THE PRESIDENT HAS SEEN
5-13-96

Operation Desert Storm Drugs: On May 7, Public Citizen announced submission of a petition to FDA to repeal interim regulations allowing u[illegible] of informed consent for experimental drugs used in military actions. They cha[illegible] military's representations concerning the use of experimen[illegible] The Presidential Committee on Gulf War Veterans' Illnes[illegible] FDA decides to reissue the rule, it should re-propose it fc[illegible] number of areas, such as adequacy of disclosure to servic[illegible] keeping and long-term follow up of individuals receiving[illegible] reevaluating the regulation and is considering next steps.

JIM DORSKIND:
Please coordinate the reply.

Anniversary: On May 16, FDA's research arm, the National Center for Toxicological Research in Jefferson, AR, celebrates 25 years of contributions to public health. Originated to address the need for increased research to develop better ways of assessing the inherent risks in toxic chemicals and to help reduce these risks, NCTR was established in 1971 at the site of the U.S. Army's Pine Bluff Arsenal. Today, NCTR continues to provide FDA and other regulatory agencies with the research necessary for them to confidently make regulatory decisions concerning the effects of toxic substances.

Biotechnology: Next week, the *Federal Register* will publish a rule eliminating the requirement for an establishment license application for certain well-characterized biotechnology drugs, and harmonizing application requirements for biotechnology products with those for drug products. As called for in the November 1995 report on reinventing the regulation of biotech drug products, and it is intended to reduce unnecessary burdens for industry without diminishing public health protections.

- **Travel:** Secretary Shalala travels to MI to participate in events with Debbie Stabenow, Democratic candidate for Rep. Chrysler's 8th district seat in the U.S. House of Representatives. On May 11, Secretary Shalala travels to WI for a children's issues town hall with Rep. Obey. On May 12, Secretary Shalala delivers the commencement address at the University of Wisconsin--Parkside. On May 13, Secretary Shalala travels to Parma, OH for a senior town hall with State Senator Dennis Kusinich, Democratic candidate for the 10th district seat in the U.S. House of Representatives. On May 16, Secretary Shalala travels to Sioux Falls, SD for a town hall forum with business leaders that will be broadcast on radio stations across the state.

- **Report to Congress About Violence Against Women:** Secretary Shalala and Attorney General Reno will transmit a report to Congress within the next two weeks entitled "The Validity and Use of Evidence Concerning Battering and Its Effects in Criminal Trials." The report concludes that, as a construct, "battered women's syndrome" does not adequately reflect the breadth of empirical knowledge now available concerning battering and its effects. However, the report indicates that evidence on battering and its effects is supported by an extensive body of scientific

From Harold Ickes

5/13/96

Send to Dorskind for reply?

Yes ✓

No ___

Courtesy of W/NJ2 C.

Missouri House of Representatives

Resolution

Whereas, Japan is one of Missouri's largest international trading partners; and

Whereas, the Missouri State Government operates a trade office in Tokyo; and

Whereas, passenger air service between the United States and Japan is regulated and restricted by a bilateral agreement concluded between the two governments in 1952, before the advent of jet transportation; and

Whereas, the existing U.S.-Japan aviation agreement allows only twelve U.S. cities to have direct passenger air service to Japan; and

Whereas, a new coalition of businesses and labor and political leaders has been formed to liberalize the 1952 aviation agreement and permit more flights from more cities connecting the United States with Japan; and

Whereas, this coalition is known as "ACCESS U.S.-Japan", (the Aviation Coalition for Competition and Expanded Services Between the United States and Japan), and is chaired by Gerald L. Baliles, the former Governor of the Commonwealth of Virginia; and

Whereas, the Governor of Missouri, Mel Carnahan, is a founding member of ACCESS U.S.-Japan; and

Whereas, the restrictive aviation agreement now in force with Japan does not permit Missouri airports to offer flights to Japan; and

Whereas, because of the restrictive agreement now in force, passengers must pay between twenty-five and sixty percent higher fare rates per mile for flights to Japan as compared with flights to other major international destinations; and

Whereas, Trans World Airlines, headquartered in St. Louis, has applied to the United States Department of Transportation to be granted authority to operate nonstop service between St. Louis and Tokyo, and between St. Louis and Osaka; and this application has received formal support from ACCESS U.S.-Japan; and

Whereas, an economic study by Coopers & Lybrand L.L.P. has determined that one flight per day from Tokyo to St. Louis would generate an additional $500 million per year in economic activity for the St. Louis area; and

Whereas, Coopers & Lybrand's economic study has determined that a liberalized aviation agreement between the United States and Japan would generate an additional $9 billion per year throughout the United States; and

Whereas, the President of the United States, William J. Clinton, will travel to Tokyo in April, 1996, for a State Visit, one which will include policy discussions with the Japanese Prime Minister:

Now, therefore, be it resolved that we, the members of the Missouri House of Representatives, Eighty-eighth General Assembly, hereby urge President Clinton to seek immediate commencement of negotiations with Japan to liberalize the United States-Japan passenger aviation agreement during his upcoming State Visit to Japan; and

Be it further resolved that the Missouri House of Representatives memorialize the United States Department of Transportation to grant Trans World Airlines' application for authority to offer air service connecting St. Louis with Tokyo and Osaka, Japan; and

"Salus Populi Suprema Lex Esto"

Be it further resolved that the Missouri House of Representatives support the efforts of ACCESS U.S.-Japan to promote tourism, trade, and economic growth in Missouri and throughout the United States through expanded aviation service between the United States and Japan; and

Be it further resolved that the Chief Clerk of the Missouri House of Representatives be instructed to prepare properly inscribed copies of this resolution for President William J. Clinton, for each member of the Missouri Congressional delegation, for the United States Department of Transportation, for Trans World Airlines of St. Louis, and for ACCESS U.S.-Japan, the Honorable Gerald L. Baliles, Chairman.

Offered by Representative May Scheve
District No. 98

I, Steve Gaw, Speaker of the House of Representatives, Eighty-eighth General Assembly, Second Regular Session, do certify that the above is a true and correct copy of House Resolution No. 716, adopted April 15, 1996.

Steve Gaw, Speaker

THE PRESIDENT HAS SEEN
5.11.96

THE WHITE HOUSE

WASHINGTON
MAY 11, 1996 96 MAY 11 P2:12

RECOMMENDED TELEPHONE CALL

TO: Marion Waller

DATE: ASAP

RECOMMENDED BY: Douglas B. Sosnik

PURPOSE: To express your condolences to Mrs. Waller.

BACKGROUND: Retired Army Lt. General Calvin Waller suffered a fatal heart attack on Thursday. Waller, who retired in 1991, was one of a dozen retired military leaders to endorse your campaign in 1992. At the time of his retirement, Waller was one of the highest ranking African Americans in the Army.

Nancy Hernreich thought you may want to call Mrs. Waller since the General was a prominent supporter.

A copy of his obituary is attached.

TOPICS OF DISCUSSION: Extend your condolences.

CONTACT PERSON AND TELEPHONE NUMBER(S): Mrs. Waller is staying at the home of Retired General Becton. The number there is 703-644-5771.

DATE OF SUBMISSION: May 11, 1996

ACTION: I talked to his son Mark
Mrs. W. not available
need to do letter to all

3

BZ

5/13 Jim:
Mr. Waller
ltr
has been
done
S.

JIM DORSKIND:

Please coordinate the reply.

Source: AP/West

Subject : Obit-Waller

g0198
^PM-Obit-Waller, Bjt,740<
^Lt. Gen Calvin Waller Dies of Heart Attack<
^wdctacseaje2-o<
^Eds: A shorter version moving on national wire.<
^SEA Filed<

WASHINGTON (AP) Retired Army Lt. Gen. Calvin A.H. Waller, deputy commander of U.S. forces during Operation Desert Storm and twice commanding general of Fort Lewis, has died. He was 58.

Waller, who retired after 32 years in the Army in 1991, died of a heart attack Thursday while on a trip to Washington, D.C., with his wife, Marion, according to a statement by his employer, Kaiser-Hill, an environmental contractor based in Colorado.

Waller was one of the Army's highest-ranking blacks when he retired.

As deputy to Gen. Norman Schwarzkopf, the top U.S. commander in the Gulf War, Waller was directly in charge of the main U.S. forces in the January 1991 offensive against Iraq.

He stirred controversy before the war by arguing that U.S. troops were not ready to fight by the United Nations' deadline for Iraq's withdrawal from Kuwait.

At the time, the statement appeared to undercut President Bush's strategy of steadily increasing pressure on Iraqi leader Saddam Hussein. Allied forces began bombing Iraq and Kuwait shortly after the Jan. 15, 1991, deadline. Iraq was defeated within several weeks.

In 1992, Waller was one of a dozen retired military leaders who endorsed President Clinton in his campaign against Bush.

Upon retiring from the military, Waller moved to Denver and served from 1991 to 1992 as president and chief executive officer of RKK Ltd., an environmental technology company. In July 1995, he became Kaiser-Hill's vice president for site operations and integration at Rocky Flats.

Waller was born Dec. 17, 1937 in Baton Rouge, La., and graduated from Prairie View A&M University in 1959. He received a master's degree in public administration from Shippensburg State College in Pennsylvania in 1978.

His initial assignments at Fort Lewis near Tacoma, Wash., were in company grade positions in the 4th Infantry Division.

Three times after that in his career, he returned to Fort Lewis: from July 1986 to July 1987 as deputy commanding general of I Corps and Fort Lewis, and twice as the post's commanding general, from August 1989 to November 1990 and again in 1991 from March to November.<

``Lt. Gen. Cal Waller was one of those `what-you-see-is what-you-get' individuals,'' said Lt. Gen. C.G. Marsh, the current commanding officer of I Corps and Fort Lewis.

``America has lost a great American and a great soldier,'' Marsh said. ``He contributed professionalism and competence with a natural warmth and infectious enthusiasm that inspired everyone he met.''

Lakewood, Wash., Mayor Bill Harrison, who was Waller's predecessor as I Corps commander, said Waller's leadership was admired by his officers as well as his soldiers.

``Soldiers didn't fear Cal, they respected him,'' Harrison said.

Waller started out as a shoe shine boy and until the day he retired he kept a photo of himself, with his rags and polishes, on his desk, The News Tribune of Tacoma reported. He said it was to keep him humble.

When Waller retired, he said it didn't worry him that his wishes as a civilian executive or business owner might not be followed as scrupulously as a general's.

``I have seen so many commanding officers who have been miserable failures because they think or thought they could just issue an order and it would be done,'' Waller said.

Waller was considered an inspiration by many minority and non-minority soldiers, and at the time of his retirement was assumed to be an obvious candidate for promotion to four-star general.<

Waller compared his departure to that of Joe DiMaggio and with Jim Brown: ``Retire when you're on top and always leave with good memories.''

In addition to his role in Desert Storm and his postings at Fort Lewis, Waller's Army career included service as the Commanding Officer of Nuclear Weapons Support Task Force at the Nevada Test Site.

He received numerous awards and decorations, including the Defense Distinguished Service Medal, two Army Distinguished Service Medals and the Defense Superior Service Medal, or Bronze Star.

Waller is survived by his wife, Marion, and sons, Mark, of New York, and Michael, of Colorado Springs, Colo.

Funeral plans are pending. He will be buried in Arlington National Cemetery in Virginia.

APW- 05/10/96 05:51:00

THE WHITE HOUSE

WASHINGTON

May 8, 1996

His Eminence
William Cardinal Keeler
Archbishop of Baltimore
320 Cathedral Street
Baltimore, Maryland 21201

Dear Cardinal Keeler:

Thank you so much for your letter. I appreciate your nomination of Edward J. Piszek for the Presidential Medal of Freedom.

As I am sure you know, the Presidential Medal of Freedom is the highest civilian award given in the United States. I agree that Mr. Piszek has done much to deserve special recognition, and I will give your recommendation careful consideration.

Sincerely,

Ck CC Fuller
She was a
Resident of mine
at Ukrainian Village
worked in Illinois

THE WHITE HOUSE

WASHINGTON

May 13, 1996

cc: w/ incoming
Harold Ickes

Kacey De Noi
Box 178
160 Washington Avenue, S.E.
Albuquerque, New Mexico 87108

Dear Kacey:

Thanks for your letter of April 30. It was great to hear from you, as always, and I really appreciate your enduring support for our efforts here. We're continuing to forge ahead, and I'm hopeful the end will bring us out all right.

Thanks, too, for your kind offer of assistance. We may well call upon you sometime soon.

Your trip to Africa sounds wonderful -- I hope you'll let me hear about it upon your return!

Sincerely,

Bill Clinton

Kacey De Noi
Attorney at Law

Maureen
&
Harold

April 30, 1996

President William Clinton
The White House
Washington, DC 20500-2000

Dear President Clinton:

I just watched Nightline and its coverage of Rwanda. I am leaving for Africa again in July; I haven't yet decided where else I will go after Uganda (to hang out with the gorillas!), but I will be running around that continent for about a month. Anything I can do for you while I'm there?

Things are looking great around here for your re-election. I'm so glad. It is so nice to hear people support you for a change, instead of just complaining. But the feeling here is pretty positive for you and negative for Dole and republicans in general. I think the American people actually recognized where the budget problems are. How refreshing! As always, if you want me to do anything (this doesn't include sending money, because I can do that without bothering you) let me know. I have been hoping to contribute more than money for some time.

Good luck. These words sound so inadequate, but you always have my best wishes.

Sincerely

Kacey

160 Washington Ave S.E. • Box 178 Albuquerque N.M. 87108 • (505) 266-8525

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UNITED STATES DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY

THE PRESIDENT HAS SEEN
5-13-96

96 MAY 3 A8:49

To the President
Fr: RBR

FYI. The latest attempts.

Bob / Alexis / Ann / Laura / Hillary

Alexis

This is very good
very well written - also much
more on message -

BK

WORKING FOR AMERICA'S WORKFORCE

FINAL

"*The New Corporate Citizenship*"

Robert B. Reich
U.S. Secretary of Labor

Town Hall, Los Angeles
April 16, 1996

In 1993, President Clinton went to Washington determined to make life better for people who work hard and play by the rules. He had an economic strategy to deal with unemployment, which had idled more than 7 percent of our workforce. And he delivered. The jobless rate has dropped to just over 5.5 percent. He promised 8 million new jobs in his first term. And he delivered. The figure now stands at eight and a half million, and counting. He promised to cut the deficit which had ballooned under his predecessors. And he delivered. By the end of this year it will be half of what it was when he took office.

Companies are doing well. Last year, the Fortune 500 enjoyed an average profit rate of 13 percent.

Working families are doing better than they have for a long time. The long slide in median wages has been halted. The poverty rate is dropping. And America is finally growing together again. The most recent available data shows that in 1994, every family income group, from the richest to the poorest, experienced a real increase in their incomes for the first time since 1989.

And things are beginning to look up here in California, too. In the 12-month period ending in February, this state added more than a quarter-million new jobs. That's on top of another quarter-million jobs that were added in the previous 12 months. That is a half-million new jobs. We're talking about a dramatic turnaround. And although unemployment in California is still higher than the national rate, it is down two whole points from 1993 and headed in the right direction.

Clearly, the Clinton strategy has succeeded in jump-starting the economy and setting the stage for greater numbers of average working Americans to prosper in what the President has called the "Age of Possibility."

But the President has also said that this is a record to build on, not sit on. Over the long term -- since 1979 -- about ~~97 percent of the average increase~~ in household income has gone to the top fifth of the nation's families. Everyone else -- four-fifths of American households -- has shared just 3 percent of the income gains.

Thus, the President has defined the great challenge before us -- the second stage of economic renewal -- as restoring wage growth and economic security for the majority of working families, and making the American dream of opportunity for all a reality for all who are willing to work for it.

In spite of the economic upturn and restored upward mobility for many families, millions of working Americans aren't sure what they're going to get out of the new, high-tech, global economy. This is an era of extraordinary dynamism and change, similar in scope to the industrial revolution that moved people from farm to factory. And like that earlier transition, this one is perilous for many people.

Left unchecked, economic insecurity can undermine the political preconditions for continued business prosperity. If too many of our people feel excluded from the upside gains of a dynamic economy and disproportionately burdened by its downside risks and costs, they eventually will support policies that sacrifice growth in favor of economic security -- policies like trade protection, capital controls and inflexible rules of employment. Or, worse yet, they become susceptible to insidious efforts to shift the blame for their ills to those who are least culpable but easy targets of rage -- immigrants, welfare mothers, affirmative action, to name a few. Left unchecked, the widening disparities in income and opportunity can undermine the coherence of our society. A society too sharply divided between winners and losers loses its moral authority.

We know that if this is the case, we will not be able to succeed as an economy, or as a society. This situation is not sustainable. But what should we do?

The solution does not lend itself to easy, "bumper sticker" strategies. As we have seen, anyone can get on the soapbox and exploit the anxieties of working people and their fears about the new economy. But that's not going to keep this nation on the right course. That won't help more of our people move safely into the new economy, where they can prosper.

We must be candid about what is happening here. This new era of economic dynamism and possibility marks the end of the old era of stable mass production. We have moved from the farm to the assembly line, and are en route from the assembly line to the computer. Information technologies, combined with global trade and worldwide investment, have shifted the economic ground we stand on. I use this metaphor advisedly in California.

Tens of millions of Americans are at risk of being trapped on one side of a great chasm that has opened between the old economy and the new. There are many new jobs, but the good ones lie tantalizingly beyond the grasp of many working people. Those jobs call for more than the energy, good sense, and determination that most Americans possess in abundance. They also require

technical or problem-solving skills, and the capacity to continuously acquire new skills.

Machinists are being supplanted by the operators of computer-controlled machine tools. Garage mechanics are being replaced by automotive technicians who can diagnose and repair the electronic gadgets that control today's cars. Office clerks are giving way to office technicians skilled in using computers for storing and updating data. Cashiers can become inventory-control specialists.

In every advanced economy, the job market is rapidly shifting in favor of people with such skills -- and against people without them. The earnings of people with the right skills are rising, while the earnings of those without them are dropping -- or they simply become unemployed. As we all know, in a dynamic economy no one has job security. Those with skills can still command employability security -- the security of being reasonably sure that if they lose their job they can get a new one that's as good. The challenge is to extend this new kind of security to those who remain trapped in the old economy -- because they don't know what skills are in demand, or can't afford the costs of building skills, or feel too old to learn, or cannot find ways to sustain their families as they navigate economic transitions -- rightly fear that if they lose their jobs, they will never regain the lost ground. We have to make the new economic dynamism work for more of our people.

That's the first major change now occurring in our economy. The second has to do with the disappearance of the implicit social compact that used to bind companies with their workers and their communities.

This compact, which survived well into the 1960's and 1970's, held that so long as a company earned healthy profits, employees could count on secure jobs with rising wages and benefits, and communities could count on a steady tax base. When the economy turned sour, employees might be laid off for a time. But when the economy revived, the work would return. The very term "layoff" suggested a temporary separation.

The compact was enforced in several ways. Unions played an important role. But it was primarily the public expectation -- the unspoken but widely-accepted norm -- that when a company did well, its employees and community would also do well. For a business not to share the benefits of its success would be unseemly.

That expectation has lost its force; that compact has come undone. To put it very simply, as Hollywood movies evolved over forty years from George Bailey's Bedford Falls in *It's a Wonderful Life* to Gordon Gekko's *Wall Street,* the structure of the American economy was doing much the same thing.

What changed? For one thing, competition for investment dollars. Vast amounts of capital can now be moved from place to place at the push of a key on a personal computer. Investors face an ever-wider array of choices of where to put their money. The result is "electronic capitalism" -- a worldwide system for immediately redeploying financial assets to where they can earn their highest return.

Today, any chief executive who hesitates to sacrifice all else to maximize short-term profits can risk trouble. By the same token, a chief executive who subordinates all else can reap handsome rewards. Even the term "layoff" no longer means what it used to. Most layoffs are now permanent. We need a new word to describe what the phenomenon is. Perhaps we should call them not "layoffs" but "cast-offs."

The sum of these two momentous changes presents this nation with a great paradox. Just at the time when the workforce is most in need of help adapting to a new economic system, the drastic narrowing of the sense of corporate mission has sharply limited the private sector's capacity to respond to that need.

A narrow economic calculus discourages the necessary investments: The nation as a whole is better off when employers teach their workers basic or industry-wide skills beyond what is required to function effectively in their current jobs; the national economy as a whole is more flexible and productive when employers see to it that workers who are no longer needed get trained for and placed in new jobs. Yet because the company doesn't reap the full benefits of these sorts of investments in the short term, CEOs may be reluctant to make them to the extent that society needs.

As corporations have focused more and more exclusively on increasing shareholders' immediate returns, the consequences have become obvious. The stock market has soared while pink slips have proliferated, health care and pensions have been cut, and the paychecks of most employees have gone nowhere. Top executives, talented entrepreneurs, and Wall Street intermediaries have never done as well. Workers without adequate education and skills, or with outmoded skills, are in free fall. This situation is not sustainable. But what can be done about it?

Too many individuals and families are trapped. Government -- society -- must respond, but cannot do it all. So, to what extent can we rely on the private sector? Do companies have obligations beyond the bottom line? Do they have a duty to their employees and their communities? Over the long term, do the interests of all stakeholders -- shareholders, employees, and communities -- begin to converge? And if they do, can we build a new social compact -- a new corporate citizenship -- on the basis of that convergence?

The President has started a national discussion on these vital questions. And Americans from all walks of life -- politicians, community leaders and average working people and CEOs -- are now struggling to answer them.

Americans haven't abandoned their expectations of corporate citizenship. Last month, a poll sponsored by *Business Week* found that 95 percent of Americans believe companies have responsibilities to their employees and their communities that go beyond making profits. Noting the failure of wages to rise at a time of robust productivity and profit gains, the magazine's editors wrote: "The time has come to share the wealth."

Recently, President Clinton outlined five specific ways that business can exercise good corporate citizenship, enhancing long-term profits while at the same time helping more of our citizens prosper in the new economy. In each of these areas, society as a whole must do what it can to help our fellow citizens help themselves across the great divide. Government can also set minimum standards of business behavior. But businesses must make every effort to exceed the minimum.

First, businesses can institute policies that help their workers fulfill their family responsibilities -- policies such as flexible work schedules, help with child care and generous leave for family and medical reasons.

Early in this term President Clinton proudly signed the Family and Medical Leave Act, which requires employers to give their workers up to 12 weeks unpaid leave for the birth of a child or to care for an ailing relative. But some companies are proving that they can go beyond the minimum the new law requires -- and can boost the bottom line at the same time.

Procter & Gamble, for instance, allows up to a year of maternity leave for new mothers as well as subsidized childcare and up to five years of reduced work hours so mothers can care for their young children at home.

The evidence shows that these kinds of commitments pay for themselves in improved employee morale and productivity. Johnson & Johnson employees missed 50 percent less work after flexible work arrangements were instituted. A division of another major corporation found that flexible work schedules reduced absenteeism by 30 percent.

The second way companies can be good citizens is by providing their workers health care and pension benefits.

Here, too, government has a role to play in setting minimum standards. This Administration is encouraging Congress to pass legislation barring health insurers from cutting off workers when they change jobs or when someone in their family

gets sick. Last Thursday, the President announced a package of pension reforms enabling small businesses to more easily provide pensions, and helping workers carry their pensions from job to job.

But with millions of American workers lacking both health care and pension coverage, it is clear that businesses must do more than meet the bare minimum -- and it's clear that top-flight companies can, and do. Starbuck's, the Seattle-based coffee retailer, has been widely recognized for its practice of offering full health insurance benefits and its 401(k) plan to its part-time workers.

Thirdly, businesses should invest in their "human capital" -- in upgrading the skills of their workers -- which are so critical to raising incomes, increasing productivity, and growing the economy.

Once more, there's an important but limited role for government. We are working to change the nation's unemployment insurance system -- originally designed to provide income support during temporary layoffs -- into a re-employment system designed to get jobless workers the training they need and move them rapidly into new jobs. Our "GI Bill for America's Workers" calls for the consolidation of federal job-training programs into vouchers that unemployed or low-wage workers can use at community colleges or technical schools to get the training they need. The President is also proposing to give families a $10,000 per year tax deduction to offset expenses for university education or job training.

But the business role is at least as critical, and there is strong evidence that doing right by employees is also good for the bottom line. One study has found companies that introduced formal employee training programs experienced a 19 percent larger rise in productivity than firms which did not train their workers. Another shows that raising the average education of your workforce by one year helps them become as much as 12 percent more productive.

Some companies have received that message loud and clear. Granite Rock, the construction materials supplier in Watsonville, California, invests nearly $2,000 per employee annually in training -- nearly 13 times the industry average. Workers at Cin-Made, an Ohio firm that makes specialized packaging, receive extensive on-the-job training and receive additional pay for acquiring advanced skills. And Harley-Davidson, maker of the legendary motorcycles, has established an on-site learning center for its employees.

These investments in skills have paid off for each of these companies. Granite Rock has improved customer service and raised its productivity to 30 percent above the industry average. Cin-Made has seen its on-time deliveries increase by nearly a third. And, after some tough years, Harley is back on top of the motorcycle market.

The fourth thing businesses can do is to work in partnership with their employees -- giving them a greater voice in the enterprise and sharing the benefits of the good years, not just the burdens of the bad.

Government can and should set a decent baseline. We are determined to raise the minimum wage to a decent level so that full-time workers can pull their families out of poverty. And we should maintain the expanded Earned Income Tax Credit that helps millions of low-income working families.

But business can do a great deal more to reward their employees for their abiding loyalty, dedication and hard work -- as many companies have demonstrated. Intel, for example, is known far and wide for its strong fringe benefits, deferred profit-sharing plan and commitment to redeploying workers instead of laying them off. Instead of cutting jobs during slack demand for its speaker cabinets, Harman Electronics -- located nearby in Northridge -- has an "Off-Line Employment" program to keep its employees on the job making alternative products from scrap wood.

And perhaps the story of the year came out of Methuen, Massachusetts last Christmas, after a tragic fire destroyed the Malden Mills textile factory and with it the security and the hopes of the 2,400 people who work there. Three days later, the owner of the firm, Mr. Aaron Feuerstein, appeared before his employees and told them he would not only rebuild the factory and rehire every one of them, but he would also continue paying them their salaries and their benefits during the shutdown. Today, Malden Mills is well on its way back to full operation.

The experiences of many companies show that allowing workers to share the gain as well as the pain -- and giving them a genuine voice in the enterprise -- is a successful strategy that pays big dividends over the long term. Layoffs may be necessary, of course, but companies that treat their workers as assets will use layoffs only as a last resort, and only after giving their employees every opportunity to find new, productive work.

Finally, every company has a duty to provide a safe workplace. No one should have to put themselves at risk just to put food on the table. Government must be the cop on the safety beat. But the Labor Department's Occupational Safety and Health Administration can inspect only a tiny fraction of the nation's 6 million workplaces. It is essential, then, that businesses do their part to reduce workplace injury and death.

Companies like DuPont have discovered the benefits to be gained from a strong commitment to improving worker safety and health. Through its participation in a Voluntary Protection Program run by OSHA, DuPont has brought its injury rates down to 87 percent below the industry norm, thereby reducing its

workers' compensation payments, related medical costs, and employee turnover costs.

So these are the five elements of good corporate citizenship -- family-friendly policies, health care and pensions, training and education, working in partnership with employees and providing a safe and healthy workplace. Five things companies can do to help bring about a better future for all Americans. Five steps that build upon the measures this Administration already has taken or is seeking to take to enable working people to better balance work and family, to have health care and pension security when they lose a job, to gain new skills, to be paid a decent livable wage, and to work safely.

Good corporate citizenship also means respecting the need for minimum standards, and not using financial and lobbying muscle to eradicate them. CEOs cannot have it both ways: Lobbying furiously against a higher minimum wage, full enforcement of health and safety laws, health care, and family-friendly workplace policies, while at the very same time insisting that their job is simply to respond to the dictates of the free market.

After I leave you here, I will be paying a visit to one local company that has made great strides in all five of these areas. Rhino Records may be best known for its popular re-issues of the music we grew up on. But Rhino employees will tell you that the company has great flex-time and family leave policies, good health and pension plans, a program to cover the cost of job-related tuition, profit sharing and bonuses, and an employee emergency team to address safety concerns.

On Thursday, I'll be in Portland, Oregon to drop in on Connor Formed Metal Products, another firm that is doing a lot of good things for its workers. Connor has gone the extra mile in providing an Employee Stock Ownership Plan, performance bonuses, profit sharing, health insurance and on-site job training classes.

Rhino and Connor are two more of the companies that are doing right by their workers, their communities and -- in the process -- their own bottom line. We ought to be encouraging more businesses to follow their example.

Some cynics will sneer at these principles. They'll say that business leaders can't be expected to care about the economic fate of their fellow Americans.

I just don't believe that. The American spirit of innovation is look for a better way -- and to relentlessly pursue a better world. That is the ideal that led Ron Brown and those 12 executives to their deaths in Croatia a couple of weeks ago. The idea that bad citizenship makes good business sense would be seen as bizarre by most Americans, including most business leaders, throughout most of our country's history. Everybody remembers GM's "Engine Charlie" Wilson's creed that "what's

good for General Motors is good for America". But we often forget the second part of that declaration -- "And vice versa." The common interest of corporation and culture was a matter of simple common sense to most business people, until recently. And I'm confident that we'll soon dismiss the extreme notion that business can prosper while the middle class withers and the civic culture decays. We'll return to the mainstream view that corporations are, in a sense, citizens of our American community, that citizenship carries duties as well as rights, and that there is and must be an ethical basis to doing business in America.

It is already apparent that the vast majority of Americans -- including many of our nation's business leaders -- still believe that there should be a social compact. There are a great number of companies doing the right thing today. Over the long term, doing right is consistent with doing well. As a society, we must encourage others to follow their lead.

That is the new corporate citizenship -- a new idea that is really a return to a very old, very basic, American norm. It is a necessary complement to the measures we as a nation must take to ensure that all Americans have a fair shot at sharing in our prosperity.

Let us continue to have a national conversation about corporate citizenship. Surely, further discussion about the proper role of the corporation at this unique moment in history is no less important than the discussion we have been having about the proper role of government. In this era of smaller government, at a time when so many are foundering in the face of record profits and a soaring stock market, the failure of the private sector to respond imperils our nations' continued prosperity and stability.

All Americans have an enormous interest in sustaining the openness and dynamism that has served our economy, as well as the faith of those who labor in it. For the sake of our nation's future, let us work to rebuild and sustain that faith.

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Bill - See p. 18 on Nick Pastore, police chief of New Haven, CT.
5.13.96

And yet neither is a remedy like C.C.R.I., which would slam the door on every attempt to accommodate diversity. That, of course, brings the argument full circle, back to the genius of Lewis Powell's fudge factor. As law, which prefers clearly drawn lines, it was never entirely satisfactory; "diversity" is itself an amorphous thing to define. But as a rough guide for policy in a field as complex as this—and in a nation as necessarily ambiguous about the meaning of equality as we are—it's not easy to think of a better alternative. No open society has ever fully resolved the tension between objective standards and necessarily subjective personal judgments—whether in civil service or in graduate school admissions. We do not choose our doctors by test scores alone. Nor, if we know what's good for us, should we so choose our cops, our firefighters or our teachers. Race is properly a suspect category, in law as in general society. But it is there, everywhere in our lives. Both *Hopwood* and C.C.R.I. would permit the use of all other criteria—preferences for those with economic handicaps, or with special abilities, or from certain geographic areas, or from families where no one had ever gone to college, or from limited English-speaking backgrounds—a whole panoply of surrogates for race and ethnicity. Still, they fail because they would require us to be blind—or to pretend to be blind—to something as plain as the noonday sun. C.C.R.I. may still be defeated in November, but *Hopwood*, by legitimizing positions that a few months ago were badly tainted by Governor Wilson's politics, is changing the odds. ■

THE DEBATE ON VIOLENCE RAGES ANEW—LOCKED IN BY SOME FALSE STARTING POINTS.

How the War on Crime Imprisons America

Bureau Eyes Re

BRUCE SHAPIRO

How should the nation think about crime? Right now this seems a particularly confusing question. Crime rates fall yet incarceration rises; law-and-order Republicans do battle with police chiefs over re-legalizing assault weapons; Reagan-appointed judges call for ending the war on drugs while Health and Human Services Secretary Donna Shalala greets those same proposals with derision.

For at least a generation, anxiety about crime has been central to the landscape of U.S. politics. This is emotional, contradictory and bewildering terrain. Most of us occupy it at least briefly when walking alone down the street at night as a footfall sounds a few yards to the rear; it is even more familiar to anyone who has contended with car theft or murder or anything in between. In this land, the story, not logic and statistics, reigns supreme: the story of what we have suffered, what we have heard about, what we fear.

If the politics of crime seems especially muddled today, it is

Consider, first, the unusually encouraging news that in recent months has emerged from America's embattled cities: "The rate of violent crimes, which include murder, robbery, rape and assault, actually fell to its lowest level since 1989," *The New York Times* reported in November. As a recent *Time* cover put it: "Finally, We're Winning the War Against Crime." *New York* magazine was even more exultant: "The End of Crime as We Know It."

This drop, particularly in the rate of homicides and assaults with guns, is not some media creation. The 1995 murder rate in New Haven, the city where I live, was down 44 percent from just a year before, welcome relief after a dramatic spike upward in violence that took, in a moderate-sized municipality, more than 200 lives over the past decade. While New Haven today is hardly crime-free, young people are substantially less likely to be shot. The same is true, with local variations, in cities around the country; in New York, the homicide rate was down 31 percent in just

While no one seems to understand definitively what has been going on (*Time*: "Is this a blip or a trend?... It may be a bit of both"), the news media and some politicians are responding with celebration—and sometimes, with skepticism toward the prison-expanding crime policies of recent years, which had short-term electoral appeal but are rapidly burning holes in state budgets. Republican Governor Tommy Thompson of Wisconsin not long ago announced a moratorium on new prison construction, and New Jersey's Christine Todd Whitman has voiced similar doubts.

It should be no surprise that in the face of all this good news and the beginnings of reconsidering policy, a major drive is now under way to swing the pendulum of public discourse back toward fear. The tone and many of the arguments justifying this backlash emanate from a report issued January 5, "The State of Violent Crime in America," by a group calling itself the Council on Crime in America. Its author is John DiIulio Jr., a professor of politics and public affairs at Princeton and a ubiquitous presence on Op-Ed pages and at Congressional hearings. The study's message was clear. "Despite recent reports that crime is decreasing," wrote *The New York Times*'s Fox Butterfield, summarizing its findings, violent lawbreaking "will explode in the next few years as the number of teen-agers soars.... [The report] painted a bleak portrait of the criminal justice system, maintaining that it remained a 'revolving door' that allowed large numbers of violent felons to go free and commit more crime." The Council on Crime in America (which is officially co-chaired by William Bennett and Griffin Bell, Jimmy Carter's Attorney General) has scheduled a series of "hearings" around the country and has additional crime reports in the works.

The essence of the report's "dark picture" can be boiled down to a few key points:

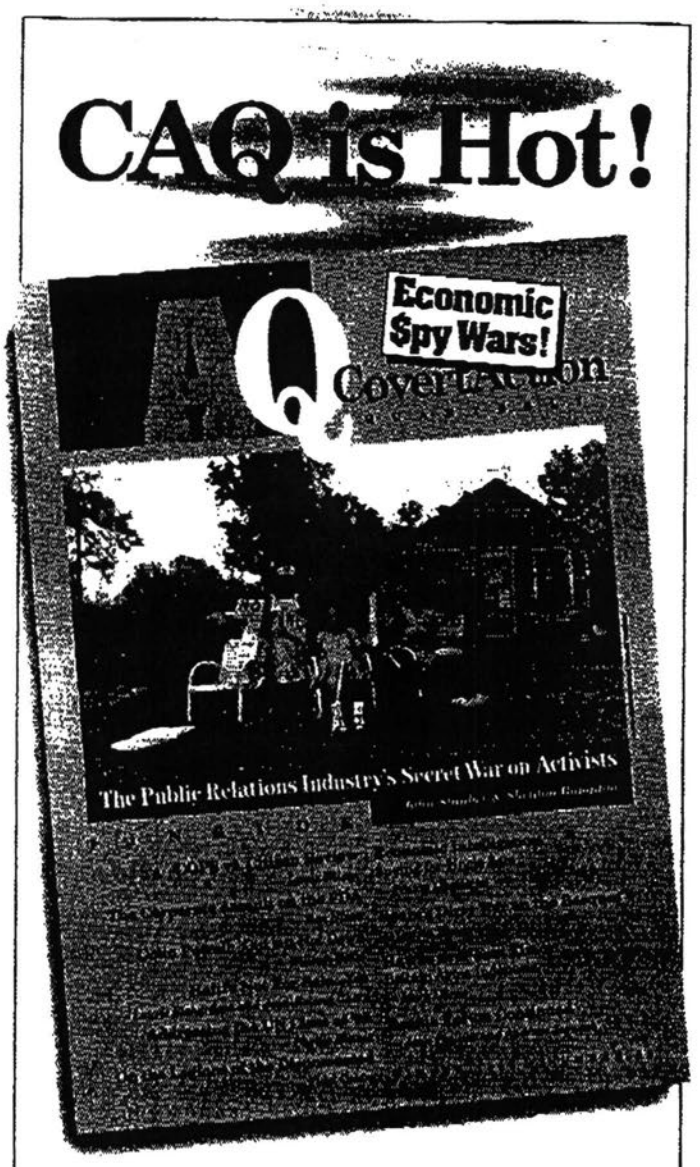
§ "Americans are plagued by revolving-door justice." The report claims that about one-third of all violent crimes are committed by people on probation, parole or pre-trial release.

§ Most prisoners are not, as popularly supposed, low-level, socially harmless drug offenders: "Since 1974 over 90 percent of all state prisoners have been violent offenders or recidivists.... half or more of all prisoners commit at least a dozen serious crimes" in the year prior to their incarceration.

§ The generation of urban males now approaching their teens is a "ticking time bomb" that will send crime statistics soaring and "make the...Bloods and Crips look tame by comparison." Elsewhere DiIulio has called this generation "fatherless, Godless and jobless," a national "wolf pack" of conditioned "superpredators."

All this leads to a straightforward if bracing conclusion: Prison is a "crime-restraint tool" that is "socially beneficial and cost-effective." Rather than capping prison expansion, the United States "needs to put more violent and repeat criminals, adult and juvenile, behind bars longer." DiIulio asks, "If incarceration is not the answer, then what, precisely, is the question?"

Before considering those arguments, it's worth taking a closer look at the Council on Crime in America. "First...full disclosure," DiIulio wrote concerning the council, which is a program of a Washington advocacy organization called the New Citizenship Project. "I (a Democrat) am a member of the council, which is co-chaired by former federal drug czar William J. Bennett (a Republican) and former U.S. Attorney General Griffin B.



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Bell (a Democrat)." The report described the council as "bipartisan," and that description ended up being echoed in dozens of news accounts and columns.

In fact, DiIulio's and the council's disclosure was considerably less than full. The 1994 tax return of the New Citizenship Project describes it as an "affiliate organization" of the Project for the Republican Future, a conservative G.O.P. think tank founded by William Kristol. This is no arm's-length affiliation: "Both organizations," the return states, "share facilities, equipment and paid employees." In short: The Council on Crime in America is a right-wing G.O.P. subsidiary. DiIulio's "full disclosure" also failed to mention that his own current research on crime is funded by another partisan group, the Center for Effective Compassion, founded and directed by the decidedly Republican Arianna Huffington; and that the Princeton professor has received more than $450,000 from the right-wing Bradley Foundation of Milwaukee, a leading funder of school privateering, the anti-environmental Wise Use movement, *The American Spectator* magazine and other initiatives of the conservative Republican fringe.

The Council on Crime in America is a G.O.P. subsidiary, its most alarming conclusions replete with manipulation and distortion.

Examination of the council report's most alarming and headline-grabbing conclusions reveals a similar pattern of manipulation and distortion:

§ "Over half of convicted felons are not even sentenced to prison," DiIulio's report claims. Yet according to the Bureau of Justice Statistics, in 1992 (the most recent year for which data are available) 60 percent of defendants convicted of violent crimes were sentenced to prison; another 21 percent received jail sentences, often reflecting their lengthy pretrial stays in local jails. So altogether, more than 80 percent of violent offenders serve time behind bars. (I am indebted to The Sentencing Project of Washington, D.C., for this analysis.)

§ Similarly, in the report DiIulio, arguing for long mandatory sentences for drug dealers, writes that "the average quantity of drugs involved in federal cocaine trafficking cases is 183 pounds." But as The Sentencing Project points out, this "average" is absurdly distorted by the massive hauls confiscated from a handful of drug kingpins—sometimes into the tons. According to Justice Department figures, half of all cocaine arrests involved quantities under 3.7 pounds, 2 percent of DiIulio's "average."

§ To make the case for a coming generation of depraved "superpredators," DiIulio's report invokes the work of a well-known criminologist, James Alan Fox of Northeastern University. But DiIulio drastically misrepresents Fox. True enough, Fox worries that on a sheer statistical basis, a large number of preteens today may presage a larger number of criminals tomorrow. But testifying before Congress recently, Fox made it clear that the depravity

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lies not with teens but with gun makers. "The number of gun homicides—particularly with handguns—perpetrated by juveniles has quadrupled," while all other youth homicide has remained constant, he said, suggesting that today's kids are no more inherently prone to violence than in the past—but they do have easier access to more dangerous weapons. (Fox went on to decry America's "wholesale disinvestment in youth.")

"The State of Violent Crime in America" is only one instance of John DiIulio's broad influence as the G.O.P.'s favorite Democratic crime expert. From his chair at Princeton and as a fellow of both the Brookings Institution and the Manhattan Institute, he has emerged in recent years as a combative, media-savvy and prolific critic of liberal crime policies. DiIulio has testified twice before Congressional committees this year. He is quoted incessantly by Republicans on the floor of Congress; as Bob Dole campaigned in New Hampshire he cited DiIulio in his basic stump speech. DiIulio's byline is everywhere, from brainy policy quarterlies to *Reader's Digest*.

DiIulio first wrote about crime as a Harvard graduate student, under the influence of the conservative political scientist James Q. Wilson. His dissertation, a study of prison guards and wardens, was published as *Governing Prisons* in 1987. The book attracted some favorable reviews, largely because DiIulio challenged the Reagan era's simplistically cruel politics of punishment with a pragmatic assertion that prison should offer "amenities" and "services" to the incarcerated, from education to color TVs. But its deeper thesis is worth considering in light of DiIulio's present place in the national crime debate: As one reviewer paraphrased de Tocqueville, "That prison governs best that governs most."

DiIulio is a person with his own story about crime. The son of a police officer, he grew up in South Philadelphia. Here is how he told it in *The Public Interest*:

> My grandmother, an Italian immigrant, lived in the same Philadelphia row house from 1921 till her death in 1986. When she moved there, and for the four decades thereafter, most of her neighbors were Irish and Italian. When she died, virtually all of her neighbors were black. Like the whites who fled, the first blacks who moved in were mostly working-class people living just above the poverty line.
>
> Until 1970, the neighborhood changed little. The houses were well-maintained. The children played in the streets and were polite. The teenagers hung out on the street corners in the evenings, sometimes doing mischief, but rarely—if ever—doing anything worse....
>
> But in the early 1970s, the neighborhood began to change. Some, though by no means all, of the black families my grandmother had come to know moved out of the neighborhood.... The teenagers on the corners were replaced by adult drug dealers and their "runners." Vandalism and graffiti became commonplace. My grandmother was mugged twice, both times by black teenagers; once she was severely beaten in broad daylight.... On drives to visit her, when I got within four blocks of her home, I instinctively checked to make sure that my car doors were locked.... I have not returned to the area since the day of her funeral.
>
> My old ethnic and ghetto neighborhood had become an underclass neighborhood.

In 1988, violent crime struck DiIulio's family again: His uncle was stabbed to death by a paroled murderer and drug addict. "What that kind of experience does is it sure as hell concentrates your mind," DiIulio told *Legal Times* recently. "You start asking questions like, 'Why did it happen? Have the kids who did it done it before?'"

Perhaps in response, DiIulio's language on crime and inner-city neighborhoods took on a new stridency. Increasingly, his work could be described as a disguised retelling of that story about his grandmother: raging against the destruction of the remembered South Philadelphia of his childhood, and locating that transformation not in economic or political forces but in some essential difference between the "us" of the fifties and early sixties and the seemingly incomprehensible "them" who populated the neighborhood in his grandmother's final years.

DiIulio's mentor Wilson is famous for his "broken windows" hypothesis—that violent crime is bred by failing to stem minor evidence of disorder such as graffiti or public urination. In 1989 DiIulio took a radical step past Wilson, and in that leap can be found much of the intellectual underpinning for today's crime-and-punishment debate. Crime, DiIulio decided, is not caused by other social problems. To the contrary: He believes "the underclass problem" is primarily caused by crime. Welfare-dependent single mothers "owe their plights" to incarcerated partners. "'The truly disadvantaged' exist mainly because of the activities of 'the truly deviant'—the large numbers of chronic and predatory street criminals—in their midst." Inner-city schools are "unable to function effectively" mainly because of "the criminals (especially gang members) who hang around their classrooms."

DiIulio's timing could not have been better. In both its blunt logic and convention-defying tone, his theory of crime proved to be an ideal one for the Rush Limbaugh era. No need for social-welfare programs; no need to stem the flight of jobs; no need to worry about racial discrimination or drug rehabilitation or even such neocon conceits as a culture of poverty. Simply lock up enough troublemakers and the ghetto will disappear.

DiIulio's vision of inner cities, and in particular of black people who live there, is best described as both apocalyptic and demonic. "All that's left of the 'black community' in some pockets of urban America is deviant, delinquent, and criminal adults surrounded by severely abused and neglected children, virtually all of whom were born out of wedlock," he wrote in *National Review* last year. In an article in *The Public Interest*, also last year, he says the abusive families from which many juvenile offenders come "are not 'dysfunctional'; they are simply not families."

Non-children, non-families, non-neighborhoods: Define people as sub-social and strongarm measures become more palatable, including what DiIulio himself calls his "radical" prescriptions for big government and religious intervention in black crime. Instantly remove abused children to state-funded, church-run, race-segregated orphanages and "terminate all parental rights." Outlaw intervention in prison conditions by federal judges. Forget about prison as either rehabilitation or punishment; the main purpose of prison is crime prevention.

What DiIulio is proposing here is not just building more jail cells or imposing tougher sentences. It is, first, the wholesale

All about New Haven / community policing, etc.

writing off of a large segment of the population as irredeemably evil. It is also, by implication, a proposal for mass preventive incarceration of young black males: Sentences based not on particular crimes of which individuals are convicted but on the statistical likelihood that they will be guilty of something else, too. Demographics are destiny; for people from those non-family families, those non-neighborhood neighborhoods, Bob Dole's favorite crime expert proposes nothing less than the end of the presumption of innocence.

"Mr. DiIulio and those who listen to him have given up on these kids. I have not." The voice is not that of a social worker or liberal lobbyist. It is a thirty-three-year veteran police officer, a cop's cop: Nicholas Pastore, chief of New Haven's police department.

I have sought out Pastore because, when I contemplate the shooting and bleeding that has ravaged New Haven in recent years, it is hard not to be gripped by a sort of civic despair. The late eighties and early nineties here were a time of Wild West violence; between 1985 and 1991 the local murder rate nearly tripled. High-tech Glocks and Uzis started showing up in the hands of teenagers. Suburban drug-buyers drove their BMWs into formerly quiet black and Latino neighborhoods. There was an afternoon shootout on the steps of the beautiful old Elm Street courthouse. There was gunplay in the high school just up the street from my home and at the downtown mall. A 6-year-old was shot in the head when the school bus he was riding got caught in crossfire. A 7-month-old girl died in her bed from a gangbanger's stray bullet. Under such circumstances it is hard not to ask if DiIulio, however repellent and overheated, might on some level be right.

'If we continue to quick-fix by expanding our prisons,' says chief Pastore, the recent drop in crime will be 'just the lull before the storm.'

Seeking help in navigating this troubling terrain I called Pastore, who has gained some notoriety as a successful practitioner of urban community policing and an advocate of drug legalization. I also sought him out because, in certain ways, Pastore's story parallels DiIulio's. Like DiIulio he is the grandchild of Italian immigrants, and like him grew up in his grandparents' house. He talks about his old New Haven neighborhood—Legion Avenue, in the forties and fifties a tenement district teeming with immigrant Jews and Italians and African-Americans newly arrived from the South—in much the same terms as DiIulio describes South Philadelphia. His mother still lives a few blocks from Legion Avenue. Like DiIulio's grandmother in her final years, Pastore's mother is afraid to go out at night.

Unlike DiIulio, though, Pastore still spends a lot of time in his old neighborhood; his office in the New Haven police department is five minutes' drive from Legion Avenue and the larger neighborhood that includes it, the Hill. He also spends a lot of time talking to those "fatherless, Godless and jobless" kids—in classrooms, on the streets, in the holding cells four floors downstairs from his office.

I am interviewing Pastore on the thirty-third anniversary of his swearing-in as a New Haven cop; the occasion generates some historical reflection. As Pastore talks about the Legion Avenue of his childhood, I recognize a crucial difference between his unprompted recollection and DiIulio's story: a sense that the "nine square blocks" that defined Nick Pastore's universe were unmistakably connected to a larger world. He talks about lean financial times—"all of us on Legion Avenue were the have-nots"—and how his mother finally took a job across town at the Winchester Repeating Arms plant.

Not long before Pastore was sworn in as a cop, the tenements of Legion Avenue were plowed under in an early urban renewal campaign. A highway promised in their place never materialized, leaving to this day a bombed-out midway at the neighborhood's heart. After the Vietnam War arms boom ended, Winchester, where tens of thousands of working-class New Haveners worked, closed.

By the seventies, jobs in the neighborhood—by then largely African-American and Puerto Rican, joined later by other immigrants from the Caribbean—were scarce. Storefronts burned in a 1970 riot were not replaced for nearly two decades, and Legion Avenue children tried to learn in crumbling classrooms built around World War I. By the Reagan years, the Hill had only three operating industries: Yale New Haven Hospital; a variety of social service agencies; and the local drug trade. Today Nick Pastore's old neighborhood has one of the highest poverty rates in the United States and a rate of pediatric AIDS higher than that of many Third World countries.

I ask Pastore what has most changed about crime in New Haven since he signed on as a police officer in 1963, and in particular over the last violent decade. His answer is immediate and precise: "The gun. The presence of the gun, the sensibility of the gun. It makes us all less effective, and sometimes impotent."

This, Pastore observes, is the result of conscious corporate marketing decisions. In the early eighties handgun sales went into a slump. According to the Bureau of Alcohol, Tobacco and Firearms, between 1982 and 1986 handgun manufacture fell nearly by half, resulting in nearly 2 million fewer handguns in circulation. In New Haven that drop in handgun manufacture was paralleled by a dramatic drop in crime rates: Between 1981 and 1982 murders fell by more than 40 percent, and stayed at the same level for four quiet years. Less dramatic but more common crimes—robbery, car theft, burglary—fell too.

Then, in Pastore's words, "the gun manufacturers got together and decided to make and romanticize these special semiautomatic weapons." Thanks to aggressive marketing, sales shot up. By 1993, according to the American Shooting Sports Council, U.S. handgun manufacturing had doubled to an all-time annual high of 2.8 million weapons.

On New Haven's streets, that record number of more dangerous guns collided with the highly profitable crack economy—and a generation of kids with few alternative employment prospects. Richard Freeman of the National Bureau of Economic Research in Cambridge, Massachusetts, has pointed out that in 1989, 63 percent of children in a Boston survey believed they could earn more money "on the street" than in a "legitimate" job, compared with 41 percent a decade earlier. Freeman calculates that the average Boston youth involved in crime could expect to take home rough-

ly $10 per hour, compared with $5-$6 take-home pay for whatever noncriminal work is available. The same thing happened in New Haven; by the late eighties criminal violence was at an all-time high.

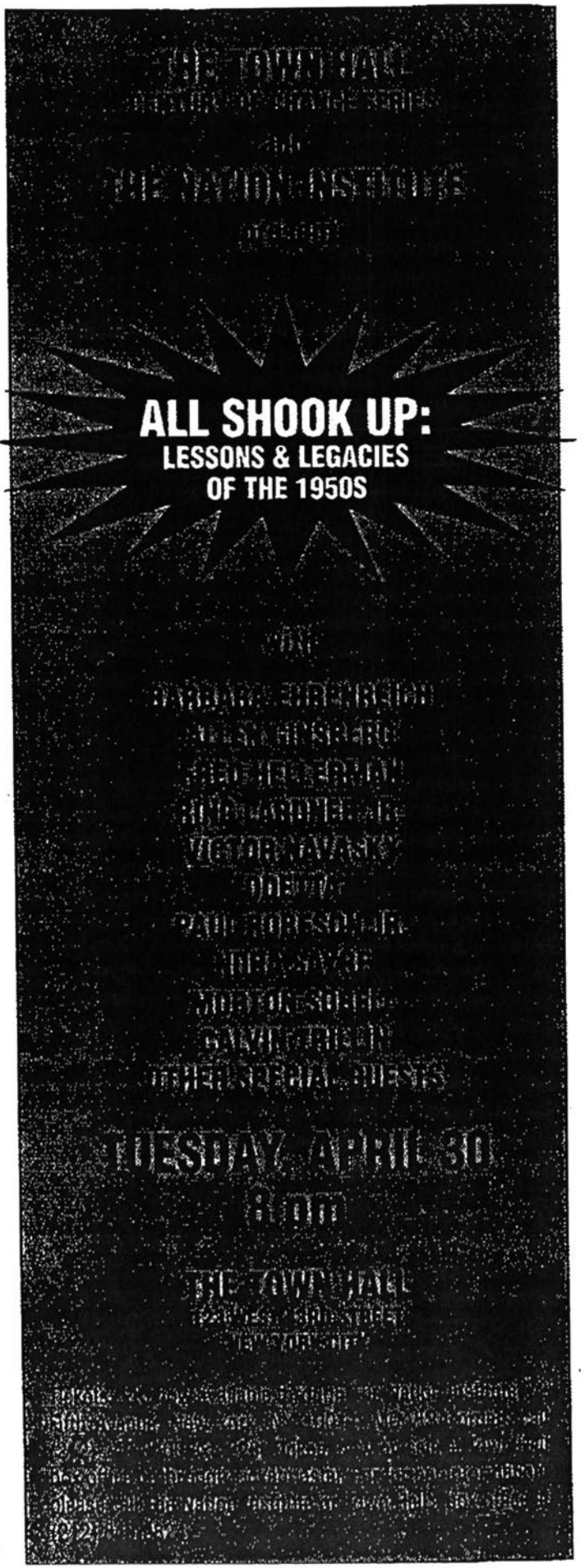
Some of those guns are still out there and the local economy is, if anything, more desperate. So why has New Haven's crime rate dropped? Perhaps it is a regional leveling in the drug economy. Partly it is Chief Pastore's radical rethinking of urban policing; more on that later. Pastore himself thinks that the crime policies inspired by DiIulio and other conservatives—in particular prison expansion and mandatory minimum sentences—have in the short run had an effect. "It is true there is a new realism, a new association of criminal acts with harsh consequences."

But—and here Pastore starts repeating phrases for emphasis—those same policies in the longer run are having precisely the opposite effect: They are making the streets less safe. Take the "three strikes" laws now on the books in Connecticut and twenty-three other states. "In California, the Corrections Department is in a state of paralysis because of 'three strikes.' And on the street, the message is: 'I can't afford to get caught. So I am going to get away even if I am going to have to hurt a cop. For officers 'three strikes' has made the streets more dangerous.

"And if that continues, it is going to call for a response from police. Instead of killing 500 a year on the streets, the police will kill 5,000. Street justice. The last thing we want." Pastore is convinced that the real "ticking time bomb" is prison expansion. The reason is simple: Eventually most of the 1.5-million-and-growing Americans incarcerated today are going to come out uneducated, unemployable, politically disfranchised and angry. "If we continue to quick-fix by expanding our prisons, this drop is just the lull before the storm. You will within a few years have a significant segment of society who are *prison-influenced* and *prison-behaved*."

But if mass incarceration is not the answer, what precisely is the alternative? Nick Pastore offers one specific solution: to radically rethink the meaning of law and order and the practice of policing. "Arrest," he is fond of saying, "is a sign of failure."

Today the phrase "community policing" is a political buzzword, endorsed across the spectrum from Jesse Jackson to Orrin Hatch. But in New Haven, as in a handful of other communities, it has meant far more than putting officers back on neighborhood beats. When Pastore took charge of a notoriously corrupt and brutal department in 1990 he turned standard police practice on its head, demilitarizing and decentralizing in ways that drove the department's Dirty Harrys around the bend. He put a domestic-violence specialist in charge of all police training. He tripled the number of female officers. New Haven has gone from one SWAT team raid every two weeks to two in the last two years. At the request of residents he established homework centers in neighborhood precinct houses, and he initiated a counseling program for children who witness violence. At the very moment when other social-welfare programs were being dismantled, Pastore turned New Haven's police into a front-line community intervention agency, especially for teenagers: "We try to identify



those kids who are in greatest danger and throw everything the system has to offer at them." It was a policy based, Pastore says, "on using your ears and head, not the tools of the belt." And on giving neighborhood residents their first real chance at meaningful input into police policy—including teenagers, who sit on a Board of Youth Police Commissioners that interviews every prospective officer.

At the same time, Pastore turned around the standard practice of measuring police performance by the sheer number of street-level arrests. Pastore instead concentrated his detectives' energy on quietly going to the heart of corrupt organizations that systematically make citizens' lives more dangerous or difficult—whether that happened to be gun-wielding drug gangs, pyramid-scheming fraternal clubs or crooked city hall politicos.

In short, Nick Pastore remade the New Haven police department into a multipurpose vehicle for advancing civil society, a distinctly political idea rooted in critical social theory: Crime can best be fought by organizing people to identify the specific factors making their neighborhoods less safe, whether it is abandoned buildings ignored by city inspectors or an abandoned economy ignored by Washington.

Does it work? Last week I found myself in a conversation with an emergency medical technician, who is on the front line of violent crime as much as any police officer. Two years ago he nearly quit his job after administering futile C.P.R. to that 6-month-old shooting victim. He's always disliked Pastore's outspoken liberalism. But he is also convinced the chief's policies have turned the city around. "It's the beat cops and all that outreach. I have to give Pastore credit."

On the broader scale, the national drop in homicide may offer a rare opportunity for more rational discourse to prevail. A new book, *The Real War on Crime*—a sort of citizens' handbook by a group of liberal crime policy advocates, including Pastore—offers a salutary dose of calm analysis. From it we learn, for instance, that the worldwide assumption that the United States is more crime-ridden than other industrial countries (an assumption I shared unquestioningly) simply does not stand up. American rates of rape, assault and the like are all comparable to those in supposedly safer societies such as Britain and the Netherlands. Only two statistical facts distinguish crime in the United States: "Because of the prevalence of firearms on our streets," the victims of violent crime are more likely to be injured or killed; and rates of incarceration are higher in the United States "because of our exceedingly harsh treatment of people convicted of lesser crimes."

A few bold policy initiatives might make a real difference. First and foremost, jobs. As economist Richard Freeman documents in his study, the gap between weak demand for less-skilled male labor and the earning potential in the underground economy virtually guarantees an endless supply of young criminals. Freeman points out that the combined annual cost of crime and incarceration would pay for a quite dramatic and effective public-works program.

There is also the biggest arena of irrationality—drug prohibition. The war on drugs is primarily responsible for the doubling of the nation's prison population over the past decade. Nick Pastore believes 70 percent of his law-enforcement work would be unnecessary if we ended prohibition and established accessible treatment centers. *National Review* believes the same thing, recently devoting a whole issue to the subject. As with the Clinton Administration's Big Brother anti-terrorism bill, the war on drugs is a logical arena of cooperation between the left and libertarian conservatives.

But sane policy alternatives alone are politically bloodless. At least since the George Wallace campaign of 1968, fear of crime (and the racism that often fuels it) has been at the heart of the right-wing revolution. Conservative candidates of both parties have prospered by whipping up fear of a rising tide of lawbreaking and threats to individual safety, despite twenty years of declining victimization rates. (As David Burnham points out in *Above the Law*, his new study of the Justice Department [see Victor Navasky, "Confederacy of Injustices," February 26], "During the whole twenty-year period that presidents from Nixon to Clinton were agitating the public about the national crime menace, the best available evidence shows the American people were gradually experiencing less and less crime.") For the right, crime is the communism of the post–cold war era: the principal vehicle for exploiting fear of social decay, not to mention inchoate racism and anti-urban prejudice. To allay those fears DiIulio and his allies offer a simple, reductionist answer: authority of church, authority of prison and authority of state, a powerful and dangerous formula.

Can the left—given our affinity with the dispossessed, our commitment to civil liberties—effectively engage the right on that ground? I think so; but only if we are willing to risk making a radical connection between street crime and social issues that incorporates people's basic desire for safety.

In the seventies and early eighties feminists changed forever the nation's understanding of two particular crimes: rape and domestic violence. They did it by insisting on telling their stories and depicting these crimes as they relate to the distribution of power in society, joining them to other issues of civil rights and justice. Physical safety also remains a key rallying cry for gay men and lesbians. So too with crime and public safety more broadly; physical safety and political empowerment are essential partners. There is no one who experiences powerlessness more viscerally than the victim of violent crime. But expanding the prison archipelago will restore power to no one, whether crime victim or incarcerated offender or neighborhood homeowner.

If the left is to have a revived politics of crime it must begin

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with those sorts of connections: to make of community safety a call not for "law and order" and vigilantism but for grass-roots activism; for constructing democratic institutions in neighborhoods and cities that can keep young people from crime and make a genuine difference to those who may be crime's victims.

It must also begin, I suspect, with a different way of telling the story of crime. Consider again Dilulio's story: a childhood Eden lost, a lonely grandmother besieged by marauding aliens. This is in fact the story of urban crime as most Americans understand it—a story of individuals against incomprehensibly evil assailants, without mention of jobs, schools, political patronage, guns, any of the other myriad political and economic decisions by the powerful that shape neighborhood life. Any useful understanding of crime must begin by resisting this dangerous reductionism, which has imprisoned American policy and politics for a generation. The current fall in homicide rates may be the last opportunity for years to hear voices like Nick Pastore's. We listen not necessarily for a specific policy but for the chance he seems to offer to retell that story—and by retelling it, to change how we think about crime and the very meaning of a safe society. ■

WHEN MICHAEL MOORE WHIFFED N.Y. BIOSOLIDS IN TEXAS, SHOULD HE HAVE SMELLED LIBEL?

Sludge, Lies & Videotape

LOUIS DUBOSE

HENRIK DRESCHER

During the first week of March, entertainment giant Sony TriStar Television went on trial in federal court in Pecos, Texas—along with E.P.A. whistleblower Hugh Kaufman, the First Amendment and the national sense of humor. The plaintiffs claim they were libeled by Michael Moore's *TV Nation*, which aired as a summer replacement series on NBC in 1994 and last summer was picked up by Rupert Murdoch's Fox network. Merco Joint Venture took issue with a humorous nine-minute *TV Nation* segment that followed a process that begins with New Yorkers flushing their toilets and ends with a tractor driver spreading "dewatered sludge cake" on a ranch in Texas.

Merco, which holds a $168 million contract to dispose of New York City sewage sludge in Texas, opted for a straightforward litigation strategy: Leave the principals at home in New York. Sit at the plaintiffs' table a West Texan who manages the company sludge ranch. Then deliver defendants from both coasts over to a West Texas jury. All this in the courtroom of a judge with roots so deep in the alkaline soil of the TransPecos that he felt compelled to correct a young Fulbright & Jaworski defense attorney from Dallas when he mispronounced the native "creosote" bush. "Out here," the judge said, "we all just call it greasewood."

TV Nation's problems began with a memo that proposed "riding the shit train to Texas...filming whatever perverse geological features they have out there...sing a few cowboy songs. Drink yourself into a stupor. Cry yourself to sleep." Attorney Joseph Tydings, whose rhetorical style suggests he never quite made the transition from the Senate floor to the courtroom, said it demonstrated a clear intent to do a "hatchet job" on Merco. (It was written by a comedy writer who had provided material for Letterman before signing on with *TV Nation*.)

There was more. When TriStar executives looked at the final rough cut in the summer of 1994, they suggested one more interview to provide balance and credibility. *TV Nation* went to Kaufman, the E.P.A. whistleblower whose investigative work ended the career of Reagan E.P.A. chief Anne Burford and sent her deputy Rita Lavelle to prison for lying to Congress. Kaufman had already begun an investigation of Merco. His nine-minute interview, reduced to a fifteen-second soundbite—in which he accused the company of breaking the law and poisoning the people of Texas—proved difficult to defend.

What made it more difficult was Judge Lucius Bunton's ruling that the jury could hear nothing about an ongoing criminal investigation informed by material provided by Kaufman. With much of the context for his defense off-limits in a three-foot-high stack of pleadings in the court clerk's office, it wasn't difficult to impeach Kaufman's character. His pay had been docked for time he spent investigating Merco—until he wrote a memo to Attorney General Janet Reno, requesting a special prosecutor. He was paying for his own lawyer because the six-page bill of particulars he sent to Reno included a complaint that the E.P.A. itself was involved in obstruction of justice. Jurors heard only the first half of those and other similar lines of argument.

Kaufman claims the lawsuit was filed to stop his investigation, and an affidavit in his pleadings points to a piece of evidence that might prove his claim. It describes a letter written by Merco's general counsel Jon Masters to one of the company's New York partners. The letter, inadvertently reviewed by defense counsel but later withheld from defendants on a claim of attorney-client privilege, is said to reveal "that the Plaintiffs' true motive in filing and prosecuting this lawsuit is not to recover damages allegedly suffered by Plaintiffs but is, among other things, to impede the investigation of Merco by Defendant Hugh Kaufman of the EPA...." Asked about the letter after the trial, Merco's general counsel called it "privileged information."

Merco arrived in the town of Sierra Blanca in 1992, after failing to secure a permit in Oklahoma. In twenty-three days the company achieved what had eluded it for a year in Oklahoma: a Water Commission registration to dispose of "biosolids" on a

Louis Dubose is the editor of The Texas Observer.

THE WHITE HOUSE

WASHINGTON

BJC / Not a bad Idea

"Not a bad Idea"

cc w/ incoming Bob Nash

May 13, 1996

Walter H. Shorenstein
555 California Street
San Francisco, California 94104

Dear Walter:

Thanks for your letter of May 2 and for your recommendation that Marvin Kalb be appointed to the United States Holocaust Memorial Museum Council. I always appreciate having the benefit of your insight and have passed your letter on to Bob Nash to make sure that he is aware of your strong support for Mr. Kalb.

It was great seeing you last week, and I'm grateful, as always, for your support and your friendship.

Sincerely,

Bill Clinton

WALTER H. SHORENSTEIN
555 CALIFORNIA STREET
SAN FRANCISCO, CALIFORNIA 94104

CHAIRMAN OF THE BOARD
THE SHORENSTEIN COMPANY

May 2, 1996

Dear Mr. President,

I write to offer my enthusiastic endorsement of Marvin Kalb's appointment to the United States Holocaust Memorial Museum Council.

For more than 30 years, Marvin was one of the country's top broadcast journalists, serving as chief diplomatic correspondent for both CBS News and NBC News. He was also a moderator of *Meet the Press*. He has won every major prize and, more importantly, the respect and esteem of his colleagues in a business in which respect is generally in short supply. For the past nine years, I have worked closely with Marvin in his capacity as Director of the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard's Kennedy School of Government. I have seen first hand the skill and professionalism that have enabled him to turn an idea into a major research institution.

In addition to these activities, Marvin has written nine books on foreign and domestic affairs. He also currently serves as the Edward R. Murrow Professor of Press and Public Policy at Harvard.

If selected, am confident that Marvin would make a major contribution to the Holocaust Council's activities. I urge you to support his appointment.

Sincerely,

Walter

Walter H. Shorenstein

President Bill Clinton
The White House
Washington, DC 20500-2000

cc: Mr. Robert Nash
Director of Presidential Personnel

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 5-13

TO: Jack Quinn

FROM: **Staff Secretary**

Any view on this?

cc: George Doug

96 MAY 6 A9:43

6 May 1996

MEMORANDUM TO THE PRESIDENT
THE VICE PRESIDENT

CC: Leon Panetta
Evelyn Lieberman

From: Harold Ickes (HI)

Re: Free television

Attached is a self explanatory 2 May 1996 memorandum to Leon Panetta, et al., from Paul Weinstein, about the "growing movement to provide Presidential candidates with free television airtime during the fall campaign." According to him, there are two petitions before the Federal Communications Commission. Given that the President has made free tv a core component of his campaign finance reform agenda, Mr. Weinstein wants to submit comment to the FCC in general support of these petitions.

Let's discuss.

THE WHITE HOUSE

WASHINGTON

May 2, 1996

MEMORANDUM FOR LEON PANETTA
HAROLD ICKES
GEORGE STEPHANOPOULOS

FROM: Paul Weinstein

SUBJECT: **Free Television**

There is a growing movement to provide Presidential candidates with free television air time during the fall campaign. There are two petitions before the Federal Communications Commission (FCC): the first from Fox chairman Rupert Murdoch, who has proposed providing candidates with ten minutes to address ten issues identified by the public and an additional one hour on election eve; the second, from a bipartisan coalition led by former journalist Paul Taylor, calls for the networks to provide the major candidates with two to five minutes of prime time television time every night during the last month of campaign. The Taylor petition was signed by: Senators Feingold, McCain, Roth, Simon, Pell, Thompson, Cohen, and Simpson; former DNC chairs Charles Manatt, Paul Kirk, and Robert Straus; former RNC chairs Bill Brock and Mary Louise Smith; Ralph Reed of the Christian Coalition; Bill Gray of the United Negro College Fund; and former news anchors Walter Cronkite, Howard K. Smith, and John Chancellor.

In addition, PBS announced today that it is willing to provide the major '96 Presidential candidates with "free, regular, prime-time opportunities to speak directly to American voters during this fall's election campaign."

The President has consistently made free TV a core component of his campaign finance reform agenda. In order to keep the President at the forefront of this issue, we would like to submit comments to the FCC in general support of these petitions.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 5-13

TO: Martha Foley

FROM: **Staff Secretary**

OK with this?

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 13, 1996

THE DIRECTOR

96 MAY 13 P1:44

MEMORANDUM FOR THE PRESIDENT

FROM: Alice M. Rivlin

SUBJECT: Seventh Special Message on Deferrals for FY 1996

Attached for your consideration is the seventh Special Message on Rescissions and Deferrals for FY 1996, to be transmitted to the Congress in accordance with the Congressional Budget and Impoundment Control Act of 1974.

This Special Message contains one revised deferral of budgetary resources, totaling $1.4 billion. Including the revised deferral, funds withheld in FY 1996 now total $3.7 billion. The deferral affects the International Security Assistance program and is justified under the Antideficiency Act as a routine financial management action.

Recommendation

The affected agency has reviewed the deferral. I recommend that this Special Message be transmitted to the Congress.

Attachment

TO THE CONGRESS OF THE UNITED STATES:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budgetary resources, totaling $1.4 billion. The deferral affects the International Security Assistance program.

THE WHITE HOUSE,

CONTENTS OF SPECIAL MESSAGE

(in thousands of dollars)

Deferral No.	ITEM	Budgetary Resources
	Funds Appropriated to the President:	
	International Security Assistance:	
D96-4A	Foreign military financing program.....	1,385,166
	Total, deferral.....	1,385,166

D96-4A

Supplemental Report
Report Pursuant to Section 1014(c) of Public Law 93-344

This report updates Deferral No. D96-4, which was transmitted to Congress on February 23, 1996.

This revision increases by $25,853 the previous deferral of $1,385,140,000 in the International Security Assistance, Foreign military financing program, resulting in a total deferral of $1,385,165,853. This increase results from the deferral of funds made available from reimbursements.

Deferral No. 96-4A

DEFERRAL OF BUDGET AUTHORITY

Report Pursuant to Section 1013 of P.L. 93-344

AGENCY: Funds Appropriated to the President	New budget authority..... $ 3,208,390,000 (P.L. 104- 107)
BUREAU: International Security Assistance	Other budgetary resources... $ * 55,853
Appropriations title and symbol: Foreign military financing program (FMF) 1/ 1161082	Total budgetary resources.... $ 3,208,445,853
	Amount to be deferred: Part of year..... $ * 1,385,165,853 Entire year..... _____
OMB identification code: 11-1082-0-1-152	**Legal authority (in addition to sec. 1013):** [X] Antideficiency Act
Grant program: [X] Yes [ ] No	[ ] Other _____
Type of account or fund: [X] Annual [ ] Multi-year: _____ (expiration date) [ ] No-Year	**Type of budget authority:** [X] Appropriation [ ] Contract authority [ ] Other _____

JUSTIFICATION: The President is authorized by the Arms Export Control Act to sell or finance by credit, loan guarantees, or grants, articles and defense services to friendly countries to facilitate the common defense. Under Section 2 of the Act, the Secretary of State, under the direction of the President, is responsible for sales made under this Act. Executive Order 11958 further requires the Secretary of State to obtain prior concurrence of the Secretaries of Defense and Treasury, respectively, regarding consistency of transactions with national security and financial policies.

This action defers funds pending review of specific grants to eligible countries by the Departments of State, Treasury, and Defense. The review process will ensure that in each proposed program the proposed recipients are qualified and that the limits of available funds are not exceeded. This action is taken pursuant to the Antideficiency Act (31 U.S.C. 1512).

Estimated Program Effect: None

Outlay Effect: None

1/ This account was the subject of a similar deferral in FY 1995 (D95-2).

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: May 13

TO: Mac Reed

FROM: **Staff Secretary**

This come in through Cabinet Affairs and needs to be run through the interagency process. Can you handle?

Thanks
Phil Caplan

Mr Reed

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

TELEFAX TRANSMISSION MEMO

ATTENTION: LeeAnn Inadomi

ORGANIZATION: Cabinet Affairs

TELEFAX NO.: 456-6704

FROM: Robert L. Jones, Special Assistant to the Secretary (00F)

ORGANIZATION: Department of Veterans Affairs

TELEFAX NO.: (202) 273-4876, Office No. (202) 273-4836

White House Phone No. (202) 456-5178, FAX No. 456-6218

NO. OF PAGES TO FOLLOW: _____

DATE: _____

MESSAGE: Per your request

Putting Veterans First

April 10, 1996

MEMORANDUM

TO: Harold Ickes, Deputy Chief of Staff for Policy and Political Affairs

FROM: Hershel W. Gober, Deputy Secretary of Veterans Affairs

SUBJ: Armed Forces Service Medal

On January 13, 1996, the President announced the establishment of the Armed Forces Service Medal. This medal is to be awarded to members of the Armed Forces who, on or after June 1, 1992, participated as members of United States Military units in a United States Military operation deemed to be a significant activity; and encounter no foreign armed opposition or imminent hostile action. A copy of the Executive Order is enclosed.

Our military forces deployed to Bosnia and those serving in numerous significant military operations worldwide with the concurrence of the Joint Chiefs of Staff may qualify for this medal.

Current Civil Service law requires that a service member in order to be determined to be veterans preference eligible have received an honorable discharge and fulfill the requirements articulated in Section 2108 Title 5 United States Code (USC). Section 4211 (4) Title 38 USC mirrors the requirements of Title 5 USC for priority services within Department of Labor programs and services.

At present the Armed Forces Service Medal is not considered as fulfilling the intent of Title 5 or Title 38 USC. As currently defined, this award does not assist a soldier to transition into the civilian community.

I recommend that the Executive Order establishing the Armed Force Service Medal be technically amended to reflect that this award is equivalent (for purposes of Section 2108 Title 5 and Section 4211 (4) Title 38 USC) to a campaign or expeditionary medal. This will provide young men and women separating from the Army Forces preferential employment consideration.

AWARDS BINDER DoD

DRAFT

THE WHITE HOUSE

Office of the Press Secretary

EXECUTIVE ORDER

- - - - - - - -

ESTABLISHING THE ARMED FORCES SERVICE MEDAL

By the authority vested in me as President by the Constitution and the laws of the United States of America, including my authority as Commander in Chief of the Armed Forces of the United States, it is hereby ordered as follows:

Section 1. Establishment. There is hereby established the Armed Forces Service Medal with accompanying ribbons and appurtenances, for award to members of the Armed Forces of the United States who, on or after June 1, 1992, in the opinion of the Joint Chiefs of Staff: (a) Participate, or have participated, as members of United States military units in a United States miliary operation in which personnel of any Armed Force participate that is deemed to be significant activity; and

(b) Encounter no foreign armed opposition or imminent hostile action.

Sec. 2. Approval and Award. The medal, with ribbons and appurtenances, shall be of an appropriate design approved by the Secretary of Defense and shall be awarded by the Secretary of Defense and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, under uniform regulations, as prescribed by the Secretary of Defense. The regulations shall place the Armed Forces Service Medal in an order of precedence immediately before the Humanitarian Service Medal.

Sec. 3. Criteria. The medal shall be awarded only for operations for which no other United States service medal is approved. For operations in which personnel of only one Military Department or the Coast Guard participate, the medal shall be awarded only if there is no other suitable award available to the department or the Coast Guard. No more than one medal shall be awarded to any one person, but for each succeeding operation justifying such award a suitable device may be awarded to be worn on the medal or ribbon as prescribed by appropriate regulations.

Sec. 4. Posthumous Provision. The medal may be awarded posthumously and, when so awarded, may be presented to such representative of the deceased as may be deemed appropriate by the Secretary of Defense or the Secretary of Transportation.

Sec. 5. Veterans Preference. The recipients of the medal shall be eligible for Veterans Preference in Federal Employment as defined in Section 2108 Title 5 United States Code and Section 4211 (4) Title 38 United States Code for Priority of Services in Department of Labor Programs and Services

DRAFT

Jan 16

AWARDS BUILDER DoD

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 13, 1996

EXECUTIVE ORDER

- - - - - - -

ESTABLISHING THE ARMED FORCES SERVICE MEDAL

By the authority vested in me as President by the Constitution and the laws of the United States of America, including my authority as Commander in Chief of the Armed Forces of the United States, it is hereby ordered as follows:

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WILLIAM J. CLINTON

THE WHITE HOUSE,
January 11, 1996.

THE PRESIDENT HAS SEEN
5.11.96

THE WHITE HOUSE

WASHINGTON
MAY 11, 1996

96 MAY 11 P2:12

RECOMMENDED TELEPHONE CALL

TO: Marion Waller

DATE: ASAP

RECOMMENDED BY: Douglas B. Sosnik

PURPOSE: To express your condolences to Mrs. Waller.

BACKGROUND: Retired Army Lt. General Calvin Waller suffered a fatal heart attack on Thursday. Waller, who retired in 1991, was one of a dozen retired military leaders to endorse your campaign in 1992. At the time of his retirement, Waller was one of the highest ranking African Americans in the Army.

Nancy Hernreich thought you may want to call Mrs. Waller since the General was a prominent supporter.

A copy of his obituary is attached.

TOPICS OF DISCUSSION: Extend your condolences.

CONTACT PERSON AND TELEPHONE NUMBER(S): Mrs. Waller is staying at the home of Retired General Becton. The number there is 703-644-5771.

DATE OF SUBMISSION: May 11, 1996

ACTION: I talked to his son Mark
Mrs. W. not available
Need to do letter to all
3
BS

THE PRESIDENT HAS SEEN
5.13.96
COS
Phil
96 MAY 10 P9:17

THE WHITE HOUSE
WASHINGTON

May 10, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS

SUBJECT: **Summary of Cabinet Weekly Reports**
May 3 - May 10

DEPARTMENT OF TREASURY

- **Secretary Rubin's Activities:** On May 13-14, Secretary Rubin will attend a fundraiser for Representative Jack Reed in New York and will address Class Day at Columbia University. On May 16, the Secretary will testify before the Senate Appropriations Foreign Operations Subcommittee on funding for international financial institutions. On May 17-18, Secretary Rubin will travel to New Orleans to chair a meeting of the Western Hemisphere Finance Ministers.

- **St. Louis Raid:** On April 30, local law enforcement officers raided the home of a Missouri man who was alleged to be holding and selling illegal firearms. A single ATF agent accompanied a contingent of local law enforcement officers who were at the site, but did not participate in the raid on the residence. Reports following the raid stated it was an ATF raid, and included other inaccurate statements regarding ATF's involvement. ATF Internal Affairs is conducting an investigation of their involvement in the raid.

- **Suspension of Sanctions Against the Bosnian Serbs:** The Office of Foreign Assets Control (OFAC) has published a final regulation which, pursuant to a UN Security Council Resolution, will suspend sanctions against the Bosnian Serb forces and political authorities. Treasury staff have also prepared for your signature a message to Congress notifying Congress that the Administration is extending its legal authority to reimpose sanctions on the Bosnian Serbs if they fail to comply with the terms of the Dayton Accords. The State Department has reviewed and approved this message.

- **Check the Box:** The IRS has published a proposed regulation that will allow many unincorporated businesses to simply check the box on their tax forms to choose

THE PRESIDENT HAS SEEN
5·13·96

whether to be taxed as corporations or partnerships. The new regulation will relieve businesses of the considerable burden of using the current regulation's four-factor test, and would particularly assist the many small unincorporated business that cannot afford to commit the resources necessary to comply with current regulations.

- **Peace Officer Memorial:** On May 17, the FLETC Peace Officer Memorial which honors FLETC graduates who have died in the line of duty, will be formally dedicated in GA. The recently completed memorial will commemorate the 13 federal officers who died in the line of duty in 1995 (seven who perished in the Oklahoma City bombing). Governor Keating will deliver the keynote address.

- **Ninth Circuit Rules in Favor of OFAC:** On April 29, the US Court of Appeals for the Ninth Circuit ruled in favor of OFAC in Freedom to Travel Campaign v. Newcomb. The case is a constitutional challenge to the restrictions on travel contained in the Cuban Asset Control Regulations. The court ruled that regulations on travel to Cuba were not constitutionally void for vagueness, and that your authority to issue such regulations does not conflict with any treaty obligations.

National Bankruptcy Review Commission: The National Bankruptcy Review Commission has a new Chairman, Brady Williamson, who has succeeded the late Mike Synar. The Commission is meeting and developing an agenda of the topics it wants to review.

Church Fires: Church Fires hearings have been set for May 21, before the House Judiciary Committee. Assistant Secretary for Enforcement Johnson will testify. Other witnesses will include ATF Director Magaw, FBI Director Freeh and a DOJ expert as well as local police and fire officials and preachers whose churches have been burned down

DEPARTMENT OF COMMERCE

- **Economic Indicators Due for Release in The Next Two Weeks:**

The Advance Retail Trade (April 1996):	May 14
Manufacturing and Trade: Inventories and Sales (March 1996):	May 15
Housing Starts and Building Permits (April 1996):	May 16
U.S. International Trade in Goods and Services (March 1996):	May 17
Advance Report on Manufacturers' Shipments, Inventories and Orders (April 1996):	May 24

- **Travel:** On May 20, Secretary Kantor will deliver a speech to the Pacific Basin Economic Council in DC. On May 21, he will join Governor Caperton in an event in WV.

DEPARTMENT OF LABOR

- **El Monte Sweatshop Case:** On April 29, two of the six defendants in the El Monte sweatshop case were sentenced in U.S. District Court in Los Angeles to six years in prison and were ordered to pay $4.5 million in back wages to workers.

- **Railroads:** On May 8, you appointed an emergency board to help resolve the dispute between the Transportation-Communications International Union and the nation's major freight railroads. The 3-member board has 30 days in which to present its recommendations to the parties. This action prevents a threatened work stoppage for 60 days. Meanwhile, an arbitration board has approved a five-year agreement between the freight carriers and the United Transportation Union.

- **Detroit Newspapers:** On May 8, talks resumed between the Detroit Newspaper Agency and Teamsters Local 372 in an effort to end the nearly 10-month long strike at the *Detroit News* and the *Detroit Free Press*. On April 9, the Teamsters withdrew all pre-strike demands for work rule changes in an effort to restart stalled negotiations, and urged the newspapers to do likewise.

- **Feurestein Dinner:** On May 13, the Secretary will speak at the American Jewish Historical Society Dinner honoring Aaron Feurestein. After his company, Malden Mill, experienced a factory fire, Feurestein continued to pay the salaries of workers dislocated by the fire. The Secretary will highlight Feurestein as a good corporate citizen.

- **Economic Press:** On May 14, the Secretary will hold a press roundtable with economic reporters to discuss changes in the economy. In addition, the Bureau of Labor Statistics will release the Consumer Price Index that morning.

DEPARTMENT OF TRANSPORTATION

- **Philadelphia:** On May 13, the Secretary will travel to Philadelphia to announce a $5.5 million award for the construction of the Frankford Transportation Center. Secretary Peña will also dedicate the new air traffic control tower at Allentown Airport and speak to the Lehigh Valley Chamber of Commerce.

- **Red Line GAO Report:** The Los Angeles Red Line GAO report may be available by the end of next week. It will focus on cost overruns. The report is expected to be controversial.

- **Anti-Trust Immunity Issue:** On May 9, DOT tentatively decided to grant United Airlines and Lufthansa authority that would provide the two airlines immunity from U.S. anti-trust laws to the extent necessary that they can plan and coordinate services over their respective route system.

- **Jones Act Waiver:** Due to the run up in gasoline prices, The Maritime Administration has been alerted by industry that the chances of a Jones Act waiver request in the months of May and June will increase. A waiver request would seek the use of foreign-flagged vessels in coastal trade because of increasing vessel availability problems. This will be controversial with the maritime trade unions.

- **NJ/NY Dredging Issue:** Dredging in New York Harbor has come to a halt because of disputes over where to dump dredged material, a higher proportion of which has been classified as contaminated. As silt begins to choke the channels and berths, navigation of the Port is threatened. Many ships are lightening their loads offshore which imposes major additional costs and environmental risks, others are shifting cargo to other ports, particularly Halifax. On May 30, The International Longshoremens Association (ILA) and other unions are planning a one-day shutdown of the Port of New York and New Jersey to protest Governor Whitman's lack of action. On May 5, Governors Pataki and Whitman announced an agreement to develop a comprehensive dredging and disposal plan for the Port by early August. The Port Authority commissioners met May 9 to ratify the agreement and to commit $130 million for dredging projects and the plan during this fiscal year, twice as much as the agency has typically allocated in any year for all dredging and capital projects at its marine facilities. Administration officials are engaged in the situation.

- **Challenge 2000:** On May 16, FAA Administrator Hinson is planning a media briefing to announce findings of the Challenge 2000 task force. The report is the result of a six-month independent review and is not critical of the Administration. Its focus primarily is on FAA regulations and certification processes.

- **FAA Reauthorization:** The Senate Subcommittee will hold hearings May 14 on reauthorization of FAA programs, including modernization of air traffic technology. The Committee is also likely to focus on the innovative FAA procurement and personnel systems put in place April 1. Administrator Hinson will testify.

- **FOIA Request:** *NBC News* has requested an audio cassette copy and transcripts of the towertapes from a "near mid-air incident that occurred at Los Angeles International Airport on March 25.

UNITED STATES TRADE REPRESENTATIVE

- **China:** Ambassador Barshefsky continues to consult with Congressional and business leaders in advance of a May 15 release of a preliminary retaliation list in the event China does not address U.S. concerns on non-compliance of the bilateral IPR agreement.

DEPARTMENT OF JUSTICE

- **Supreme Court Orders Expedited Briefing in Case Challenging New Anti-Terrorism and Effective Death Penalty Act Provisions:** On May 3, the Supreme Court granted certiorari in Felker v. Turpin, and ordered expedited briefing, on a petition for certiorari filed by a Georgia death row inmate. The Court invited the Solicitor General to file a brief expressing the views of the United States. The Court limited the questions to be briefed to whether the Anti-Terrorism and Effective Death Penalty Act of 1996 (the Act), is an unconstitutional restriction of the Supreme Court's jurisdiction; the provisions of the Act apply to petitions for habeas corpus filed as original matters in the Supreme Court; and application of the Act in this case is a suspension of the writ of habeas corpus in violation of Art. I, § 9, clause 2 of the Constitution. The parties are to file simultaneous briefs by May. Reply briefs are on May 28. The Court will hear argument on June 3.

- **D.C. Circuit Vacates Ruling Striking Down Extradition Statute as Unconstitutional and Orders Dismissal of Case:** Lobue v. Christopher. The Secretary of State proposes to extradite two U.S. citizens to Canada to stand trial for kidnapping. The fugitives filed habeas corpus petitions in Chicago, but also filed a civil action in D.C., arguing that the statute under which extraditions are carried out is invalid because it violates separation of powers principles. The district court struck down the statutory scheme on that ground, and Justice appealed and obtained a stay pending appeal. The D.C. Circuit has now vacated the district court's ruling. The court of appeals found that the district court lacked jurisdiction because the fugitives had filed habeas petitions in district court in Chicago, and the matter should be decided in that context.

- **Settlement in Fleet Lending Discrimination Case:** On May 7, the Justice Department and the Fleet Financial Group (Fleet) announced that they had agreed to settle allegations of lending discrimination against Fleet. The Department had been investigating claims that Fleet had charged excessive fees and interest rates to black and Hispanic customers in 1993 and 1994 at two of its mortgage lending branches (one in NY and one in NJ). In settling the allegations, Fleet did not admit that it had violated the lending discrimination laws. However, Fleet agreed to pay a total of $3.8 million to the approximately 600 affected customers.

- **Third Circuit to Hear Argument on Constitutionality of Deportation:** Mario Ruiz Massieu v. Reno. Mario Ruiz Massieu is a former Deputy Attorney General charged with serious crimes in Mexico. After efforts to extradite him to Mexico proved unsuccessful, INS commenced proceedings to deport him. A district court has enjoined Mr. Ruiz Massieu's deportation, declaring that its underlying statutory basis is impermissibly vague. The court of appeals has expedited DOJ's appeal of the district court's decision and scheduled the case for argument on May 10.

- **Seventh Circuit To Hear Argument on The Constitutionality of the Religious Freedom Restoration Act ("RFRA"):** Sylvester Sasnett, et al. v. Sullivan, et al. (7th Cir.; W.D. Wis.). This case is a class action brought by inmates in a Wisconsin state prison. They allege that the prison's regulations prohibiting inmates from wearing jewelry, including religious jewelry such as crucifixes, violate their rights under the First Amendment and the RFRA. WI moved the district court for partial dismissal of the complaint on the ground that RFRA is unconstitutional. DOJ intervened and the district court entered a lengthy opinion upholding the constitutionality of RFRA. The district court subsequently granted summary judgment in favor of the prisoners on their jewelry claim. WI appealed and, in its brief, argues again that RFRA is unconstitutional. The Solicitor General has authorized broadening the scope of our intervention to address a second issue presented in this appeal--whether RFRA protects conduct that is motivated, and not just mandated, by religious beliefs. DOJ's brief defending the constitutionality of RFRA and addressing the mandated/motivated issue was filed on March 22. Oral argument has been scheduled for May 14.

- **Ninth Circuit Issues Ruling in Challenge to Forest Service Salvage Timber Sales and Will Hear Oral Argument in Two More Salvage Cases:** On May 8, in Inland Empire Public Lands Council v. Glickman, the court held that the 1995 Emergency Supplemental Appropriations for Disaster Relief and Rescissions Act (the "Rescissions Act") exempts salvage timber sales from all federal environmental laws. In addition, it found that the Forest Service's decision to proceed with several salvage sales was not arbitrary and capricious, and need not be made personally by the Secretary of Agriculture. Similarly, in Idaho Conservation League v. Thomas, and Idaho Sporting Congress v. U.S. Forest Service, which will be argued this week, environmental groups challenged the Forest Service's action with respect to the Thunderbolt and Lower Elkhorn timber salvage sales, which were mandated by the Rescissions Act, as arbitrary and capricious. In both cases, the district court found that the Forest Service's decision was not arbitrary and capricious.

- **Popular Front For the Liberation of Palestine ("PFLP") Litigation:** District Court Enjoins Deportation Proceedings. American-Arab Anti-Discrimination Comm. v. Reno. On April 29, the district court granted the eight Palestinian aliens' motion for a preliminary injunction halting the deportation proceedings as to the two resident alien plaintiffs (the deportation proceedings of the other non-resident aliens already have

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been enjoined). The order concludes that the aliens have made a prima facie showing of selective prosecution because the government's 10,000-page factual submission failed to convince the court that plaintiffs had a "knowing affiliation" with the PFLP and the "specific intent to further [its] illegal aims.

- **Court Schedules Jurisdictional Motions in Challenge to Line-Item Veto:** Judge Charles Richey has granted the government's motion (in which plaintiffs joined) to defer briefing and consideration of the merits in NTEU v. U.S (DDC), the lawsuit challenging the constitutionality of the Line Item Veto Act, until he rules on the standing and jurisdictional issues we intend to raise in our forthcoming motion to dismiss. Under the Judge's revised scheduling order, our motion to dismiss for lack of subject matter jurisdiction must be filed by May 10.

- **Testing Program Results in Housing Discrimination Case:** On May 1, the Justice Department filed a complaint and consent order in United States v. Pierce Construction Company, Inc. The complaint, based on "testing" evidence, alleges a pattern or practice of steering based on race in connection with the defendants' management of rental properties in Petersburg, VA and surrounding areas. Under the consent order, the defendants agreed to pay a $25,000 civil penalty; establish a $50,000 compensation fund for aggrieved persons who may be identified; and donate $25,000 to establish a Fair Housing Program designed to further fair housing in the Petersburg area. Any money remaining in the victim compensation fund will be donated to the Fair Housing Program.

- **Senate Judiciary Committee to Hold Hearing on Violence Against Women Act:** The Senate Judiciary Committee has scheduled a hearing on the Violence Against Women Act on May 15. The Attorney General will be testifying at this hearing.

- **Executive Branch Travel:** On May 16, the Subcommittee of the House Government Reform and Oversight Committee will hold a hearing on the compliance of executive branch officials with travel regulations.

- **Methamphetamine Abuse:** *Dateline NBC* is working on a piece on a boy who died of methamphetamine abuse in IA, and will likely use clips of the Attorney General speaking to a meth conference in February.

- ***20/20*:** On May 10, *20/20* is expected to air a story accusing U.S. Attorney Janet Napolitano, of being soft on child porn prosecutions (she referred a case to the state prosecutor instead of bringing federal charges).

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Seven Cities to Receive First-Time Funding:** Next week, HHS will announce awards totaling more than $5 million to seven cities newly eligible to receive support under the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act. These cities have qualified for federal aid by reporting a cumulative total of 2,000 AIDS cases to CDC as of March 31, 1995.

Executive Action on Teenage Pregnancy: Earlier this week, Secretary Shalala sent letters to Governors detailing the Administration's strategy for focusing on teen parents. Next week, HHS will coordinate a meeting with all the leading intergovernmental groups including the NGA and the American Public Welfare Association on your Executive Action on Teenage Pregnancy.

- **Update on LA County:** On May 3, HCFA received a letter from Los Angeles County officials concerning their section 1115 waiver. The county informed HCFA that the Chief Administrative Officer had budgeted $150 million in State Fiscal Year 95-96 on the assumption that HCFA would extend certain elements of the 1115 demonstration for another year. The county asked the Department for a commitment this week that these provisions would be extended. The Department has begun working with the county on this issue.

- **Mad Cow Prevention:** HHS is taking action to ensure the elimination of even a remote possibility for Mad Cow transmission in HHS-regulated products. It is expected that an advance notice of proposed rulemaking on the issue of banning the use of ruminant-derived proteins in the feed of ruminants (e.g. cattle, sheep, goats) will be put on display at the Federal Register on May 10 and published next week.

- **Florida Congressional Delegation Concerned with HMOs:** Florida Representatives and Senators have sent letters to Secretary Shalala and HCFA Administrator Bruce Vladeck seeking administrative assistance for two FL Medicaid managed care plans that will soon be out of compliance with the enrollment composition requirement. On May 8, in a conversation with Governor Chiles, Secretary Shalala committed HCFA staff to work with the state in designing a section 1115 Medicaid waiver modification.

- **Alabama Seeks Full Payment of Deferred DSH Related Payments:** HCFA staff continues to work with AL State Medicaid officials to reach consensus in resolving the funding problems created by inappropriate DSH payments, which may involve illegal provider donations. HCFA withheld $18 million in Medicaid funds in December 1995 and $23 million in March 1996 because of the inappropriate DSH payments. Alabama's counsel is developing a discussion paper on the issue that HCFA expects to receive soon.

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JIM DORSKIND:
Please coordinate
the reply.

and clinical knowledge. The introduction of such evidence in criminal trials provides important information to assist courts in their deliberations, dispels common myths that might interfere with a fair consideration of the issues, and increases recognition in the courtroom of the problem of domestic violence.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Press Interviews:** Secretary Cisneros continues to do major media interviews, discussing the Administrations' housing record and the state of America's communities, in response to Sen. Dole's recent remarks on public housing.

- **Secretary's Travel:** On May 10, the Secretary travelled to Seattle to participate in a press event at Holly Park Public Housing Development. On May 11, the Secretary travels to New Haven, CT to do public housing events with Mayor DeStefano.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Linear Annual Linear Conference:** On May 16, Director McCaffrey will make the closing presentation to the DEA/CIA Co-Sponsored Annual Linear Conference. The Conference will be attended by approximately 250 representatives from US Government agencies involved in Western Hemisphere drug supply programs.

- **Hearing:** On May 16, Director McCaffrey will appear before the Foreign Operations Sub-Committee to testify about the international component of the National Drug Control Strategy.

DEPARTMENT OF INTERIOR

- **Endangered Species Act (ESA):** Efforts to restart the listing program following your waiver of the ESA listing moratorium continue. The Fish and Wildlife Service (FWS) was ordered to make a final decision regarding listing the red-legged frog as an endangered or threatened species by May 20. The frog's range includes much of coastal California. Interior is working on a communications strategy to carefully explain what the listing will and will not do. There is also the possibility of a court order to list the Barton Springs salamander, found only in Barton Springs in Austin, TX; listing the salamander could affect development over the 180 square mile area surrounding the springs. Interior is working with the state of Texas on ways to protect the salamander short of listing.

- **Political Travel:** In response to a congresional inquiry regarding the Secretary's travel DOI discovered there were a number of political campaigns that had not been billed for their portion of the Secretary's mixed trips. When this problem was discovered, the Department notified OMB and the Committees of the error, indicated

that the problem had been rectified and informed them that bills were sent out in March to almost all parties who owed the Department reimbursement money. However, on May 7, despite the Committees' knowledge of the problem, the amounts involved and our corrective action, Congressmen Young, Horn and Livingston held a news conference to announce that they were asking the GAO to investigate travel reimbursement practices by the Department. In addition, on May 16, Congressman Horn's Subcommittee on Government Management is holding a hearing on the Secretary's travel.

- **Senate Negotiations on Endangered Species Act (ESA):** Senators Chafee, Kempthorne, Baucus and Reid and their staff have been engaged over the past two months in an effort to reach consensus on an ESA reauthorization bill. At their request, staff from Interior, CEQ, Justice and NOAA are participating in this effort to provide information, identify issues where the Administration has already taken a firm position, and suggest approaches that would be compatible with our overall approach towards ESA. To date agreement among the four Senators has been reached on only a few aspects of private lands and Habitat Conservation Plan reform. The provisions they have drafted on these matters accurately and reasonably codify the Administration's administrative reforms and innovations. The staff currently are negotiating on recovery planning. Consideration of public/private costs and the role of states are issues of continuing disagreement.

- **Self Determination Education and Assistance Act:** In April 1995, the Secretaries of Interior and HHS approved a charter authorizing a negotiated rulemaking committee to implement the 1994 amendments to the Self Determination Education and Assistance Act. This Act governs the contracting by American Indian tribes and tribal organizations of federal programs for their benefit. The committee recently reached consensus on self determination rulemaking that will ensure broad support in the American Indian community and puts into practice the principles enunciated by you that federal officials should get out of Washington, D.C. and form grassroots support for regulations and, in addition, the government should "negotiate --not dictate."

- **Secretary's Schedule:** On May 15, Secretary Babbitt will testify before Senate Appropriations subcommittee on Interior on the FY 97 Interior Budget. On May 13, the Secretary will be in Tampa for a press conference on the endangered Florida manatees and in Miami to release 200 endangered Schaus swallowtail butterflies into their historical habitat.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **USDA Continues with Assistance to Cattle Producers:** On May 6, USDA announced details, following the White House announcement of measures to assist cattle producers. Secretary Glickman also announced provisions to maintain

environmental protection on Conservation Reserve Program (CRP) acres released for the emergency haying or grazing. These steps are designed to provide relief to the cattle industry, which is suffering from low cattle prices, record high feed costs, and scarcity of available hay and forage. On May 13, a new USDA report will indicate that the beef sector is being pressured in several ways. Unfortunately, beef prices have not risen seasonally as is usually the case. Fed cattle prices dropped from $62-$63 in March to the mid-$50's in late April. Fed cattle supplies are likely to decline as feedlot placements, although large, continue well below a year ago.

- **USDA Responds to Wildfires:** The Forest Service continues its response to wildfires on National Forests in NM and AZ. About 2,000 people that had been evacuated from the Carson National Forest in NM have returned to their homes. This fire was caused by negligence and has destroyed 23 structures and scorched 3,500 acres.

- **USDA to Hold Civil Rights Forum:** On May 14, Secretary Glickman will participate in a forum on civil rights in Washington, D.C. The theme for the event is "Building Bridges for a Better USDA: A Departmental Forum on Civil Rights." The Department's primary objective at the forum is to listen to managers and employees and to learn from them about the problems they are facing, as well as the possible solutions.

- **Travel:** On May 18, Secretary Glickman will give the commencement address for the Santa Clara University Law School in California and possibly visit Portland, OR.

DEPARTMENT OF ENERGY

- **Gasoline Prices:** DOE is overseeing the sale of oil from the Strategic Petroleum Reserve and conducting a 45-day review of the run-up in prices. In addition, DOE is expanding its retail gasoline price survey to collect daily prices due to strong public concern over steadily rising gasoline prices.

- **Federal Agency Anti-Lobbying Act Hearing:** On May 15, a number of Federal agencies will testify before the House Committee on Government Reform and Oversight. The White House and DOJ are working with the agencies in advance of the testimony. In particular testimony will focus on the constitutionality of the proposed provision, standards that are already in place, and factual assesments of the Committee's allegations regarding alleged misconduct. VA, Labor, and EPA, have been invited to testify.

- **Clean Cities Designation:** On May 22, Rocky Mountain National Park, along with neighboring Weld and Larimer Counties, is joining DOE's Clean Cities Program to protect the air quality in and around this national treasure. The program works with local governments to expand the use of alternative fuel vehicles.

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- **Advanced Energy Efficient Lighting:** On May 14, in San Francisco, executives of the major lighting manufacturing companies will attend a demonstration to show how DOE-funded advanced lighting technologies can cut costs, save energy, and improve productivity.

- **DOE-General Motors Fuel Cell System:** On May 14, in Bonn, Germany, Daimler-Benz will unveil a fuel cell powered car, the first of its kind built by a major automaker. Daimler, together with Ballard Power Systems of Vancouver, Canada, has packaged a hydrogen-fueled fuel cell system into a passenger vehicle. Ballard is a supplier under the Department of Energy-General Motors fuel cell system development contract. This is a milestone in the worldwide race to bring fuel cell-powered vehicles to market.

- **Renewable Energy Road Rally:** On May 16, Deputy Secretary of Energy Curtis will participate in DC, in the finish-line ceremony of the Tour de Sol. This seven-day road rally of electric and hybrid-fuel vehicles developed by major automakers and college students is a popular event that is covered by media around the country.

- **Secretary's Schedule:** On May 16, Secretary O'Leary will keynote the Fusion Forum Luncheon on Capitol Hill. On May 19, Secretary O'Leary will give the commencement address at Bennett College in Greensboro, NC. On May 29, Secretary O'Leary will dedicate the photovoltaic energy system in the Olympic Natatorium in Atlanta.

DEPARTMENT OF EDUCATION

- **Goals 2000:** On May 2, the Secretary sent a mailing to each Governor and Chief State School Officer, explaining the effects of recently-passed legislation affecting Goals 2000. This legislation, which the Department supported, addresses objections that have been raised to Goals 2000 by eliminating several provisions that have been characterized as overly intrusive.

ENVIRONMENTAL PROTECTION AGENCY

- **Travel:** On May 15, Administrator Browner will travel to Albuquerque, NM to address the National Association of Attorney Generals' Environmental Summit. She will then travel to Denver, CO to address the ceremony to establish a "Tim Wirth Chair" at the University of Colorado. She will also meet with local environmentalists and officials.

- **Brownfields Redevelopment:** On May 10, the Administrator will join Philadelphia Mayor Rendell and Rep. Foglietta on a tour of a the Brownfields Redevelopment Project. Using a $200,000 EPA grant, Philadelphia community leaders are working

with the Agency to find ways to clean-up and redevelop this, contaminated site and return it to productive community use.

- **Utility Deregulation Rule:** Last month, the Federal Energy Regulatory Commission adopted a final rule to deregulate electricity transmission. While EPA supports utility deregulation and believes it will result in greater efficiencies and savings to consumers, EPA is concerned it may result in adverse environmental impacts. The northeast governors and congressional delegations believe that the rule could cause significant increases in air pollution in the northeast. EPA has until May 13, to determine whether unacceptable environmental impacts could result from the rule. If such a determination is made, EPA would refer the rule to the CEQ for resolution. The Administration is currently exploring options for allowing utility deregulation to proceed while also that the environment and public health are protected.

- **Takings:** The week of May 13, Majority Leader Dole may bring the Omnibus Private Property Rights Bill, to the Floor. Senator Biden has promised to filibuster the overly-broad, compensation-based bill. EPA joined other Agencies in providing a letter citing our opposition and recommending a veto and has been providing requested information to congressional staff.

- **Report Released on Air Pollution:** On May 8, the Natural Resources Defense Council, released a report on the health effects of fine particles of air pollution (particulate matter). A growing body of evidence now suggests that particulate matter poses a serious threat to public health in many American cities and may contribute to premature deaths from lung and heart disease. It may also worsen cases of childhood asthma, which are on the rise in the U.S., and it may put the elderly at higher risk. The Administration is currently reviewing for potential change the health standard for particulate matter, which has not been revised since 1987. In addition, we have already taken several steps to further protect public health from the major sources of fine particle air pollution, including tough standards for cleaner-burning bus engines and stringent new controls on incinerators and power plants.

GENERAL SERVICES ADMINISTRATION

- **Real Estate Services:** As of May 1, GSA Public Building Service has received over 500 responses from real estate firms interested in a possible public/private partnership for managing the governments real estate services.

- **Federal Travel Reform Legislation**: GSA travel reform legislation is ready to go to the hill after receiving its final review from OMB. This legislation will streamline travel and relocation in the federal government and has the potential to save $820 million annually.

- **California Desert Protection Act:** On May 2, in conjunction with the Bureau of Land Management (BLM), GSA assisted with the first transfer of land authorized under the California Desert Protection Act. GSA expects to have approximately 13 million in surplused federal properties ready for BLM to exchange with targeted state governments by the end of this year.

- **EZ/EC:** On May 16, GSA and the National Trust for Historic Preservation will celebrate Preservation Week with a joint presentation and dedication ceremony here in Washington D.C. GSA's Public Building Service Commissioner Bob Peck will emphasize the important role GSA and the government play in rebuilding communities.

OFFICE OF PERSONNEL AND MANAGEMENT

- **Career Transition:** On May 14, Director King will be joined by Mayor Barry and other local and federal officials to open the new DC Career Transition Center. The center will help thousands of federal employees who face downsizing find new jobs.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Activities:** There was one disaster declaration this week in IL where 2 counties were designated to receive Federal assistance as a result of flooding. FEMA also is monitoring flooding which occurred in MI and OH. Preliminary Damage Assessments (PDAs) are currently underway in the following states as a result of flooding: CT, IN, KY, MN, and WI.

DEPARTMENT OF STATE

- **Mexico:** On May 6-7, nine cabinet members accompanied Secretary Christopher to Mexico for a very successful meeting of the Bi-National Commission. Eleven agreements were reached on environment, health, consular, agriculture, border cooperation, education, and energy issues.

- **Liberia:** On May 3, the State Department reimposed visa restrictions barring entry into the U.S. of senior Liberian faction leaders, their families, and close associates who are obstructing the peace process. This action is in response to the renewed fighting in Monrovia amidst reports of summary executions and atrocities against civilians.

DEPARTMENT OF DEFENSE

- **Haiti:** The Department of Defense is growing increasingly concerned about Haiti's police force, having witnessed a gradual deterioration of the force's capability and its

increasing rivalry with other Haitian security elements. Despite the selection of capable top management, the structure is weak at the mid- and lower-levels. Recent assassinations (perhaps political) of Haitian National Police (HNP) officers (up to five with the May 4 killing) is of concern, as is the potential for HNP retaliatory violence.

- **Pakistan:** The Department of Defense is working on legal issues related to the resumption of military-to-military contacts with Pakistan which, until the recent passage and implementation of the Brown Amendment, were greatly restricted and in many cases prohibited by the "Pressler Amendment." The U.S. Central Command is now authorized to resume these activities, restricted since 1991, with funds authorized for this purpose.

UNITED NATIONS

- **Ambassador's Schedule:** On May 11, Ambassador Albright will be honored and keynote a dinner in Miami. The dinner will establish a scholarship fund in the name of the four Cuban-American fliers shot down by the Cuban military on February 24. On May 19, The Ambassador will give commencement addresses at Brandeis University and the School of the Advanced International Studies.

- **Iraq:** On May 7, the fourth round of UNSC 986 (oil for food) negotiations resumed in New York. The last round broke down after the UN gave the Iraqi team a new draft of the Memorandum of Understanding containing revisions made by the U.S. and U.K. Our concerns focused on banking and financial issues, maintaining UN control of the humanitarian programs in the north as well as Iraqi war reparations. Regarding the latter, Baghdad would like to reestablish political control over the region through delivery of assistance. The resolution calls for continued UN oversight of distribution. The May 6, Security Council review of Iraq sanctions was routine and no delegation suggested modifications.

- **Angola:** On May 8, the Council extended the UN peacekeeping mission in Angola for two months but expressed regret at the pace of implementation of the peace agreement. The Council may send a delegation to Angola to encourage speedier progress.

CENTRAL INTELLIGENCE AGENCY

- **Intelligence Budget:** The Senate and House Intelligence Committees have completed individual committee markups of the FY 97 Intelligence budget. The Senate Intelligence Committee added a net $258 million to the NFIP, while cutting the National Reconnaissance Office--for forward funding and inflation. Similarly, the House Intelligence Committee added a net $157 million to the NFIP and significantly cut the NRO. While neither Committee acted decisively on the Administration's

recommendation to establish the National Imagery and Mapping Agency, they did not preclude near-term negotiation of the proposal.

- **Middle East:** Deputy Director Tenet will be travelling next week to the Middle East to meet with government leaders and discuss topics of mutual interest and concern.

UNITED STATES INFORMATION AGENCY

- **Refuting French Spy Charges:** Responding to an article in the May 3 edition of *Liberation* which accused the U.S. of using U-2 flights destined for Bosnia to spy on sensitive French nuclear facilities, USIS Paris worked closely with the US European Command to issue a strong press statement which categorically refuted the charges. Wire services immediately picked up the statement, which totally killed the story. The original charges may have emanated from members of the French military unhappy about France's resuming full cooperation with NATO.

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

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whether to be taxed as corporations or partnerships. The new regulation will relieve businesses of the considerable burden of using the current regulation's four-factor test, and would particularly assist the many small unincorporated business that cannot afford to commit the resources necessary to comply with current regulations.

- **Peace Officer Memorial:** On May 17, the FLETC Peace Officer Memorial which honors FLETC graduates who have died in the line of duty, will be formally dedicated in GA. The recently completed memorial will commemorate the 13 federal officers who died in the line of duty in 1995 (seven who perished in the Oklahoma City bombing). Governor Keating will deliver the keynote address.

- **Ninth Circuit Rules in Favor of OFAC:** On April 29, the US Court of Appeals for the Ninth Circuit ruled in favor of OFAC in Freedom to Travel Campaign v. Newcomb. The case is a constitutional challenge to the restrictions on travel contained in the Cuban Asset Control Regulations. The court ruled that regulations on travel to Cuba were not constitutionally void for vagueness, and that your authority to issue such regulations does not conflict with any treaty obligations.

National Bankruptcy Review Commission: The National Bankruptcy Review Commission has a new Chairman, Brady Williamson, who has succeeded the late Mike Synar. The Commission is meeting and developing an agenda of the topics it wants to review.

Church Fires: Church Fires hearings have been set for May 21, before the House Judiciary Committee. Assistant Secretary for Enforcement Johnson will testify. Other witnesses will include ATF Director Magaw, FBI Director Freeh and a DOJ expert as well as local police and fire officials and preachers whose churches have been burned down

DEPARTMENT OF COMMERCE

- **Economic Indicators Due for Release in The Next Two Weeks:**

The Advance Retail Trade (April 1996):	May 14
Manufacturing and Trade: Inventories and Sales (March 1996):	May 15
Housing Starts and Building Permits (April 1996):	May 16
U.S. International Trade in Goods and Services (March 1996):	May 17
Advance Report on Manufacturers' Shipments, Inventories and Orders (April 1996):	May 24

- **Travel:** On May 20, Secretary Kantor will deliver a speech to the Pacific Basin Economic Council in DC. On May 21, he will join Governor Caperton in an event in WV.

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- **Advanced Energy Efficient Lighting:** On May 14, in San Francisco, executives of the major lighting manufacturing companies will attend a demonstration to show how DOE-funded advanced lighting technologies can cut costs, save energy, and improve productivity.

- **DOE-General Motors Fuel Cell System:** On May 14, in Bonn, Germany, Daimler-Benz will unveil a fuel cell powered car, the first of its kind built by a major automaker. Daimler, together with Ballard Power Systems of Vancouver, Canada, has packaged a hydrogen-fueled fuel cell system into a passenger vehicle. Ballard is a supplier under the Department of Energy-General Motors fuel cell system development contract. This is a milestone in the worldwide race to bring fuel cell-powered vehicles to market.

- **Renewable Energy Road Rally:** On May 16, Deputy Secretary of Energy Curtis will participate in DC, in the finish-line ceremony of the Tour de Sol. This seven-day road rally of electric and hybrid-fuel vehicles developed by major automakers and college students is a popular event that is covered by media around the country.

- **Secretary's Schedule:** On May 16, Secretary O'Leary will keynote the Fusion Forum Luncheon on Capitol Hill. On May 19, Secretary O'Leary will give the commencement address at Bennett College in Greensboro, NC. On May 29, Secretary O'Leary will dedicate the photovoltaic energy system in the Olympic Natatorium in Atlanta.

DEPARTMENT OF EDUCATION

- **Goals 2000:** On May 2, the Secretary sent a mailing to each Governor and Chief State School Officer, explaining the effects of recently-passed legislation affecting Goals 2000. This legislation, which the Department supported, addresses objections that have been raised to Goals 2000 by eliminating several provisions that have been characterized as overly intrusive.

ENVIRONMENTAL PROTECTION AGENCY

- **Travel:** On May 15, Administrator Browner will travel to Albuquerque, NM to address the National Association of Attorney Generals' Environmental Summit. She will then travel to Denver, CO to address the ceremony to establish a "Tim Wirth Chair" at the University of Colorado. She will also meet with local environmentalists and officials.

- **Brownfields Redevelopment:** On May 10, the Administrator will join Philadelphia Mayor Rendell and Rep. Foglietta on a tour of a the Brownfields Redevelopment Project. Using a $200,000 EPA grant, Philadelphia community leaders are working

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5-13-96

THE WHITE HOUSE

WASHINGTON 96 MAY 11 P2:33

May 10, 1996

MEMORANDUM TO THE CHIEF OF STAFF

FROM RAHM EMANUEL R.E.

SUBJECT WEEKLY REPORT

WELFARE: The radio address on welfare received positive and extensive coverage around the country. It also caught the Republicans on the Hill totally off guard and flat footed. Congressman Shaw called HHS and praised the Administration for its political deftness.

Two weeks ago Michigan sent their welfare wavier provision for teen moms to HHS. The best follow up to the President's radio address is for HHS to immediately approve this wavier.

We had a meeting this week with HHS to review their pending waivers. The political objective concerning these waivers will be our ability to demonstrate our support publicly. We have planned for Secretary Shalala to call the Governor and outline our support and then follow up with a letter of general endorsement from Mary Jo Bane.

In the coming weeks the House Ways and Means Sub-Committee will mark-up a new welfare bill along the lines of the Governor's proposal. They have already indicated that they are going to tie the new welfare bill to Medicaid. They have also indicated that they do not expect the President to sign the bill.

CRIME/DRUGS: On Monday the President will announce a new Juvenile Crime bill. The bill will be announced at a White House meeting with United States attorneys on gangs. (The event was originally scheduled for April 3rd at the Justice department.) The legislation is the responsible next step in the battle against the increasing rate of juvenile crime.

In addition to the Juvenile legislation, we are preparing for the President's speech for the Memorial for Police Officers and the announcement in St. Louis next Friday of funding for 8,863 new police officers.

The signing of the sexual predator legislation should be made a significant event here at the White House. I think we should sign the legislation Wednesday morning before we depart for the Police Memorial. The signing should occur in the Oval

Office and include the Wetterling, Klaas, and Kanka families.

Next month, Secretary Cisneros will be traveling through the Midwest to talk about the "One Strike and You Are Out" guidelines. The goal is to have Henry, with public housing residents, the police chief and the Mayor, explaining the new rules and their consequences. The cities under consideration now are Flint, Detroit, Toledo, Cleveland and Rockford.

I have asked the Department of Education to conduct a study on the effect of zero tolerance on gun violence in schools. According to preliminary information produced by the School Safety Association, gun violence in schools is down. My objective is to organize a Presidential event around the Department of Education's study.

IMMIGRATION: I have attached a schedule of upcoming INS initiatives. The strategy is simple: to be active and visible out in the field while the Immigration conference is in progress. We need to announce new programs and efforts prior to and during the conference. This is our best inoculation for the President if the GOP attempts to force a veto.

The focus of announcements will be directed towards the California border and the work place. The one announcement that could garner national coverage is the memo of understanding between INS and the four largest meatpacking corporations to cooperate with the verification program. Outside of the garment and hotel/restaurant industry the meat industry is the worst offender of immigration laws.

On the and 29th we will also finally announce the Florida State Immigration Plan. The headline coming out of the Florida plan is deportation.

RESEARCH: I have been working with the agencies to produce research books for members that include talking points on the Administration's record. The departments which have completed their work are Justice, HHS, Economic/Budget/Taxes, EPA, INS, Agriculture, and State/Defense. In addition to the departments, I have asked Todd to produce a book on all vetoes. The books will include press clips, presidential statements and comparative presidential statistics.

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

THE PRESIDENT HAS SEEN
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May 10, 1996

96 MAY 10 P9:05

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

TAKINGS

By all accounts, Senator Dole still intends to bring his "takings" bill to the Senate floor this month, despite the fact that more than a dozen Republican Senators are reported to be opposed to the bill, along with virtually all Democratic members. Although some staffers insist that the bill will be debated before the Memorial Day recess, other staff, including senior Judiciary Committee Republican staff, believe that the bill will not be brought to the floor until after the recess.

Agency letters and a new Statement of Administration Policy (SAP) have been sent to the Senate. The SAP renews your pledge to veto the bill or similar compensation entitlement legislation, and the agency letters make the case for a veto with a wide array of examples of the fiscal, social, and environmental damage it would do.

Some relatively creditable rumors indicate that Senator Dole may amend the bill to limit its application only to government actions that affect the value of real (not personal) property. If narrowed in this fashion, the bill would probably still give rise to at least the same magnitude of costs OMB attributes to the House-passed bill ($28 billion over five years), stymie virtually every environmental and natural resource management law, trigger massive, endless litigation, and establish a de facto spoils system for the dirtiest, most dangerous, and least responsible property owners.

I have attached a recent editorial from The Des Moines Register for your review.

PACIFIC NORTHWEST SALMON

This has been a busy week for Northwest salmon, with three significant developments.

Columbia River Salmon Management

Last year, the Vice President and Senator Mark Hatfield (R-OR) negotiated an agreement concerning how much money the Bonneville Power Administration would be obligated to

spend each year on fish and wildlife recovery and protection measures, including obligations arising under the Endangered Species Act ("ESA"). The agreement was incorporated into the FY 1996 Energy and Water Appropriations bill with an amendment, promoted by Senators Slade Gorton (R-WA) and Larry Craig (R-ID), requiring the four-state Northwest Power Planning Council ("NPPC") to make recommendations to Congress on measures to increase the states' role and authority over fish and wildlife recovery actions. The amendment was seen by many as an effort to lay a basis for stripping the federal government of authority to protect salmon under the ESA. Senator Gorton is expected to use FY 1997 appropriations bills to promote anti-ESA initiatives, particularly as related to Columbia River salmon.

The NPPC has been deadlocked for several months on this issue. The more conservative upper basin states of Montana and Idaho have been pushing for new federal legislation, shifting authority to the states. Oregon and Washington have resisted new law, and have called for incremental improvements in intergovernmental consultation. In recent days, however, the NPPC appears to have hit on a compromise idea that they may formally announce next week. Their recommendation to Congress will be that you should issue an Executive Order directing the various involved federal agencies to act in compliance with policies and plans approved by the NPPC, and if you fail to issue the order, that the Congress should enact new law to give the NPPC the authority it seeks.

There are obvious problems, including some constitutional and serious fiscal problems, with the idea, but there are opportunities, as well, depending entirely on the scope of the proposed Executive Order. CEQ believes that there is considerable value to the Administration in sending the message that we support improved coordination, greater efficiency, and enhanced opportunity for local responsibility with regard to salmon restoration. An Executive Order could serve as a device to reinforce and reiterate our strong pro-environment, pro-salmon message in the region -- while also countering Senator Gorton's efforts to weaken the ESA.

CEQ will review this issue with affected federal agencies and offices over the next several weeks.

Anti-Administration Lobbying Organization Folds

Senator Gorton's effort to establish a "grassroots" lobbying campaign to attack the Administration's Northwest salmon restoration efforts has collapsed. The campaign, entitled "Northwesterners for More Fish" and headed by former Senator Gorton staffer and RNC campaign staff, had counted on support from major Northwest industries and utilities. After several months of harshly negative local and national media coverage, and defections by all major funders, the campaign shut its doors this week. Friends of the Administration in the Northwest had viewed the campaign as a poorly veiled adjunct to the RNC's official campaign activity. Credit for defeat of the campaign goes largely to the National Marine Fisheries Service's Northwest Regional Director, a former staffer of this office, who worked intensively with the utility and other stakeholders to persuade them of the benefits of the Administration's plans.

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U.S.-Canada Salmon Negotiations

For the first time in years, the U.S. side of the Pacific Salmon Commission appears to have reached agreement on its most divisive internal issue, namely a formula for sharing the harvest of Northwest-origin chinook salmon between Northwest and Alaskan fishers. As a part of the tentative deal, Alaska will use its Congressional delegation to promote various measures to protect and enhance salmon habitat in Oregon, Washington, Montana and Idaho. Although there remain many hurdles to final adoption of the deal, not the least of which is Canadian approval, we may experience the interesting circumstance of Alaskan senators pushing pro-environment, pro-salmon policies on reluctant Northwest Republican colleagues. The Governors of Oregon, Washington, and Alaska are scheduled to meet personally on this matter in Sitka, Alaska on May 20th.

SEA LIONS AT BALLARD LOCKS

The first California sea lion has been trapped at Seattle's Ballad Locks. Pursuant to the agreement reached between the Vice President and Sea World, the animal will be held at a local facility, then transported to Sea World in Orlando, Florida.

EVERGLADES

We believe that Congressman Sherwood Boehlert (R-NY) may convene hearings on Everglades protection, including the Administration's comprehensive restoration plan. We anticipate that such hearings, if they occur, may serve as a positive platform to make the case for the Administration's plan, including the FY 1997 funding request.

The $200 million made available for Everglades restoration under the Farm Bill will become available to the Interior Department for expenditure on July 1st. CEQ is working with OMB, Interior, EPA, and the Corps of Engineers to identify priorities for expenditure of the funding and opportunities to support and promote the Administration's comprehensive restoration plan. In this regard, we hope to be able to time a significant land acquisition for your announcement in July or August.

ELWHA RIVER DAM REMOVAL/OLYMPIC NATIONAL PARK

Two events occurred in the last week that may help promote the Administration's plan to restore the Elwha River in Olympic National Park.

First, a citizens committee in Port Angeles that has been studying the issue of Elwha fishery restoration came out with a report late last week that reached several conclusions, among which are these:

From a fish/ecosystem restoration perspective, the case for dam removal is "compelling."

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cc: VP Gorton agrees

Second, Congressman Rick White (R-WA) who represents the eastern and western suburbs of Seattle is reported in Monday's Seattle Post-Intelligencer to be planning to push for dam removal in the FY 1997 budget and appropriations processes. The article reports that Senator Gorton has shifted his position in the direction of supporting dam removal (although the degree of his shift is not clear). It looks like Congressman White is working to shore up his enviro credentials -- using the Administration's plan as the way to do that.

Politically, I think we're entering a race to get credit. We may want to begin thinking about events in the area.

ENDANGERED SPECIES ACT

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A GANNETT NEWSPAPER

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May 7, 1996

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cc Rich to Ann Lewis / Mickey Ibarra / Peter Knight / Bowen / Bill

Rudie Bell

THE REGISTER'S EDITORIALS

The public gets taken

Congress' 'takings' law would grant freedom to pollute.

Remember the Exxon Valdez? Alaskans will never forget. It was seven years ago that the tanker ran aground off an Alaskan port, spilling 11 million gallons of crude oil, littering Prince William Sound and its shoreline with the carcasses of innumerable choked and smothered wildlife species.

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Comes now Exxon's shipping subsidiary, crying foul and filing suit, contending that the ban is an unconstitutional "taking" of its ship, which was built specifically for the Alaska oil trade. Since the ban, the ship has been plying the Mediterranean.

Before you shed any tears for the owners of the Exxon Valdez, shed a tear for the American taxpayer, who faces an unprecedented fleecing if Congress expands the "takings" laws. A bill is before the Senate now.

The federal government currently has the authority to impose reasonable restrictions on the use of private land to protect the public interest. Property owners are protected from unreasonable restrictions by the Fifth Amendment's due-process clause. The "takings" proposal would force taxpayers to pay landowners whenever a federal rule prevented them from using their property any way they saw fit, regardless of how that use might affect public health or safety.

A landowner would be free to pollute the land, air and water, with no regard for responsible stewardship or the public interest, and if regulators stood in the way, they would be required to pay the owner.

The most likely impact of the law would be to allow wholesale misuse of the property. If the government chose instead to compensate owners to force them to behave, it would cost billions — for bribes to keep them from pumping poisons into rivers, or pumping lung-clogging dusts into the air.

"If the government had to compensate owners for every restriction, or pay the cost of complying with any regulation, government would not be able to function," according to Neil Hamilton, Drake University professor of law, writing in the Iowa Environmental Council newsletter. "... If you are concerned about protecting the sustainability of our resources, then expanding the 'takings law' to limit the power of government may result in environmental anarchy, with individuals free to act without regard for public health or welfare."

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cc Rich
to Ann Lewis / Marcia / Bill
Peter Jaffe / Sonnen

Re Dole Bill

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96 MAY 10 A9:33

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

THE CHAIRMAN

May 1, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: JOSEPH E. STIGLITZ

SUBJECT: Report on Job Quality

I am attaching a copy of a recent report released by the CEA and the Labor Department.

Many of our findings are encouraging:

* Two-thirds (68 percent) of the net growth in full-time employment between February 1994 and February 1996 occurred in job categories paying above-median wages.

* The evidence suggests that the vast majority of the net new jobs are full-time.

* The share of workers holding multiple jobs has remained roughly constant since the late 1980s.

At the same time, we recognize that long-term challenges remain. Between the 1970s and the early 1990s, real wages stagnated and income inequality widened. And although many more jobs are being created than destroyed, a dynamic economy inevitably imposes costs on some workers.

I believe this report makes a solid case that under the Clinton Administration we have made progress, but that there is still a need for a broad range of policies to address the concerns of American workers.

Job Creation and Employment Opportunities: The United States Labor Market, 1993-1996

A Report by the
Council of Economic Advisers
with the U.S. Department of Labor, Office of the Chief Economist

April 23, 1996

EXECUTIVE SUMMARY

* Since January 1993, employment has grown rapidly -- expanding by 8.5 million net new jobs. Based on comparable data, employment growth has been stronger in the United States than in any of our G-7 partners.

* Two-thirds (68 percent) of the net growth in full-time employment between February 1994 and February 1996 occurred in industry/occupation groups paying above-median wages. Over half of the net growth occurred in the top 30 percent of job categories. Although many of these new jobs were in the service sector, they did not conform to stereotypes.

* The evidence suggests that the vast majority of the net new jobs are full-time. Both the household and establishment surveys indicate that job growth has been concentrated in full-time positions.

* The share of workers holding multiple jobs has remained roughly constant since the late 1980s. The household survey suggests that the proportion of employed persons working multiple jobs has remained at about 6 percent.

* The overall number of workers displaced was roughly the same proportion of the workforce in 1991-2 as in 1981-2, although the recession during the early 1980s was more severe than the one during the early 1990s. However, it is difficult to determine precisely how to account for the business cycle in assessing displacement rates. The official data on displacement after 1993 are not yet available, but an alternative job loss measure has fallen since then.

* The characteristics of displaced workers have changed somewhat. Displacement rates for older, white-collar and better educated workers have risen, although they remain low relative to those for younger, blue-collar, and less educated workers.

* Despite some recent positive signs, long-term challenges remain. Between the 1970s and the early 1990s, real wages stagnated and income inequality widened. But in 1994, for the first time in 5 years, real median family income rose and the poverty rate fell. We must continue to build on these gains to improve living standards and reduce income inequality. And although many more jobs are being created than destroyed, a dynamic economy inevitably imposes costs on some workers. For example, data from 1981 to 1993 indicate that job losers were more likely to be permanently dismissed (rather than temporarily laid-off), that older workers were subject to greater risk of job displacement, and that the average real wage loss due to displacement was significant and persistent. In order to obtain the full benefits of a dynamic economy, we must reduce these adjustment costs.

INTRODUCTION

Employment growth in the United States has been robust since January 1993, with nonfarm payroll employment expanding by 8.5 million. Based on comparable data, U.S. employment growth has been stronger than in any of our G-7 partners. The first purpose of this study is to sift through the evidence to develop a more detailed picture of where the job growth is occurring and the nature of the jobs being created.

The news is encouraging: employment has grown disproportionately in the industry/occupation job categories paying above-median wages. Even in the traditionally lower-paying service industry, a majority of the net employment growth has been in managerial and professional specialty positions, which typically pay above-median wages. Contrary to conventional wisdom, the new jobs are not disproportionately part-time, low-skill positions.

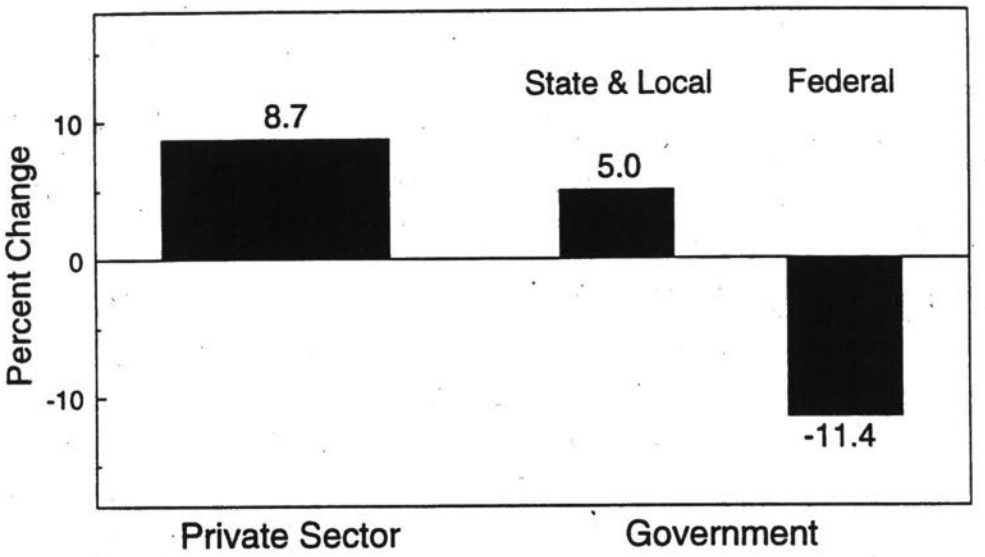
The second purpose of the study is to examine job displacement. Although the economy is generating millions of net new jobs, it is clear that the speed of transformation in the U.S. labor market has left many American workers anxious about their economic futures. A dynamic and growing labor market can impose costs as well as offer opportunities, and policies to help workers deal with job transitions are critical to reducing these adjustment costs.

JOB CREATION

According to the Bureau of Labor Statistics establishment survey, nonfarm employment grew by 8.5 million (7.8 percent) between January 1993 and March 1996. Private-sector payrolls (up 8.7 percent) grew even faster, while federal payrolls (excluding the postal service) actually declined by 11.4 percent, and state and local government payrolls combined grew by only 5.0 percent (see Figure 1). The public sector's share of employment is therefore falling.

The unemployment rate has fallen from over 7 percent in January 1993 to 5.6 percent in March 1996, and has been below 6 percent for 19 consecutive months. Given current demographic trends, the Bureau of Labor Statistics projects the labor force to continue growing by approximately 1.1 percent annually between 1994 and 2005. Therefore, to keep unemployment low, the economy needs to average a net increase of about 120,000 new jobs per month. Employment is now expanding at a pace consistent with steady, *sustainable* growth and low unemployment.

Figure 1
Private Sector and Government Employment Growth
January 1993 - March 1996



Note: Federal employment excludes the postal service.
Based on data from the Bureau of Labor Statistics, establishment survey.

International Comparisons. The United States has experienced faster employment growth than any of the other G-7 countries. Only Canada has experienced any significant employment growth, while the other G-7 members have experienced negligible job gains or outright declines. The U.S. labor market performance is particularly impressive given that it has occurred during a period in which the federal budget deficit was reduced from 4.9 percent of GDP in FY 1992 to an estimated 1.9 percent in FY 1996.

THE QUALITY OF JOBS

According to data from the Current Population Survey, 38 percent of the net employment growth between February 1994 and February 1996 occurred in "service" industries.[1] This section therefore first examines job quality in the service sector. It then presents a more detailed analysis of all sectors of the economy.

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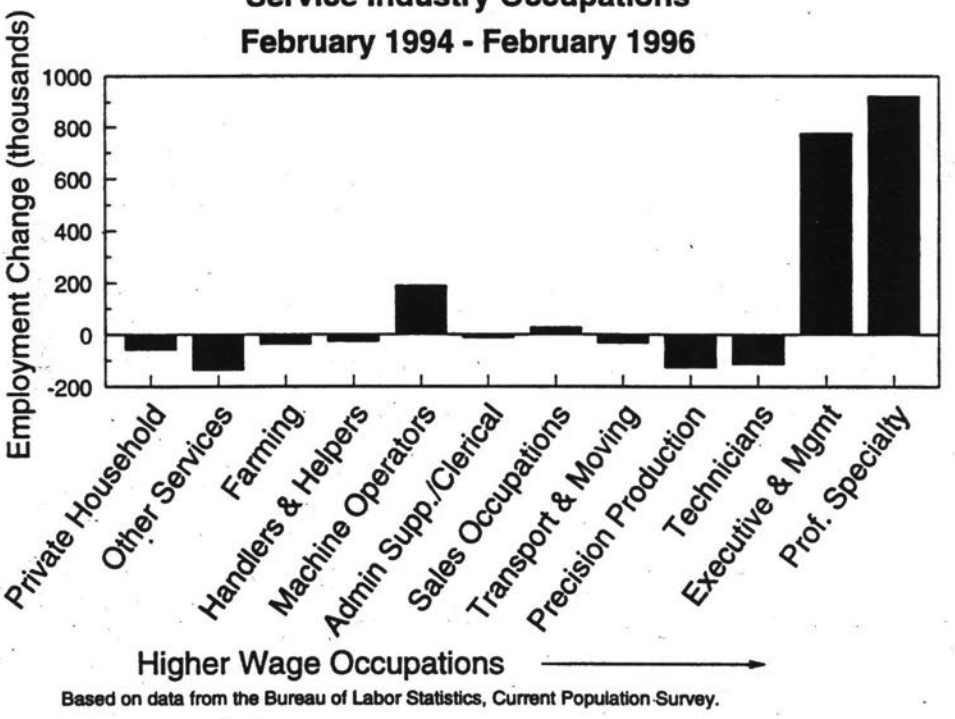
[1]A major redesign of the survey in January 1994 makes long-term comparisons difficult. Moreover, because the household survey data are often not seasonally adjusted, we try to compare the same month in different years. The sample period we study is therefore February 1994 to February 1996.

Higher-paid Jobs in the Service Sector. The "service sector" is quite diverse. It includes many low-wage positions, but also many high-wage positions in financial services, hospitals, and computer and accounting services. For this reason, it is important to determine whether employment growth within services has occurred primarily in the high-skill managerial and professional specialty occupations or in low-paying occupations. The Current Population Survey provides evidence on employment growth by occupation.

* The data show that *recent net job growth in services has been predominately in managerial or professional specialty positions* (Figure 2). These are relatively high-paid occupations.

Figure 2
Service Industry Occupations
February 1994 - February 1996



Based on data from the Bureau of Labor Statistics, Current Population Survey.

Thus, the conventional wisdom suggesting that the growth in service sector employment is disproportionately concentrated in low-wage job categories is wrong.

Growth of Higher-paid Jobs by Industry and Occupation. An even more detailed picture of the nature of the new jobs created emerges from an examination of industry/occupation categories. Using data from the February 1994 and February 1996 Current Population Surveys, we sorted full-time workers into 45 detailed occupations in 22 major industries. A quarter of the sample reported earnings in addition to the industries and occupations in which they worked.

Although many of the possible 990 industry/occupations cells were small, only 6 percent of the population-weighted sample was found in cells with 10 or fewer sample members reporting earnings data for both surveys. In order to avoid the high sampling variability associated with insufficient numbers of observations, we eliminated these small cells from our analysis. There were 287 job categories in each year after eliminating the cells with 10 or fewer sample members.[2]

The first step in our analysis was to rank the 287 occupation/industry cells by the median weekly earnings of full-time workers. Approximately half of all full-time employment in February 1994 was found in cells with median weekly earnings above $480 (in February 1996 dollars). The employment growth in these "high-wage" job categories can then be compared to overall employment growth. *Our key measure of job quality is the percentage of total employment growth that occurred within the occupation and industry categories that paid above-median wages in February 1994.* The results were striking.

* *Two-thirds (68 percent) of the net growth in full-time employment between February 1994 and February 1996 was found in job categories paying above-median wages.*[3]

Another way to summarize the results from our industry/occupation analysis is shown in Figure 3. Here we ranked the 287 industry/occupation categories by their median weekly earnings for full-time workers, and sorted them into 10 ordered groupings -- each with 10 percent of employment in February 1994 -- by their earnings ranking. If all 10 groups had grown proportionately to their share of employment in February 1994, each would have accounted for 10 percent of the net new employment. But rather than accounting for their proportional share of total employment growth (30 percent), the top three deciles accounted for much more (over 50 percent).

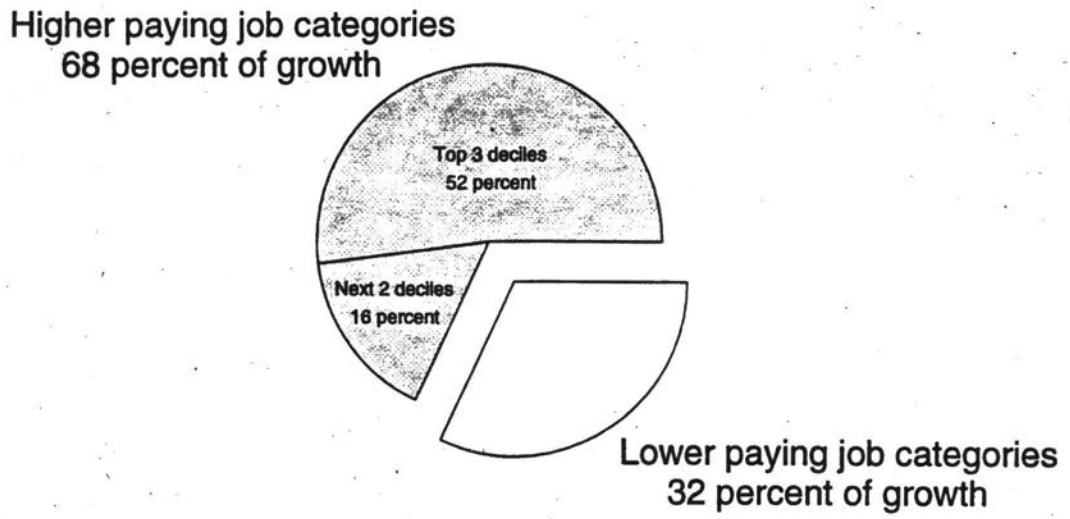
* *Over half (52 percent) of employment growth was found in the top 30 percent of job categories.*

---

[2] The average remaining industry/occupation cells included 331 sample members and contained earnings data for 70 sample members.

[3] As a result of sampling variability in the monthly surveys, the precise figure may be affected by the months chosen for comparison. We have also performed the same exercise using hourly wages for full-time and part-time workers combined. The results are similar.

Figure 3
Shares of Net Employment Growth
February 1994 - February 1996



Council of Economic Advisers analysis of Bureau of Labor Statistics data.

More Detailed Data on Occupations. The Bureau of Labor Statistics also publishes an annual series on wages and employment growth for an extremely detailed set of occupational categories, based on pooling a year's population survey responses. The survey included 488 categories with data for both 1994 and 1995 (the 1996 annual estimates will not be available until next year). The results from this data set give additional support to the results reported above. Some of the categories with the largest employment gains included "sales supervisors and proprietors," "electricians," "managers of marketing and advertising," and "electrical and electronic engineers." And consistent with the above calculations, the detailed occupations in the top half of the wage distribution accounted for 70 percent of the net employment growth, while the top 10 percent of the distribution produced *a third* of net employment growth.

* *Employment in "hamburger-flipping jobs"[4] actually fell between 1994 and 1995.*

In sum, the data indicate the following about the nature of recent job growth:

- Two-thirds of full-time job growth between February 1994 and February 1996 occurred in occupation/industry categories paying above-median wages.

- Over half of full-time job growth between February 1994 and February 1996 was in occupation/industry categories paying even higher wages (top 30 percent).

The New Jobs are Mostly Full-Time. Data from both the Current Population Survey and the BLS establishment survey indicate that most of the net new jobs are full-time. The Current Population Survey includes data on part-time employment. Figure 4 portrays the proportion of employed persons reporting that they worked part-time for "economic" as well as for "non-economic" reasons. Despite a shift in both series corresponding to a redesign of the survey in January 1994, the proportion of employed persons reporting to be employed part-time has actually declined slightly. The declines have been even larger for those working part-time for "economic" reasons, often referred to as the "involuntarily underemployed."

The establishment data indirectly support the conclusions from the household survey. If the net new jobs were disproportionately part-time, we would expect average hours worked per job to fall.[5] But the employment data show that average hours worked for all jobs (including the new jobs) remained roughly constant: the number of nonfarm payroll positions and the total number of hours worked both grew at about the same rate over the past three years (see table). This suggests that the new jobs have not been disproportionately part-time.

* *Data collected from both households and companies indicate that most of the net job creation over the past three years has been full-time.*

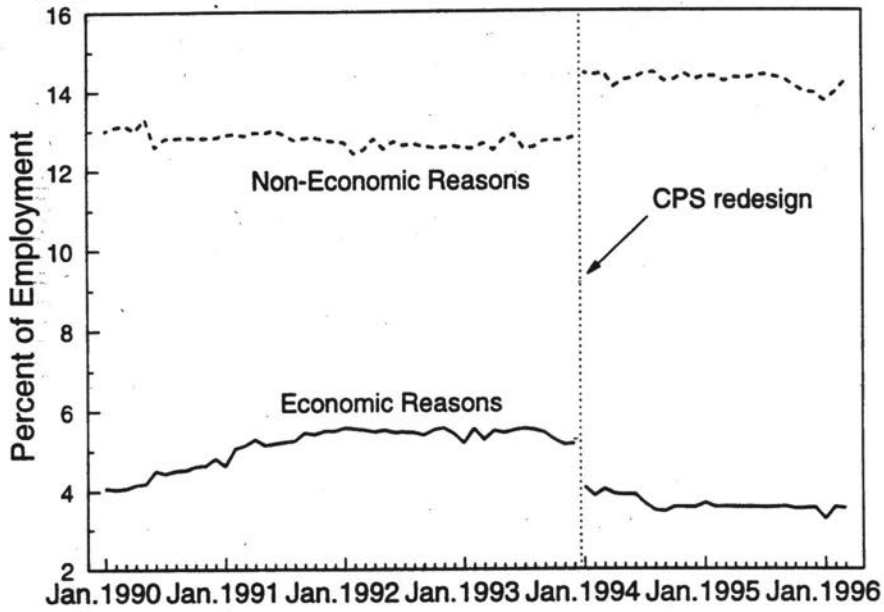
---

[4] These are defined as workers in the food counter, fountain and related occupations; and kitchen workers, food preparation, and miscellaneous food preparation occupations. The result holds both for full-time and for all workers (full-time and part-time combined).

[5] This assumes that average hours worked on existing jobs did not change. Unfortunately, existing statistics do not allow us to verify whether this assumption holds.

Figure 4

Part-Time Workers



Based on data from the Bureau of Labor Statistics, Current Population Survey.

Employment and Hours Worked at Nonfarm Establishments

	January 1993	March 1996	Percent Change
Employment *(millions)*	109.5	118.0	7.8
Hours worked *(annual basis, billions)*	202.2	217.8	7.7

Based on data from the Bureau of Labor Statistics.

Little Change in Multiple Job Holding. Some Americans decide to hold more than one job, in order to save for a house or to meet unexpected expenses. Nonetheless, multiple job holding would raise concerns about the quality of jobs if an increasing number of Americans have to work two or three jobs to make ends meet. A frustrated worker is said to have reacted to the news that 8.5 million new jobs have been created by replying, "Yeah, and I have three of them." But the data simply do not indicate any significant movement in multiple job holding.

The percentage of employed persons working multiple jobs has remained in the neighborhood of 6 percent since the late 1980s.

Impact on Wages and Income Inequality. Between the 1970s and the early 1990s, average real wage growth slowed and income inequality widened. In recent years, however, there are some encouraging signs that the tide may be turning on these labor market challenges. In 1994 -- the most recent year for which data are available -- real median family income rose and the poverty rate fell for the first time in 5 years. Improving job quality can enhance these recent gains, although the effects may only become manifest after an extended period of time. As discussed above, most of the recent net increase in employment has occurred in occupations and industries that typically pay above-median wages. But the additions to the workforce have had only a marginal effect on aggregate wage data, since net employment growth represents only a relatively small percentage of total employment for the U.S. workforce. Nevertheless, the news about the quality of net job growth is encouraging, and bodes well for the future. Although there is still much left to be done, recent trends show that the labor market is on the right track.

THE CHALLENGES CREATED BY A DYNAMIC LABOR MARKET

A dynamic, healthy labor market creates enough jobs to accommodate a growing labor force. But at the same time, jobs in a dynamic economy continually shift away from certain areas and toward other areas with greater growth opportunities. (For example, the decline in federal payrolls has been more than offset by increases in private-sector employment.) Meanwhile, research conducted by Robert Valletta and published by the Federal Reserve Bank of San Francisco concluded that, after controlling for the business cycle, the share of unemployment attributable to permanent dismissals (rather than temporary layoffs) has increased -- particularly from 1980 to 1993. A higher proportion of job losers thus do not expect to be recalled by their former employers. As a result of these labor market changes, many workers feel less secure about their job prospects.

While the anxiety felt by many workers is real and important, it is also important to take an objective look at the evidence. Not all sources demonstrate increased economic anxiety. For example, the Michigan and Conference Board surveys of consumer sentiment recently have been above their historical averages. Respondents to those surveys apparently do not view employment prospects as poor. Nevertheless, considerable evidence suggests that many Americans are concerned, some very concerned, about job displacement. In order to know how best to respond to these concerns, we need a more precise assessment of the nature of the displacement problem. Has job displacement in fact increased? Is it affecting different categories of individuals today than it did ten years ago? This section of the report examines these questions.

Evidence from the Displaced Worker Survey. The BLS conducts a survey of displaced workers every two years, with the most recent published data from February 1994. The table below summarizes the displacement rates (defined as the number of workers displaced per 100 employed) for the 1981-82 and 1991-92 periods.

The overall number of workers displaced was roughly the same proportion of the workforce in 1991-2 as in 1981-2, although the recession in the early 1980s was more severe than the one in the early 1990s. However, it is difficult to determine precisely how to account for the business cycle in assessing displacement rates. A comparison of aggregate displacement rates also conceals a fundamental change in the *incidence* of job displacement. The table shows that older, white-collar workers were considerably more at risk of displacement in 1991-92 than during the previous recession. And further analysis shows that job displacement rates rose for more educated workers. These changes in the incidence of job displacement may be a reason for the reports of heightened anxiety regarding job loss. Although blue-collar and less educated workers remain more likely to be displaced than others, displacement rates have clearly risen among those workers who had previously been largely immune from the threat of job dislocation.

* *Displacement rates for older and more educated workers, who had largely been unaccustomed to facing such risk, rose between 1981-2 and 1991-2.*

Changing incidence of displacement

	Displacement Rates*	
	1981-2	1991-2
Total	3.9	3.8
Occupations		
White-collar	2.6	3.6
Blue-collar	7.3	5.2
Age		
25-34 years of age	5.0	3.8
35-44 years of age	3.8	3.9
45-54 years of age	3.0	3.8
55+	3.6	4.3

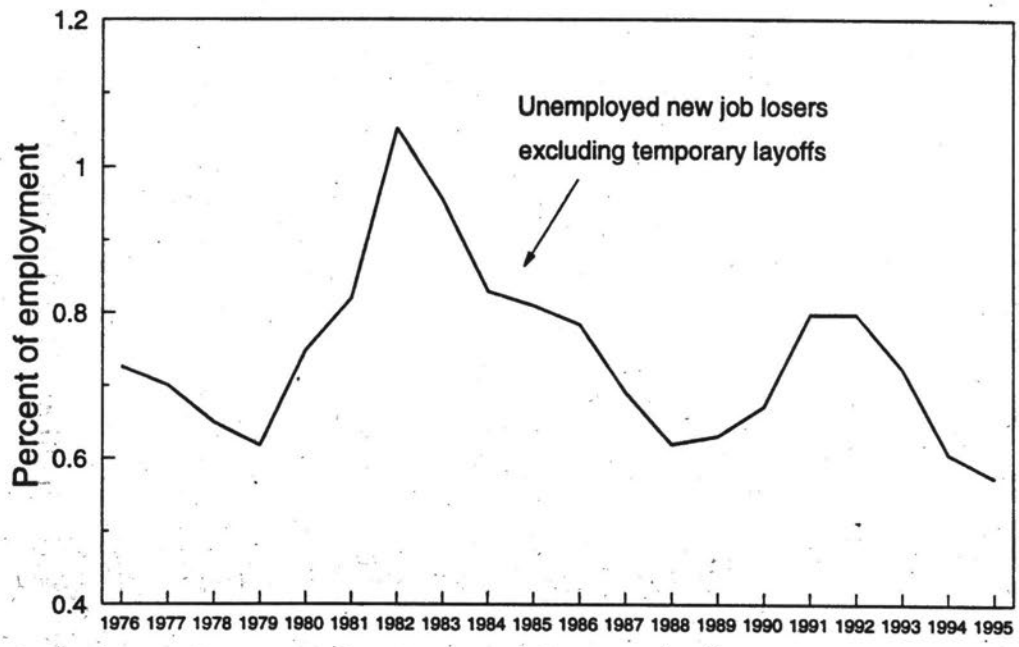
* Expressed as a percent of workers with three or more years of tenure on their current job.
Based on data from the Bureau of Labor Statistics.

Indicators of Recent Job Displacement. As noted above, the Displaced Worker Survey is conducted only once every two years, and the most recent published data are from the 1994 survey, which covers the 1991-93 period. Unfortunately, the official displacement data for the period after 1993 are not yet available.[6] (The results of the 1996 Displaced Worker Survey, conducted in February, should be available later this summer.) Until the official displacement data are available, other measures can be used to get an indication of how the labor market has been changing since 1993.

One indicator comes from unemployment data on job losers. Figure 5 shows the job loss rate, defined as the ratio of recently unemployed job losers -- those who are unemployed due to job loss (as opposed to job leavers or labor market entrants), unemployed less than 5 weeks, and not on temporary layoff -- to total employment in the Current Population Survey. This job loss rate roughly approximates the net "flow" into unemployment due to job loss, since it considers only those who have lost their jobs recently. As shown in Figure 5, the job loss rate has continued to fall since 1992.

Figure 5

New Job Losers



Based on data from the Bureau of Labor Statistics, Current Population Survey.

[6] Based on previous experience, the displacement rate for 1993 is likely to be lower in the 1996 survey data than in the 1994 survey data.

* *Official data on job displacement are not yet available beyond 1993. But based on unemployment data for job losers, the job loss rate has declined since then.*

The Costs of Job Displacement. The Displaced Worker Survey provides information on the impact of job loss on workers. The results are sobering. According to analysis from the Bureau of Labor Statistics, roughly a quarter of those displaced during 1991 and 1992 had either stopped searching for work or had not yet found work by the time they were surveyed in February 1994. And while experiences varied widely, research conducted by Henry Farber of Princeton University suggests that the average real wage loss for workers displaced from a full-time job and re-employed into a full-time job was roughly 10 percent in the early 1980s as well as in the early 1990s. A study by Ann Huff Stevens of Rutgers University and the National Bureau of Economic Research also indicates that the wage loss due to displacement is persistent. Six or more years after displacement, a displaced worker's earnings remain roughly 10 percent below what they could have otherwise expected to earn.

In a market economy facing competitive pressures both nationally and internationally, it is inevitable that some job displacement will take place. Technology is constantly changing. New companies start up and some old ones contract or close down. Since change can be costly for workers, it is vital that policies are in place to help workers deal with that change. Portability of pensions and health benefits, effective re-employment services, adequate unemployment insurance, and education and training policies can all help reduce the adjustment costs between jobs. Moreover, it is important that displacement not take place needlessly. A stable macroeconomic environment with full employment will help minimize the need for layoffs and will maximize the chances for speedy reemployment of those who do lose their jobs.

* *Job loss is costly. When faced with job loss, American workers must be equipped with the tools to find new jobs quickly.*

CONCLUSION

The labor market is in the midst of a robust expansion in which 8.5 million jobs have been created since January 1993. Now that we have emerged from the last recession and are expanding in a steady, sustainable fashion, employment is growing most rapidly in those job categories offering the best-paid employment opportunities. Our analysis indicates that over two-thirds of recent employment growth has been in industry/occupation job categories with above-median wages; that the vast majority of new jobs being created are full-time; and that the proportion of workers holding multiple jobs has remained roughly constant since the late 1980s. But a dynamic labor market inevitably destroys some jobs while creating others, and the costs of job loss are both significant and persistent. In order to obtain the full benefits of a dynamic economy, we must reduce these adjustment costs.

THE PRESIDENT HAS SEEN
5-13-96

THE WHITE HOUSE

WASHINGTON

96 MAY 10 P6:04

May 10, 1996

RECOMMENDED TELEPHONE CALL

TO: Representative Tim Holden

DATE: May 10, 1996

RECOMMENDED BY: John Hilley JH
Assistant to the President for Legislative Affairs

PURPOSE: To offer condolences to Representative Tim Holden on the death of his father, Joseph Holden.

BACKGROUND: Joseph "Socks" Holden died this morning after a series of illnesses. He was 83 years old.

Holden was a respected figure in Pennsylvania who was known for his generosity and humanitarianism. He served for sixteen years as Schuylkill County Commissioner.

Holden was also a former Major League baseball player and scout. He signed with the Philadelphia Phillies in 1934 and played in the majors for three years.

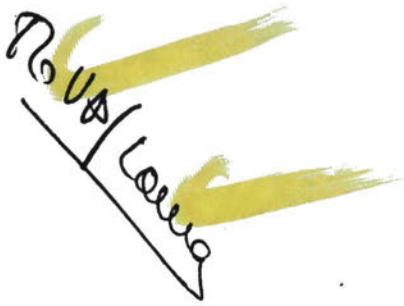
Holden is survived by his wife Catherine, and four children, Kathleen, Joseph Jnr., John and Tim.

CONTACT PERSON AND TELEPHONE NUMBER(S): Rep. Tim Holden: 717-429-2329
717-429-0071

DATE OF SUBMISSION: May 10, 1996

ACTION: _____

THE PRESIDENT HAS SEEN
5·13·96



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20500

96 APR 26 P8:05

THE DIRECTOR

For the President - information
This is a good readable analysis of the "job security" statistics by Joe Minarik's staff. Consistent with the CEA study, but with some more detail.

Alice

Office of Economic Policy
April 23, 1996

96 APR 26 P5:18

Highlights of the Week

Employment Security

This week's Highlights is the first of a two part series on job security. Despite the relatively low unemployment rate that currently prevails, anxiety about the chance of losing a job appears to be high. While production workers have always faced the possibility of unemployment during slack business conditions, they often were recalled when conditions improved. Meanwhile, managers and technicians seldom faced the risk of a layoff. The fear is that this has changed in the 1990s. Corporations eliminating jobs now talk of "downsizing" rather than layoffs. Such cutbacks are permanent, and they occur not only at financially troubled companies or during recessions, but at profitable enterprises as well.

In the face of this gloom, however, critics such as Robert Samuelson have questioned how well founded the fears of job loss really are. The critics observe that, statistically, jobs are no less secure now than they were in the past, no matter how people may feel about the risks they face. To some extent the critics base their case not on the strength of current conditions, but on a different view of what prevailed previously. Current anxieties are heightened by the contrast drawn between an uncertain present and an idealized past. In fact, as the critics know, jobs have never been completely secure; the risks were there, but not so well publicized. Even in the best of times, there were declining industries and regions where employment was shrinking.

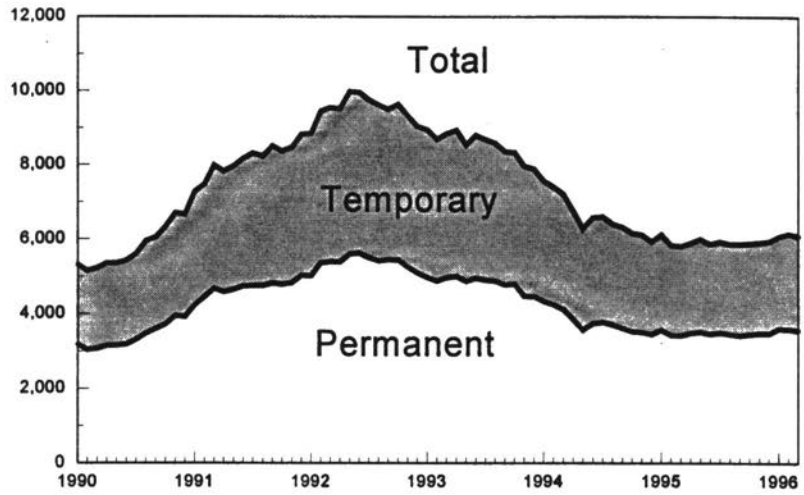
While today's risks are distributed somewhat differently, and middle-class workers appear more vulnerable, the chance of losing a job is no higher than it was several years ago. This will be of little comfort to someone who has actually lost a job, but it ought to put into perspective the fears that such job losses have instilled in other workers.

The Official Data on Job Turnover

The Monthly Employment Survey: The familiar monthly report from the Bureau of Labor Statistics (BLS) shows an improving job market. Since peaking in mid-1992, the unemployment rate for civilian workers has fallen from 7.8 percent to its current level of 5.6 percent (and it has been as low as 5.4 percent twice in the past 16 months). The decline in overall unemployment reflects the creation of new jobs; but equally important in this context, it also reflects a decline in the number of lost jobs -- the losses due to both temporary layoffs and permanent job reductions.

The Number of Job Losers

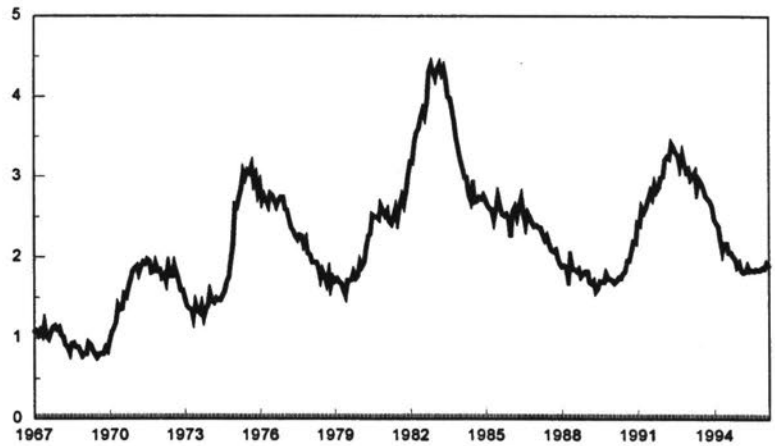
(in thousands)



Since 1992, the number of job losers has been declining (see the chart above). While the temporary layoffs have a strong cyclical pattern, permanent job losses continued to rise even as the economy began to recover. They did not peak until the summer of 1992, at over 4 million lost jobs per month. Since then, however, such job losses have declined by about 40 percent, and currently the monthly rate is about 2-1/2 million lost jobs, which amounts to 1.9 percent of the civilian labor force. In other words, each month almost 2 percent of the employees in the economy lose a job. While this is a relatively high rate of attrition compared with many European countries, it is actually lower than the rate prevailing in the United States throughout the 1970s and 1980s. On average, during those decades, the monthly rate of permanent job loss was 2.3 percent.

Permanent Job Losses

(monthly as a percent of civilian labor force)



The Job Displacement Survey: While the monthly employment release gives an up-to-date sense of how many jobs are currently being lost, it does not reveal much information about the job losers or their jobs. Other sources are needed to learn about that. A major source of such information is the biennial survey on job displacement conducted as part of the Current Population Survey every other January or February. This survey affords a chance to review in depth the characteristics of those workers who have been displaced from their jobs. A major drawback, however, is that the survey appears only with a lag. Results from the 1996 survey will not be available until this summer; the most recent available data are from the 1994 survey.

The survey is aimed at workers who have lost their jobs because their plants closed or their companies failed, or because their jobs were eliminated. This is a somewhat narrower definition than is used for the job losses identified in the employment survey. Furthermore, the employment survey reports multiple job losers over the course of a two-year period -- workers who lose their jobs more than once for seasonal or other reasons are counted more than once. In the displaced worker survey, each job loser is counted only once. For these reasons, the displaced worker survey shows a smaller number of job losses than reported in the familiar monthly employment report.

In 1991-1992, the total number of displaced workers shown in the survey was 5.4 million.[1] This was almost identical to the number of workers displaced during 1981-1982, 5.3 million, but because total employment grew over the intervening years, the ratio of displaced workers to total employment was lower in the 1991-1992 period -- 4.8 percent, compared with 5.7 percent in 1981-1982. Both periods included a recession, although by most conventional measures the 1991-1992 recession was milder than the 1981-1982 experience. The overall unemployment rate averaged 8.7 percent in 1981-1982, but only 7.2 percent in 1991-1992. Thus, simply looking at overall trends, there is little evidence to support the view that the risk of job loss has increased in recent years. It is true that job loss increased in 1991-1992 compared with 1983-1990 period, but that is to be expected in view of the economy's cyclical performance. Controlling for the effects of the business cycle, there does not appear to be an increase in the overall rate of job displacement.

That is not true, however, for all categories of job losers. The survey also shows that certain categories of job losers were hit harder by the 1991-1992 recession than by the previous downturn. For example, the rate of displaced workers in New England was 5.9 percent in 1991-1992, versus 4.2 percent in 1981-1982 (see table below which compares some of the relative gainers and losers).

Generally speaking, the blue-collar occupations and employees in heavy industry were relatively better off in 1991-1992 than in the previous downturn. By contrast, white-collar workers (especially managers) and those employed in the financial sector were relatively worse off in 1991-1992. This

[1] In analyzing the survey data, BLS routinely drops the responses for the most recent year of the survey to avoid counting workers who may be laid off only temporarily as permanent job losers.

conforms to recent accounts in the press identifying the insecure workers, but it is worth noting that even though blue-collar workers suffered relatively less job loss in the last recession than they did

Displaced Workers
(percent of total employment)

	1981-1982	1991-1992
Total, 20 years and older	5.7	4.8
By Region:		
New England	4.3	5.9
West North Central	5.7	3.6
By Occupation:		
Executive, Administrative, and Managerial	2.5	4.7
Administrative Support, including clerical	2.5	3.8
Machine Operators, Assemblers, Inspectors	9.6	6.5
Handlers, Eqpmt. Cleaners, Helpers, Laborers	8.0	4.7
By Industry:		
Finance, Insurance, Real Estate	1.4	5.6
Mining	13.6	7.6

in 1981-1982, their unemployment rate is still generally higher than that of white-collar workers. The gap between them has narrowed appreciably, but white-collar workers continue to have more job security. What is distinctive about the recent data for white-collar workers is that relative to their previous experience, jobs have become more uncertain.

The survey data as compiled by BLS in 1992. As explained above, labor markets were weak in 1992 even though the economy was recovering. It will be interesting to note whether the general improvement in labor market conditions that began in 1993 will be reflected when the survey for those years is released this summer. We expect that there will be a noticeable improvement. This is based partly on the data from the employment release and partly on other sources of information about separations and downsizing.

Other Data on Job Displacement

Two private surveys bear on this issue: the American Management Association's annual survey of firms eliminating positions, and the *Challenger Employment Report*. Both surveys show a marked reduction in employment cutbacks over the last two years.

- The American Management Association's survey shows that the fraction of firms eliminating jobs has increased slightly from 47 percent to 50 percent, but that the fraction of the workforce affected is down from 10.4 percent in 1992-1993 to 7.7 percent in 1994-1995.

- The *Challenger* reports that the size of announced layoffs fell from 615 thousand employees in 1993 to 440 thousand in 1995.

Consequences of Job Loss

The displaced worker survey also reports on the consequences of job loss. It shows that displacement has serious costs for workers. While it is true that most displaced workers end up finding another position, the process takes time, and the new jobs do not always pay as well as the old jobs did.

- Among the displaced workers with more than 3 years experience who lost their jobs in 1991-1992, only 75 percent had found new employment by February 1994; 11 percent were unemployed; and 14 percent were out of the labor force.

- Younger workers had an easier time finding new work than older workers. Of those in the 25-34 year category, 84 percent were working in 1994, while only 61 percent of those in the 55-64 year group were back at work.

- Among the experienced workers who lost their jobs in 1991-1992 and were subsequently reemployed, only 27 percent were earning 120 percent or more of their previous earnings in 1994; 31 percent were earning less than 80 percent of their previous pay.

- The median weekly earnings of the job losers was $515 on their previous job; it was only $473 on the new jobs they found after being displaced.

Other Ways to Measure Employment Security

The fraction of workers losing their jobs is one way of measuring the insecurity of employment, but this insecurity can also be examined in other ways. Labor economists compute statistics on job tenure to measure how long workers hold their jobs. Such measures generally support the picture presented by the displaced worker survey. On average, job tenure has not declined; workers are able

to stay with the same employer about as long as they ever did. In this sense, again, there is no support for the view that employment prospects have become increasingly uncertain. However, tenure patterns vary among workers, and some groups, notably males with only a high school education, have seen a decline in their tenure. The next Highlights story on employment security will review the data on job tenure.

Rec'd May 8 - PM

THE PRESIDENT HAS SEEN
5.13.96

THE WHITE HOUSE
WASHINGTON

May 8, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: GEORGE STEPHANOPOULOS
GENE SPERLING

SUBJECT: Materials on "Tax Freedom Day"

In preparation for "Tax Freedom Day," we prepared the attached response to the Republican claim that the income tax burden on the typical American family increased because of your 1993 economic plan. Our response was widely circulated by the DNC and Re-Elect and used by Democrats on the Hill to rebuke the Republican claims.

Majority Leader Dole did a "Tax Freedom Day" event at the IRS, where he attacked you for not just for (1) raising gas taxes, but also for raising taxes in three other ways: (2) "largest in history," (3) retroactive tax increases, and (4) social security tax increases.

Ann Lewis prepared a statement in response and we prepared background materials, highlighting the utter hypocrisy of Dole's attack on these 4 issues. This document was also widely distributed and used to highlight to reporters the difference between Senator Dole's tax rhetoric and his own tax record. Our "hypocrisy" response received small mentions by CNN, AP, *USA Today*, the *New York Times*, and the *Washington Post.* While the initial news coverage wasn't tremendous, in the long-run this response will help to educate the reporters on the facts.

ATTACHED

		Pages
I.	Senator Dole's Comments at "Tax Freedom Day" Event 5/7/96	1
II.	Response to Senator Dole's Attack on Gas Taxes, Social Security, Biggest Tax Increase in History, and Retroactivity"	2-4
III.	"Six Facts Republicans Won't Tell You On 'Tax Freedom Day'"	5-10
IV.	Background Materials on "Tax Freedom Day"	11-19

UNITED STATES DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY

To Bruce Reed

FYI-

BK

To the President

From: RBR

Here's what the Labor Department won up to in 1995. This video was shown at our recent awards ceremony for employees. Morale is still high, notwithstanding the interval. You should consider visiting!

96 JAN 17 A9:09

THE PRESIDENT HAS SEEN
5.13.

WORKING FOR AMERICA'S WORKFORCE

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 5-13

TO: Leon

FROM: **Staff Secretary**

I am planning to send this letter up to the President today for his approval & signature.

Rob

cc: Melanne
Elena
Vicki
Betsy

May 12, 1996

The Most Rev. Edmond L. Browning
Presiding Bishop, The Episcopal Church
The Episcopal Church Center
815 Second Ave.
New York, New York 10017

Thank you for your letter of May 8 concerning H.R. 1833, legislation banning a certain abortion procedure, commonly referred to in the press as partial birth abortion. I appreciate your explication of the Church's position on this matter. As you know, in late March, Congress passed that bill and on April 10, I vetoed it because of its failure, in certain rare and compelling cases, to prevent serious threats to women's health.

My own position on this bill has been widely misrepresented and misunderstood. Some, including those more interested in creating a political issue than in putting real, meaningful limits on the use of this procedure, have deliberately distorted my views. But I know that a great many people of good faith -- and of all faiths -- are sincerely perplexed about the veto. That is why I would like to take this opportunity to explain the basis for my decision.

Let me begin with a word of background. I am against late-term abortions and have long opposed them, except, as the Supreme Court requires, where necessary to protect the life or health of the mother. As Governor of Arkansas, I signed into law a bill that barred third trimester abortions, with an appropriate exception for life or health, and I would sign a bill to do the same thing at the federal level if it were presented to me.

The particular procedure aimed at in H.R. 1833 -- generally referred to by doctors as dilation and evacuation -- poses a most difficult and disturbing issue, one which I studied and prayed about for many months. Indeed, when I first heard a description of this procedure, I anticipated that I would support the bill. But after I studied the matter and learned more about it, I came to believe that this rarely used procedure is justifiable as a last resort when doctors judge it necessary to save a woman's life or to avert serious consequences to her health.

Last month, I was joined in the White House by five women who desperately wanted to have their babies and were devastated to learn that their babies had fatal conditions and would not live. These women wanted anything other than an abortion, but were advised by their doctors that this procedure was their best chance to avert the risk of death or grave harm which, in some

cases, would have included an inability to bear children. These women gave moving, powerful testimony. For them, this was not about choice. This was not about choosing against having a child. Their babies were certain to perish before, during or shortly after birth. The only question was how much grave damage they were going to suffer. Here is what one of them had to say:

> "Our little boy had...hydrocephaly. All the doctors told us there was no hope. We asked about in utero surgery, about shunts to remove the fluid, but there was absolutely nothing we could do. I cannot express the pain we still feel. This was our precious little baby, and he was being taken from us before we even had him. This was not our choice, for not only was our son going to die, but the complications of the pregnancy put my health in danger, as well. If I carried to term, he might die in utero, and the resulting toxins could cause a hemorrhage and possibly a hysterectomy. The hydrocephaly also meant that a natural labor risked rupturing my cervix and my uterus."

Some have raised the question whether this procedure is ever most appropriate as a matter of medical practice. The best answer comes from the medical community, which broadly supports the continued availability of this procedure in cases where a woman's serious health interests are at stake. In those rare cases, I believe the woman's doctors should have the ability to determine, in the best exercise of their medical judgment, that the procedure is indeed necessary.

The problem with H.R. 1833 is that it provides an exception to the ban on this procedure only when a doctor can be certain that a woman's life is at risk, but not when the doctor is sure that she faces real, grave risks to her health.

Let me be clear. I do not contend that this procedure, today, is always used in circumstances that meet my standard -- namely, that the procedure must be necessary to prevent death or serious adverse health consequences. The procedure may well be used in situations where a woman's serious health interests are not at issue. But I do not support such uses, I do not defend them, and I would sign appropriate legislation banning them.

At the same time, I cannot and will not countenance a ban on this procedure in those cases where it represents the best hope for a woman to avoid serious risks to her health. I recognize that there are those who believe it appropriate to force a woman to endure real, serious risks to her health -- including, sometimes, the loss of her ability to bear children -- in order to deliver a baby who is already dead or about to die. But I am not among them.

I also understand that many who support this bill believe that any health exception is untenable. In a letter sent to me on April 16 by our leading Catholic Cardinals, they contend that a

"health" exception for the use of this procedure could be stretched to cover most anything -- for example, youth, emotional stress, financial hardship or inconvenience.

That is not the kind of exception I support. I support an exception that takes effect *only* where a woman faces real, serious adverse health consequences. Those who oppose this procedure may wish to cite cases where fraudulent health reasons are relied upon as an excuse -- excuses I could never condone. But people of good faith must recognize that there are also cases where the health risks facing a woman are deadly serious and real. *It is in those cases that I believe an exception to the general ban on the procedure must be allowed.*

Further, I flatly reject the view of those who suggest that it is impossible to draft a bill imposing real, stringent limits on the use of this procedure -- a bill making absolutely clear that the procedure may be used only in cases where a woman risks death or serious damage to her health, and in no other case. I know that it is not beyond the ingenuity of Congress, working together with this Administration, to fashion such a bill.

Indeed, that is why I implored Congress, by letter dated February 28, to add a limited exemption for the small number of compelling cases where use of the procedure is necessary to avoid serious health consequences. Congress ignored my proposal and did so, I am afraid, because there are too many there who prefer creating a political issue to solving a human problem. But I reiterate my offer now: if Congress will work with me to produce a bill that meets the concerns outlined in this letter, I will sign it the moment it reaches my desk.

I recognize that many people will continue to disagree with me about this issue. But they should all know the truth about where I stand: I do not support the use of this procedure on demand. I do not support the use of this procedure on the strength of mild or fraudulent health complaints. But I do believe that we cannot abandon women, like the women I spoke with, whose doctors advise them that they need the procedure to avoid serious injury. That, in my judgment, would be the true inhumanity.

I continue to hope that a solution can be reached on this painful issue. I hope as well that the deep dialogue between my Administration and people of faith can continue with regard to the broad array of issues on which we have worked and are working together. Again, thank you for your letter and for the opportunity to set forth my own views.

Sincerely,

THE MOST REVEREND EDMOND L. BROWNING
PRESIDING BISHOP, THE EPISCOPAL CHURCH
THE EPISCOPAL CHURCH CENTER
815 SECOND AVENUE • NEW YORK, NY 10017
212/867-8400

May 8, 1996

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

Dear President Clinton:

As you know, I joined other mainstream religious leaders in supporting your veto of the "partial birth abortion" ban. I continue to support your decision on this extremely difficult issue. While there continues to be a great deal of misinformation and confusion about this particular medical procedure, I would like to clarify the Episcopal Church's teaching concerning abortion.

Amid great disagreement and prayerful deliberation on the issue of abortion, the Church's 1994 General Convention, the highest legislative body, adopted a position that states "all human life is sacred from its inception until death" and stresses that "we regard abortion as having a tragic dimension, calling for concern and compassion of all the Christian community." The Church advises all those who voluntarily accept to be members of this particular faith community that abortion should be used only in extreme situations, and emphatically opposes abortion "as a means of birth control, family planning, sex selection, or any reason of mere convenience."

The Church's position recognizes that legislation concerning abortion will not address the root of the problem; rather, a decision by a woman in this Church should be instructed by her own conscience in prayer and by seeking advice and counsel of members of the Christian community. The Church expresses "its unequivocal opposition to any legislative, executive, or judicial action . . . that abridges the right of a woman to reach an informed decision about the termination of pregnancy or that would limit the access of a woman to safe means of acting on her decision." I have enclosed the full text of the Church's position.

Mr. President, I know that this is a tremendously difficult issue for you, as it is for the country. I thank you for this opportunity to share the position of the Episcopal Church.

Faithfully yours,

+Edmond L. Browning

The Most Rev. Edmond L. Browning
Presiding Bishop and Primate

ABORTION AND BIRTH CONTROL

Oppose any legislative, executive or judicial action limiting decision-making on or access to abortion.

General Convention 1994 (A-054s)

Resolved, the House of Bishops Concurring, That this 71st General Convention of the Episcopal Church reaffirms resolution C-047 from the 69th General Convention, which states:

All human life is sacred from its inception until death. The Church takes seriously its obligation to help form the consciences of its members concerning this sacredness. Human life, therefore, should be initiated only advisedly and in full accord with this understanding of the power to conceive and give birth which is bestowed by God.

It is the responsibility of our congregation to assist their members in becoming informed concerning the spiritual and physiological aspects of sex and sexuality.

The Book of Common Prayer affirms that "the birth of a child is a joyous and solemn occasion in the life of a family. It is also an occasion for rejoicing in the Christian community" (p.440). As Christians we affirm responsible family planning.

We regard abortion as having a tragic dimension, calling for concern and compassion of all the Christian community.

While we acknowledge that in this country it is the legal right of every woman to have a medically safe abortion, as Christians we believe strongly that if this right is exercised, it should be used only in extreme situations. We emphatically oppose abortion as a means of birth control, family planning, sex selection, or any reason of mere convenience.

In those cases where an abortion is being considered, members of this Church are urged to seek the dictates of their conscience in prayer, to seek the advice and counsel of members of the Christian community and where appropriate, the sacramental life of the Church.

Whenever members of this Church are consulted with regard to a problem pregnancy, they are to explore, with grave seriousness, with the person or persons seeking advice and counsel, as alternative to abortion, other positive courses of action, including, but not limited to, the following possibilities: the parents raising the child; another family member raising the child; making the child available for adoption.

It is the responsibility of members of this Church, especially the clergy, to become aware of local agencies and resources which will assist those faced with problem pregnancies.

We believe that legislation concerning abortion will not address the root of the problem. We therefore express our deep conviction that any proposed legislation on the part of national or state governments regarding abortions must take special care to see that the individual conscience is respected, and that the responsibility of individuals to reach informed decisions on this matter is acknowledged and honored as the position of this Church; and be it further

Resolved, That this 71st General Convention of the Episcopal Church express its unequivocal opposition to any legislative, executive, or judicial action on the part of local, state, or national governments that abridges the right of a woman to reach an informed decision about the termination of pregnancy or that would limit the access of a woman to safe means of acting on her decision.

THE WHITE HOUSE

WASHINGTON

May 13, 1996

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Presiding Bishop
The Episcopal Church
815 Second Avenue
New York, New York 10017

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Last month, I was joined in the White House by five women who desperately wanted to have their babies and were devastated to learn that their babies had fatal conditions and would not live. These women wanted anything other than an abortion, but were advised by their doctors that this procedure was their best chance to avert the risk of death or grave harm which, in some cases, would have included an inability to bear children. These women gave moving, powerful testimony. For them, this was not about choice. This was not about choosing against having a child. Their babies were certain to perish before, during or shortly after birth. The only question was how much grave damage they were going to suffer. One of them described the serious risks to her health that she faced, including the possibility of hemorrhaging, a ruptured cervix and loss of her ability to bear children in the future. She talked of her predicament:

> "Our little boy had...hydrocephaly. All the doctors told us there was no hope. We asked about in utero surgery, about shunts to remove the fluid, but there was absolutely nothing we could do. I cannot express the pain we still feel. This was our precious little baby, and he was being taken from us before we even had him. This was not our choice, for not only was our son going to die, but the complications of the pregnancy put my health in danger, as well."

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