Health Services Programs. Each of the agency programs that were nominated for this award is truly noteworthy, and it is quite an honor to be selected as one of the best.

I am also pleased to send greetings to all of you attending the National Conference on Federal Employee Assistance and Health Enhancement Programs. I commend each and every one of you for your dedication to your agency's employee health services program. The success of your efforts is visible each and every day in terms of improved employee health and productivity. For over three decades, the Federal Government, as an employer, has recognized the importance of these programs and services which are offered at the worksite. I want to take this opportunity to convey my personal support for Federal worksite employee health programs.

Hillary joins me in sending you best wishes for a most productive and enjoyable conference and for every future success.

William J. Clinton

THE WHITE HOUSE

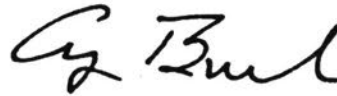
WASHINGTON

February 10, 1992

I am pleased to congratulate the administrators and staff of the Outstanding Employee Health Services Programs that are receiving the 1991 Director's Award from the Office of Personnel Management. Each of the 66 programs that were nominated for this award is truly noteworthy, and you can be proud of having been selected as the best among them.

By developing creative, comprehensive methods to improve the health and fitness of your employees, you have made your agency's operations more pleasant, more vigorous, and more efficient. You can take pride in the scope of your achievement, in the health and the morale of your coworkers, and in the improved service that they will give to our Nation.

I commend your efforts, and I join with Director Newman in celebrating your programs as examples for others to follow.

A handwritten signature in dark ink, appearing to read "G. Bush". The signature is fluid and cursive, with the first letter of the last name being a large, stylized "B".



Presentation of

**The 1991 Director's
Awards
for Outstanding
Employee Health
Services Programs**

April 8, 1992

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 6/7

TO: Jim Dorst

FROM: Staff Secretary

COMMENT:

Can you coordinate with Mil office
to respond?

For Appropriate Action ✓
For Presidential Response

DUE DATE:

Gary Gulbro
CMR 405 Box 1651
APO AE 09034
May 1, 1996

President Clinton and First Lady Hillary Rodham Clinton
Whitehouse
c/o Phillip Caplin
Special Assistant to the President for Cabinet Affairs
1600 Pennsylvania Ave.
Washington D.C., 20500

Dear Mr. President and Mrs. Clinton,

Let me first say how delighted I am that you took the time to visit "balmy" Baumholder this year. I think you made the correct choice in sending troops to Bosnia. I furthermore think you are the best President our great country has had in a long time.

I realize both of you have incredibly busy schedules, but I feel I would be doing my students a disservice if I didn't inform you of our situation in Baumholder.

For the past 4 years schools such as ours (DODDS) have not been staffed with the number of teachers students need. It has something to do with one or both of the following: the post commander under estimates the projected total number of families, and the formula DODDS uses to determine pupil-teacher ratio is incredibly inadequate. DODDS divides the total number of students by everyone who works in the school, such as music and physical ed. instructors, or media and special ed. specialists. On paper we have a pupil-teacher ratio of around 14-1. In reality the only class that comes close to this figure is first grade. Our third and fourth grade are bulging at 29 students. The rest of our classes average 26.

Now we are faced with a new fire to fight. My principal told me (music instructor), the physical ed. teacher, and our media specialist that in addition to our full-time duties at Wetzel Elementary, we will be teaching at a another school 10 miles away. This extra school will have 250 students, which is enough to warrant half-time slots for all of the above subjects. Why doesn't the principal take her allotted half-time slots in P.E., Music, and Media? They claim the government is looking for ways to cut costs. At whose expense? Our childrens' of course!

What follows is a letter I wrote to our Germany superintendent. I would love for you to read it and maybe somehow whisper in the right person's ear concerning this matter.

Thank you so much for your time and energy.

Musically yours,

Gary Gulbro

Gary Gulbro

Music Instructor

Wetzel Elementary

Gary Gulbro
Music Instructor
Wetzel Elem. School
CMR 405 Box 1651
APO AE 09034
April 25, 1996

Dr. Larry Philpot, Director
DoDDS-Germany
Unit 29649
APO AE 09096

Dear Dr. Philpot,

I would like to thank you for the support you have given the music educators in the Kaiserslautern area, in particular the time off to have our much needed meetings. But I must address a topic that greatly concerns me and many parents at Wetzel Elementary School, in Baumholder.

I understand that our physical education instructor, media specialist, and I will have to share our teaching duties with Neubruecke Elementary School next year. Here are just a few ways in which the above would be detrimental to our students' education with regards to just the music program. The impact of all three areas is, of course, even greater.

- Students' instructional time in music would be reduced by approximately 30%, which is far below DoDDS and the Music Educators' National Conference (MENC) recommended contact time of 90 minutes per week. See attached copy.
- Reduced instruction in music jeopardizes the DoDDS Mission Statement regarding a high quality education for all and undermines the President's GOALS 2000.
- DoDDS has a recommended pupil-teacher ratio of 1-500 for music. MENC suggests 1-400. Adding another school means an additional 150 to 200 students to the present population of 500. See insert.
- Reduced contact time with students makes it impossible to achieve more than a fraction of the National Music Standards.
- Less instruction in music means fewer opportunities for children to perform, since most of my rehearsals are during the normal class period and involve entire grade levels. Performing for one's peers is an extreme boost to a child's self-esteem, an area of great importance to all children.

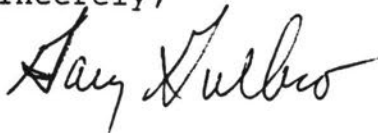
---The Bosnia deployment has deeply affected children in the Baumholder area. By reducing music instruction our children will not have as many chances needed to express themselves in order to help cope with their fears and anxieties.

---According to the latest studies in brain research, frequent study of music enhances a child's spatial intelligence -- the ability to visualize the world accurately. This skill later translates into complex math and engineering skills. Instead of reducing our students' contact time in music we should be increasing it.

As you know, Dr. Philpot, music is an incredibly complicated discipline, with specific concepts to be learned. These concepts are presently being mastered at Wetzel in a variety of ways, due in large part to our 3 day rotating schedule. Why spoil an educationally sound program in music, physical education, and media? Why put at risk all that GOALS 2000, DoDDS and MENC stand for?

I strongly urge you to reconsider the proposed arrangement to give the specialists at Wetzel Elementary an additional school to teach and do what is best for our students.

Sincerely,



Gary L. Gulbro
Wetzel Elementary Music Instructor

Enclosures

cc: Hillary Clinton
William Perry
Edwin Dorn
Lillian Gonzalez
Larry Philpot
Terry Kacik
Robert Richards

**OPPORTUNITY-TO-LEARN STANDARDS FOR
MUSIC INSTRUCTION**

Prekindergarten through Grade 12

**Copyright 1994
Music Educators National Conference
1806 Robert Fulton Drive
Reston, VA 22091-4348
All rights reserved.**

**Developed under the direction
of the
MENC National Executive Board
Paul R. Lehman, Project Director**

3. The repertoire taught includes music representing diverse genres and styles from various periods and cultures.
4. The music curriculum is described and outlined in a series of sequential and articulated curriculum guides for each grade level.
5. Every student receives general music instruction each week for at least 90 minutes, excluding time devoted to elective instrumental or choral instruction. Music is woven into the curriculum throughout the school day.
6. Instruction by music specialists is provided in periods of not less than 20 minutes nor more than 30 minutes in grades 1 and 2 and in periods of not less than 25 minutes nor more than 45 minutes in grades 3 through 6.
7. Classes in general music are no larger than classes in other subjects of the curriculum.
8. General music instruction includes at least two of the following: recorder, fretted instruments, keyboard instruments, electronic instruments, instruments representing various cultures.
9. Instruction is provided in string, wind, and percussion instruments. Instrumental classes meet at least two times per week for a total of at least 90 minutes, including individual instruction and work in small groups and large ensembles.
10. Instruction on string instruments begins not later than grade 4, and instruction on wind and percussion instruments begins not later than grade 5. For the first year of instrumental study, students are taught at least part of the time in homogeneous instrumental groupings.
11. Every performing group presents two to three performances or open rehearsals each year for parents, peers, and the community.
12. Musicians and music institutions of the community are utilized, when available, to enhance and strengthen the school music curriculum.
13. When students with disabilities are included in regular music classes
 - a. their placement is determined on the same basis as placement for students without disabilities (e.g., musical achievement, chronological age),
 - b. music educators are involved in placement decisions and are fully informed about the needs of each student,
 - c. their placement does not result in classes that exceed the average class size for the school by more than 10%,
 - d. the number of these students does not exceed the average for other classes in the school by more than 10%.
14. Music instruction is provided for students receiving special education who are not included in regular music classes. Music instruction for students with disabilities is designed to teach practical music skills and knowledge that will assist the students in functioning successfully in the music environments of the home, school, and community. The amount of time for music instruction is equivalent to that provided to students without disabilities.
15. Students with disabilities are given the same opportunities to elect choral and instrumental instruction as other students. If a music task cannot be performed by students with disabilities exactly as it would be by other students, adaptation is provided so that students with disabilities can participate insofar as possible.
16. Special experiences are designed for gifted and talented students according to their abilities and interests.

Music is taught by music specialists in collaboration with classroom teachers. Leadership, guidance, and musical expertise are provided by specialists, who possess the skills and knowledge to teach the structure of music, the performance of vocal and instrumental music, the appropriate use of the voice, accurate pitch discrimination, and creativity in music. Their efforts are complemented by classroom teachers, who have the unique opportunity to make music a part of the daily life of the students and to integrate music into the total curriculum.

2. All music educators are musicians/teachers who are certified to teach music, have extensive specialized knowledge and training, and are fully qualified for their instructional assignments in music.

3. In order for every student to have reasonable access to the teacher's attention, the teacher/pupil ratio in general classroom music is no greater than 1:400.

4. In order that every student may receive a comprehensive, balanced, and sequential program of study, every music educator has a block of time of at least 30 minutes for preparation and evaluation each day, excluding time for lunch and for travel from room to room and building to building. Sufficient time for travel is calculated in the teaching loads of teachers required to move from one building to another.

5. In order that every student may have access to a teacher whose knowledge is current and whose teaching embodies the best current practices, every school district or school provides a regular program of in-service education that includes at least two paid days for professional development activities arranged by the district or school each year for every music educator. In addition, every music educator is permitted at least two paid days of leave each year for professional development activities proposed by the teacher and approved by the district or school.

6. Special-education classes in music are no larger than other special-education classes. Teacher aides are provided for special-education classes in music if they are provided for other special-education classes. If a student with a disability has an aide to assist in other classes, the aide also assists the student in music classes.

7. In order that special-education students may receive adequate instruction, every music educator working with these students has received training in special education and, for purposes of consultation, has convenient access to trained professionals in special education or music therapy.

8. In order that the instructional program of every student may be adequately coordinated and articulated from level to level, one music educator in every district or school is designated as coordinator or administrator to provide leadership for the music program. This person is employed on a full-time basis for administration when the staff includes 25 or more music educators. The amount of administrative time is adjusted proportionately when the staff is smaller. Additional administrative staff is employed at a rate of one-fifth time for each additional 5 teachers above 25.

Materials and Equipment

1. Every room in which music is taught is equipped with a high-quality sound-reproduction system capable of utilizing current recording technology. At least some of the audio equipment can be operated by the students. Every teacher has convenient access to sound recordings representing a wide variety of music styles and cultures.

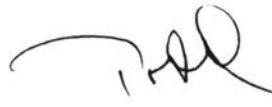
2. In every school the following are available for use in music instruction: microcomputers and appropriate music software, including notation and sequencing software; printers; sufficient Musical Instrument Digital Interface (MIDI) equipment; multiple electronic keyboards; synthesizers; and computers equipped with CD-ROM drives, and music-related CD-ROMs. Also available are video cameras, color monitors, stereo VCRs, and multimedia equipment combining digitized sound and music with graphics and text.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 5 7

TO: Jack Quinn
CC: Jack Lew
FROM: Staff Secretary

This is a long-time
friend of the President's -
Wheeler, DeLoach, etc.

Does anyone in your
shop work this issue with
me? We need to be
responsive. 

MAY 7 48:33

Handwritten notes:
Munich
300
JH
ce

LOWENSTEIN, SANDLER, KOHL, FISHER & BOYLAN

A PROFESSIONAL CORPORATION

COUNSELLORS AT LAW

65 LIVINGSTON AVENUE

ROSELAND, NEW JERSEY

07068-1791

TELEPHONE (201) 992-8700

FACSIMILE (201) 992-5820

May 3, 1996

Douglas S. Eakeley

By facsimile and regular mail

Hon. Bill Clinton
President
The United States of America
The White House
Washington, DC 20500-2000

Dear Mr. President:

Re: Legal Services Corporation

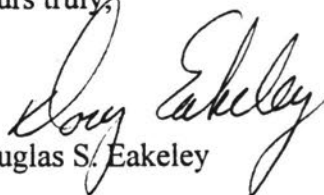
I write to express my keen disappointment with the final FY 1996 appropriation for the Legal Services Corporation. Not only did we sustain a one-third cut in our appropriation, from \$415 million (pre-rescission) to \$278 million: that reduction was accompanied by a host of onerous new restrictions which impair local programs' ability to represent their clients effectively, while causing other funding sources to dry up. As the New York Times put it in its recent editorial, LSC is the chief "loser" in this year's appropriation process.

But my concern goes beyond the outcome of last week's negotiations. We are now on what the House leadership calls the "glide plan" to total elimination of the Legal Services Corporation, and anticipate another 50% cut for FY '97 pursuant to the Budget Resolution to zero out LSC by FY 1998. Our failure to move away from that "glide plan" in the negotiations (much less to secure the \$340 million that the Senate had voted to appropriate) has sent an unfortunate message to friend and foe alike, discouraging the former and encouraging the latter.

May 3, 1996

a We need to discuss this dire situation. I will be in Washington from Sunday, May 19th through Wednesday, May 22nd. Can you squeeze me into your schedule, sometime, somehow?

Yours truly,



Douglas S. Eakeley

DSE:cw
Ms. Nancy Hernreich

THE PRESIDENT HAS SEEN

5/6/96

THE WHITE HOUSE

WASHINGTON

April 23, 1996

96 APR 23 PM 03

complete copy sent

Memorandum for the President

From : Mike McCurry
Press Secretary

MMc

Subject : Editorial boards

^{regional}
The following is a list prepared by the Office of Media Affairs of newspapers with circulations of greater than 50,000 and who they endorsed in 1992. We have also listed recommendations for those editorial boards which need to be visited by you or Vice President Gore.

We look forward to working with Harold, Evelyn, Stephanie and Anne on scheduling these visits in the coming months. Please let me know if you have any additional recommendations.

but remember the smaller
papers sometimes influence
a larger percentage of their
aerial readers - so this should
be a serious outreach to the
many - a few hundred urban
readers is not true and any
other that may be valuable
Be

NEWSPAPERS WITH CIRCULATIONS >50,000

ALABAMA

Paper	Circulation	'92 Endorsement	Recommendation
The Birmingham News	163,284	GB	
Birmingham Post-Herald	61,611	none	
The Huntsville Times	58,568	none	
Mobile Register	58,568	none	
Montgomery Advertiser	61,420	none	

ALASKA

Paper	Circulation	'92 Endorsement	Recommendation
Anchorage Daily News	71,667	C/G	

ARIZONA

Paper	Circulation	'92 Endorsement	Recommendation
Arizona Republic	399,702	GB	POTUS
Mesa Tribune	55,404	no	
Phoenix Gazette	75,872	GB	
Arizona Daily Star (Tucson)	102,960	C/G	

ARKANSAS

Paper	Circulation	'92 Endorsement	Recommendation
Arkansas Democrat-Gazette	178,000	none	POTUS

CALIFORNIA

Paper	Circulation	'92 Endorsement	Recommendation
Bakersfield Californian	76,444	C/G	
The Fresno Bee	154,997	C/G	VPOTUS
Long Beach Press-Telegram	123,891	GB	
Investor's Business Daily	194,387	none	
The Modesto Bee	84,536	C/G	VPOTUS
The Oakland Tribune	101,033	C/G	VPOTUS
Inland Valley Daily Bulletin	84,350	none	
The Desert Sun (Palm Springs)	52,522	none	
Antelope Daily Press (Palmdale)	51,209	none	
The Press Enterprise (Riverside)	167,958	C/G	
Sacramento Bee	281,202	C/G	POTUS
San Bernandino Sun	87,993	C/G	
San Diego Union-Tribune	382,804	GB	VPOTUS
San Francisco Chronicle	499,526	GB	POTUS
San Francisco Examiner	111,323	C/G	POTUS
San Jose Mercury News	290,181	C/G	POTUS
The Orange County Register	357,788	none	POTUS
Santa Rosa Press-Democrat	95,394	C/G	

Jim Hoagland 5-6-96

Global Vulnerability

Bill Clinton's political resurrection is widely attributed to the tactical mistakes and misjudgments of the Republican leadership in Congress and the GOP freshman class. But a brief immersion in European politics suggests that the electoral currents running in Clinton's favor at the moment may be both broader and deeper than that.

Two impressions dominated recent discussions in Britain and France with political leaders, bankers, intellectuals, diplomats and others. The first:

Economic insecurity is a pervasive and real political force in industrialized democracies today, whether the national employment and industrial production statistics are ghastly—as in France and Germany—or on the robust side, as in England and America.

The arguments in America over whether workers are justified in feeling insecure or are the victims of their own exaggerated expectations miss the point. The pressures of economic change forced by technology, the expansion of free trade and foreign investment and other factors lumped under the term "globalization" are changing the way citizens think about their governments, their employers and their futures, whatever the statistics say.

The workers of America and Europe now live in a time gap—in the trough between the rapid arrival in their lives of a global economy in which corporations and financiers leapfrog national boundaries, and the slow, cautious response of politicians and bureaucracies to economic forces they cannot control.

"People came to understand that workers lost their jobs when their company recorded huge losses. But how can we expect them to understand—and accept—that now they will lose their jobs while their company records huge profits? That their company makes those profits by 'downsizing' them?" asked a prominent British banker who is himself planning such an operation.

My sense of the widespread psychological vulnerability that the era of globalization is producing was reinforced by being in England and France at a moment when the controversy over mad cow disease was at a high pitch. The tiny possibility that infected British beef had been imported into France underlined for the food-conscious French the crowding in of dangers and problems from abroad.

The revolution in transportation and the opening of borders to the

movement of goods, money and people have helped power globalization and its economic fruits. But these changes are identified in the minds of many with the arrival in America and other industrial democracies of drugs, the AIDS and Ebola viruses and other scourges. The seeming collapse of national boundaries as barriers to pestilence and crime seriously drains confidence in national governments and creates fertile ground for the xenophobia preached by Pat Buchanan and Ross Perot here and Jean-Marie Le Pen in France.

That is where the second, somewhat paradoxical, impression comes in. The political currents stirred by the new, accentuated economic and physical insecurities of the global economy cut two ways. They drain confidence in the establishment. But they also inspire a longing for government activity and involvement in reassuring voters and helping them cope in an economy that suddenly seems devoid of logic and justice for many of them.

This clearly benefits Clinton's fortunes, which seemed to have been devastated two years ago when a current of fear and resentment washed a hard-edged Republican majority into Congress. But the narrow,

often backward-looking remedies the Republicans proposed, as well as their tactics, triggered a reassessment of Clinton, who is shown by current opinion polls as beating Bob Dole.

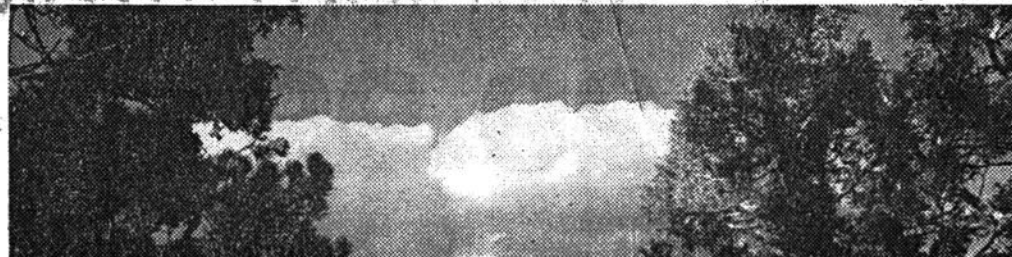
That is in part because Dole has seemed tongue-tied when dealing with what he would do about the economic and social consequences that globalization is offering to and inflicting on America. Clinton benefits from a spreading realization that government still has a big role to play in bridging the gap between corporations and capital markets that treat the world as their home and labor forces that are national entities.

Electorates yearn for political leaders who can explain in everyday terms the seemingly inexplicable and uncontrollable forces that threaten if not their jobs then their careers, or the careers their children may never have in a world economy built on temporary, just-in-time employment.

Europeans often use political campaigns to explain issues and illuminate the choices and trade-offs electorates face. This year Dole and Clinton should give America a campaign that fulfills the true functions of politics, explaining and illuminating, and not stage a horse race measured in sound bites and attack ads.

James Bishop Jr.

O Say, Can You See



5-6-96

OFFICE OF THE VICE PRESIDENT
WASHINGTON

Leon
Mem to Dir
ds

M E M O R A N D U M

DATE: April 22, 1996
TO: Evelyn S. Lieberman
FROM: Ron Klain
RE: G-7 Conference Site in Nashville

Again, on behalf of the Vice President, I am providing additional information illustrating Nashville's suitability as the site of the 1997 G-7 Conference in the United States. We wish to take this opportunity to highlight two specific aspects of Nashville: the high number of G-7 companies with operations in the Metropolitan region and the area's historic and cultural attractions as possible summit venues. As always, further detailed information about Nashville is available through me or through Bill Mason, Director of Correspondence for the Vice President, at 224-2424.

FOREIGN COMPANIES IN THE NASHVILLE AREA

Many international corporations from the other G-7 nations have invested heavily in Tennessee and specifically in the Nashville area. Combined, these corporations have 336 facilities in Tennessee. Almost one-third of them are located in the eight county Davidson-Nashville Metropolitan area.

These businesses manufacture products ranging from auto parts to western boots. Among the largest foreign companies are Japan's Nissan Motor Manufacturing Corporation (automobiles), England's Murray Ohio Manufacturing (bicycles & lawnmowers), Canada's Northern Telecom Inc. (telecommunications equipment), and Italy's Teksid Aluminum Foundry (aluminum cylinder heads).

Japan has a massive investment in the area with 45 different Japanese plants and factories in the region. England follows with 25, Canada with 19, Germany with six, France with five, and Italy with two. Enclosed is a list of all foreign-owned companies from G-7 nations with operations in the Davidson-Nashville Metropolitan area.

ATTRACTIONS AND VENUES

Halifax: During the 1995 G-7 Summit in Halifax, Nova Scotia, both the Canadian government and a variety of private organizations sponsored several special events for different groups of people. Among those open to the public were fairs, festivals, sporting competitions, business and science showcases, seminars and a beach party. These events were designed either to educate people on the workings of the G-7 summit or simply to display the beauty, culture, and wonder the city of Halifax had to offer.

Those officially visiting Halifax for the summit also had opportunities to view the splendor of the city. Members of the media were welcomed to the summit with a celebration by the harbor during their summit orientation. The G-7 Leaders and their delegations were treated to a delightful harbor cruise and a fireworks display. In addition, a concert held at the Halifax Citadel--one of Canada's national historic sites--showcased Canadian talent to the delegations and the media.

Of course, G-7 Summits are not for sightseeing but for reviewing global economic and political issues. The G-7 Leaders, their Foreign Ministers, and their Finance Ministers all spent a great deal of time with their colleagues discussing a variety of issues. The G-7 Leaders primarily met at Summit Place and the adjacent Maritime Museum of the Atlantic. They also held a working dinner at the Waegwoltic Boat Club prior to their harbor excursion. The Foreign and Finance Ministers also held meetings in various locations, many of them being downtown restaurants.

Nashville: People describe Nashville as a mix of the contemporary and the traditional. Over the years, the city has grown into a national center for music and entertainment, finance, health care, and transportation while preserving the culture, charm, hospitality, and gentility associated with the South.

Situated along the Cumberland River and the among the rolling, green Tennessee hills, Nashville has a great deal to offer foreign visitors. A large number of historical and cultural locales surround the Nashville area such as the Hermitage (home of Andrew Jackson), the Bell Meade Plantation, the Country Music Hall of Fame and Museum, the home of the 11th U.S. President James K. Polk, and The Parthenon--a full scale reproduction of Greece's Parthenon. Along the Cumberland, the old showboats of the 1800's still cruise the river offering dining, dancing and a splendid view. Foreign dignitaries would enjoy visiting these sites privately, or officially since many of these locations also provide meeting facilities that could be utilized by the G-7 conference.

Nashville's rich musical tradition has earned it the well-deserved nickname, Music City, USA. As I mentioned in my previous memo, Nashville's first-class country-music industry would be available for the G-7 conference. The Grand Ole Opry at the Opryland complex can easily provide an evening's entertainment for the public, the press, a prime minister, or even a president. Because of country music's world-wide popularity, we believe such a venue would be well received. In addition, Historic Second Street in downtown Nashville also provides a wide assortment of venues for music lovers.

Providing facilities for the media at G-7 Summits can be extremely difficult. In Halifax, the members of the press were limited in their number by the Canadian government because the city could not accommodate them all. Nashville has several settings large enough to handle a media influx, including the Nashville Convention Center (118,000+ square foot exhibit hall and 25 break-out meeting rooms), which is connected both to the Stouffer Renaissance Nashville Hotel (19 additional break-outs) and the city's new 20,000-seat arena (being completed this year).

Finally, it is important to note that the Nashville Convention & Visitors Bureau recently received two of the meeting industry's most prestigious awards. We believe this recognition further demonstrates that Nashville not only is more than capable for meeting the task of hosting the G-7 Summit, but also it is worthy of showcasing the United States to the world.

CANADA

ABC Technologies, Inc
A.G. Simpson
Amhil Enterprises, LTD
Fiesta Barbecues LTD. Inc.
MacMillan Bloedel, Inc.
Norandal USA, Inc.
Northern Telecom, Inc.
Ontario Die of Tennessee
Orchid Automation Services Inc.
Porcelain Industries, Inc.
Quebecor Printing, Inc.
Salga Plastics
Sky Chef
Tridon, Inc.

plastic auto parts
auto stamped parts

gas grills
corrugated boxes

telecomm. equipment
dies
motor assemblies/robots

commercial printing

in-flight catering
wipers

ENGLAND

ADT Truck & Equipment
ADT Automotive
Argus Mailing Service, Inc.
Cable Belt Conveyors, Inc.
Caradon Better-Bilt, Inc.
Faultless Caster Corp.
Ferodo America, Inc.
General Accident Insurance Co.
Georgia Boot, Inc.
Horace Small Mfg. co.
Liberty Records
Linatex, Inc.
Medtrac, Inc.
Murray Ohio Mfg. Co.
Nashville Auto Auction, Inc.
Parker Bath, Corp.
Parts Plus of Nashville
Pillsbury, Inc.
Reemay, Inc.
Smithkline Beecham Clinical Lab.
Suburban Propane
United Clays, Inc.
Willis Corroon Americas

car & truck auctions
mailing services
mining conveyor belts
aluminum & vinyl windows
furniture casters
motor vehicle parts
insurance
western boots & shoes
uniform pants & outerwear

steel fabrication
medical cost containment
bicycles & lawnmowers

health care equipment
auto parts
bakery goods
polypropylene & polyester
reference laboratory

ceramics
insurance brokers

FRANCE

Edgcomb Metals Co.
Rhone-Poulenc Basic Chemicals Co.
Rhone-Poulenc AG Co.
Square D. Co.

carbon
industrial chemicals
insecticides & herbicides
electrical distribution

ITALY

Pirelli-Armstrong
Teksid Aluminum Foundry, Inc.

passenger car tires
aluminum cylinder heads

GERMANY

BASF Corp., Fibers Division
Herman Holtkamp Greenhouses
Kampf Machinery Corp.
Optiflora, Inc.
Paracelsus Health Care Corp.
Wirtgen America, Inc.

auto parts
floral products
paper finishing machines

health services
milking machines

JAPAN

Alcoa Fujikura, Ltd.
Americana Records, Inc.
ATC, Inc.
Autrans Corp.
Allied Signal-Jidosha Kiki Corp.
Bridgestone/Firestone, Inc.
Dixie Wire Co.
Falken Tire Corp.
Fujikura International, Inc.
Hitachi America, Ltd
ITW-Nifco
Kagiya Trading Co. of America
Kohl Madden Printing Ink
Marubeni America Corp.
Mi-Tech Steel, Inc.
Mitsui and Co. (USA)
Nifast Corp.
Nissan Fire & Marine Ins. Co., Ltd.
Nissan Motor Corp.
Nissan Trading Corp.
Nissho Iwai American Corp
Pinnacle Steel Processing, Inc.
The Pearl Group
Riverport Steel, Inc.
Rohm Electronics
Sato-American Metal
Sony Music
Sony Tree Publishing
Sumiden Wire Products, Corp.
Teijin-DuPont Films
Tennex Industries, Inc.
Toshiba America, Consumer Products
Tsubaki Conveyor of America, Inc.
U.S.A. Zama, Inc.
Vintec Co.
YKK USA, Inc.
Yamakawa Mfg. Corp of America
Yamakawa's Small Parts
Yamazen, Inc.
Yasuda Fire & Marine Ins. of America

optical groundwire
music record promotion
plastic compounds
distribution
power brake boosters
tires & inner tubes
insulated copper
tires
holding company
auto electronic parts
plastic moldings

printing ink & supplies
metal processing
trial slit steel coils
tires

insurance
trucks & cars
car supplies & parts

musical instruments

electronic components
metal fabricated parts
music publishing
music publishing
stainless steel wire
polyester resin

televisions

metal stamping

machine tools
insurance

5-6-96

THE WHITE HOUSE
WASHINGTON

96 APR 26 09:39

April 26, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*

SUBJECT: Summary of Cabinet Weekly Reports
April 19 - April 26

*File 203 not
in file*DEPARTMENT OF TREASURY

- **Customs Seizure:** On April 25, Customs Commissioner Weise held a press conference to announce the seizure of 3,000 pounds of cocaine in Laredo, TX. The seizure is the result of Operation Hardline, an enforcement program set up along the Southwest Border last year.
- **Anti-terrorism Training:** From April 15 through May 3, eighteen Egyptian military personnel will attend an anti-terrorism class where they will receive training on methods of defending against assassination attacks, bomb searches, motorcade operations and defense, and firearms training.
- **IRS on the Internet:** During filing season, the IRS Internet site received more than 25 industry awards from sources such as *Netscape*, *USA Today*, *Tax World*, *Money*, *PBS*, and *PC Computing Magazine*. On April 15, visitors contacted the IRS site 1.87 million times and downloaded more than 104,000 files. Since January 8, the IRS has received more than 53.8 million accesses to its site.
- **Presidential Awards for Excellence in Microenterprise Development:** In preparation for the May 2 launching of the Presidential Awards for Excellence in Microenterprise Development, Treasury staff met with White House staff to review the outline and time frame of the program. The First Lady and Secretary Rubin videotaped the formal announcement of the Awards Program which will be shown at the annual conference of the Association for Enterprise Opportunity (AEO) on May 2.

5-6-96

DEPARTMENT OF COMMERCE

- **Kantor Begins:** On April 24, graciously introduced by Alma Brown, Secretary Kantor spoke to Commerce Department employees and reiterated his commitment to build on the legacy of the late Secretary. Secretary Kantor is preparing for a confirmation hearing scheduled for April 30 before the Senate Commerce Committee.
- **The following economic indicators are due for release in the next two weeks:**

New One-Family Houses Sold and For Sale	April 29
Value of New Construction Put in Place	May 1
Gross Domestic Product and Manufacturers' Shipments, Inventories, and Orders	May 2
Personal Income and Outlays and Housing Completions	May 3
Wholesale Trade	May 8
- **NIST and Manufacturing Extension Partnership:** On May 3, NIST plans to announce competition for new Manufacturing Extension Partnership centers to assist smaller manufacturers to modernize and better compete. Secretary Kantor is expected to forward NIST's ATP Report to Congress this week, the same report that had been scheduled for delivery on April 2.
- **SEMATCH Computer Consortium:** On April 29, NIST will announce that five companies and the computer consortium SEMATCH have joined forces with the Institute in a new consortium to develop instrumentation that will support manufacturers' efforts to pack more features into semiconductor chips.
- **Trade with Russia:** On April 29, NIST will also announce that to harmonize standards and enhance trade with Russia and the Ukraine, NIST, and other federal agencies and U.S. industry will meet next month with their counterparts from the two former Soviet states. These meetings are especially timely since both Russia and Ukraine are in the process of entering the World Trade Organization (WTO) and agreeing to the standards-related principles contained in the Agreement on Technical Barriers to Trade of the WTO.

DEPARTMENT OF LABOR

School to Work/Miss America: The Miss America organization has a Women's Achievement award that their titleholder can award to a person of her choice. Mrs. Clinton was last year's award recipient. This year, Miss America Shawntell Smith has selected J.D. Hoyer, an Administration appointee from Oregon who serves as the ~~National Director for School-To-Work~~. The awards ceremony will take place in D.C. on May 6, in conjunction with the Miss America Community Service Day, when every state's Miss America titleholder will do a School-to-Work event in a local community. On May 6, the Secretary will appear with Miss Smith on *Good Morning America*.

I showed
to a nice
attendant
on this
9 June

- **Olympic Guestworkers:** On April 23, The ETA hosted an interagency meeting with the State Department and the INS to discuss foreign guestworker issues with the AFL-CIO, IBEW, CWA, which represent U.S. broadcast workers. ETA offered assistance to the Atlanta Committee for the Olympic Games (ACOG) in processing approximately 300 foreign guestworkers under the H-2B (temporary labor certification) program to work in largely broadcasting-related positions during the Olympic Games. ACOG has not submitted any H-2B applications to ETA and instead has turned to the State Department to classify these workers under a non-guestworker visa classification. Unions representing broadcasting workers strongly oppose any such action.
- **Corporate Leaders:** On May 1, the Secretary will meet with CEO's from Xerox, ALCOA, and Tenaco to discuss corporate responses to changes in the economy.
- **European Union:** On May 2, Secretary Reich will sign a Memorandum of Understanding (MOU) with EU Commissioner Padraig Flynn to establish a working group on employment and labor-related matters.
- **Service Contract Act:** The Department is in the process of distributing about \$4.7 million in back wages to approximately 100 employees of B.J. Titan who worked on an Energy Department project at a Nevada test site.
- **Yale:** On April 24, some 1,100 service and maintenance workers suspended their four-week strike against Yale University. The employees are represented by Local 35 of the Federation of University Employees, an affiliate of the Hotel Employees and Restaurant Employees International Union. Earlier a separate unit of the same union representing clerical and technical employees, suspended a month long strike against the university and returned to work on March 7. Direct negotiations between Yale and the two local unions are scheduled to resume April 30. If further negotiations are unsuccessful, it is uncertain at this time when the strike is likely to resume. However, because of the considerable local and regional interest in this dispute, demonstrations and informational picketing can be expected to continue.
- **Service Employees:** On April 23, delegates to the convention of the 1.1 million member Service Employees International Union elected Andy Stern president, and Betty Bednarczyk secretary-treasurer. On April 24, the union announced a nationwide campaign directed at Kaiser Permanente, Beverly Enterprises, and Vencor-Hillhaven.
- **Mitsubishi Motors:** UAW president Stephen Yokich, AFL-CIO president John Sweeney, and a number of congresswomen have criticized Mitsubishi Motors for organizing public protests and a media campaign against the EEOC. On April 9, the EEOC filed suit alleging sexual harassment of female employees at Mitsubishi's auto assembly plant in Normal, IL. The UAW represents production workers at the facility.

- **Caterpillar:** On April 16, Caterpillar Inc. refused to allow the National Institute for Occupational Safety and Health (NIOSH) access to its parts plant in York, PA. The York facility was one of several Caterpillar plants involved in unfair labor practices strikes by the UAW in 1994-95. NIOSH is seeking to determine if chemical substances at the York plant are the cause of health problems affecting a group of workers represented by the UAW. Although a U.S. court upheld the NIOSH warrant, Caterpillar on April 19 again refused to allow the inspection. The U.S. Attorney's office in Harrisburg, PA is now asking the court to find Caterpillar in civil and criminal contempt. Caterpillar has until April 26 to demonstrate why it should not be held in contempt.



- **Boeing:** On April 23, Boeing announced that it expects to hire an additional 6,400 employees to increase commercial aircraft production. Most of the new hires will be production workers, and will be represented by the International Association of Machinists.
- **OSHA Event:** On April 26, the Vice President and the Secretary did an event with the AFL-CIO to celebrate the 25th Anniversary of OSHA. On April 29, the Secretary will deliver video taped remarks at the Smithsonian Institutions event commemorating the anniversary.
- **Family and Medical Leave:** On May 1, the Secretary will hold a press conference with the Chairs of the Commission on Family and Medical Leave, Senators Dodd and Craig to release the commission's final report. The Labor Department has been asked to coordinate the release with the White House.
- **Senate Democratic Policy Committee Luncheon:** On May 2, the Secretary will attend the Senate Democratic Policy Committee's luncheon to discuss the state of the economy, the minimum wage and the pension initiative.

Employment Situation: On May 3, the Department will release the employment and unemployment report for April.

DEPARTMENT OF TRANSPORTATION

- **St. Louis - Detroit Travel:** On April 29-30, Secretary Peña will travel to St. Louis to attend, along with Rep. Gephardt, ceremonies inaugurating TWA service from St. Louis to Toronto. While in St. Louis, he will also present a \$10 million light-rail grant, meet with state and local leaders, participate in an Editorial Board with the *St. Louis Post-Dispatch* and attend the Regional Commerce and Growth Association Roundtable. Secretary Peña will be in Detroit, April 30 - May 1 to attend ceremonies inaugurating Northwest Airlines' service from Detroit to Beijing. He will also meet with leaders of Detroit's Wayne County Airport, visit with auto executives and the UAW President, and attend a State Party Dinner.

- **Child Pilots:** On May 1, the House Subcommittee on Aviation has scheduled a hearing regarding the piloting of aircraft by children. The Secretary has expressed an interest in restricting children under 15 from operating an aircraft during takeoff and landing.
- **Montana Rail Link (MRL) Freight Train Derailment Update:** As of April 24, about 350 people are still unable to go back into their homes, and the MRL is continuing to provide assistance. I-90 is still closed due to soil contamination from chlorine in the area of the derailment. Disturbance of the soil has resulted in air samples, which, taken at the Interstate, indicate 15 parts chlorine per million parts air. The EPA states that 10 parts per million could cause injury if exposed for more than 10 to 15 minutes. The projected re-entry date for the evacuees and the opening of Interstate 90 is now April 27.
- **U.S. - Brazil:** Civil aviation talks with Brazil will begin April 29 in Washington. The objective of the talks is to further expand air services to Brazil, with special emphasis on achieving two U.S. objectives that remained unfulfilled after 1995 talks: obtaining the right to designate at least one additional U.S. airline to operate combination service and adding provisions to the agreement relating to cooperative marketing arrangements.
- **Smoking on Airlines:** As a result of prodding by DOT, U.S. air carriers have increased the number of no-smoking flights. Next week, DOT will issue a press release highlighting this development and praising the carriers. As of June 1, 80% of all international non-stop flights by U.S. carriers will be smoke free. All domestic flights are now smoke free.
- **New Vessel Traffic System:** On April 24, the Coast Guard awarded three separate contracts to Raytheon Co., Hughes Aircraft Co. and Lockheed Martin Corp. to compete in the first phase of a project to design a vessel traffic system (VTS) for the port of New Orleans. The three contracts total \$4.2 million and are phase one of their VTS 2000 program, designed to improve vessel transit safety in up to 17 major ports in the United States.
- **Chicago Cancels Buses to Olympics:** On April 18, the Chicago Transit Authority (CTA) canceled an agreement with the Federal Transit Administration (FTA) to provide 75 transit buses to be used in Atlanta during the Summer Olympics. The CTA feared that the loss of these buses would create a hardship on its passengers during the warm summer months. FTA has secured pledges from approximately 50 transit agencies throughout the Nation for more than 1,500 transit buses.
- **Electronic Filing of Airline Rules for International Passenger Service:** In an effort to reduce the airline industry's costs for complying with federal rules, a new rule was prepared that will permit U.S. and foreign airlines to file their rules on international

passenger fares and service electronically. The changes are expected to save the airline industry an estimated \$1.6 million annually in tariff submission, printing and distribution costs, and substantially reduce DOT's expenses.

- **FAA Appropriations:** On May 2, the Senate Appropriations Subcommittee on Transportation will hold a hearing on FY97 appropriations for FAA. Administrator Hinson will testify.
- **Olympics Story:** On April 23, the *New York Daily News* called about federal contributions to the Olympics, with particular interest in the \$28 million for buses.
- **Passenger Side Air Bags:** On April 23, the *New York Times* was provided additional information on deaths of children related to the deployment of passenger side air bags. The story is scheduled for the Sunday *Business* section and will discuss the devices being developed by various companies to be placed in seats to control air bag deployment.
- **ASR-9:** On April 20, the Air Route Traffic Control Center in Boston experienced a brief power outage resulting in minimal delays. The ASR-9 at Boston Logan experienced equipment problems the following day, which caused minimal delays. An air traffic controllers union press release spurred interest in the events resulting in coverage by most of the local media.

UNITED STATES TRADE REPRESENTATIVE

- **WTO Basic Telecommunications Negotiations:** Ambassador Barshefsky consulted with Congressional Members and senior USTR negotiators on the status of telecom negotiations, which are scheduled to conclude April 30. Currently, the quality and quantity of foreign offers are an issue of concern for the U.S. Barshefsky will continue to monitor developments and encourage negotiating partners to improve offers in the final days of negotiations.
- **WTO Appeal for Gasoline Regulations:** On April 29, the WTO Appellate Body will release a finding concerning the consistency of EPA regulations on reformulated gasoline. In December, a WTO dispute settlement panel ruled that the regulations were not consistent with U.S. obligations under the WTO agreements. The Administration subsequently appealed this finding, however USTR is not hopeful U.S. arguments will prevail.

- **Shrimp Imports:** On May 1, the U.S. will begin to embargo shrimp from countries that do not require the use of turtle extruder devices (TEDs) in order to protect endangered species. The embargo will affect at least 30 countries and approximately \$500 million worth of annual imports. Several countries have indicated to USTR their intentions to challenge the embargo at the WTO. This is pursuant to a court order from the International Court of Trade.
- **Special 301 and Title VII Determinations:** USTR will be finalizing annual determinations of priority unfair practices in the areas of IPR and government procurement under so-called "Special 301" and Title VII of U.S. trade law. On April 30, USTR will formally issue a report identifying those countries that deny adequate and effective intellectual property protection and fair and competitive government procurement procedures. China is expected to be identified as a "Priority Foreign Country" for inadequate IPR practices

DEPARTMENT OF JUSTICE

- **President's Deposition:** On April 24, the district court issued an order directing the parties in United States v. McDougal, et al. to submit memoranda in 30 days concerning whether copies of the videotape of your upcoming April 28 deposition should be publicly available after it is presented at trial. Pending a ruling on this issue, the Court also ordered all parties to return all copies of the tape to the Clerk after it is played, to be placed under seal.
- **Ninth Circuit To Hear Argument In Important Timber Case:** Northwest Forest Resource Council v. Glickman & Babbitt consolidated with Pilchuck Audubon Society v. Glickman, (D. Or.). In this case, the district court issued three separate orders, all on appeal, regarding the geographic scope, temporal scope and marbled murrelet nesting exception of the Emergency Timber Salvage Rider. On April 24, the Ninth Circuit issued its decision affirming the district court's broad reading of the geographic scope of the Rider. The district court had earlier refused to stay those sales impacted by the geographical scope case, thus, after yesterday's decision those sales will continue. A hearing is scheduled for May 7, on the appeal of the district court's orders on temporal scope and the marbled murrelet "known to be nesting" exception.
- **Disability Rights Settlement Reached with Theater Chain:** On April 16, DOJ announced a disability rights settlement agreement with United Artists Theater Circuit, Inc. (UTA). The settlement will provide for compliance by UTA with the Americans with Disabilities Act at more than 400 theater locations with approximately 2,300 screens throughout the United States.
- **First Mexican National Extradited From Mexico to United States:** On April 17, U.S. authorities took custody of Francisco Gamez Garcia in Mexico City and transported him to Phoenix. Gamez Garcia is wanted by the State of Arizona to be

5-6-96

sentenced for child molestation. Gamez Garcia is the first Mexican national ever extradited from Mexico to the United States.

- **Major Marijuana Fugitive Arrested in France:** On April 17, French police and DEA agents in Paris provisionally arrested a major marijuana trafficker, a U.S. citizen who avoided capture for more than two years. Authorities in the Northern District of Florida are seeking his extradition for conspiracy to possess marijuana with intent to distribute, conspiracy to import marijuana, and conspiracy to launder money.
- **Former Auschwitz Death Camp Guard Blocked from Entering United States:** On April 14, Office of Special Investigation and the U.S. Immigration and Naturalization Service (INS) jointly enforced the exclusion of Eugen Gratzner, a German tourist who was attempting to enter the United States at Kennedy Airport. At the request of OSI, Gratzner's name had been placed in the INS-State Department-Customs Service visa denial/border control "watchlist" system on the basis of his service as an SS sergeant at the Auschwitz-Birkenau death camp complex in Nazi-occupied Poland from 1941 to 1945. Gratzner was attempting to enter the United States under the Visa Waiver Pilot Program. He was refused entry and was placed aboard the next flight to Germany.
- **NY Man Charged Under Domestic Violence Statute:** A defendant was charged under a federal domestic violence statute for traveling across state lines with the intent to engage in conduct in violation of a state order of protection. A woman had obtained the order against the defendant, because he began stalking her after the break-up of their two-week relationship. The defendant faces a penalty of five years in prison and a \$250,000 fine.

Seizure in San Diego: On April 17, DEA San Diego raided a methamphetamine laboratory at a horse ranch in Bonsall. Agents seized 52 pounds of methamphetamine crystal and 20 pounds of methamphetamine in solution. Four suspects were arrested.

Violent Drug Trafficking Gang Arrested in San Diego: On April 16, 27 members of the "Ysidro" drug trafficking gang were arrested. A total of 38 gang members have been indicted in this investigation, which documented the gang's distribution of heroin, methamphetamine, cocaine and crack, and identified their suppliers.

Supreme Court Upholds NLRB's Categorization of Certain Poultry Workers: On April 23, the Supreme Court decided Holly Farms v. National Labor Relations Board, upholding the Board's determination that employees of a vertically integrated poultry producer working in "live-haul" crews--who collect for slaughter chickens raised by independent contract growers and transport them to the processing plant--are not "agricultural laborers" excluded from the protections of the National Labor Relations Act.

copies to
Emerson
Sossnick

- **INS Responds to Unfounded Charges of Misleading Congress.** Senator Simpson this week charged that INS misled Congress about whether legal immigration numbers should be cut. INS publicly responded, saying that it had in no way misled Congress. The confusion was borne out of the release of two separate sets of numbers. In late March, INS issued its annual retrospective report on legal immigration statistics, which showed that a 10% decrease in legal immigration had occurred in FY 95 compared to FY 94. Earlier this month, INS responded to specific requests from Members of Congress from both parties who were working on immigration reform. These Members asked INS for a range of projections on legal immigration through 2003 based on a number of assumptions. These latest projections showed increased in legal immigration in the coming years, and were consistent with testimony INS had given before the Senate last September.
- **Constitution Subcommittee Holds Hearing on Roe v. Wade:** On April 22, the Constitution Subcommittee held a hearing on "the origins and scope of Roe v. Wade. In the wake of the debate over the Partial Birth Abortion Ban Act, the Subcommittee wanted to explore the limits of Roe. The Democrats did not participate, but will instead hold a separate, minority day of hearings. The veto override vote on Partial-Birth Abortion could come up this week as well.
- **Senate Judiciary Committee to Hold Hearing on Affirmative Action in California:** The Senate Judiciary Committee has scheduled a hearing on California and affirmative action for April 30.
- **Attorney General's Schedule:** On April 30, Attorney General Reno will participate in the Sperling Breakfast. On May 3, the Attorney General will deliver the commencement address to the University of South Carolina.
- **Press Inquiries:** CBS asked about the cost incurred by the stand-off in Montana, and ABC asked about the third party negotiator offer from Bo Gritz and Randy Weaver to negotiate with them. US News may run a piece on the outcome of the budget deal for law enforcement issues.
- **FOIA:** Jim McGee of the *Washington Post* has requested records regarding a DEA and FBI merger, which was proposed and rejected in 1993. David Halperin has requested records regarding both the issue of whether Kenneth Starr's representation of Bell Atlantic Corp. or any other client is a violation of statutes governing private activities by former government officials; and information on a meeting between Starr and Solicitor General Days on August 1, 1994.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **HHS Approval of First Child Welfare Waiver:** HHS is finishing work on the child welfare waiver for Delaware, and it should be ready for approval early next month, making Delaware the first State to receive such a waiver based on legislative authority that HHS received late in 1994. The State has proposed a waiver of child welfare laws that would permit: 1) a substance abuse treatment project for parents, to reduce the need for foster care or the length of time children must spend in care; and 2) a new subsidized guardianship arrangement to provide permanent homes for children who cannot be adopted or reunited with their parents.
- **FDA Action Against Major Blood Facility:** On April 22, FDA, through the Department of Justice, filed a consent decree for permanent injunction against Blood Systems, Inc. d.b.a. United Blood Services (UBS). UBS is responsible for processing 6-10 percent of the nation's blood supply and has 17 facilities in 13 states. The action comes as a result of numerous inspections at the UBS facilities over the past 5 years. Despite multiple warnings, UBS failed to achieve compliance.
- **Clinical Study of Lung Reduction:** On April 24, NIH and HCFA announced their intention to collaborate on a multi-center, randomized clinical study of the effectiveness of lung reduction surgery. Medicare will cover the patient care costs for beneficiaries who participate in the study. This represents the first time that Medicare will pay for a surgical procedure provided as part of a clinical trial. The announcement was made the same day that research published in the *New England Journal of Medicine* demonstrated that lung reduction surgery can help victims of severe emphysema breathe easier.
- **Stroke Prevention Research:** On April 30, the Agency for Health Care Policy and Research (AHCPR) will sign an agreement with Duke University and DuPont Merck Pharmaceutical Company to continue research analyzing stroke prevention. Under the agreement, Duke will conduct a three-year clinical intervention trial designed to uncover optimal strategies for the use of stroke-preventing warfarin therapy in primary care practices.
- **New Medicare Handbook to be Distributed:** On April 23, the Government Printing Office awarded contracts for the printing of the 1996 edition of *Your Medicare Handbook*, which will be mailed to the more than 38 million Medicare beneficiaries. Distribution is expected to begin by mid-May and be completed no later than June 10. Copies will be distributed at the AARP convention to be held in Denver beginning May 23. Bulk shipments of the booklet are to be sent to private sector organizations that serve Medicare beneficiaries. The handbook will also be issued in Spanish at a later date.

- **OTC Nicotine Patches:** On April 19, an FDA advisory panel unanimously recommended switching two nicotine transdermal patches from prescription to over-the-counter use. FDA is moving expeditiously to complete its review of these two smoking cessation products for the relief of nicotine withdrawal symptoms.
- **Teen Pregnancy Prevention:** On April 30, Dr. Henry Foster will testify before the House Government Reform and Oversight Subcommittee on Human Resources and Intergovernmental Relations hearing on developing local strategies to prevent teen pregnancy.
- **Secretary's Schedule:** At the request of the DNC, the Secretary will travel to San Juan, Puerto Rico on April 28. On May 3, she will deliver a speech at the Strengthening the Role of Fathers in Families Conference in Bethesda, MD.
- **New York Times:** The *New York Times* has requested correspondence between HHS and Senator Robert Dole, including material relating to the Senator's efforts on behalf of companies dealing with the Department. The newspaper has requested any and all correspondence between HHS and the American Red Cross between 1990 and the end of 1995, including any correspondence reflecting concerns by HHS over the safety of blood supplies.

11/2/96

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **"State of America's Communities" Address:** On April 25, Secretary Cisneros delivered the first-ever "State of America's Communities" Address at the National Press Club. The speech showcased the Administration's success in supporting the growth of the nation's cities but issued a challenge to Congress, the business community, religious organizations, and local communities to help sustain the current momentum to bring our cities into full recovery. Four Republican members of Congress held a morning press conference to counter the Secretary's noon address, attacking HUD programs and the Administration's empowerment zone program. Secretary Cisneros appeared on several news show to discuss his speech, including: *The Today Show*, *Fox Morning News*, and *CNN's Crossfire*.
- **Federal Conference on Strengthening the Role of Fathers in Families:** On May 3, Secretary Cisneros will participate in the opening plenary session of the Federal Conference on Strengthening the Role of Fathers in Families. He will discuss the ways in which HUD has supported and facilitated fatherhood initiatives at the local level.

Copy to
Stephanopoulos

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **National Drug Control Strategy:** On April 29, the Director will join you in Miami with Secretary Rubin and the Attorney General to announce the release of the National Drug Control Strategy.
- **Visit to New York City:** On May 2 and 3, Director McCaffrey will address the Partnership for a Drug-Free America Annual Meeting, attend an editorial board with *Newsweek Magazine*, receive briefings from the UN counterdrug staff, and attend a dinner hosted by UN Ambassador Albright. Director McCaffrey will be taped to appear as a guest on *The Montel Williams Show*, a nationally syndicated television program, and will release two anti-drug public service announcements taped with Montel Williams. He will also be a guest on *The Charlie Rose Show*.
- **Press Events:** On April 28, Director McCaffrey will appear as the featured guest on *Meet the Press*. On May 1, Director McCaffrey will be the guest speaker for the Morning Newsmaker Roundtable at the National Press Club.

SMALL BUSINESS ADMINISTRATION

- **Empowerment Zone Initiative:** On April 29, Administrator Lader will open the Kansas City One Stop Capital Shop with House Small Business Committee Chair Meyers and the Mayors of Kansas City, MO and Kansas City, KS.

VETERANS AFFAIRS

- **Tornado Damage Temporarily Closes National Cemetery:** The tornado that hit western AR on April 21 heavily damaged Fort Smith National Cemetery, temporarily closing the facility. About forty trees were downed or damaged, the committal shelter was also damaged, and a 12-inch water main was broken. No injuries were reported and the cemetery resumed its burial schedule on April 23.
- **Congressional Hearings on Ionizing Radiation and Persian Gulf Pre- and Post-deployment Exams:** On April 30, the House Veterans' Affairs Committee will hold hearings on veterans exposed to ionizing radiation. On May 14, the committee will hold hearings on pre- and post-deployment exams for Persian Gulf veterans which are expected to draw media interest.
- **Land Transfer Kick-Off Ceremony Planned:** National Cemetery System Director Jerry W. Bowen has been invited to a kick-off ceremony on May 24 that signifies the transfer of 982 acres of Joliet Army Ammunition Plant to the Department of Veterans Affairs. The property will be used to build a national cemetery to serve the nearly one million veterans in the Chicago area.

- **VA Pharmacy Improvements:** The Veterans Health Administration has embraced an aggressive program to increase the number of goods and services acquired through bulk purchasing agreements. Nearly complete is the implementation of a pharmaceutical prime vendor program that will produce an estimated \$20 million annual savings. VA has also implemented four consolidated mail-out pharmacies that will increase pharmacist productivity by more than 150% and potentially save \$14 million in personnel costs this year.
- **Congressional Activities:** On May 3, the Senate Appropriations Committee/Subcommittee on VA, HUD, and Independent Agencies will hold a hearing on VA's FY 97 budget. Secretary Brown will testify.
- **National Nurses Week:** The Department plans to issue a news release later this month in recognition of National Nurses Week. The American Nurses Association and the American Red Cross also will be observing National Nurses Week and will be announcing 10 nurse "heroes" on May 6 -- one of the nurses is a VA employee.
- **Reporter to Visit VA Medical Center:** *Washington Post* reporter Bill McAllister plans to visit the VA Medical Center in Walla Walla, WA, later this month. His interest is in the effect on this individual facility of the reorganization of VA's medical system and any other possible changes in mission.

SOCIAL SECURITY ADMINISTRATION

- **Effectiveness in Obtaining Records to Identify Prisoners:** During the week of May 5, it is expected that SSA's IG will release its report on the suspension of Social Security and Supplemental Security Income benefits to prisoners. The report indicates that SSA has achieved only limited success in obtaining prisoner information from correctional institutions and notes that SSA does not have enforcement or sanctioning authority to ensure compliance with agreements. SSA now has agreements with almost all 3,500 Federal, State and local correctional institutions. It has recently asked for complete tapes from all 50 States to doublecheck prison records against SSA's beneficiary file.
- **Appropriations:** On April 30, Commissioner Chater will testify before the House Appropriations Subcommittee on SSA's FY 97 appropriation.

DEPARTMENT OF INTERIOR

- **Seminole Decision:** On April 26, in response to the Supreme Court's recent Seminole decision, the Department will be submitting to the Federal Register an Advanced Notice of Public Rulemaking (ANPR). The ANPR propose procedures to govern gaming for tribes located in states which fail to enter into compacting negotiations in good faith. Additionally, the Department will be testifying at an

oversight hearing on May 9 before the Senate Committee on Indian Affairs the ramifications of the decision.

- **Animas-LaPlata Project:** Congress in the FY 96 Energy and Water Appropriations Act directed the Secretary to proceed without delay with construction of the facilities for the Animas-LaPlata Project. The project is currently required to satisfy the requirements of the Colorado Ute Indian Water Rights Settlement Act of 1988. The Bureau of Reclamation filed the Final Environmental Statement (FSFES) for the Animas-LaPlata Project with the EPA on April 26. It will be published in the *Federal Register* on May 3. Interior plans to continue discussions with EPA regarding outstanding environmental issues.
- **Outer Continental Shelf (OCS) Lease Sale:** On April 25, a federal offshore natural gas and oil lease sale in the Central Gulf of Mexico attracted high bids of \$520.9 million. The Minerals Management Service (MMS) received a record 1,381 bids on 924 tracts; 5,649 tracts comprising about 30,322,792 acres offshore AL, LA, and MS were offered. Seventy-eight companies submitted bids totalling \$716,059,864.
- **Dinkum Sands Case:** The Supreme Court's Special Master has filed a recommendation in what is known as the Dinkum Sands Case, a dispute involving the disposition of coastal lands areas between Alaska and the U.S. Although the recommendation decides many issues in favor of the U.S., the Special Master recommended for the State on a key issue regarding disputed coastal lands within the boundary of the Arctic National Wildlife Refuge (ANWR). If this recommendation is confirmed by the eventual Supreme Court decision in the case, the State would be recognized to own those parts of the ANWR that are tidally influenced. *The Anchorage News* believes that this reopens the entire issue of ANWR drilling. DOI has not yet had the opportunity to review the Master's report. If the case were ultimately decided as per the recommendation which is likely to take more than a year, the state would then have ownership of what amounts to a strip of small coastal inholdings within the boundary of the refuge.
- **Wildlife Refuge Bill:** On a day of major environmental victories in the long-fought budget battle, there was one sour note: a House floor vote in favor of shifting the mission of the nation's Wildlife Refuges. The measure would expand hunting on Wildlife Refuges, expand military use of the refuges, and make it easier to transfer refuge lands to the states. Secretary Babbitt strongly opposed the bill and promised to recommend a veto. The measure moves to the Senate, where its fate is unclear at present.
- **Secretary's Schedule:** On May 2, the Secretary will be in Austin, TX at an event to celebrate the completion of the Balcones Canyonlands Habitat Conservation Plan. On May 3, the Secretary will travel to La Grande, OR, to attend a Resource Advisory Committee (RAC) meeting.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Texas/Kansas Drought-Stricken Areas:** On April 26-27, Secretary Glickman will visit the TX panhandle area and KS to view drought-stricken areas. Wheat production in KS, TX, and has been devastated by drought, wide temperature swings, and high winds. In TX, the Secretary will announce that producers who qualify, due to drought conditions, to graze their acres enrolled under the Conservation Reserve Program (CRP), will only have to pay a 5 percent reduction in their CRP annual payment on a monthly basis, but no more than 25 percent over a five-month period. Under the former procedures, producers had to pay the 25 percent upfront, even if they only grazed their acres for one month.
- **Wheat Disease Issue:** On April 16, Secretary Glickman agreed that USDA would compensate, on a one-time basis, grain handlers whose facilities are found to be contaminated with the wheat virus, Karnal bunt. AZ and parts of CA, TX, and NM are under federal quarantine because of Karnal bunt.
- **Grazing Bill:** On April 25, the House Resources Committee marked up a grazing bill, which mirrors the recently passed Senate version of the bill. The Administration opposes the Senate bill and has indicated that the President will veto the measure unless it is significantly modified by the House or in conference.

DEPARTMENT OF ENERGY

- **Naval Petroleum Reserve:** DOE has initiated a study of the disposition options for the Naval Petroleum and Oil Shale Reserve (NOR) assets in CO, UT, WY, and CA. Options for the study include continued Government ownership or sale of assets. The study is expected to be completed by late summer and proposed legislation will be completed by early fall.
- **Ward Valley:** DOE is working with Interior on the terms of a "Work for Others" agreement to perform tests at the Ward Valley, low level radioactive waste site. Under the program, DOI will utilize Livermore National Laboratory expertise to conduct tests on low level radioactive waste storage.
- **SC Workforce Restructuring:** DOE decided to revise its work force restructuring strategy for the Savannah River Site (SRS). On April 19, DOE announced that it will place a moratorium until January 1 on involuntary separations of permanent employees at the SRS. This will provide the opportunity to conduct additional work force planning associated with FY 97 budget impacts.
- **Receiving Spent Nuclear Fuel from Abroad:** DOE received a letter from Senator Feinstein expressing concerns about proposed spent nuclear fuel shipments from foreign reactors to the U.S. through the Concord Naval Weapons Station in CA.

5-6-96

Concerns included the port selection process, health and safety, and the potential expenses to local governments associated with the transport of the fuel. The Department is currently negotiating an agreement with the State and appropriate local jurisdictions to provide the necessary resources to implement the proposed program.

- **Radioactive Waste:** DOE's Savannah River Site in SC mistakenly sent radioactive waste containing tritium in excess of permitted limits to a low-level waste compactor in TN. Compaction resulted in a release of tritium with a minimal exposure to workers and no radiation threat to the public. The State has temporarily banned further shipments of waste. DOE is investigating the matter and will report their findings in May.
- **Pacific Northwest National Laboratory (PNNL):** On April 18, Secretary O'Leary announced that DOE restructured and extended its contract with Battelle Memorial Institute to operate PNNL in WA. This contract is the first of its kind among all DOE national laboratories, and Battelle initiatives are expected to generate \$60 million in savings by FY 97. As a condition of its new contract extension, the Laboratory is also required to create new jobs under an economic development component. PNNL is the second largest employer in WA. The 5-year extension is worth approximately \$3 billion.

Renewing Schools for the Next Century: DOE's Oak Ridge Operations Office is finalizing plans to donate more than \$6.4 million worth of computers and other math and science-related equipment to local schools. In addition, DOE's Brookhaven office provided ten computers to public schools in New York City.

ENVIRONMENTAL PROTECTION AGENCY

Project XL: EPA received the first Project XL federal proposal from Vandenberg Air Force Base in CA. The proposal sets milestones to reduce air emissions and seeks to implement a water recycling process to reduce waste water discharges.

DEPARTMENT OF EDUCATION

- **FAFSA Backlog:** The Department has eliminated the backlog in FAFSAs that needed processing. As of April 22, all applications received prior to April 1 had been processed, as well as nearly two-thirds of later applications.

OFFICE OF PERSONNEL AND MANAGEMENT

- **Home Addresses for Unions:** On April 23, Representative Mica, chair of the House Civil Service Subcommittee, issued a press release objecting to OPM's decision to provide the home addresses of OPM bargaining unit employees to the labor organizations that represent those employees. After extensive coordination with OMB

Copies to
VP
E. Kamandk

CV/ER
L...
G...
R...
S...
M...
P...
G...
of total

and a discussion in the President's Management Council (PMC), OPM implemented a new routine use of payroll records on April 17 that permits release of home addresses. OPM's new usage proposal followed confusion resulting from the recent government-wide shutdowns when unions could not communicate their members at work. Rep. Mica charged that unions would use the home addresses to "inundate federal employees with piles of highly partisan propaganda." He indicated that he plans to hold hearings on the matter. Senator McCain has also expressed interest in this issue.

- **Career Transition for Federal Employees Facing Downsizing:** OPM has expanded its federal jobs database to include private-sector employers and state and local governments. Already, more than 250 non-federal jobs have been listed by such employers as American Express, Booz Allen & Hamilton, NationsBank, the State of Iowa, Arlington County, VA, and the City of Rockville, MD. The jobs database is updated daily, and on a typical day has some 3,000 job listings.

DEPARTMENT OF STATE

- **Iraq:** Ambassador Albright met with Secretary-General Boutros-Ghali on April 22 to provide specific changes to the draft UN-Iraq Memorandum of Understanding on Resolution 986. UN negotiators revised the MOU to reflect our suggestions, eliciting cries of "foul" from the lead Iraqi negotiator. The proposed changes would ensure that adequate financial controls and UN oversight would prevent Iraqi abuse. Nonetheless, the Iraqi side has not definitely rejected the redrafted MOU.
- **Meeting with FM Qian:** Secretary Christopher's meetings with Chinese Foreign Minister Qian were productive and positive. On Korea, Qian agreed our proposal for four-party peace talks was responsible, but he did not want to anticipate North Korea's reaction. On Taiwan, the Secretary urged restraint on both sides.
- **Paraguay:** Democracy in Paraguay was challenged April 22 when Army Chief General Oviedo rejected President Wasmosy's order to resign. The Department marshalled a strong OAS diplomatic effort in response. Ambassador Service and OAS Secretary General Gaviria steadied Wasmosy's nerves in the early hours of the crisis. Finally, international pressure--particularly suspension of U.S. military assistance and the presence of Gaviria and top diplomats from Argentina, Brazil, and Uruguay in Asuncion-- helped defuse the stand-off. Oviedo resigned from the Army April 24 but senior civilian and military leaders objected to Wasmosy's deal to install Oviedo as defense minister. Negotiations to balance competing forces continue, and it appears that Oviedo has been convinced to decline the defense minister post.
- **Bosnia:** The April 18 target date in the implementation of the Dayton Accords saw all parties working to meet the deadline for returning soldiers and heavy weapons to barracks. Failure to meet the deadline was blamed on technical problems, not lack of will.

- **North Korea:** The initial DPRK response to the proposal for Four Party peace talks announced by you and President Kim has been cautious. The DPRK is considering the idea, but initial comments indicate it is still seeking to avoid dealing with the ROK. Japan expressed strong support, while Russia was critical of its exclusion from the proposal.

DEPARTMENT OF DEFENSE

- **Liberia:** The five ship *Guam* Amphibious Readiness Group with 1,800 Marines embarked is presently off the Liberia coast to support Operation Assured Response. The mission is to ensure the security of the American Embassy in Monrovia and evacuate any remaining Americans should it become necessary.
- **Satellite Contract Award:** Rockwell International Space Systems Division, Seal Beach, CA, was awarded the \$382 million Block IIF contract to build six next-generation GPS satellites. The contract contains options that would allow procurement of up to 33 satellites over the next nine years with a total value of \$1.3 billion. The Block IIF satellites will be delivered and launching starting as early as FY 01.

UNITED NATIONS

- **Travel:** Ambassador Albright left Washington on April 24, for Brussels where she will give the keynote address on UN/NATO cooperation in peacekeeping. Ambassador Albright will then visit Oslo and Stockholm to discuss UN reform. On April 28, she travels to Paris for discussions with senior French officials on peacekeeping and the former Yugoslavia as well as UN reform.
- **Sudan:** The Council is moving toward a vote on a resolution that would impose limited sanctions on Sudan for failing to extradite three men wanted in connection with the assassination attempt on President Mubarak.

CENTRAL INTELLIGENCE AGENCY

- **Trip to Africa:** This week Director Deutch returned from a two-week visit to Africa, the purpose of which was to learn about intelligence activities in Africa and to assess the direction they should take in the future. The Director found that the stations in Africa successfully address transnational issues and the recruitment of agents from hard target countries.
- **Congressional Testimony:** On April 30, the Director will testify before the House Committee on International Relations on organized crime, terrorism, and proliferation issues.

UNITED STATES INFORMATION AGENCY

- **Belfast Memorial Services for Brown/Meissner:** USIS Belfast assisted the Consul General and the Belfast City Council in arranging a memorial service on April 19 for Secretary Brown and Assistant Secretary Meissner. The service was attended by 150 political and economic notables, led by Minister of State Baroness Denton, the senior UK economic official in Northern Ireland. Media coverage was heavy. The Consul General's remarks underlined the continuing commitment of the US to support the goals for which the two men and their fellow passengers gave their lives.
- **Media Training for Bosnians:** Two media specialists, one from the *AP* and the other a free-lance producer from Boston, have arrived in Bosnia to conduct workshops and seminars for both government and independent media. The program is being coordinated with the OSCE Mission to Bosnia. The specialists will spend three weeks in Sarajevo, and then spend two months conducting similar workshops for media outlets in Tuzla, Zenica, Mostar, Banja Luka and other cities throughout the country.

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
May 4, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN &
HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Tyson/Sperling follow-up on Heritage Foundation study on "Clinton Crunch."** The Heritage Foundation finally made public the "study" on which Sen. Dole has been basing his claims that tax increases in 1993 cost the economy 1.2 million private-sector jobs, 40,600 new business starts, more than \$200 billion in economic output, \$110 billion in wages, and 1.3 million new cars and light truck sales. The study is meaningless because it is flawed. It erroneously assumes marginal tax rates were raised on all taxpayers rather than on only a very small percentage. Laurence H. Meyer & Associates has said the study's use of Meyer's model was "injudicious," "against our advice, and over our objections." Laura and Gene have faxed the Meyer letter to all interested parties, and Gene has talked with reporters at the NYT, WSJ, Washington Post, USA Today, CNN, ABC News, NBC News, AP, and UPI.

(B) **Browner memo on victory in community right-to-know court challenge.** On Wednesday, the U.S. District Court for DC dismissed a chemical industry lawsuit challenging a 1994 EPA rule that nearly doubled the number of chemicals (615 as opposed to 329) for which industry is required to report releases to communities. The challenge sought to block more than 150 of the chemicals EPA added. Limiting community right-to-know was part of the GOP effort to roll back public health and environmental protections during the budget debate.

(C) **Treasury response to proposal to restructure Social Security contributions.** Via Sec. Rubin. Prof. Robert McElvaine proposes to eliminate the ceiling on wages subject to OASDI taxes (\$62,700 in 1996) and to lower the OASDI tax rate in a revenue-neutral way. McElvaine asserts that eliminating the ceiling would permit the total OASDI and HI tax rate of 15.3% (12.4% OASDI and 2.9% HI) to be reduced to 10% or less and would provide tax benefits for small business, increase consumer demand, and promote job creation. *Les Samuels and Josh Gotbaum disagree.* They assert that the proposal would raise marginal tax rates on workers above the cap to very high levels (an increase of 13.8% points) prompting a very sharp political response, but not reduce them very much for workers below the cap (a decrease of 2.12% points). They also note that, by focusing solely on payroll taxes and not on the related benefits, McElvaine wrongly concludes that the OASDI program is highly regressive. It isn't. McElvaine's approach would make it even more progressive, but Les and Josh think the costs heavily outweigh the benefits.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE PRESIDENT HAS SEEN

5-6-96

96 MAY 2 P6:14

MAY 2 1996

THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

SUBJECT: MAJOR VICTORY IN COMMUNITY RIGHT-TO-KNOW COURT CHALLENGE

Yesterday the U.S. District Court for the District of Columbia dismissed a chemical industry lawsuit challenging an EPA rule that nearly doubled the number of chemicals for which industry is required to report about releases to their communities. EPA's November 1994 rule under the Community Right-to-Know law expanded the list of chemicals for which reporting is required from 329 to 615. Industry's challenge sought to block more than 150 of the chemicals EPA added to the list. The court upheld the public's right to know about toxic chemicals released into their community in holding that EPA had not exceeded its legal authority in issuing the rule. We do not yet know if the industry litigants intend to appeal the decision, although press reports indicate they intend to do so.

As you recall, limiting Community Right-to-Know was part of the Republican Congressional leadership's efforts to roll back public health and environmental protections during the budget debate. Riders were attached to EPA's appropriations bill that would have prevented the Clinton Administration from moving forward with an expansion of the Community Right-to-Know program. Last August, you signed an Executive Order requiring that any company doing business with the federal government disclose information on emissions of toxic chemicals to the public. After you signed the Executive Order, the chemical industry filed its suit against EPA.

The Clinton Administration's success in expanding Community Right-to-Know, and yesterday's decisive court victory, underscore this Administration's willingness to stand firm in protecting public health and the environment in the face of special interest opposition. Please call me if you have any questions or would like additional information.


Carol M. Browner



Recycled/Recyclable
Printed with Soy/Canola Ink on paper that
contains at least 50% recycled fiber

NYT 5-2-96

Court Backs E.P.A. Authority On Disclosure of Toxic Agents

By JOHN H. CUSHMAN Jr.

WASHINGTON, May 1 — In a victory for the Environmental Protection Agency over the chemical industry, a Federal court ruled today that the agency had not exceeded its legal authority when it greatly expanded requirements for public disclosure of emissions of certain toxic chemicals.

The decision, which the industry said would be appealed, was issued by Judge Gladys Kessler of the United States District Court for the District of Columbia. Under her ruling, chemical companies and refineries must publicly disclose their emissions of an additional 286 chemicals that the Government listed in the Toxic Release Inventory in November 1994. Before the expansion, the inventory listed 329 chemicals.

The annual disclosures of emissions, by factory and town, have long been considered a major incentive driving the industry to cut pollution, although the law does not require that the pollution be controlled.

But the industry's opposition to the program rose markedly when the Clinton Administration started a major program to expand the number of disclosures. First it added chemicals to the list, the action that was challenged in court. In later phases, the Administration intends to add manufacturers to the industries that are covered. Ultimately it will require companies to disclose not only how much pollution they emit, but also how much chemicals they consume.

Not only did the chemical industry file suit challenging aspects of the program, but it also sought changes in the law by trying to attach amendments involving the toxics industry to various pieces of legislation as part of a Republican-led effort to roll back environmental regulations.

Carol M. Browner, the agency's Administrator, who has made the program's expansion a top priority, praised the court's ruling.

"A community's right to know about local releases of dangerous chemicals is vital to protecting public health and the environment," Ms. Browner said.

Jeff Van, a spokesman for the

Chemical Manufacturers Association, said it was disappointed, but not surprised by the court ruling, and it was preparing for an appeal.

"We continue to believe that the E.P.A. was wrong," Mr. Van said, and the chemical industry's lawsuit did not challenge the entire expansion, limiting its challenge to about 15% of the chemicals—those that are believed capable of causing chronic health hazards like cancer, birth defects and nervous system disorders. It did not challenge the listing of chemicals that cause acute poisoning or environmental damage.

But when a chemical can cause long-term damage, the industry argued, the agency ought to be required to prove not only that the chemical can have those effects in a general sense, but also that the ill effects could be expected at expo-

Letting towns know about dangerous chemicals nearby.

sure levels that are actually likely to occur at the plants. That would require the agency to conduct detailed studies of risks, as it must do when it imposes pollution controls.

Judge Kessler said the agency "went to great lengths to separately evaluate each and every chemical on the basis of the relevant data, and to make scientific and technical judgments which are clearly outside the experience of a reviewing court."

Paul Orum, director of the Working Group on Community Right-to-Know, an advocacy group favoring full disclosure of emissions, said, "What the chemical industry hoped to achieve, had they won, was the ability to dispute all the E.P.A.'s listing decisions in the future with endless legal challenges over the levels of risk and exposure."



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
THE ADMINISTRATOR

TO:

Todd Stern for the President

FROM:

Carol M. Browner

COMMENTS:

Number of Pages to follow:

2

Date:

5/2

Time:

Transmission Number: (202) 260-0279

Verification Number: (202) 260-4700

Office of the Administrator
401 M Street, S.W.
Room 1200 West Tower
Mail Code: A-100



Printed on Recycled Paper



THE PRESIDENT HAS SEEN

5-6-96

96 MAY 2 All: 29

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

MEMORANDUM

FOR: Honorable William Clinton
Vice President Al Gore

FROM: Henry G. Cisneros

DATE: April 22, 1996

SUBJ: Pension Funds Invest in Housing and Stimulate Economy

Handwritten notes:
- 1/6P
- Look into
- Henry will feel
- Sen. Jackson about
- this. He's missed
- the program

After years of speculation by countless experts, your Administration has found a way to guide investment of pension funds to socially beneficial projects. Pension funds represent approximately \$4 trillion in assets, 30 percent of all financial assets in this country, but as you know, the funds have been concentrated in stock and bond holdings in traditional markets and increasingly in foreign markets. We have found a way to tap a small percentage of those pension investments -- over \$100 million -- for the important national priority of providing affordable homes for the nation's families while stimulating neighborhoods and cities and assuring financial returns and fiduciary security for the pension funds and their members.

At the urging of your Administration, Congress appropriated \$100 million in FY 1994 and \$98 million in FY 1995 to the Section 8 Community Investment Demonstration Program (Pension Fund Program). The Pension Fund Program is combining pension fund investments and long-term federal rental assistance to create approximately 3,500 units of affordable rental housing for the elderly, low-income households, and working families.

The Pension Fund Program is a special public-private partnership that involves the following six pensions:

- AFL-CIO Housing Investment Trust,
- Equitable Real Estate Investment Management, Inc.,
- Office of the Comptroller, City of New York Pension Fund,
- Philadelphia Board of Pension and Retirement,
- California Public Employees Retirement System (CALPERS), and
- Fund for Affordable Housing.

These six partners will help finance the rehabilitation or construction of approximately 2,000 apartment units, half of which will be reserved for low-income households receiving Section 8 rental assistance. In addition to principal financing from these pension funds, Community Development Block Grants, HOME funds, and low income housing tax credits contribute to the development of these homes.

I encourage you to visit some of these pension fund sites to demonstrate the visible accomplishments of your Administration. Attached is a list of pension fund projects that are currently under construction or soon to be underway.

Attachment

cc: Bob Rubin
Kitty Higgins

SECTION 8 COMMUNITY INVESTMENT DEMONSTRATION

Status of Participating Pension Funds' Activities

FY 1994 Round

Projects Approved:

Sonoma Creekside, Santa Rosa, CA -- Equitable Real Estate Investment Management
43-unit townhouse development, approved and under construction

Putnam-Tompkins, San Francisco, CA -- AFL-CIO
46-unit family apartments, approved and under construction

Hilltop Garden, District Heights, MD -- AFL-CIO
914-unit garden type apartments that will be reduced to 503-units and provide 121 units of low income housing, approved and under rehabilitation

Main Street Housing, South Central Los Angeles, CA -- AFL-CIO
30-unit new construction to house homeless, approved and under construction

Androscoggin Village, Auburn, ME -- AFL-CIO
70-unit HUD-held to be rehabilitated, approved and under construction

NJ AIDS Scattered Site Project, New Jersey -- AFL-CIO
34-unit project consisting of single family dwellings located in Camden, Newark, Trenton, and Paterson to house people with AIDS and their families, approved and under construction

Lowell Square, Boston, MA -- AFL-CIO
183-unit new construction project, approved and under construction

Rio Vista, Los Angeles, CA -- AFL-CIO
75-unit new construction to house large, low-income families, approved and under construction

Imperial Hotel, Atlanta, GA -- AFL-CIO
120-unit rehabilitation project, that will provide housing for homeless persons, approved and under construction

130-136 West 142nd Street, New York, NY -- NYC Comptroller Office/CPC
61-unit non-HUD rehabilitation project, approved and under construction

Kirkwood Apartments, Atlanta, GA -- Fund for Affordable
40-units new construction project, to provide 20 units for mentally disabled persons, approved and under construction

Projects Under Review:

Vallas Del Caribe, Philadelphia, PA -- Philadelphia Municipal Fund
81-unit new construction project, sponsored by the Hispanic Association of Contractors and Enterprises, Inc.

Bay Point Family Housing, Bay Point, CA -- CALPERS/Bridge Housing Corp.
46-unit new construction project, located near the Concord/Berkeley area

Red Hazel, Boston, MA -- Fund for Affordable Housing
98-unit rehabilitation project, located in the Dorchester section of Boston

Charity Apartments, Savannah, GA -- Fund for Affordable Housing
45-unit rehabilitation project

FY 1995 Round

Approximately \$98 million has been reserved to support 12 projects:

Equitable Real Estate Investment Management, Inc.

Englewood Gardens, Chicago, IL -- 167-unit HUD-held rehabilitation, approved and construction expected to begin within 30-60 days

712 West Diversey, Chicago, IL -- 88-unit HUD-held rehabilitation

Huff Avenue Apartments, Chicago, IL -- 72-unit new construction, approved and construction expected to begin within 60-90 days

Hayes Valley Apartments, San Francisco, CA -- 85-unit rehabilitation, approved and under construction

AFL-CIO Housing Investment Trust

El Azteca Apartments, Laredo, TX -- 50-unit new construction, approved with construction expected to begin within 30-60 days

Corona Del Valle Apartments, El Paso, TX -- 100-unit family, new construction

Sunrise Apartments, Edinburg, TX -- 70-unit single family development

Concord Street Apartments, Boston, MA -- 42-unit homeless, rehabilitation and new construction

Daly Avenue Apartments, New York, NY -- 84-unit rehabilitation

Jefferson Street Apartments, Marrero, LA -- 150-unit HUD-held rehabilitation

Carl Mackley Apartments, Philadelphia, PA -- 260-unit HUD-held rehabilitation

5-6-96

DEPARTMENT OF COMMERCE

- **Kantor Begins:** On April 24, graciously introduced by Alma Brown, Secretary Kantor spoke to Commerce Department employees and reiterated his commitment to build on the legacy of the late Secretary. Secretary Kantor is preparing for a confirmation hearing scheduled for April 30 before the Senate Commerce Committee.
- **The following economic indicators are due for release in the next two weeks:**

New One-Family Houses Sold and For Sale	April 29
Value of New Construction Put in Place	May 1
Gross Domestic Product and Manufacturers' Shipments, Inventories, and Orders	May 2
Personal Income and Outlays and Housing Completions	May 3
Wholesale Trade	May 8
- **NIST and Manufacturing Extension Partnership:** On May 3, NIST plans to announce competition for new Manufacturing Extension Partnership centers to assist smaller manufacturers to modernize and better compete. Secretary Kantor is expected to forward NIST's ATP Report to Congress this week, the same report that had been scheduled for delivery on April 2.
- **SEMATCH Computer Consortium:** On April 29, NIST will announce that five companies and the computer consortium SEMATCH have joined forces with the Institute in a new consortium to develop instrumentation that will support manufacturers' efforts to pack more features into semiconductor chips.
- **Trade with Russia:** On April 29, NIST will also announce that to harmonize standards and enhance trade with Russia and the Ukraine, NIST, and other federal agencies and U.S. industry will meet next month with their counterparts from the two former Soviet states. These meetings are especially timely since both Russia and Ukraine are in the process of entering the World Trade Organization (WTO) and agreeing to the standards-related principles contained in the Agreement on Technical Barriers to Trade of the WTO.

DEPARTMENT OF LABOR

School to Work/Miss America: The Miss America organization has a Women's Achievement award that their titleholder can award to a person of her choice. Mrs. Clinton was last year's award recipient. This year, Miss America Shawntell Smith has selected J.D. Hoyer, an Administration appointee from Oregon who serves as the ~~National Director for School-To-Work~~. The awards ceremony will take place in D.C. on May 6, in conjunction with the Miss America Community Service Day, when every state's Miss America titleholder will do a School-to-Work event in a local community. On May 6, the Secretary will appear with Miss Smith on *Good Morning America*.

1 shown.
200 nice
attending
on this
glent

Dorsku

THE PRESIDENT HAS SEEN

5-6-96

*Sent Mr. Butler
Office to HRC/CDs*

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

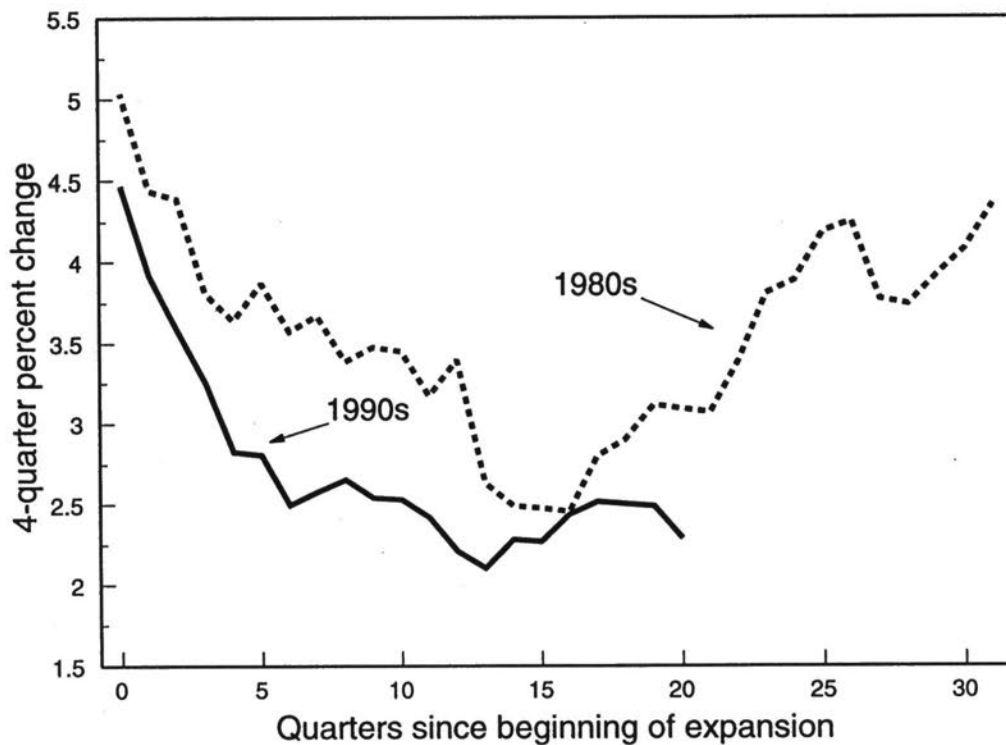
May 3, 1996

*front page + TOC
+ Health Article
to HRC + Rasco
Entire report to
Stiglitz*

96MAY 3 P7:25

CHART OF THE WEEK

Inflation During Economic Expansions



Inflation, as measured by the GDP price index, has been lower throughout the current economic expansion than during the expansion of the 1980s. Despite recent increases in commodity prices, the expansion showed little evidence of price pressure as it passed the 5-year mark last month, in contrast to rising inflation at this juncture during previous expansions. Remarkably stable inflation has been a hallmark of the ongoing expansion. A Special Analysis in this issue of the Weekly Economic Briefing compares economic growth during the current expansion with growth during the 1980s.

CONTENTS

CURRENT DEVELOPMENT

GDP Scorecard: First Quarter 1996	1
---	---

SPECIAL ANALYSIS

Economic Expansion is on Track at 5-Year Mark	2
---	---

ARTICLE

Reforming Health Insurance Markets: States' Recent Progress ...	4
---	---

DEPARTMENTS

Business, Consumer, and Regional Roundup	7
International Roundup	8
Releases	9
U.S. Economic Statistics	10
Financial and International Statistics	11

LE FIGARO

premier quotidien national français

SAMEDI 27 AVRIL - DIMANCHE 28 AVRIL, 1996 9F 16 078 - N° QUADRUPLE : 25 F



Did you read this?
Growth will begin again
in the second half.

Of what year?
They don't say?

CURRENT DEVELOPMENT

GDP Scorecard: First Quarter 1996

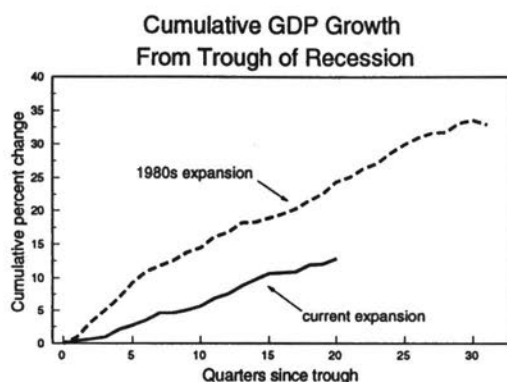
Real GDP increased at a 2.8 percent annual rate in the first quarter of 1996, somewhat above what analysts had anticipated. GDP growth was led primarily by strong gains in consumption and business investment. Growth was held down by bad weather and the strike at General Motors. These advance estimates are subject to revision—particularly for inventories and foreign trade.

Component	Growth*	Comments
Total consumer expenditures	3.5%	Consumer spending was supported by strong growth of labor income—a reflection of the increase in jobs.
Producers' durable equipment	14.5%	Most of the growth was in computers and other information processing equipment.
Housing	4.4%	A modest increase (below the gains during the second half of 1995) that was buoyed by the fall in mortgage rates throughout 1995. Recent rate increases probably will halt further gains.
Nonresidential structures	5.8%	A relatively strong figure, consistent with falling vacancy rates for commercial buildings.
Inventories (change, billions of chained (1992) dollars)	\$7.9	Motor vehicle inventories fell sharply—largely as a result of the strike at General Motors. Outside of motor vehicles, stockbuilding picked up in the first quarter—confirmation that the inventory correction is behind us.
Government consumption and investment expenditures	1.8%	Reflects an unusual increase in Federal purchases in the first quarter resulting from delivery of two B-2 bombers. State and local purchases fell due to weather-related school closings in January.
Exports	2.7%	Export growth slowed partly as a legacy of the fourth-quarter strike at Boeing. Slow growth in Europe may also have been a factor.
Imports	9.2%	A reflection (at least in part) of strong domestic demand.
*Percent real growth in the first quarter at annual rates (except inventories).		

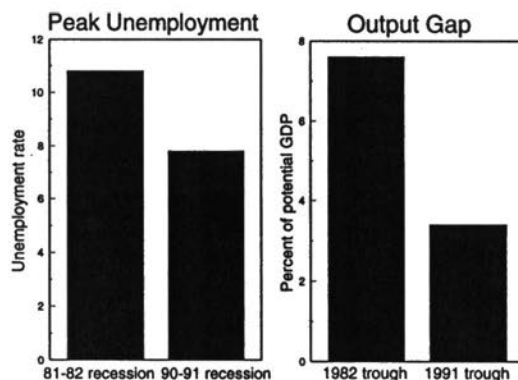
SPECIAL ANALYSIS

Economic Expansion is on Track at 5-Year Mark

The economic expansion celebrated its 5-year anniversary last month and is now the second-longest peacetime expansion over the past 140 years. Although the expansion remains robust and is not likely to end anytime soon, the economy has grown only about half as much by this juncture as in the longest peacetime expansion during the 1980s (see top chart).



Some observers have incorrectly pointed to this slower growth as a sign the current expansion has been hindered by government policies. The real reason growth has been slower this time around, however, is that the economy began the expansion with less room to grow than it had in the early 1980s. After adjusting for differences in "room-to-grow," we find the current expansion about matches the 5-year growth benchmark of the 1980s.

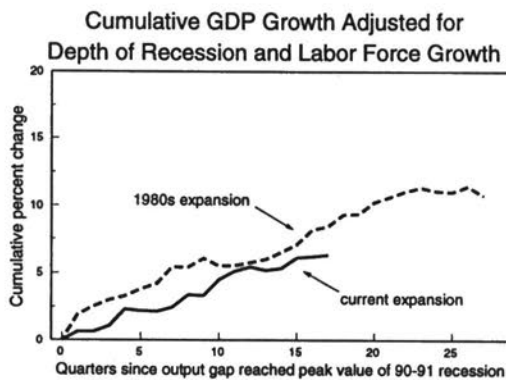


How much room to grow? Both the depth of the preceding recession and the trend growth rate of potential GDP determine how much room the economy has to grow during an economic expansion. A deeper recession means that GDP can rise by a larger amount before the economy hits the ceiling of full capacity. A higher trend growth rate means that once the economy hits the ceiling of full capacity it will be able to grow faster.

Depth of recession. The recession of 1981-82 was the deepest since the Great Depression, as the unemployment rate almost hit 11 percent and the output gap—the percent by which GDP falls short of its potential level—rose to nearly 8 percent (see bottom chart). By contrast, during the recession of 1990-91 the unemployment rate peaked just shy of 8 percent and the output gap increased to a bit over 3 percent. Because the 1981-82 recession was much deeper and twice as long as the recession of 1990-91, the economy had far more ground to make up during recovery from the earlier recession.

Trend rate of growth. Although potential growth is forecast to pick up a bit over the next few years, the growth rate of potential GDP in the current expansion has been lower than during the expansion of the 1980s. The lower growth rate of potential GDP is largely due to a slowing in labor force growth that occurred when women's labor force participation decelerated in the late 1980s. With potential GDP growing faster during the expansion of the 1980s than during the current expansion, the economy was able to grow faster once the ceiling of full capacity had been reached.

Measuring performance. To properly compare growth performance across these two economic expansions, we first need to adjust for differences in the depth of the preceding recessions. Furthermore, since trend growth was higher during the 1980s primarily because the labor force grew more quickly, we look at GDP growth per labor force participant, a better measure of the underlying advance in living standards. We adjust for the greater depth of the 1981-82 recession by



measuring growth during the earlier expansion starting at the quarter where the output gap was equal to its peak value during the 1990-91 recession (the output gap peaked three quarters after the recession trough). Using this adjusted measure of growth shows that the current expansion started more slowly than the expansion of the 1980s, but since 1993 has narrowed the difference (see chart). Thus, the current expansion has had lower average

unadjusted growth at the 5-year mark simply because it started with less room to grow. Adjusted for this difference, the expansion shows little evidence it has been restrained relative to the expansion of the 1980s.

*whole office**CC/HRC*ARTICLE**Reforming Health Insurance Markets: States' Recent Progress**

The Kassebaum-Kennedy bill would expand access to and improve the portability of health insurance for millions of American workers, particularly those living in states that have instituted few or no health insurance reforms. In the past few years, however, many states have instituted much more comprehensive reforms, concentrating on those markets that generally do not work well without regulation: the small-group and individual health insurance markets.

Reforming the small-group health insurance market. Almost all states have passed legislation reforming the small group commercial insurance market, most within the past 5 years. States vary in their definition of a small group, but generally have an upper limit of 50 members. These reforms have typically included the following elements (see map on page 6).

Guaranteed issue. Thirty-seven states have some provision requiring insurers to offer coverage to any small group regardless of health status. In many of these states, insurers are only required to offer 1 or 2 policies to all applicants (typically a standard plan and/or a "bare bones" policy).

Pre-existing condition limitations and portability. Forty-five states limit the maximum period of time that an insurer can exclude a new policyholder in a small group from coverage for pre-existing conditions. These states also allow workers who switch jobs or insurers to have continuous coverage without fulfilling new waiting periods for pre-existing conditions.

Rating restrictions. Most states that regulate the small group market impose some restrictions on premiums:

- Twenty-nine states impose relatively loose standards on premiums. The majority of these states require only that the premium charged to the sickest group can be no more than two times that charged the healthiest group. Some of these states simply limit the total amount of premium variation. (For example, in North Dakota, the highest premium for a particular group policy can be no more than four times the lowest premium for that same policy.)
- Seventeen states allow no or very limited premium variation based on health status, experience, or duration. Most of these states also limit the extent to which premiums can be based on other factors like age or gender. (Barring age as a factor in setting premiums may lead younger workers to not purchase health insurance.)

Reforming the individual health insurance market. Many states also have instituted significant reforms in the individual health insurance market (see map on next page). These reforms typically include 3 elements.

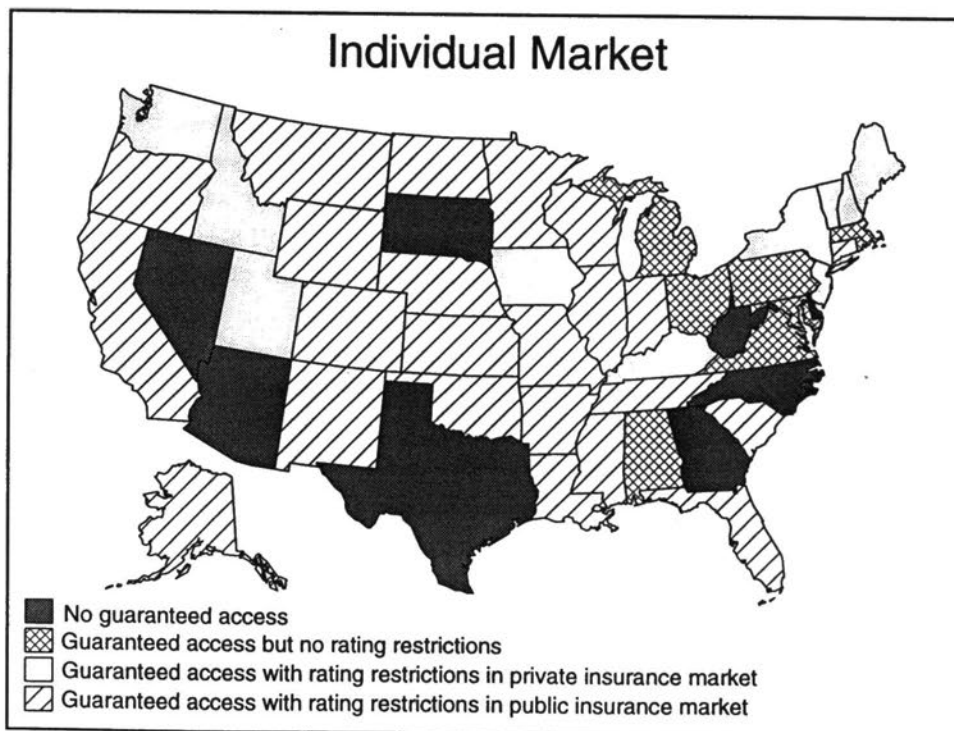
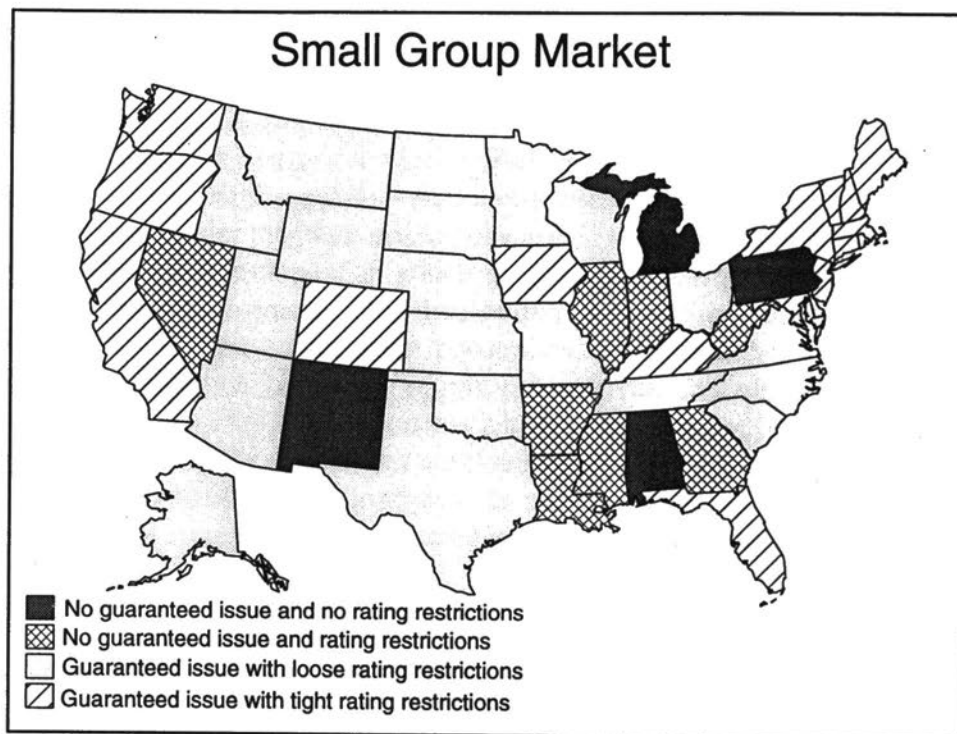
Improved access. States provide access to individuals in three ways: by requiring all commercial insurers to offer coverage to all individuals (11 states), by having Blue-Cross/Blue-Shield act as "an insurer of last resort" (11 states), and by setting up high-risk pools (23 states).

Pre-existing condition limitations and portability. Twenty-two states limit the amount of time that a commercial insurer can exclude pre-existing conditions; these states also require insurers to waive these exclusions for those with continuous insurance coverage. Fourteen states restrict pre-existing condition limitations only in the high-risk pool.

Rating restrictions. Fifteen states impose rating restrictions on commercial insurers. Seven of these states do not permit any premium variation based on health status or expected claims, while the others restrict the amount premiums can vary based on health factors. Policies from state-funded high-risk pools generally cost roughly 50 percent more than the average policy with comparable coverage, even though claims from this high-risk population tend to be much higher.

Conclusion. In the past few years, states have made tremendous progress in reforming their health insurance markets. These reforms are unlikely to solve the problem of the uninsured since, even with stringent premium restrictions, health insurance will remain unaffordable for many. However, these reforms should help the roughly 20 percent of workers currently insured through small firms keep their insurance, and should improve access to insurance for people whose medical histories might otherwise make them "uninsurable."

State Variation in Health Insurance Reform



Note: Hawaii is not included in the maps because it has a unique system that provides almost universal coverage.

5/6/96

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

if this leads to lower power rates, we need to know if we're giving up on the power market

Free-Wheelin' in California's Electricity Market. Coming on the heels of last week's ruling by the Federal Energy Regulatory Commission promoting competition in wholesale electric power sales to utilities (see Weekly Briefing, April 26, 1996), California's investor-owned electric utilities this week filed a plan with state and Federal regulators that would effectively bring competition to the retail market. Under the plan, prices consumers pay for power will be determined in a competitive power pool in which generators bid to provide the lowest-cost power (although transmission and distribution rates will remain regulated). Based on these bids and on transmission constraints, an Independent System Operator will determine which generators supply power. The plan also allows utilities to recover "stranded costs"—investments whose costs may not be recoverable under competition—through an end-user surcharge. Stranded cost recovery, which may delay price reductions for consumers, is necessary to facilitate the move from regulation to competition. If approved, the plan is slated to become operational in January 1998.

Where's the Beef? At a time when Mad Cow disease has turned the world's attention to beef, the Economist magazine has released its annual "Big Mac Index." The authors find that the average price of a Big Mac (including tax) in the United States is \$2.36. The index suggests that Big Mac lovers should head to China, where the burger is a bargain (\$1.15), and to avoid Switzerland, where the Big Mac fetches a big price (\$4.80). Beyond mere burger-shopping, the Economist uses its index to test the accuracy of exchange rates, based on the theory of purchasing-power parity. Applying the theory—which argues that the exchange rate between two currencies should in the long run adjust to equalize the prices of identical products in two countries—to the Big Mac index, the Economist concludes that the Chinese yuan is the most undervalued currency, and the Swiss franc is the most overvalued.

CEOs and Stock Ownership—Best Taken in Moderation. A recent study finds that, up to a point, ownership of their firm's stock encourages CEOs to take risks to improve their firm's performance. But owning too much stock may limit rather than encourage risk-taking as CEOs' personal well-being becomes too heavily dependent on their firm's performance. The study finds that firms in which top managers own less than 7.5 percent of the firm's stock are more likely to take on risks leading to growth opportunities, while the opposite holds true for firms in which top managers own more than 7.5 percent of the firm's stock. Such a finding lends weight to the conclusion that CEOs should be rewarded in options (rather than stock), or perhaps cash compensation linked in some way to their firm's stock price (see Weekly Briefing, April 19, 1996).

INTERNATIONAL ROUNDUP

Germany Announces Fiscal Package and Lowers Growth Forecast. Chancellor Kohl last week announced spending cuts for 1997 amounting to \$33 billion. Germany is trying to reduce its deficit, which reached 3.6 percent of GDP in 1995, to the 3 percent level set by the Maastricht Treaty as a precondition for joining European Monetary Union. The fiscal package also includes reform of business taxes with the aim of increasing employment. Business reaction to the package was generally positive, while unions were hostile. Chancellor Kohl also announced a reduction in the official growth estimate for 1996, from 1.5 percent to 0.75 percent. The official growth outlook remains more optimistic than that of private sector analysts: Germany's "five wise men," who are independent advisers to the government, predict growth will be only 0.5 percent this year.

Russia Concludes Debt Negotiations With Creditors. The Paris Club of sovereign creditors agreed this week to a comprehensive rescheduling of \$40 billion of Russia's official debt, including \$2.5 billion owed to the United States. Russia has been granted a 6-year grace period on repayment of the principal, which will be stretched over 25 years beginning in February 2002. Russia's 1996 debt service obligations also have been sharply reduced. Under the new plan, creditor countries reserve the right to terminate the rescheduling arrangement if the economic reviews required under the recent IMF economic reform package are unsatisfactory. By linking the arrangement to IMF reviews, the new debt package should help sustain the commitment of current and future Russian governments to economic reform. Russia is likely also to conclude rescheduling talks with the London Club of commercial creditors in the near future. Total public debt to commercial creditors amounts to about \$32 billion.

Constitutional Crisis Risks Destabilizing South Africa's Financial Markets. Disagreements surrounding the writing of a new constitution are precipitating nation-wide strikes and unsettling South Africa's already volatile financial markets, thereby threatening economic recovery. In the last 2 months, the South African rand has depreciated 17 percent against the currencies of South Africa's major trading partners. Interest rates also have risen sharply over the last 2 months, with rates on long-term government bonds climbing from 13 percent in February to over 16 percent today. Concern that depreciation of the rand will lead to higher import prices and inflation was a factor in the South African central bank's recent decision to raise its discount rate. IMF Managing Director Camdessus has tried to calm the markets by praising South Africa's success in achieving growth of 3.3 percent last year while maintaining prudent fiscal and monetary policies.

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, May 3, 1996****

In April, the unemployment rate fell to 5.4 percent from 5.6 percent in March. Nonfarm payroll employment increased by 2,000, following increases of 178,000 in March and 631,000 in February.

Gross Domestic Product

In the first quarter of 1996, according to advance estimates, real gross domestic product grew at an annual rate of 2.8 percent.

Leading Indicators

The composite index of leading indicators increased 0.2 percent in March.

Consumer Confidence

Consumer confidence, as measured by the Conference Board, rose 6.9 index points in April, to 105.3 (1985=100).

Employment Cost Index

The employment cost index for private industry workers increased 3.0 percent for the 12-month period ending in March.

MAJOR RELEASES NEXT WEEK

Producer Prices (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1995	1995:3	1995:4	1996:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	1.3	3.6	0.5	2.8
GDP chain-type price index	5.3	2.6	2.2	2.2	2.5
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	0.7	1.7	-1.0	N.A.
Real compensation per hour:					
Using CPI	0.6	1.3	2.2	0.4	N.A.
Using NFB deflator	1.3	2.2	2.4	2.4	N.A.
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.2	10.2	10.2	10.3
Residential investment	4.5	4.0	4.0	4.0	4.0
Exports	8.2	11.1	11.1	11.3	11.2
Imports	9.2	12.5	12.5	12.4	12.5
Personal saving	5.1	3.3	3.2	3.6	3.6
Federal surplus	-2.7	-2.2	-2.2	-2.1	N.A.
	1970- 1993	1995	Feb. 1996	March 1996	April 1996
Unemployment Rate	6.7**	5.6**	5.5	5.6	5.4
Payroll employment (thousands)					
increase per month			631	178	2
increase since Jan. 1993					8545
Inflation (percent per period)					
CPI	5.8	2.5	0.2	0.4	N.A.
PPI-Finished goods	5.0	2.2	-0.2	0.5	N.A.

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

New or revised data in **boldface**.

Employment and unemployment data **embargoed until 8:30 a.m., Friday, May 3, 1996.**

FINANCIAL STATISTICS

	1994	1995	March 1996	April 1996	May 2, 1996
Dow-Jones Industrial Average	3794	4494	5612	5580	5498
Interest Rates					
3-month T-bill	4.25	5.49	4.96	4.95	4.99
10-year T-bond	7.09	6.57	6.27	6.51	6.85
Mortgage rate, 30-year fixed	8.35	7.95	7.62	7.93	7.99
Prime rate	7.15	8.83	8.25	8.25	8.25

INTERNATIONAL STATISTICS

Exchange Rates	Current level May 2, 1996	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.530	0.0	+10.9
Yen-Dollar	104.5	-1.9	+24.9
Multilateral \$ (Mar. 1973=100)	88.09	-0.1	+8.0

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	1.8 (Q1)	5.4 (Apr)	2.8 (Mar)
Canada	0.6 (Q4)	9.6 (Feb)	1.5 (Mar)
Japan	2.2 (Q4)	3.3 (Feb)	0.1 (Mar)
France	0.5 (Q4)	12.5 (Jan)	2.3 (Mar)
Germany	0.8 (Q4)	7.0 (Feb)	1.5 (Mar)
Italy	2.3 (Q4)	12.0 (Jan)	4.5 (Mar)
United Kingdom	1.8 (Q1)	8.4 (Feb)	2.7 (Mar)

U.S. unemployment data embargoed until 8:30 a.m., Friday,
May 3, 1996.

One Weapon We Don't Need

America's most decorated soldier says land mines cannot win battles

By DAVID H. HACKWORTH

LAST FEBRUARY, SGT. 1/C DONALD A. DUGAN WAS KILLED instantly on a snowy patch of ground in Bosnia. An anti-personnel mine exploded while the veteran U.S. Army reconnaissance sergeant was attempting to disarm it. The explosion drove a piece of the steel disarming tool into his forehead. On a dozen different killing fields around the world in the past 50 years, I've seen thousands of soldiers and civilians blasted apart by land mines. In northern Italy, where I served as a 15-year-old soldier boy at the end of World War II, I saw an army captain's legs ripped off by a land mine. In Bosnia last January, I came within minutes of becoming a casualty myself from a land-mine explosion. But I've never seen a battle in which land mines made a difference to the outcome. They are ugly and ineffective weapons, and they ought to be outlawed.

Land mines are indiscriminate killers. They kill not only during the conflict, but decades after the last shot was fired. The technology has improved; a modern mine can be programmed to blow itself up after a few weeks or months, reducing the postwar threat to civilians. But anti-personnel mines are still not "smart." They can't tell a good guy from a bad guy, a soldier from a civilian, an adult from a child. And some fail to blow themselves up. When millions of mines are scattered across a battlefield by air and artillery, even a tiny "dud rate" will leave a substantial number lying in wait for innocent victims.

Of all the instruments of terror used on the battlefield, mines are the most inhumane. The wartime casualties are young men whose lives are either snuffed out or ruined forever by crippling injuries. Even soldiers who escape from a minefield unscathed are haunted by the experience. Many cases of posttraumatic stress disorder, a serious psychological malady, were caused by the preying fear of mines and booby traps. Years later, a walk across an open field brings back the old dread: What's under those leaves? Do I dare put my foot on that freshly turned earth? Walk through a minefield, and you'll never be young again.

During the Korean War, tens of thousands of soldiers on both sides were felled by land mines. Many of them were killed by their own mines, recklessly thrown down in haste, their location unrecorded. In 1952, as a 21-year-old lieutenant, I was ordered to clear a path through an unmapped minefield—one of our own. I argued with my colonel about the advisability of doing such work on frozen, snow-covered ground. Lieutenants seldom win disputes with colonels, so the mine-clearing detail proceeded as ordered until a fine black sergeant named Simmons tripped the wire on a "Bouncing Betty" mine. It popped up from the ground and blew off

the top of his head, covering me with his blood and brains. Moments later, another noncom went nuts and stomped out into the minefield, screaming: "I'll find the f— mines, I'll find the f— mines!" He was tackled, restrained and led away.

In Vietnam, the U.S. Armed Forces also used land mines irresponsibly, dropping millions of them at random by air. The enemy quickly learned how to disarm these weapons and recycle them for use against us. The infantry battalion I commanded in the Ninth Division took more than 1,800 casualties in a year and a half, most of them caused by recycled U.S. ordnance. Mines cannot secure a flank or defend a position by themselves. For a minefield to be even

marginally effective, it must be protected by friendly troops, to knock off the bad guys who want to clear a path or use the mines against you.

Mines never stopped any unit of mine from taking its objective—or the enemy from getting inside my wire. Anyone who has ever been in battle, especially in Korea or Vietnam, has seen enemy sappers crawl through mines and barbed wire and get into their positions. I once faced a Chinese "human wave" attack in Korea. My company was dug in on high ground, with plenty of weapons, ammo and artillery support. Out in front of our position we laid a carpet of mines and flares. The enemy attacked in regimental strength, outnumbering us 9 to 1. They walked

through our minefield—and our gunfire—without missing a beat. They cut my company in half and within an hour were two miles to the south, in our rear. The only way out was to move north, so we trudged through our own somewhat depleted minefield to escape, losing two men in the process.

Most serving generals, especially the desk jockeys, are in favor of mines. The real war-fighters usually want to get rid of them. Whatever defensive punch is lost would be more than offset by the new firearms and missiles that give today's infantry platoon more killing power than a Korea-vintage battalion. "Mines are not mission-essential," says one general, "but they are budget-essential." In 1996, the U.S. Army budgeted \$89 million for land-mine warfare. Now the army is fighting to protect every nickel.

Still, some retired generals want to ban mines, and I agree with them. Governments can declare land mines illegal, just as chemical weapons were prohibited. Sure, thugs like Saddam Hussein or Ratko Mladic will continue to use them. But users (along with manufacturers and dealers) can be hunted down and punished by an international court. If that happens just a few times, anti-personnel mines will go the way of mustard gas. I'll drink to that, and so will most veterans of foreign wars.



In an age of 'smart' ordnance, an indiscriminate killer: An honor guard carries the coffin at Sergeant Dugan's funeral in Ohio

THE PRESIDENT HAS SEEN

5-6-96

Gov. Whitman comments on partial birth veto. Via Betsy Myers. Whitman said on "Inside Politics" that you did the right thing in vetoing the bill: "I would have supported that -- not because I think the technique is anything that we want to see -- but because it is only used in cases that are extreme medical emergencies, and I hate to have government determining for a doctor what procedure they can do when there really are good medical reasons to do something. . . . [W]e should be focusing on preventing pregnancies. Period."

Rasco follow-up on Riley meeting with Sylvan Learning Systems. Sec. Riley met with Sylvan's Doug Becker and Buddy Johnson. Riley was impressed with Sylvan's work in the public schools, and praised the company's willingness to accommodate concerns of teachers and unions in structuring its programs. As a next step, DoEd. and Sylvan are discussing the possibility of the Department funding an independent 1-2 year study of Sylvan's public school program.

McCurry memo on regional media for week of April 22. *Teacher of the Year Awards* -- 78 radio interviews reaching 1,225 stations nationwide, 27 regional TV interviews and appearances on "Good Morning America" and CNN, print interviews and stories in major regional papers. *President's Service Awards* -- First Lady attended, interviews for winners reached 414 radio stations nationwide, 13 regional TV interviews. *Radio Actualities* -- Arkansas disaster relief actuality reached 102 stations, Illinois reached 79 stations, Olympic torch was picked up by 4 major stations in L.A. *Miscellaneous* -- Asked Cabinet to conduct more than 50 editorial board calls to talk about what has been achieved and your commitment to continue fight for balanced budget; coordinated 5 regional TV and print interviews with participants in anti-terrorism signing; conducted satellite media tour with the VP into 6 targeted markets on Earth Day.

Ickes follow-up on Oklahoma City. Kitty Higgins has sent you a separate memo on efforts undertaken by GSA and about which you heard great praise when you were in OKC. Jamie Gorelick and Jack Quinn sent you a summary of efforts underway and resources provided to assist victims of the bombing. Kitty is obtaining information on education assistance for adults as well as on the physical, financial, psychological and employment status of all those affected by the bombing.

We also received the following items:

Ickes note on Jay Rockefeller. Sen. Rockefeller was concerned that your veto message specify aspects of products liability bill you objected to and not slam reform per se. (I think the veto message accomplished this.) Also, Jay wants to meet with you. He realizes things got a bit testy in connection with the products bill, but he is still a very strong supporter and wants to get five minutes with you within the next few weeks.

Response to your question on membership of the G-10. The G-10 consists of the 11 wealthiest members of the IMF and acts as an informal steering committee for credit policy. In addition to the G-7, Belgium, the Netherlands, Sweden, and Switzerland belong.

THE WHITE HOUSE

WASHINGTON

96 APR 26 P5:32

23 April 1996

MEMORANDUM TO THE PRESIDENT

CC: Leon Panetta
Evelyn Lieberman
Kitty Higgins

From: Harold Ickes (HI)

Re: Oklahoma City

*HTCler
I think on 3 & 4
do all the things
that are in the
in mid of Ed. or other
assistance moral about
all these would be
may need a up. Community
Gutman*

This is a status report about your request to obtain certain information about the situation involving the Oklahoma City bombing.

1. GSA: By separate memo, Kitty Higgins has sent you a detailed description of the various efforts undertaken by GSA under Roger Johnson's direction about which you heard great praise when you were last in Oklahoma City.

2. A separate memorandum to you, dated 11 April 1996, from Jamie S. Gorelick (Deputy Attorney General), which Jack Quinn sent to you, provides a summary of efforts underway and resources provided to assist the victims of the Oklahoma City bombing.

3. Kitty Higgins is coordinating with Department of Justice, the U.S. Attorney's office in Oklahoma and FEMA, as well as other agencies, to obtain information about the physical, financial, psychological and employment status of those adversely affected by the Oklahoma bombing in order to provide you with a more complete picture about the status of victims/survivors, the results of the assistance efforts to date and whether additional assistance should and can be provided. I will provide an outline of the scope of that study and report for your review to see if there are additional items that you think should be included.

4. Education assistance: You said that a number of people had praised the scholarship/educational assistance program set up for younger people, but complained that a number of adults also needed such assistance. According to Ms. Gorelick's 11 April 1996 memorandum (p. 5), there are at least two possible sources of this kind of funding for adults: the OK Fund, which is administered by the Federal Employees Education and Assistance Fund, and the General Relief fund, administered by the Community

Foundation in Oklahoma City. Kitty will obtain additional information as to how much money these funds have, the criteria for granted education/scholarship assistance, etc.

5. Habeas Corpus reform: Kitty and I asked Jack Quinn to prepare a "plain english" explanation of the new habeas corpus provision now moving through Congress which can be distributed to people in Oklahoma City.

THE PRESIDENT HAS SEEN

5-6-96

(H) Gov. Whitman comments on partial birth veto. Via Betsy Myers. Whitman said on "Inside Politics" that you did the right thing in vetoing the bill: "I would have supported that -- not because I think the technique is anything that we want to see -- but because it is only used in cases that are extreme medical emergencies, and I hate to have government determining for a doctor what procedure they can do when there really are good medical reasons to do something. . . . [W]e should be focusing on preventing pregnancies. Period."

Rasco follow-up on Riley meeting with Sylvan Learning Systems. Sec. Riley met with Sylvan's Doug Becker and Buddy Johnson. Riley was impressed with Sylvan's work in the public schools, and praised the company's willingness to accommodate concerns of teachers and unions in structuring its programs. As a next step, DoEd. and Sylvan are discussing the possibility of the Department funding an independent 1-2 year study of Sylvan's public school program.

McCurry memo on regional media for week of April 22. *Teacher of the Year Awards* -- 78 radio interviews reaching 1,225 stations nationwide, 27 regional TV interviews and appearances on "Good Morning America" and CNN, print interviews and stories in major regional papers. *President's Service Awards* -- First Lady attended, interviews for winners reached 414 radio stations nationwide, 13 regional TV interviews. *Radio Actualities* -- Arkansas disaster relief actuality reached 102 stations, Illinois reached 79 stations, Olympic torch was picked up by 4 major stations in L.A. *Miscellaneous* -- Asked Cabinet to conduct more than 50 editorial board calls to talk about what has been achieved and your commitment to continue fight for balanced budget; coordinated 5 regional TV and print interviews with participants in anti-terrorism signing; conducted satellite media tour with the VP into 6 targeted markets on Earth Day.

Ickes follow-up on Oklahoma City. Kitty Higgins has sent you a separate memo on efforts undertaken by GSA and about which you heard great praise when you were in OKC. Jamie Gorelick and Jack Quinn sent you a summary of efforts underway and resources provided to assist victims of the bombing. Kitty is obtaining information on education assistance for adults as well as on the physical, financial, psychological and employment status of all those affected by the bombing.

We also received the following items:

Ickes note on Jay Rockefeller. Sen. Rockefeller was concerned that your veto message specify aspects of products liability bill you objected to and not slam reform per se. (I think the veto message accomplished this.) Also, Jay wants to meet with you. He realizes things got a bit testy in connection with the products bill, but he is still a very strong supporter and wants to get five minutes with you within the next few weeks.

Response to your question on membership of the G-10. The G-10 consists of the 11 wealthiest members of the IMF and acts as an informal steering committee for credit policy. In addition to the G-7, Belgium, the Netherlands, Sweden, and Switzerland belong.

THE PRESIDENT HAS SEEN
5-6-96

THE WHITE HOUSE
WASHINGTON

96 MAY 1 10 17:48

May 1, 1996

MEMORANDUM TO THE PRESIDENT

FROM: Carol H. Rasco
Assistant to the President for Domestic Policy

SUBJECT: Sylvan Learning Systems 

Per your note (attached), I have followed up with Secretary Riley's staff regarding the outcome of the Secretary's recent meeting with Sylvan Learning Systems President, Doug Becker, and Sylvan's co-CEO, Buddy Johnson. I have also explored whether the Administration can embrace Sylvan's Public Education Services at this time.

The Secretary had a good meeting with Sylvan. He and his staff were favorably impressed with Sylvan's work in the public schools. The company's initial results are promising. In addition, staff praised the company's willingness to accommodate teachers' and unions' concerns in structuring its programs.

As a next step, the Department and Sylvan are discussing the possibility of the Department's funding an independent study of Sylvan's public school program. The study would take 1-2 years, and could be mutually beneficial for Sylvan and policymakers. Although we cannot endorse Sylvan's program in the interim, we can look for opportunities to highlight their work through site visits or other events.

Attached is a one-page summary of Sylvan's approach and a list of schools participating. Please let me know if you would like further information.

Attachments

Douglas L. Becker
President & Co-CEO



SYLVAN
LEARNING
SYSTEMS, INC.

9135 Guilford
Columbia, Maryland 21046

(410) 880-8703
(410) 880-0023 FAX

APR 16 1996

Sawing Seeey Billy
Fin - pen. Kg
Doug Becker

THE DECISION HAS BEEN
4/11/96

Chris

Big supports
Saw Seeey Billy & Co

So what happens at
meeting - who's who
should do follow up,
push program

Bc

Maurice Sykes, deputy superin-
tendent of N.C. schools and ...

the work, your grades are constantly

proud of their ...

Program Highlights

To realize learning success with every student, Sylvan's reading and math programs incorporate the following aspects of the education process:

Climate

Sylvan improves the learning climate for students by developing learning centers that are **safe, clean, colorful, exciting, and motivating**. Sylvan provides all technology, furniture, materials, and cosmetic improvements in order to develop an appropriate climate.

Individual Diagnostic Assessment

Sylvan assesses each learner **individually**, utilizing a battery of tests, to gain information about students' functional learning levels. Following the assessment process, an individual educational plan is developed for each student. This plan guides the development of the learner to the desired end point.

Direct Individualized Instruction

Sylvan programs utilize a direct-instruction ratio in reading and mathematics of **no more than** three learners to one teacher. Sylvan programs are planned individually for each learner by specially trained Sylvan personnel, and are based upon the **mastery learning approach**. All learners participate in an oral/aural vocabulary program designed to enhance their ability to learn.

Motivation

Sylvan utilizes a motivational program that is designed to improve self-esteem and to create the desire to succeed within each learner. This approach, which brings learners into the planning/implementation cycle, is central to the success of our students.

Technology

Sylvan utilizes computer technology within the program environment. This feature enables learners to have additional time on task related to their instructional programs.

Portfolio Management

Sylvan staff have consistent and ongoing dialogue with each student's classroom teacher in order to maintain continuity of programs for all learners enrolled in the Sylvan Learning Center. This process is enhanced through the use of **individual** portfolios that are designed to monitor the progress of each learner.

Parental Involvement

As part of the Sylvan process, Sylvan schedules parent conferences every six to eight weeks to keep the parents, or significant other adults, involved in the child's learning. In addition, Sylvan provides training for parents to assist them in supporting their child's learning at home.

Summer Sessions

Sylvan recommends and provides optional summer sessions that ensure more time on task opportunities and a continuous learning cycle for the learners involved with the various programs.

Guaranteed Results

Sylvan programs include a guarantee of progress for each individual student. Guarantees are tailored to meet state and local requirements and take into consideration the entry performance levels of students.

Public School Partners as of Fall 1995

Baltimore City Public Schools:

William Paca Elementary, Pimlico Middle School (2 Centers), Lake Clifton High School (2 Centers), Elmer Henderson Elementary, Greenspring Middle School, Madison Square Elementary, Thurgood Marshall Middle School, Robert Coleman Elementary, Arnett J. Brown, Jr. Middle School, Thomas G. Hayes Elementary, Paul Laurence Dunbar Middle School, Harford Heights (3 Centers), Elementary, West Baltimore Middle School, Pimlico Elementary, Lombard Middle School, Gilmor Elementary, Booker T. Washington Middle School, George Kelson Elementary, Garrison Middle School, Guilford Elementary, Diggs-Johnson Middle School, Brehm's Lane Elementary, Calverton Middle School, Langston Hughes Elementary, and Highlandtown Middle School

Baltimore County Public Schools:

Grange Elementary

Dorchester/Talbot County (MD) Public Schools:

Hurlock Elementary, Maple Elementary, Sandy Hill Elementary, Easton Elementary

Washington, DC Public Schools:

Anacostia High School, Ballou High School, Eastern High School, Coolidge High School

Prince Georges County (MD) Public Schools:

CHOICE Middle School Program

St. Paul (MN) Public Schools:

Longfellow Elementary, Hazel Park Middle School, Highland Park Elementary, Battle Creek Middle School, Highwood Hills Elementary

Broward County (FL) Public Schools:

New River Middle School, Lauderdale Lakes Middle School

Pasadena (TX) Public Schools:

Jackson Middle School, Southmore Middle School

Chicago (IL) Public Schools:

Gage Park High School, Sullivan Elementary School, Carver Primary School, Donoghue Elementary School, Thomas Jefferson Elementary School, Frederick Von Schiller Elementary School, Sojourner Truth Elementary School, William Harper High School, Fenger Academy for African American Studies, Austin High School

THE WHITE HOUSE
WASHINGTON

96 MAY 3 P7:44

May 3, 1996

INFORMATION

MEMORANDUM TO THE PRESIDENT

FROM: Marcia L. Hale *MH*

SUBJECT: Intergovernmental Affairs' Weekly Report

*Worm
doing
up with
from
Rey 86?*

California State Legislators: Approximately 60 legislators and their spouses, accompanied by the Sacramento press corps, visited Washington for their annual visit. They met with Leon Panetta, Mickey Kantor, Carol Rasco, Bob Reich, John Emerson, Chris Sale (Deputy INS Commissioner), Newt Gingrich, Bob Dole, and other members. In addition, the Democratic members met with the Vice President, and then with Doug Sosnik and Emerson.

Medicaid, welfare reform, job training and rising gas prices were the major issues raised. A number of the Democratic members had "case work" problems, which Emerson and Sky Gallegos are working on.

*Good
2/11/96*

City of San Bernardino: Mayor Minor of San Bernardino led a delegation of elected officials and business leaders to DC for two days of meetings with Administration officials, set up by IGA. Their trip began with a Roosevelt Room briefing that included representatives from Defense and the NEC (Norton AFB reuse), Transportation (Route 30 extension), EPA (toxic clean-up), EDA (also Norton), and Justice (COPS). We then set up more intensive meetings at each of the agencies. Ron Burkle, who had requested the meetings, called to say they were pleased with the Administration response.

Sacramento County/McClellan AFB Delegation: Met with community leaders involved in base reuse. Meeting included Leon Panetta and Dorothy Robyn. The reuse group is negotiating with Rockwell to take over a substantial portion of the workload at McClellan, and is working with Rudy DeLeon on this.

Los Angeles County Supervisors: The Vice President met with a delegation from Los Angeles County, including four of the five supervisors (Molina did not make it). They were effusive in their praise of the President and the White House for moving their medicaid waiver along. Major issues included continued work on the restructuring of the County's health care system; the possible closure of probation camps because of funding problems; reimbursement for the cost of incarcerating and prosecuting criminal illegal immigrants. They also made clear that any reduction in aid to legal immigrants would have a serious fiscal impact on the County.

5-6-96

National Conference of State Legislatures - IGA is working to secure an Administration official to speak at the Assembly on Federal Issues Meeting which will be held May 9-11. Certain County Executives will hold regional summits beginning on May 11. The goal of these conferences is to highlight differences between money that would be received by state and local governments under Republican and Democratic proposals.

don't let it slip
FEMA/UCLA: Chancellor Chuck Young, and trustees Michael Ovitz and Ron Burkle called to express concern over the progress of FEMA's effort to resolve the remaining dispute with UCLA over earthquake funds for the UCLA medical center. James Lee Witt believes that the agreed upon process is on track, although it is proceeding more slowly than he would like.

Democratic Elected Officials - Held a follow-up meeting with DNC staff regarding the elected officials that Mayor Archer is organizing throughout the country.

What's the deal on this?
Royalty Fairness Act - Governor Sullivan called concerning this legislation and asked if he might be able to help in any way. I asked T.J. Glauthier to speak with Sullivan as well. Sullivan is speaking with Governor Geringer today about this issue.

Mayor Cleaver - Helped organize a event with the Vice President, Mayor Cleaver, and the Missouri Congressional delegation to make a DOT grant announcement. The grant which the VP and Rodney Slater announced was for construction funds for a bridge in Kansas City which was one of Mayor Cleaver's highest priorities for the City.

ACIR Report - Met with Governor Winter regarding the drafting of the ACIR Unfunded Mandates Report. The final report is due mid-June and we should receive a copy of it well in advance of the release.

Olympics Meeting - Participated in White House Olympics Meeting and dealt with Mayor Campbell's office regarding issues related to the Olympics.

Puerto Rico NGA Conference - Began meetings to coordinate White House and Administration involvement in this summers NGA conference which will be located in Puerto Rico. Also met with Gordon Giffen who requested a VP visit to Puerto Rico in June.

Democratic Governors' Conference call - Senator Daschle and Leon participated in a conference call to Democratic Governors on the issues of Medicaid, Welfare, and Balanced Budget. Leon also announced a meeting with you and all the Democratic Governors here at the White House on May 29th. Senator Daschle may meet with them as well that day.

Colorado Forum - Marcia Hale spoke to a group of Colorado Business executives at Governor Romer's request. Their principle issue is the timely clean-up of Rocky Flats which they estimate will require a sizeable increase in the Federal appropriation. The First Lady spoke with them as well this week.

U.S. Conference of Mayors - Met with Mayor Daley's office to begin planning White House involvement in their summer conference in Cleveland as well as how we can coordinate with Daley throughout his term as President. Daley intends to focus on Education and how both the public and private sector local community is needed to improve our educational system.

Mayor Chavez - Conferred with Mayor Chavez of Albuquerque with respect to the GSA activities in his city, and am awaiting the Mayor's forwarding of information. Upon receipt, we will meet with GSA to see, if anything can be done to assist the city and its business from the impact of the GSA closings.

Chicago - Worked with the VPOTUS's office on the Chicago, May 4 trip including coordination with scheduling and advance. Had a number of conversations with members of the Mayor's staff concerning the Mayor's attendance and the Empowerment Zone issues. The Mayor met with Secretary Cisneros earlier this week to discuss some problems which we are trying to resolve with Ed Eisendrath, the Secretary's representative to Region 5. Eisendrath has been very helpful, and VPOTUS is advised as to the possible issues.

Met with T.J. Glauthier concerning the closure of the Division Office of the Corps of Engineers in Chicago. T.J. and Kevin O'Keefe will meet with city officials and the Congressional delegation within the next three weeks to brief them on the program.

THE PRESIDENT HAS SEEN

5-6-96

THE WHITE HOUSE

WASHINGTON

May 3, 1996

96 MAY 3 17:13

MEMORANDUM TO

LEON PANETTA

FROM

RAHM EMANUEL R.E.

SUBJECT

WEEKLY REPORT

*This is very good
Memo*

WELFARE: A good portion of this week was spent developing the Teen Mom policy for the radio address. The President will announce a new action requiring teen mothers to attend high school as a condition of receiving welfare.

This announcement should enhance the Presidents image on welfare. It may also provide the intended consequence of forcing the Congress to take action on the legislative front.

I think it is essential we bring in the top people at HHS to review the state welfare waivers. New Jersey, Pennsylvania, Michigan, California, Wisconsin and others are sending or have sent waiver requests. If this is left up to the HHS bureaucracy, they will negotiate without regard to the [??] implications. At a minimum we should have a letter sent from the Secretary, supporting the general thrust of each state's plans. This would put the administration on record supporting their state goals.

IMMIGRATION: I have attached a copy of an INS chart comparing our record and the legislation. As you can see, there is no difference between their bill and our record. Our strategy should be to support the bill without reservation.

Regarding the education amendment, I have sent you another memo detailing Senator Simpson's long record opposing such actions. We need to run an aggressive but below-radar campaign opposing the amendment. The Republicans have made it very clear that they do not want the President to sign the bill. They see his veto as a way to tie us down in California, and have said as much in print.

This week INS and I sat down to review a long term schedule for the agency. The focus is on the border and

5-6-96

workplace enforcement.

My goal is to have a number of announcements ready to be made in San Diego before July 1. After that date, Doris will be precluded from doing "political" things. I will forward the schedule next week when it is complete.

*Why?
What does
this mean?*

CRIME/DRUG: Next week Justice will be ready to announce grants for 8,863 new police officers and funds for ten new drug courts. Over 700 of these new officers will be in Los Angeles. The drug courts will be announced at the Drug Court Association Convention, accompanied by a new study noting the success of the drug courts.

*When
is this
being held*

The cop announcement should precede our gang event on the 13th. I am going to work with Justice to make the announcement a couple of days before the gang event to set it up as a crime week. Since some key cities will receive the money, I plan on asking the Vice President's office to do satellite TV.

In preparation for the gang event I have asked Justice to develop a new comprehensive juvenile crime bill. We continue to hear rumblings that Senator Dole is thinking of introducing a bill in June and we want to beat him to the punch. Even if Dole does not propose such a bill, we should still wrap existing legislation into a single package.

My goal for the gang event is to hold the briefing in the cabinet room with the three U.S. Attorneys and the Attorney General. Then the President, accompanied by the Attorney General and the U.S. Attorneys and their police chiefs would step out to the Rose Garden, where the President would give a statement on his new juvenile legislation.

Although we received solid press coverage on the Drug Policy announcement, the follow-up was a mess. I do think we knocked down a story before it blew up. In retrospect, however, I think we overreacted and could have been stronger in our defense of our actions.

Next week Congress is taking up sexual predator legislation to fix Meegan's law. Our posture should be that we welcome Congressional support for our U.S. Attorney's actions in defending this legislation. We should not give an inch here or look for conflict: We support their actions and welcome their help. I have asked Justice to develop a letter from the Attorney General to members stating our record and welcoming their support.

John

RESEARCH: HHS and DoJ should complete their research projects by next week. The effort should produce a report that prefigures the major charges Senator Dole will make on our record and the major claims we will want to make on our record. I will forward reports to you as they are completed.