

7-15-96

July 8, 1996

## MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED AND JONATHAN PRINCE

SUBJECT: 1996 Democratic Platform

96 JUL 8 PM 8:54  
I have worked  
on this draft  
5/2/96  
C. S. Carson

A draft platform is attached. It has three sections: Opportunity; Responsibility; and Community. The foreign policy section -- Security, Freedom and Peace -- will be forwarded separately. Within each section, planks are designed to show how today's Democratic party supports American values on every issue. The planks generally follow a three-part structure: your accomplishments; our differences with Republicans; and our vision for the future.

We do not expect any major controversies, but if there are any, they are likely to come from four places: the choice plank, which includes a conscience clause we hope will satisfy both sides; the trade plank which may meet opposition from labor; the statement of support for a victims' rights amendment; and the lack of any statement about same-sex marriages. The choice plank is on page 10; the trade plank is on pages 3 and 4; and victims' rights is mentioned on page 15.

This platform is significantly different from any other Democratic platform in many ways, including even the 1992 platform. It presents compelling evidence as to how much you have transformed the Democratic party. For example, there is a particularly strong and lengthy section on fighting crime, a statement of support for religious expression, and explicit recognition by the Democratic party that the era of big government is over.

There will be a public hearing on Wednesday in Kansas City, followed by a meeting of the Drafting Committee on Thursday. Both meetings are open to the press. The full Platform Committee will meet in Pittsburgh on August 5. As you know, Governor Miller will be chairing the Drafting Committee, and we will be there along with Elaine Kamarck and Ann Lewis.

Let us know if you would like us to make changes.

Chron.

original to  
E. Lieberman  
7/12/96

HONORARY PARTICIPATION REQUEST

Please return to Room 457

Today's Date: July 13, 1996

96 JUL 15 A12:54

Date of Request: 06/27/96

Request for: POTUS

Type of Request: Honorary Chair

Requestor Name: Ms. Karen K. Staser

Title: President

Organization: National Museum of Women's History  
303 West Glendale Avenue  
Alexandria, Virginia 22301

Contact Tel. #: 703/299-0552

Event Date: 07/25/96 [Print deadline: 7/15/96]

Event Description: Reception for the Woman Suffrage Statue Campaign

Notes: The reception will raise money in support of the group's efforts to move a statue of women suffragists Susan B. Anthony, Lucretia Mott, and Elizabeth Cady Stanton from the Capitol Crypt to the Capitol Rotunda. Members of the Honorary Committee include Bob Dole, Speaker Gingrich, Rep. Gephardt, Sen. Lott, Sen. Daschle, and Barbara Bush. Lisa Ross, Women's Initiatives and Outreach, strongly endorses this request. The First Lady has already accepted this request.

The President should REGRET this request since the First Lady has already accepted.

Recommendations:

TS W EL 7/15/96  
(Unless otherwise noted, a yes answer  
will automatically generate a message).

Comments:

# NATIONAL MUSEUM OF WOMEN'S HISTORY

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2ec  
7/9/96  
AP

June 27, 1996

President Bill Clinton  
Office of the President  
1600 Pennsylvania Ave., NW  
Washington, D.C. 20500

Dear President Clinton:

The **National Museum of Women's History, Inc. (NMWH)**, a nonprofit organization in Washington, D.C., has been founded to preserve and celebrate the profound achievements and rich heritage of women (enclosure 1). **We are honored to invite you to serve as the Honorary Chair of our July 25th reception** for the Woman Suffragist Statue Campaign (enclosure 2). The reception will be held at the **National Museum of Women in the Arts** from 6:30p.m. to 9:00p.m. **Senator Daschle, Senator Lott, Representative Gephardt** and other dignitaries have agreed to serve in an honorary status at the reception, which will be underwritten by the **National Association of Security Dealers (NASD)**. Among the notable political, business, and community leaders who have agreed to serve on the Reception Host Committee are **Maureen Shea, Ellen Malcolm, and Muriel Siebert**. Please note the strong Republican presence on the committee. Your name and attendance at the event would emphasize your, and the Administration's, continued support for women who have fought the good fight for women's equality.

We hope you will accept our invitation to attend and to serve as Honorary Chair of our reception where we will raise money to restore the Suffragist Statue to the Rotunda and officially launch the **NMWH**. At a minimum, we hope you will agree to being named as the NMWH Honorary Chair. Your support will certainly move us closer to the realization of a culture that, having heard the whole story, fully respects women. A culture that, having a clear understanding of the past, will build a better future.

Sincerely yours:



Karen K. Staser  
President  
National Museum of Women's History

First Lady Hillary Rodham Clinton  
Honorary Chair

Honorary Committee

Barbara Bush  
The Hon. Bob Dole

Senator Tom Daschle, Minority Leader  
Rep. Dick Gephardt, Minority Leader

Senator Barbara Boxer  
Senator Diane Feinstein  
Senator Barbara Mikulski  
Senator Carol Moseley-Braun  
Senator Patty Murray

Rep. Robert Andrews  
Rep. Rosa DeLauro  
Rep. Anna Eshoo  
Rep. Elizabeth Furse  
Rep. Gena Greene  
Rep. Jane Harman  
Rep. Barbara Kennelly  
Rep. Sheila Jackson Lee  
Rep. Nita Lowey  
Rep. Carolyn Maloney  
Rep. Karen McCarthy  
Rep. Patsy Mink  
Rep. Eleanor Holmes Norton  
Rep. Lynn Rivers  
Rep. Lucille Roybal - Allard  
Rep. Patricia Schroeder  
Rep. Louise Slaughter  
Rep. Maxine Waters  
Rep. Lynn Woolsey

Speaker Newt Gingrich

Senator Trent Lott, Majority Leader  
Rep. Tom DeLay, Majority Whip

Senator Sheila Frahm  
Senator Kay Bailey Hutchison  
Senator Nancy Kassebaum  
Senator Olympia Snowe  
Senator Ted Stevens  
Senator John Warner

The Hon. Christine Todd Whitman

Rep. Jennifer Dunn  
Rep. Tillie Fowler  
Rep. Sue Kelly  
Rep. Jan Meyers  
Rep. Susan Molinari  
Rep. Connie Morella  
Rep. Sue Myrick  
Rep. Deborah Pryce  
Rep. Marge Roukema

The Hon. Betsy McCaughey Ross

The Hon. Lynn Martin  
The Hon. Virginia Krauer

General Robert Kingston



# NATIONAL MUSEUM OF WOMEN'S HISTORY

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## **Honorary Host Committee**

### **NMWH July Reception**

(as of June 25, 1996)

Senator Tom Daschle  
Senator Trent Lott  
Senator Ted Stevens  
Senator John Warner  
Senator Nancy Kassebaum  
Senator Barbara Mikulski  
Senator Patty Murray  
Senator Barbara Boxer  
Senator Carol Moseley-Braun  
Senator Diane Feinstein  
Senator Kay Bailey Hutchison  
Senator Olympia Snowe  
Representative Tom DeLay  
Representative Richard Gephardt  
Representative Patricia Schroeder  
Representative Barbara Kennelly  
Representative Marge Roukema  
Representative Connie Morella  
Representative Louise Slaughter  
Representative Nita Lowey  
Representative Patsy Mink  
Representative Jan Meyers  
Representative Rosa DeLauro  
Representative Eleanor Holmes  
Norton  
Representative Maxine Waters  
Representative Gene Greene  
Representative Anna Eshoo  
Representative Jane Harman  
Representative Lucille Roybal-  
Allard  
Representative Lynn Woolsey  
Representative Elizabeth Furse  
Representative Lynn Rivers  
Representative Sheila Jackson Lee  
Representative Karen McCarthy  
Representative Sue Kelly  
The Hon. Virginia Knauer  
The Hon. Betsy McCaughey Ross  
General Robert Kingston

#### **Pending**

President Bill Clinton  
Mrs. Hillary Rodham Clinton  
Senator Bob Dole  
Mrs. Elizabeth Dole  
Mrs. Barbara Bush  
Mrs. Nancy Reagan  
Mrs. Betty Ford  
Mrs. Rosalyn Carter  
Mrs. Lady Bird Johnson  
General Colin Powell  
Mrs. Alma Powell  
Representative Jennifer Dunn  
Representative Cynthia McKinney  
Representative Susan Molinari  
Representative Sue Myrick

Representative John Boehner  
Representative Barbara Vucanovich  
Representative Deborah Pryce  
Representative Tillie Fowler  
Representative Barbara Cubin  
Representative Amo Houghton

## **Host Committee**

### **NMWH July Reception**

(as of June 25, 1996)

Helen Arnold  
Marie Bass  
Valerie Burden  
Becky Cain  
Kay Cash-Smith  
Lynn Cutler  
Anita Estell  
Julie Finley  
Laura Flynt  
Cynthia Friedman  
Mary Gereau  
Maia Greco  
Elizabeth Griffith  
Patricia Goldman  
Patricia Harrison  
Shelley Heretyk  
Joanne Howes  
Barbara Irvine  
Rhoda Jenkins  
Coline Jenkins-Sahlin  
Bobbie Kilberg  
Reta Lewis  
Judith Lichtman  
Sherry Little  
Molly MacGregor  
Ellen Malcolm  
Edith Mayo  
Joan Meacham  
Marian Miller  
Sacha Millstone  
Evelyn McPhail  
Karen Nussbaum  
Carol Pensky  
Joanna Reagan  
Maureen Reagan  
Maureen Shea  
Muriel Siebert  
Karen Staser  
Ann Stone  
Susan Sudman  
Marilyn Thayer  
Victoria Toensing  
Joan Wages

(Enclosure 2)

# NATIONAL MUSEUM OF WOMEN'S HISTORY

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## The National Museum of Women's History, Inc. (NMWH)

... is a Washington D.C. based, bipartisan, nonprofit educational institution dedicated to preserving and celebrating the rich heritage of all women, and restoring this heritage to mainstream culture. **Why is it needed?**

- ◆ 52% of our population is female. There is a deeply felt need among girls and women to learn of their own unique heritage and to see themselves reflected with respect in our culture.
- ◆ Except in isolated women's studies programs, women's profound social, economic, intellectual, spiritual, and scientific contributions are under emphasized. The National Museum of Women in the Arts is dedicated solely to women's achievements in the arts. The National Museum of American History is dedicated to the historical development of mankind. Both these institutions recognize the unique agenda to which NMWH is dedicated and are providing active though not financial support to the project.
- ◆ The historic contributions of women to civilization are missing or misunderstood.
- ◆ Knowledge of one's heritage is critical in developing a personal sense of competence and potential.
- ◆ Lack of understanding and appreciation for women's contributions leads to a lack of understanding, value and respect, ... and may invite violence or discrimination against females.
- ◆ NMWH will address these needs by:
  1. profiling the specific *achievements* individual women have made in *every* area of human endeavor and
  2. Exploring and celebrating the *contributions* women have made to community and civilization in their many roles as mother, wife, sister, healer, teacher, and leader.

The first project of the NMWH, the Woman Suffrage Statue Campaign, demonstrates our grass roots support. This national fund raising campaign was initiated with the help of Senator John Warner to raise \$75,000 to restore the Suffragist Statue of Susan B. Anthony, Elizabeth Cady Stanton, and Lucretia Mott to the Capitol Rotunda. With modest publicity, there was a spontaneous national outpouring of support. Within the first six weeks the Campaign received thousands of letters, calls and donations. (Interestingly, it has attracted the support of the male population as well.) National women's groups such as the National Federation of Republican Women, the National League of Women Voters, Business and Professional Women, U.S.A., and others are helping, as are the Democratic National Committee and the Republican National Committee. The Campaign is growing fast and continues to attract the attention of the national press.

The National Association of Security Dealers has committed to underwriting a fund raising reception and **many dignitaries are serving on the Honorary Host Committee.** (List enclosed.) The reception is scheduled for July 1996 at the National Museum of Women in the Arts in Washington D.C.

C O V E R

FAX

S H E E T

To: Matt  
Fax #: 202-456-5529  
Subject: Invitation to President Clinton for July 25th Reception  
Date: July 10, 1996  
Pages: 5, including this cover sheet.

COMMENTS:

Dear Matt:

I appreciate your help. Attached is the invitation for the July 25th reception. If you have further questions don't hesitate to call.

- ◆ This is going to be a stellar event with national media coverage. Raising the statue of the women leaders who enfranchised 52% of our citizens from the Crypt to the Rotunda after 75 years (see text from invitation) is an historic occasion. Considering the impact of women's votes in this year's elections, it is even more meaningful.
- ◆ We are flying out the nine year old girl from Phoenix, AZ (who has now raised more than \$1,600 literally one dollar at a time) to be recognized at the reception. She is an incredibly appealing and articulate child. Great human interest story.
- ◆ One more item - this week ABC Nightly News with Peter Jennings is airing a segment on our efforts to "Raise the Statue." Arlys will be featured.

*Karen Staser*

From the desk of...

Karen Staser  
President  
National Museum of Women's History  
303 West Glendale Avenue  
Alexandria, Virginia 22301

(703) 299-0552  
Fax 703) 299-0557

HONORARY PARTICIPATION REQUEST

Please return to Room 457

Today's Date: July 13, 1996

96 JUL 15 12:54

Date of Request: 06/18/96

Request for: POTUS/FLOTUS

Type of Request: Honorary Patrons

Requestor Name: Mrs. Joseph I. Lieberman  
Mrs. John A. Boehner

Title: Co-Chairs

Organization: National Multiple Sclerosis Society  
Ambassadors Ball  
Suite 100  
2021 K Street, N.W.  
Washington, D.C. 20006

Contact Tel. #: 202/296-5363

Event Date: 09/19/96

Event Description: 1996 Ambassadors Ball

Notes: The Ambassadors Ball is an annual event held in Washington, DC to welcome new ambassadors to the United States. The event also serves as a fundraiser for the National Multiple Sclerosis Society. The President and Mrs. Clinton served as Honorary Patrons in 1994 and 1995.

The President and First Lady should ACCEPT.

Recommendations:

MW \_\_\_\_\_ TS OK 7/13/96 EL \_\_\_\_\_  
(Unless otherwise noted, a yes answer  
will automatically generate a message).

Comments:



*The Ambassadors Ball*  
*to benefit the National Multiple Sclerosis Society* JUN 19 P5:30

June 18, 1996

The President of the United States  
and Mrs. Clinton  
The White House  
Washington, DC 20500

My dear Mr. President and Mrs. Clinton:

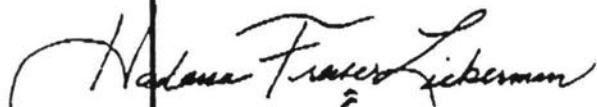
As Co-Chairs of the 1996 Ambassadors Ball, we are writing to ask that you once again serve as Honorary Patrons of this gala to benefit the National Multiple Sclerosis Society. In addition, Mr. President, we hope that you will agree to give the traditional "Toast to the Diplomatic Corps."

The 1996 Ambassadors Ball will be held on Thursday, September 19th at the Grand Hyatt Washington. An institution in the Washington area for eighteen years, the Ball honors the Ambassadorial Corps for their support of so many charitable activities and humanitarian endeavors that take place in our city. It also allows us to welcome the newly assigned Ambassadors to our nation's capital and make them feel a part of our political, business, and social communities.

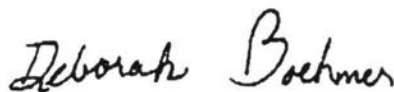
We would be delighted if your schedule permits you to join us for all or part of the Ambassadors Ball. The festivities will begin with a reception at 7 p.m. Dinner will be served at 8 p.m. in the Ballroom, and will be followed by the program, which will begin with a "Toast to the Diplomatic Corps."

Your continuing support of the Ambassadors Ball is very much appreciated. Once again, we would be honored if you could attend, or if only to have your Honorary Patronage. We look forward with high hopes of having you join us for what promises to be a very exciting evening.

Sincerely,



Mrs. Joseph I. Lieberman  
Co-Chair



Mrs. John A. Boehner  
Co-Chair

**HONORARY PARTICIPATION REQUEST**

**Please return to Room 457**

Today's Date: July 13, 1996

96 JUL 15 A12:54

Date of Request: 06/26/96

Request for: POTUS

Type of Request: Honorary Chair

Requestor Name: Mr. Richard M. Evans

Title: Executive Director

Organization: National Family Partnership  
11159 B South Towne Square  
Saint Louis, Missouri 63123

Contact Tel. #: 314/845-1933

Event Date: October 1996

Event Description: The 1996 Red Ribbon Celebration

Notes: The month-long event held each October encourages children to live drug-free lives. The President attended the National Red Ribbon Kick-off rally last year in Maryland. The President accepted this request in 1994 and 1995.

The President should ACCEPT.

Recommendations:

7/13/96  
TS W-2 EL             
(Unless otherwise noted, a yes answer  
will automatically generate a message).

Comments:

**National Family Partnership**

11159 B South Towne Square  
St. Louis, Missouri 63123  
Tel 314 845-1933 Fax 314 845-2117



Michelle Crisci  
The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

26 June 1996

Dear Michelle,

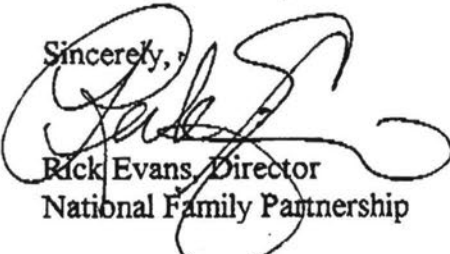
Thank you for your call yesterday offering to help us with the letter from President Clinton agreeing to be Honorary Chair of our Red Ribbon Celebration this year. Over eighty million Americans take part in this anti-drug event each October. Each Spring, President Clinton sends a letter similar to the one I have attached expressing his support and agreeing to be the Chair. Our members across America value this gesture very highly.

Last year, President Clinton presided at our national Red Ribbon Kick-off rally at Mayfield-Woods Middle School in Elkridge, Maryland. At that event, he said that "the Red Ribbon is the symbol now in America of our childrens' pledge to lead drug-free lives." He also signed a drug-free pledge with some of the 2000 young people and adults present at the event.

The President has been a very vocal supporter of our work and mission since his days as Governor of Arkansas. We hope that will continue this year as he agrees to Chair the Red Ribbon Celebration for the fourth consecutive year; and the tenth year the sitting President has done so since the Celebration began.

Can you help us expedite this request? I am available to answer any questions you may have about this letter. I have included some background information which may be helpful to you as well as a copy of last year's letter. My thanks for your help in obtaining this valued and important letter from the President. I look forward to hearing from you!

Sincerely,

  
Rick Evans, Director  
National Family Partnership



**MEDIA FACT SHEET  
NATIONAL FAMILY PARTNERSHIP AND RED RIBBON WEEK  
RED RIBBON KICK-OFF  
SEPTEMBER 13, 1995**

*MICHELLE,  
A fact sheet  
from our event  
with the  
President  
last Sept.  
Rick*

**NATIONAL FAMILY PARTNERSHIP**

- Founded in 1980 by parents from across the nation who were concerned with drug abuse and their children.
- NFP was among the first groups nationwide to call for a national strategy to fight drugs.

- In 1985, D.E.A. agent Enrique Camarena was assassinated by a drug cartel in Mexico. NFP members began wearing red ribbons to commemorate his death and sacrifice. The custom caught on and Red Ribbon Week was started nationally by NFP in 1988.

- NFP subscribes to a philosophy of no use of illegal drugs and no illegal use of legal drugs.
- NFP coordinates a network of nearly 100 parent and community coalitions nationwide.
- Each NFP coalition is unique and community based, driven by volunteers, and all of our groups provide a wide array of substance abuse prevention, youth and parent focused programs in their states and communities.

**RED RIBBON WEEK**

- Each year, over 80 million Americans of all ages participate in Red Ribbon Week activities.
- Last year, over 500,000 ribbons were sent to NFP from all over the nation by individual young people who were pledging to be drug-free. The signed ribbons were presented to Drug Czar Lee Brown in a special ceremony on Capitol Hill last Fall.

- Red Ribbon Activities include rallies, parades, youth events, fairs, school assemblies, workplace programs, parent trainings, and other creative ways to observe the week.

- Red Ribbon Week activities include schools, youth, parents, law enforcement, government officials, religious institutions, business leaders, service providers, the medical community, the armed services of the United States, and many governmental agencies including the Departments of Education, Justice, Health & Human Services, and the D.E.A..

- The purpose of Red Ribbon Week is to educate people about substance abuse, raise awareness about the effects of substance abuse on people, families and communities, and to raise funds for local prevention programs.

**THE PRESIDENT AND RED RIBBON**

- President Clinton and Mrs. Clinton have a long history with Red Ribbon. In Arkansas, they were the Honorary Red Ribbon Chairs from 1988 until they came to Washington. The President and Mrs. Clinton led the youth March to the capitol on several years and addressed the rally nearly every year in which they were the Chairs. President Clinton sponsored the NFP youth conference in Arkansas every year between 1986 - 1992. Mrs. Clinton also served as the honorary Chairperson of NFP's Arkansas Chapter Board of Advisors.

**National Family Partnership**

11159 B South Towne Square  
St. Louis, Missouri 63123  
Tel 314 845-1111 Fax 314 845-2117

**National Executive Director: Rick Evans  
National Board President: Carol Reeves**

THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT HAS SEEN

7.15.96

July 13, 1996

MR. PRESIDENT:

Leon wanted you to see this fyi.  
No need for your action.

Phil Caplan

*P. Wynn  
O'Leary  
Hinson  
Graham  
LB*



THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT HAS SEEN

7-15-96

July 10, 1996

MEMORANDUM FOR LEON E. PANETTA  
CHIEF OF STAFF

THROUGH: EVELYN LIEBERMAN  
ASSISTANT TO THE PRESIDENT AND DEPUTY CHIEF OF STAFF

FROM: KATHRYN O'LEARY HIGGINS *Kathy*  
ASSISTANT TO THE PRESIDENT AND CABINET SECRETARY

SUBJECT: Requests to Attend and Accept Tickets to the Olympics and Paralympics

Pursuant to your May 9, 1996 memorandum setting forth the policy regarding attendance at the Olympics by senior Administration officials, we have received a number of requests for approval to attend and to purchase tickets to the Olympics. I have indicated a recommendation regarding each request and solicit your decision at each request.

Considered separately are requests regarding participation in Paralympics events. In order to maximize interest in the Paralympics, we recommend that you liberally permit attendance at Paralympics events.

OLYMPICS

We have categorized the requests in the following manner: (1) official delegation; (2) official representative; (3) official party; and (4) gift of/purchase tickets.

**Official Delegation**

As you know, Members of the President's Cabinet, sub-Cabinet and their agencies, have played a key role in coordinating the Administration's involvement in the Olympic Games and assisting the Atlanta Committee for the Olympic Games (ACOG), the State of Georgia and the City of Atlanta, to prepare for the Games. Below is a proposal for the President's Official Delegation.

July 19: Travel with the President to and from Atlanta

Warren Christopher or Peter Tarnoff, State  
Bob Rubin or Ray Kelley, Treasury  
William Perry or John White, Defense

Janet Reno or Jamie Gorelick, Justice  
Federico Pena, Transportation  
James Lee Witt, FEMA  
Louis Freeh, FBI  
Donna Shalala, HHS  
Tom McMillan, Presidents's Council  
Florence Griffith-Joyner, President's Council  
Bruce Babbitt, Interior  
Dan Glickman, USDA

(Secs. Christopher, Rubin, Perry, AG Reno, Sec. Pena, Director Witt will be invited first, after sign-off from Kitty, Mack and Ron. Depending upon responses and available space, we will confirm manifest one).

I recommend that you approve this delegation.

Approve ☒ Disapprove ☐ Let's Discuss ☐

July 25: Travel with the President to and from Atlanta

Togo West, Army  
Mike Walker, Army  
Mort Downey, Transportation  
Jim Johnson, Treasury  
George Weiss, Customs  
Doris Meissner, INS  
Michael Huerta, DOT  
Carol Browner, EPA  
Phil Lader, SBA  
Harris Wofford, National Service  
Rodney Slater, FHWA  
John Magaw, ATF

I recommend that you approve this delegation.

Approve ☒ Disapprove ☐ Let's Discuss ☐

Additionally, Joe Duffey, Administrator, USIA, has requested approval to be part of the Vice President's official delegation. Ron Klain will be made aware of this request.

**Official Representative** (act as a representative of the President/Administration in venues other than Atlanta or when the President is not present in Atlanta)

Mort Downey, Deputy Secretary, Department of Transportation, would like to attend the opening ceremony of the Savannah, Georgia, venue. Because neither the President nor

Vice President intends to travel to Savannah, Mr. Downey could represent the Administration at that venue. I recommend that you approve Mr. Downey's request to act as an "official representative."

Approve ☒ Disapprove \_\_\_\_\_ Let's discuss \_\_\_\_\_

**Official Party** (greet President in Atlanta if already there, other appropriate activity in Atlanta; alternatively participate in send-off event in Washington)

~~Hazel O'Leary, Energy~~  
Mel French, State  
Donna Gigliotti, State  
Gil Childers, Justice  
George Weiss, Customs  
Eljay Bowron, USSS  
Peggy Richardson, IRS  
Phil Diehl, Mint  
General Tilleli, Defense  
General Hicks, Defense  
Sarah Lister, Defense  
U.S. Attorney Alexander  
Woody Johnson, FBI  
Gordon Linton, FTA  
~~David Hinton, FAA~~  
Bill Tidball, FEMA  
Clay Hollister, FEMA  
Paul Busich, DOT  
Merrick Garland, Justice  
Sandra Perlmutter, President's Council  
David Sacher, CDC

I recommend that you approve inclusion of these individuals as part of the "official party."

Approve ☒ Disapprove \_\_\_\_\_ Let's discuss \_\_\_\_\_

#### **Gift of/Purchase Tickets**

Secretary Shalala has asked to be permitted to purchase tickets through the Atlanta Committee for the Olympic Games (ACOG) to watch a close personal friend who is competing in an event. I recommend that you approve such purchase.

Approve ☒ Disapprove \_\_\_\_\_ Let's discuss \_\_\_\_\_

Secretary Babbitt also wishes to purchase tickets through ACOG. He too would like the tickets so he can watch a close personal friend participate in an event. I recommend you approve his request.

Approve ☒ Disapprove \_\_\_\_\_ Let's Discuss \_\_\_\_\_

Tom McMillan wishes to purchase tickets to several events from ACOG. He has a strong interest in being present for the games because of his interest in physical fitness as the Chair of the President's Council on Physical Fitness. Mr. McMillan has already requested the tickets of ACOG but has not yet received your approval of such a purchase. I recommend approval of his request to purchase tickets through ACOG.

Approve ☒ Disapprove ☐ Let's discuss ☐

Ada Deer, Assistant Secretary for Indian Affairs, Department of Interior, has been invited by the German government to attend the opening ceremony of the Olympic sailing competition in Savannah, Georgia. Under the Foreign Gift Act, Ms. Deer would be permitted to accept a ticket paid for by the German government provided the value of the ticket does not exceed \$225. I recommend approval of this request.

Approve ☒ Disapprove ☐ Let's discuss ☐

Peter Tarnoff, Assistant Secretary of State, has indicated an interest in purchasing tickets to various events. Mr. Tarnoff, who has contributed greatly to the federal government's Olympic efforts, will be in Atlanta during the games and would like to purchase tickets for himself and his family. Denying him the opportunity to purchase tickets would seem punitive in nature. Therefore, I recommend approval of his request to purchase tickets.

Approve ☒ Disapprove ☐ Let's discuss ☐

### PARALYMPICS

Various Administration officials have asked, or have been invited, to participate in the Paralympics, including Jesse Brown, Secretary of the Department of Veterans' Affairs; Mike Walker, Assistant Secretary of the Army; and Carol Rasco, Assistant to the President for Domestic Policy. Specifically, Secretary Brown has asked to fly on Air Force One to attend the opening ceremonies of the Paralympics with the President. However, the President does not intend to attend the Paralympics. Therefore, Secretary Brown could attend as an official representative. Mr. Walker would like to attend the closing ceremonies of the Paralympics and will be in Atlanta for meetings at that time. I recommend approval of all these requests.

Approve ☒ Disapprove ☐ Let's discuss ☐

Carol Rasco has already received approval from the Counsel's Office to participate in her official capacity in the Third Paralympic Congress that will occur at the same time as the Paralympics, to attend site visits, and to participate in other events ancillary to the Congress, including an opening event for the Abilities Expo. She is seeking your approval of her attendance at the Opening Ceremony and at sporting events throughout the Paralympics. Carol may be asked to hand out ribbons at the Games. I recommend that you approve Carol's participation as an "official representative" at the opening ceremonies and sporting events.

Approve ☒ Disapprove ☐ Let's discuss ☐

cc: Mack McLarty  
Jodie Torkelson

Ron Klain  
Steve Silverman  
Kathi Whalen

7-15-96

THE WHITE HOUSE  
WASHINGTON

96 JUL 12 PM 10:32

July 12, 1996

## MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*

SUBJECT: Summary of Cabinet Weekly Reports  
July 4-July 12, 1996

DEPARTMENT OF TREASURY

- **ATF African-American Special Agents:** The U.S. District Court has given preliminary approval to the settlement in the lawsuit brought by ATF African-American Special Agents. The lawsuit has been pending for 6 years. ATF will implement major changes in its recruitment, training, promotion and career development programs. The settlement also provides for the payment of \$4.7 million in compensatory damages and back pay to the class members and \$1.2 million in attorneys' fees.
- **Fire Loss and Recovery Report:** A comprehensive report of fire loss and recovery cost to the Treasury Building is being developed. After review, it will be used in initial discussions with appropriators. Treasury is reviewing the status of unobligated balances from the annual accounts for FY91 and FY95 to determine if funds can be made available to assist in the cost of repairing the fire damage.
- **Medical Savings Accounts (MSAs):** Treasury continues to help shape an Administration MSA alternative. The MSA provision remains the last item in negotiations on the Kennedy-Kassebaum health care legislation. The Administration has developed a draft proposal, but it is unclear when negotiations will resume.
- **China MFN:** The Rohrabacher resolution of disapproval failed, but the Cox resolution passed. This resolution requires several House Committees to hold hearings on U.S. policies toward China in areas ranging from nuclear proliferation to child labor practices and to report "appropriate legislation" intended to improve China's behavior in those areas.



- **Secretary's Schedule:** On July 15, Secretary Rubin will attend a reception for Rep. Rangel. On July 16, Secretary Rubin will attend a breakfast for Rep. Torricelli. On July 17, Secretary Rubin will meet with Mexican Finance Minister Ortiz and have lunch with members of the *News Hour with Jim Lehrer*. On July 18, Secretary Rubin will have lunch with Chuck Bowsher of the General Accounting Office and attend a Cabinet Meeting.

#### DEPARTMENT OF COMMERCE

- **Census 2000:** On July 15, Under Secretary Ehrlich and Director Riche will take part in a town meeting with stakeholders and members of the media in Detroit, MI to provide information on the plan for Census 2000.
- **Economic Indicators for the Next Two Weeks:**

|                                                                                  |         |
|----------------------------------------------------------------------------------|---------|
| Advance Retail Sales (June 1996)                                                 | July 12 |
| Manufacturing and Trade: Inventories and Sales (May 1996)                        | July 15 |
| Housing Starts and Building Permits (June 1996)                                  | July 17 |
| U.S. International Trade in Goods and Services (May 1996)                        | July 18 |
| Housing Vacancies (2nd quarter 1996)                                             | July 22 |
| State Personal Income (1st quarter 1996)                                         | July 24 |
| Advance Report on Durable Goods, Manufacturers' Shipments and Orders (June 1996) | July 25 |
- **Press Activities:** On July 18, Secretary Kantor will announce the Report on U.S. International Trade in Goods and Services for May 1996. On July 19, Under Secretary Good will be profiled by the *Arkansas Democrat-Gazette*. On July 23, Secretary Kantor will attend the *Sperling Breakfast* where he will discuss his vision for the DOC.
- **Secretary's Travel:** On July 25, Secretary Kantor will travel to Detroit, MI to address the Economic Club and open the U.S. Export Assistance Center. On July 29, he will be in Middletown, CT, to open the District Export Assistance Center.

#### DEPARTMENT OF LABOR

- **Egg Farm Citations:** On July 12, Secretary Reich held a press conference to announce citations to the Decoster Egg Farm of Turner, ME. The penalty is over \$3 million. Some of the violations found included exposure to unguarded machinery used in chicken barns and health hazards in employer-provided housing.

- **Garment Industry Forum:** On July 16, DOL will hold a Garment Industry Forum at Marymount University in VA. Garment retailers, manufacturers, consumers, workers, national and local union leaders, celebrities, fashion models, fashion editors and policy experts will attend the conference, which will highlight companies that have demonstrated that it is possible to make a profit without resorting to sweatshop labor. The goal of the Forum is to develop strategies that the industry should take on to ensure that assembly shops treat their workers fairly and pay workers their wages due.
- **Olympics:** On July 10, ACOG completed the "H-2B" foreign guestworker process.
- **Labor Disputes:** On July 13, the Steelworkers will observe the second anniversary of their strike against Bridgestone/Firestone with a mass rally in Nashville, TN. The first anniversary of the *Detroit News* and the *Free Press* strike will be observed with rallies at the headquarters of both papers.
- **Secretary's Travel:** On July 17, Secretary Reich will travel to Philadelphia, PA to unveil a nursing home initiative aimed at improving worker safety in the nursing home industry.

#### DEPARTMENT OF TRANSPORTATION

- **Cuban Flotilla:** On July 13, there will be a Cuban-American Flotilla commemorating the sinking of the Cuban tug TRECE DE MARZO. Secretary Peña met with members of the NSC to discuss the situation. The Coast Guard continues to prepare for the flotilla demonstration in the Straits of Florida. Coast Guard operations are being coordinated with NSC, SEC, DOT, DoD and State.
- **Migrant Interdiction:** Throughout last week, the Coast Guard interdicted 205 migrants. Twenty-five were Cubans and 180 were Dominican Republicans. The Cubans' disposition remains with INS and the Dominicans were returned to the Dominican Republic.
- **Mexico City:** On July 8, the FAA began a formal security assessment of the Mexico City airport. Initial reports indicate that the operational problems have been corrected and that the airport will pass the assessment.
- **Airport Security:** On July 1, an FAA security specialist conducted a security survey of **Jakarta Airport**. An action plan is now being developed to provide additional training in security procedures, as well as technical assistance to the Indonesian Government. Despite repeated efforts by U.S. Embassy Delhi, the **Indian Government** continues to deny permission for FAA security specialists to conduct airport assessments. High level intervention may soon be required to persuade the Indian Government to permit the assessments.

- **Rail Labor Contract:** The major freight railroads and five rail labor organizations are in the final stage of negotiation for a new national contract. There is the potential for a strike or lockout commencing on July 24 if a settlement is not reached.
- **Union Pacific/Southern Pacific Merger:** On July 3, the Surface Transportation Board voted and approved the merger without any divestiture of parallel tracks. The Board maintained that divestiture, as recommended by DOJ and DOT, would be "overreaching" as a remedy to the competitive problems. Instead, it decided to address the loss of competition in rail markets that would shrink from two railroads to one by strengthening the conditions surrounding the trackage rights recommended in the DOT brief submitted on June 1.
- **Gas Prices:** Retail gasoline prices dropped for the sixth consecutive week. They have declined 5.1 cents per gallon since May 20. The national average retail price for cash self-serve regular gasoline was \$1.234 per gallon for the week ending July 1. Diesel prices followed the same pattern, with on-highway diesel prices falling to \$1.172 cents per gallon, and spot (wholesale) prices rising by almost 5 cents per gallon in some markets.
- **First Quarter 1996 Airline Quarterly:** All major carriers reported a combined operating profit of \$319.8 million on operating revenues of \$21 billion. Net results improved over a year ago, but the majors still posted a net loss of \$65.5 million. Both operating and net results were adversely impacted by a one-time, nonrecurring charge, reported by Delta at \$556 million. Despite Delta's quarterly charge, the combined majors reported the best operating and net profit in history for any 12 month period ending in March.
- **Northwest vs. Japan:** On July 5, DOT requested answers from interested parties to a formal complaint filed by Northwest Airlines against the Government of Japan. On July 3, Northwest Airlines filed a complaint, stating that Japan had refused to authorize its proposed Seattle-Osaka-Jakarta service in violation of the U.S.-Japan aviation agreement. Northwest requested prompt approval of its complaint and immediate remedial action.
- **Colombia:** On July 5, DOT tentatively imposed sanctions on the Colombian airline, Avianca, to prohibit daily nonstop service between New York City or Miami and Bogota effective July 15. This order is in response to the Government of Colombia's refusal to license American Airlines to operate New York City-Bogota service under acceptable conditions.

- **Mexico-U.S. Trucking Traffic:** Secretary Peña's office is tracking recent developments along the TX-Mexico border relative to enforcement of U.S. motor carrier safety regulations on cross-border traffic. Incidents involving work stoppages and blockades at various ports of entry have recently occurred. A joint federal/state/local group representing both U.S. and Mexican interests is convening to discuss and resolve the pertinent issues.
- **Aviation Whistleblowers Hearing:** On July 10, the House Transportation and Infrastructure Subcommittee on Aviation hearing that was supposed to focus on whistleblower protection legislation primarily concentrated on the safety of ValuJet. Two of the 3 witnesses on the first panel were ValuJet flight attendants. Committee members particularly were interested in knowing if ValuJet employees had been pressured into signing the letter of support for ValuJet that appeared in *Roll Call* on July 8, and if the signatories were aware that the letter would be published in a commercial newspaper.
- **International Flight Smoking:** On July 16, the House Transportation and Infrastructure Committee Aviation Subcommittee will hold a hearing on legislation to ban smoking on international flights. Assistant Secretary Kruesi will testify.
- **FAA Safety Oversight:** On July 17, the Senate Commerce, Science and Transportation Committee will hold an oversight hearing on safety issues at the FAA. Secretary Peña and Administrator Hinson will testify. Secretary Peña is meeting with Committee members individually prior to the hearing. The Secretary and Administrator Hinson will announce additional actions early next week to prohibit the transport of hazardous materials on commercial flights.

#### UNITED STATES TRADE REPRESENTATIVE

- **Japan Insurance:** USTR officials continue to work on resolving issues concerning the implementation of the Framework Insurance Agreement. Both sides have agreed to resolve the issue by July 31.
- **NAFTA/Crossborder Trucking:** Mexico has agreed to begin technical talks on crossborder trucking safety issues and will not pursue a NAFTA dispute settlement at this time.
- **WTO Japan Distilled Spirits:** On July 11, a World Trade Organization dispute settlement panel issued its report finding Japan in violation of its WTO obligations because its tax rates on distilled spirits discriminate against imports. The U.S. joined the European Union and Canada in bringing the case against Japan.

- **Ambassador's Schedule:** On July 14, Ambassador Barshefsky will participate in the APEC Ministers Meeting in Christchurch, New Zealand. On July 18, Ambassador Barshefsky and Commerce Secretary Kantor will conduct a press briefing to discuss May trade numbers.

#### FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Church Burnings:** State and local task forces are increasingly active in establishing local watch and arson prevention programs. Additional Public Service Announcements are being prepared for distribution. Director Witt held a meeting with representatives from the law enforcement community to discuss how the \$6 million in DOJ funds would be distributed to counties in 13 southern states. FEMA met with National Service staff concerning training for and placement of workers in affected states.

#### DEPARTMENT OF JUSTICE

- **Settlement of Natural Resources Damage Claim:** This week, DOJ along with representatives of DOI and the states of IN and OH plan to announce the filing of a complaint and lodging of a consent decree in this Oil Pollution Act case. The decree will resolve claims for natural resource damages resulting from an oil spill on September 15, 1993, in which a pipeline ruptured and discharged approximately 30,000 gallons of diesel fuel into an agricultural field in Dekalb County, IN. The decree requires defendants ARCO Pipe Line Company and NORCO Pipeline, Inc., to pay \$2.5 million for restoring, rehabilitating, replacing, or acquiring the equivalent of the damaged natural resources and the trustees' past assessment costs of \$290,000.
- **"Megan's Law" Upheld by District Court:** On July 1, Judge John W. Bissell upheld the community notification provisions of "Megan's Law" against constitutional challenges brought by a class of sex offenders. In upholding community notification against attack, the court found that the legal acts taken against offenders were generally less severe than those which the Supreme Court has previously held not to constitute punishment. As to due process, the court held that community notification implicates federally protected liberty interests, but that the procedures accorded to offenders were sufficient.
- **South Carolina Cross Burning Case:** On June 25, in United States v. Wildes and Cameron, defendants Carl Wildes and Harry Cameron were sentenced to 87 months and 90 months imprisonment, respectively, in connection with a 1991 cross burning incident in South Carolina.
- **Gays in the Military:** The U.S. District Court sustained the challenge of 6 gay or lesbian service members to the statements provision of the new policy governing military service by homosexuals on the ground that it violates the First Amendment. The U.S.



Second Circuit Court has vacated that decision and remanded the case for further proceedings. The U.S. Court of Appeals holds that the policy does not violate the First Amendment because it strikes a reasonable balance between competing interests, is important to the military's accomplishment of its objectives, and therefore restrains speech no more than is reasonably necessary..

- **Health Care Fraud:** Family Practice Associates of San Diego, Inc., paid \$2,000,000 to settle a suit originally filed by a whistleblower under the qui tam provision of the False Claims Act. The whistleblower, who will receive \$580,000 under the settlement, alleged that defendants had billed for services never rendered, billed at inflated rates, double billed Medicare beneficiaries and Medicare for the same costs, and accepted kickbacks.
- **Access of Disabled at San Francisco Stadium:** On July 1, the Department reached a settlement with the City of San Francisco, the San Francisco Forty-Niners, and the San Francisco Giants regarding barrier removal at Candlestick Park in order to improve access to the stadium for individuals with disabilities, pursuant to the Americans with Disabilities Act (ADA). The two sports teams and the City have agreed to provide more than 100 new wheelchair and companion seats, in addition to those currently available.
- **Alabama Housing Discrimination Case:** On June 25, the district court preliminarily approved the proposed settlement in United States v. Mitchell Brothers, Inc., et al., a housing discrimination case that DOJ brought against a large rental property company in Mobile, AL. The settlement requires defendants to pay \$1.8 million dollars to compensate victims; set up a fair housing organization in Mobile; and satisfy a civil penalty.
- **Ozone Reduction:** In three related Clean Air Act citizens' suits, plaintiffs seek to compel the EPA to issue Federal Implementation Plans that would provide for 15% reductions in ozone for D.C., Baltimore, and Philadelphia.
- **L.A. Metro Case:** Last week, the Rescue our Canyons Group challenged the Los Angeles Underground Metro System currently under construction. The plaintiffs voluntarily dismissed their claims against the Federal defendants, with prejudice. The U.S. had objected to several terms in the proposed consent decree. The plaintiffs dismissed the U.S. and entered into a consent decree with the State.
- **Medellin Drug Lord Released from Prison Early:** On July 5, Medellin drug lord Jorge Luis Ochoa Vasquez was released from Colombia's Itagui Prison after serving 5 years of his original 8-year prison sentence. Jorge Luis is the first of the three Ochoa brothers expected to be released from prison this year. Jorge Luis, Juan David, and Fabio Ochoa voluntarily surrendered to Colombian authorities in late 1990 and early 1991. Colombian Defense Minister Esguerra has denounced Ochoa's early release as a "mockery of justice."



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**San Diego Port Initiatives:** On July 8, Justice announced the latest San Diego Port Initiatives. The Port initiatives included INS's adding 220 new inspectors to San Diego this year, an increase of 75 percent in one year; opening a permanent Port Court at Otay Mesa in August 1996; establishing Joint INS/Customs Pre-primary Inspection teams, allowing greater scrutiny of vehicles without disrupting traffic; highlight the enforcement advantages of the "Dedicated Commuter Lane" using INS's Secure Electronic Network for Travelers' Rapid Inspection (SENTRI). This system will accelerate the entry of frequent, pre-screened border crossers and INS' automated fingerprint identification system.

- **Russian Mob Boss Convicted:** On July 8, a jury in the Eastern District of NY returned a guilty verdict against Vyacheslav Kirilovich Ivankov, a top Russian organized crime boss living in the U.S., on charges of conspiracy to extort and attempted extortion. The Russian authorities played a major role in providing essential evidence that helped convict Ivankov and his co-defendants. This successful prosecution should further enhance cooperation between U.S. and Russian law enforcement authorities in future similar cases.
- **Italy Denies Venezia Extradition:** On June 27, the Constitutional Court of Italy denied the U.S. request for the extradition of Pietro Venezia, who is wanted by authorities in FL for murder. The Constitutional Court ruled that Article 9 of the U.S.-Italy extradition treaty, which covers assurances in death penalty cases, is inconsistent with the Italian constitution. There is no appeal of this decision.
- **Russian Embezzler Arrested:** On June 27, INS agents arrested Alexander Konanykhin and his wife, Elena, at the Watergate complex in Washington, D.C., for violating the conditions of their U.S. visas. Konanykhin, a top Russian fugitive, is wanted in Russia for allegedly embezzling approximately \$8.1 million from the Russian Exchange Bank in Moscow.
- **Supreme Court Brief:** On July 1, DOJ filed a brief, as amicus curiae in support of two health care clinics and doctors who provide abortion services. This case, Schenk v. Pro-Choice Network, concerns constitutional challenges to two provisions of an injunction prohibiting unlawful obstruction of and interference with access to certain health care clinics at which abortions are performed.
- **Drug Free Schools Program:** On July 17, the House Government Reform and Oversight Committee will hold a hearing on the Safe and Drug Free Schools program.
- **Attorney General's Schedule:** On July 16, the Attorney General will address the Building Partnerships to Protect Children Conference and the Great Plains Tribal Conference in Sioux Falls, SD. On July 17, the AG will meet with A. Vernon Weaver,

Ambassador Designate to the E.U. On July 18, the AG will attend the third meeting of the Advisory Council on Violence Against Women. On July 22, she will address National District Attorneys' Association in Nashville, TN.

- **Press Activities:** CBS "*Day and Date*" is working on a story on Rohypnol, the "Date Rape Drug." The *New York Times* is working on a story on prosecutions under the Child Support Recovery Act. The *Los Angeles Times* is working on a story on trends in environmental crimes.

#### DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Welfare Reform:** Next week, HHS will announce the approval of "Wisconsin Works W-2," a statewide welfare reform demonstration and amendments to two previous state demonstrations under which every parent who applies for welfare would be expected to work. With the help of financial and economic planners, adults would be placed in either an unsubsidized job, trial job, community service or a transitional placement.
- **Microbicide Research:** At the XI International Conference on AIDS in Vancouver, Canada, Secretary Shalala announced that the government intends to commit \$100 million over the next four years on a research initiative aimed at the development of microbicide, a female control barrier device for HIV and AIDS.
- **Teen Births:** Last month, the government reported that the birth rate for teens has dropped from 58.9 per 1,000 girls in 1994 to 59.6 in 1993 according to the National Youth Risk Behavior Survey. U.S. high school students were just as likely to have sex in 1995 as in 1990. Among those having sex, condom use increased from 46% to 53% during the same period, most notably among young women and African-Americans.
- **Welfare Waiver Proposals:** HHS may approve welfare proposals for TN, CA and UT next week:

TN's statewide proposal, "Families First," requires applicants and recipients to sign a personal responsibility plan as a condition of eligibility. The proposal increases work requirements, strengthens JOB sanctions, time limits benefits, requires unmarried teen parents without high school diplomas/GEDs to participate in education activities, requires children to attend school and receive regular immunizations/health checks, and includes a family cap.

CA's proposal would allow one additional provision. The income of a senior parent, living in the same household with a minor parent with a dependent child, would not be deemed to the minor parent's child.

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✓ UT's Single Parent Employment proposal would initially require pre-school children to be immunized and to attend school in one demonstration site. Demonstration-wide, it would allow sanctioned adults to continue to participate in JOBS services.

✓ IL Health Reform: On July 12, HHS will approve IL's statewide health care reform proposal, MediPlan Plus, which will increase access and quality of health care for the state's 1.1 million Medicaid beneficiaries.

- **Restaurant Menu Labeling:** On June 28, responding to a suit filed by Public Citizen and the Center for Science in the Public Interest, the U.S. District Court ruled that Congress intended that restaurant menus be covered by the requirements of the Nutrition Labeling and Education Act. HHS is working to publish a final rule amending existing regulations within 30 days.

- **Non-Prescription Nicotine Patch:** On July 3, the Nicotrol Transdermal System was approved for non-prescription sale to adults for use in relief of nicotine withdrawal symptoms, after being recommended by an FDA advisory panel on April 19. The 6-week treatment includes an audio tape and other user information, and has a 20% success rate.

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**Assistant Secretary for Aging Resigns:** Assistant Secretary for Aging Torres-Gil, has announced that he will be retiring at the end of the month, and will return to the University of CA, Los Angeles, to resume teaching. Dr. Robyn Stone, Deputy Assistant Secretary for Disability, Aging and Long Term Care Policy in the Office of Planning and Evaluation will be the acting Assistant Secretary for Aging upon Mr. Torres-Gil's departure.

- **Medicare Physician Fee:** Next week, Secretary **JIM DORSKIND:** Congress an 8% update for physician fees in 1997 as well as el Please coordinate entials that now exist among different categories of services, & the reply. to change the law covering Medicare's payments to physician Administration's FY97 budget proposals. The up to change the law covering Medicare's payments to physician recommendation by Oct. 31 will result in a physic default" formula set by a 1989 law and will go into effect

- **CA Welfare:** On July 3, the Senate HHS Committee defeated an Assembly Bill, authored by Assembly Member Bordonaro, which contains Governor Wilson's most recent proposals to redesign the welfare system. Despite recent amendments, counties and human service providers remain concerned about cost shifts onto General Assistance, sufficient funds for child care and job training, job creation, flexibility, and the bill's time limits of 2 or 5 years on welfare aid for many recipients.

- **WI Welfare Waiver:** *The Milwaukee Journal*, *The New York Times*, and *The Washington Post* have asked to view the comment letters received on the WI welfare waiver.
- **Cigarette Smoking:** Next week's *Mortality and Morbidity Weekly Report* provides newly reported data from the National Health Interview Survey showing that for the first time in over a decade, the prevalence of cigarette smoking among adults 18 and older has not seen an annual decrease between 1994-93. While not statistically significant, a higher smoking prevalence was observed among 18-24 year olds in 1994 than in 1993.
- **Secretary's Schedule:** On July 11, Secretary Shalala will be in Russia with the Vice President for the Gore-Chernomyrdin Commission to chair the Health Care Committee.

#### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Denver Homeownership Summit:** On July 16, Secretary Cisneros and Mayor Webb will host the Denver Regional Homeownership Summit, the first of seven regional summits to be held nationwide over the next two months. The summits will give lenders, builders, nonprofits, elected officials, real estate professionals, local government staff, and other housing providers the opportunity to learn about the latest homeownership innovations and highlight ways to foster strong local partnerships.
- **Church Burnings:** On July 12, Assistant Secretary Cuomo and Rep. Thompson met with ministers and community leaders in Ruleville, MS about HUD's Loan Guarantee Recovery Fund and other assistance HUD can provide in helping the town rebuild their churches, two of which have been damaged by fires in the past several years.
- **FY97 VA/HUD Bill:** On July 11, the Senate Appropriations Committee on VA/HUD reported on its FY97 bill to allocate \$19.7 billion to HUD, almost \$2 billion below your request and over \$100 million less than that of the House.
- **Secretary's Schedule:** On July 14, Secretary Cisneros will address the United Neighborhoods Organization's 20th Anniversary West Coast IAF Convention in Los Angeles, CA. On July 15, he will address the National Association of Counties Annual Conference in Houston, TX. On July 16, Secretary Cisneros will address the National Council of La Raza's 1996 Annual Conference in Denver, CO. On July 26, he will address the Independent Cities Association and participate in a homeownership event in San Diego, CA. On July 27, Secretary Cisneros will participate in a public housing demolition and groundbreaking event.

## OFFICE OF NATIONAL DRUG CONTROL POLICY

- **D.C. Drug Conference:** On July 15, Director McCaffrey will host the High Intensity Drug Trafficking Areas (HIDTA) Conference in Washington, D.C. that will gather more than 180 local, state, and federal leaders from critical drug trafficking areas of the country. The conference will concentrate on improving this successful joint partnership. The HIDTA Program provides \$103 million in FY96 funding to HIDTAs in Los Angeles, San Diego (Southwest Border), Houston, Miami, Puerto Rico, the U.S. Virgin Islands, the Washington D.C.-Baltimore, and NY City; and to Empowerment HIDTAs in Chicago, Philadelphia/Camden, and Atlanta.
- **Director's Schedule:** On July 12, Director McCaffrey will address the National Governor's Association Annual Conference in Puerto Rico. He will also address the Federal Bar Association, meet with Governor Rossello, visit a drug treatment facility, and meet with the PR/USVI HIDTA Executive Committee.
- **U.S./Mexico Drug Control:** On July 30, Director McCaffrey will chair the second meeting of the U.S./Mexico High Level Contact Group on Drug Control in D.C. The U.S. agenda items are to move against methamphetamine production in and entry from Mexico, to review the drug situation on the Southwest Border, and to analyze defense of the U.S. and Mexican sovereign territory from drug traffickers. The Mexican agenda items will include demand reduction and illegal arms trafficking.
- **FY97 Budget:** On July 11, the House Rules Committee considered the Treasury Postal Appropriations Bill. On July 16, the Treasury Postal Bill will be considered on the House floor, and will be marked up by the Senate Appropriations Treasury Postal Subcommittee. Director McCaffrey is working with the Majority members to introduce a bi-partisan Amendment on the House floor to restore the ONDCP budget, per your request. ONDCP is currently negotiating a Chairman's Amendment with the Appropriations Subcommittee Chairman Lightfoot.
- **Secretary's Schedule:** On July 17, Director McCaffrey will discuss the 1996 Drug Control Strategy and drug control policy issues at the Congressional Black Caucus luncheon.

## VETERANS AFFAIRS

- **DoD Authorization Bill:** VA has concerns about the Byrd amendment to the DoD authorization bill which would provide all Persian Gulf veterans with entitlement to health care for their children's birth defects and catastrophic illnesses except those where medical research shows that they could not be the result of the Veteran's exposure to hazardous material. VA believes the amendment has no scientific justification and would establish a bad precedent.



- **Press Activities:** *ABC News* has requested information on the recent Agent Orange decision, and has interviewed Secretary Brown. They are planning a special, that may be aired on September 19, on the political controversies over interpreting science and how expert witnesses "spin" research data. *The Wall Street Journal* has completed a series of interviews with Secretary Brown and other VA officials, as well as with childhood friends of the Secretary and veterans who served with him in Vietnam. This is for a "front-page" profile of the Secretary that is expected to appear within the next two weeks.
- **Veterans Service Organization Conventions:** Throughout the summer, Secretary Brown will be the keynote speaker before various veterans service organizations' national conventions, where he will address VA's newest initiatives for "Putting Veterans First." He is scheduled to attend the following conventions:
  - July 19 - Non-Commissioned Officers Association Annual Convention in Anaheim, CA.
  - July 23 - Paralyzed Veterans of America's National Convention, Chicago, IL.
  - July 28 - Disabled American Veterans' 75th National Convention, New Orleans, LA.
  - August 9 - American GI Forum's National Convention, Colorado Springs, CO.
  - August 13 - American Veterans of WWII, Korea and Vietnam (AMVETS) National Convention in Dallas, TX.
  - August 14 - Blinded Veterans Association's National Convention, New Orleans, LA.

#### SOCIAL SECURITY ADMINISTRATION

- **Same Sex Marriage:** On July 9, the House Ways and Means, Social Security Subcommittee requested information on the impact on the Social Security Trust Funds if same sex marriages are recognized under state law in HI. The agency has not responded to the request. Social Security actuaries state there is no way to reliably estimate the impact.

#### DEPARTMENT OF INTERIOR

- **California Conservation Plan:** On July 17, Secretary Babbitt will sign the final implementation plan for the Orange County Central & Coastal NCCP in Irvine, CA. This announcement will attract both local and national media attention, and it showcases your approach to endangered species protection.
- **Endangered Species Act:** On July 10, Judge Bunton of the Eastern District of TX ordered the Fish and Wildlife Service to decide within 13 days either to list the Barton Springs Salamander as an endangered species, or postpone the decision until August 30.

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- **Yosemite Rock Slides:** On July 10, a 200 foot slab of granite peeled off Glacier Point and fell nearly 3,000 vertical feet. One person died and several were injured. It will be some time before search and rescue crews will be able to enter the unstable area to search for other victims. The number of missing persons has been reduced to four. Slides continued all night long and are still occurring. The area remains very dangerous.
- **C&O Canal:** On July 13, the C&O Canal National Historical Park will hold a ribbon cutting ceremony to reopen the Olmsted Island bridges. On April 22, you and Vice President Gore removed debris from this area. Since that time park staff and hundreds of volunteers have been working tirelessly to repair the area.
- **Pilot Fee Project:** In the appropriations act, Congress authorized the National Park Service, Bureau of Land Management, U.S. Fish and Wildlife Service, and other federal agencies to implement, as demonstration projects, new or increased fees for access to federally administered lands. The DOI is evaluating how to implement targeted, modest increases in fees for the use of federal lands.
- **Bureau of Indian Affairs (BIA) Restructuring:** On July 10, Sen. Gorton will propose a dramatic restructuring of the BIA. The proposal includes a requirement to fund Indian tribes through Treasury after the BIA central office develops a national funding formula for tribes. CA and AK tribes would be exempt from the formula and be subject to a separate funding process. The BIA Central Office would be pared down to minimal responsibilities, and area offices would be abolished. The proposal has not been shared with Interior nor have Indian tribes been consulted. Both the DOI and Indian tribes will oppose the proposal on both process and policy grounds.
- **Wilderness Legislation:** On July 16, both the House and Senate will consider controversial bills relating to MN's Voyageurs National Park and the Boundary Waters Canoe Area Wilderness. Sen. Grams and Rep. Oberstar want to allow more access to the areas for motorboats and utility vehicles, and propose more local control over the two federally protected areas.
- **Alaska Lands Legislation:** On July 17, the Senate Energy and Natural Resources Committee has scheduled a hearing on Sen. Murkowski's bill to amend the AK National Interest Lands Conservation Act. Assistant Secretary Frampton will testify in strong opposition to the bill.
- **Concessions Management:** On July 18, the House Resources subcommittee on National Parks, Forests and Lands has scheduled an oversight hearing on concessions management by the National Park Service (NPS). Roger G. Kennedy, NPS Director, will testify for the Department.

## UNITED STATES DEPARTMENT OF AGRICULTURE

- **Water Initiative:** On July 15, Secretary Glickman, several Members of Congress and other USDA and Administration officials will participate in the national roll-out of Water 2000 which was established to provide clean drinking water to lower income families in distressed rural communities by the year 2000. On July 15, USDA will announce \$70 million in grants and loans in events in 34 states, kicked off by the Secretary and Rep. Volkmer in Hannibal, MO. The Department has been working with the White House to include appropriate federal, state, and local officials in the roll-out.
- **USDA Violation of Endangered Species Act:** A TX federal district court recently issued an order finding that USDA violated the Endangered Species Act and several statutory authorities by failing both to consult with the DOI's Fish and Wildlife Service and to develop a plan to protect threatened and endangered species dependent on the Edwards Aquifer. By November 1, USDA must implement a program to preserve natural resources and a program for the conservation of Edwards Aquifer dependent endangered or threatened species.
- **Wheat Industry:** Beginning July 17, USDA will hold a series of public forums in Washington, D.C., AZ, and CA on its Karnal bunt program to gather public input about the wheat fungus issue. On July 9, Secretary Glickman issued a statement expressing concern about canceled U.S. wheat sales to China due to alleged TCK smut. The U.S. industry believes that the Chinese government has not lived up to sales contracts or past practices. China has canceled 650,000 tons scheduled for delivery in marketing year 1996-97.
- **Wildfires:** There have been 70,151 fires reported to date (the five-year average is 42,763), with a total of over 2.7 million acres burned. The week of July 1-7 saw increased initial attack activity in the Southern Zone, Western and Eastern Great Basin Areas, and the Rocky Mountain Area. Large range fires occurred in ID, UT, and NV, primarily on DOI lands.
- **Timber Update:** In a recent decision, a federal district court judge placed the Forest Service and DOI's BLM on a 60-day schedule for the "identification and release" of replacement timber. This order covers all of the outstanding alternative timber that must be provided under Section 2001(k)(3) of the 1996 Rescission Act.
- **Welfare Reform Update:** The Food and Consumer Service has advised MI of its decision to deny two food stamp waiver requests to amend the state's "To Strengthen Michigan Families" welfare reform demonstration. The requests were denied because the demonstration would have reduced benefits to teenage parents.

## DEPARTMENT OF ENERGY

- **Western States Power Outage:** In response to your July 3 request, DOE is preparing a 30 day report explaining the July 2 disturbance that resulted in an interruption of electrical service to between 1.5 and 2 million customers across the 17-state Western Systems Coordinating Council region.
- **Community Development Funding in TN:** During the week of July 15, DOE expects to announce the approval of \$3.2 million for community development to mitigate the adverse impacts of defense-related downsizing at the Oak Ridge Site. DOE has asked the Vice President's staff if he would like to make this announcement.
- **Waste Reduction at Lawrence Livermore Laboratory:** On June 26, DOE announced that the treatment of waste at the Mixed Waste Management Facility will be limited. This results from the change in strategy by DOE toward privately financed and operated treatment facilities. A local environmental group and the Mayor of Livermore, CA, have raised concerns about possible environmental or health impacts of the Mixed Waste Management Facility. A letter will be sent to the Mayor informing her of the new plans.
- **Radiation Therapy for Cancer:** DOE's nuclear weapons laboratory, Lawrence Livermore National Laboratory, has collaborated with CA's Loma Linda University Medical Center, Harper University, WI's Memorial Sloan Kettering Cancer Center, and Stanford University to work on the Peregrine Project. Efforts are focused on developing a capability to perform more precise and successful radiation treatments of cancer, especially in children; allow more successful treatment of complicated cases of tumors around the eyes, sinuses, mouth and neck, and in and around the lungs, decrease collateral organ damage, improve the quality and length of life for cancer patients, and decrease costs for treating cancer. It draws upon the special skills and facilities found in DOE's nuclear weapons laboratory.
- **Gore-Chernomyrdin Commission:** From July 13-15, Secretary O'Leary will participate in the Gore-Chernomyrdin Commission in Moscow. By the end of this commission session, DOE expects to have agreements in place to conduct materials protection, control, and accounting activities at all Russian Ministry of Atomic Energy-controlled sites.
- **Gore-Mbeki Commission:** From July 18-24, Vice President Gore will host Deputy President of South Africa, Mbeki at the second Binational Commission Meeting. As Co-chair of the Energy Committee, Secretary O'Leary will emphasize the broad progress made by addressing 1) DOE's assistance in establishing South African law and regulation to insure electricity for all South Africans, 2) specific projects that are aimed at bringing solar based electricity to rural South Africa, and 3) the encouraged use of new, energy efficient housing.



## DEPARTMENT OF EDUCATION

- **FY97 Appropriation:** On July 11, the House took action on the FY97 appropriations bill that provides \$22.8 billion in discretionary funds for DoEd. This equals the 1996 appropriation but is \$2.8 billion less than your request. The bill would eliminate funding for Goals 2000, Safe and Drug-Free Schools, and other programs.
- ✓ **Colorado Education Reform:** On July 10, CO was approved to participate in the Education Flexibility Partnership. Under the Ed-Flex program, participating states have authority to waive Federal statutory and regulatory requirements in order to further their education reform efforts.
- **Secretary's Schedule:** On July 17, Secretary Riley will travel to Miami to address the Hadassah convention and to attend a READ-WRITE-NOW! event. On July 16, Secretary Riley is scheduled to testify before the Senate Appropriations Committee about the 1997 budget.

## ENVIRONMENTAL PROTECTION AGENCY

- **District of Columbia Drinking Water:** On July 10, Administrator Browner announced that EPA is taking a series of special precautionary measures to ensure that D.C. drinking water meets federal health standards, and that the city's drinking water management will be guided first by public health considerations including the issuance of information to D.C. residents that is swift and adequate.

## OFFICE OF PERSONNEL MANAGEMENT

- **Investigations Privatization:** On July 7, the successful privatization of OPM's Investigations Service occurred with the first day of full operation for the employee-owned company, U.S. Investigative Service (USIS), Inc. Ninety-five percent of the OPM employees separated by a July 6 Reduction in Force (RIF) went to work for USIS, Inc. the first ESOP company created by the privatization of a federal program.
- **Hatch Act Regulations:** OPM briefed representatives of national federal employee unions and manager associations on the final regulations implementing the Hatch Act Reform Amendments. The regulations are scheduled to take effect August 6. The unions expressed concern about several provisions of the final regulations, including one that will no longer allow the use of local union facilities on federal property for off-duty political activities. This change in position from the interim regulations (which have been in place for 18 months) derives from a DOJ Office of Legal Counsel opinion from February, 1995. One national president has written Director King requesting a change in the effective date of the final regulations. OPM is reviewing that request. Provisions of the final Hatch Act regulations were reported in *The Washington Post* on July 19.



- **Press Inquiry:** *The Wall Street Journal* has asked for statistics on the trend over the last five years for the hiring of temporary employees. They are looking to compare federal government hiring to that in the private sector. Various types of temporary appointments have gone down over the last five years, both as a percentage of full time employment and in actual numbers.

#### GENERAL SERVICES ADMINISTRATION

**Computers to Schools:** On July 16, two needy schools in Tacoma, OR will be receiving 486 computers in a presentation by Acting Administrator Barram.

**Federal Buildings in Empowerment Communities:** On July 15, a GSA and SSA partnership will open a new SSA office in San Francisco's Mission District Empowerment Community. The branch was closed 8 years ago due to safety and seismic failures.

**Press Activities:** *FOX TV News Network* in Los Angeles, CA, requested background on a July 4 demonstration on immigration issues at a West Los Angeles Federal Building that turned violent. The demonstrators accused LAPD and the LA County Sheriff's Department of failing to protect them during the demonstration.

#### UNITED STATES INFORMATION AGENCY

**Israeli Public Opinion:** The latest poll in Israel, taken June 26-July 2, shows an increase in support for the Oslo B accord but also highlights some public wariness about the peace process. A plurality of Israeli Jews now back Oslo B, an increase since this past Spring when views soured in the wake of the February-March bombings. A majority feel that the new Prime Minister should meet with Yassir Arafat in the near future, yet poll results also indicate some public caution about the peace process. A plurality now oppose redeployment of Israeli security forces from the West Bank town of Hebron. Nearly equal numbers pick pursuing the Arab-Israel peace process (37%) and ensuring internal security (34%), as the single most important policy for the Netanyahu government to pursue. As to the U.S. role, a majority (52%) now back more U.S. involvement in promoting an Arab-Israeli compromise, in marked contrast to last October when a plurality (47%) wanted less U.S. involvement.

- **South Korean Public Opinion:** Results from a June USIA-sponsored poll show a majority (56%) of South Koreans doubtful that North Korea will participate in the four-party talks (South Korea, North Korea, the U.S. and China) proposed by the U.S. and South Korea in April to seek a permanent peace on the peninsula. Yet the public is not as widely skeptical of the North as it was a year ago when two-thirds doubted the North could be trusted to freeze its nuclear program. Despite the reports of famine, South Koreans are divided on giving food aid to the North: slightly more oppose than favor such assistance.

- **Possible Stock Market in Vietnam:** One of the economic reforms proposed by the Government of Vietnam is the creation of a Vietnamese stock market in Hanoi. Dr. Dinh Van Nha, the Chief of the Financial Market Division in the Ministry of Finance, recently visited the U.S. to take a two-week international course at the Securities and Exchange Commission and to study the various exchanges in New York and Chicago.
- **Sub-Cabinet Travel:** July 13-August 1, Deputy Director Kemble will travel to Split, Zagreb and Dubrovnik, Croatia; Sarajevo, Bosnia; and Ankara and Istanbul, Turkey. He will travel to Croatia and Bosnia to attend a seminar of civic educators sponsored by USIA and the center for Civic Education of California and to discuss civic education programs for Croatia. In Ankara and Istanbul, he will meet with USIA officers and Turkish officials.

#### DEPARTMENT OF STATE

- **Colombia:** On July 11, the Department announced the revocation of President Samper's visitor's visa at a press briefing. Foreign Minister Pardo announced his resignation the afternoon of July 10. We face difficult times ahead with Samper, and Pardo's stabilizing influence will be missed. Ambassador Frechette delivered a demarche at the ministerial level laying out our counternarcotics expectations. The Ministers of Justice and Defense had planned to visit Washington separately next week, but this week's events might disrupt those plans as Samper regroups.
- **Russia:** The Vice President, accompanied by Deputy Secretary Talbott, will fly to Moscow on July 12, for the seventh session of the Gore-Chernomyrdin Commission. Other Cabinet officials attending the session include: Secretary Perry, Secretary Kantor, Secretary Shalala, Secretary O'Leary, Administrator Browner, and Administrator Lader.
- **UN Election:** Eighteen of 53 OAU leaders adopted a declaration on July 8, giving Secretary-General Boutros-Ghali a lukewarm endorsement for a second term. The declaration stressed the importance of electing an African to the post. We continue to stress the certainty of a U.S. veto of a second term for Boutros-Ghali and will press African countries to move quickly to identify African candidates to replace him so they will not lose their opportunity to influence the decision.

#### DEPARTMENT OF DEFENSE

- **Haiti:** After halting some patrols and palace security, the Canadians have returned to the old rules of engagement, although their force in the field is clearly acting much more cautiously than either the first UNMIH force or the U.S.-led coalition. The U.S. Atlantic Command and the Joint Staff are becoming concerned about this situation. Meanwhile, the overall security situation continues to decline in Haiti.

7.15.96

- **FOIA Requests:** *Roll Call* requested all records of communication and correspondence between the Pentagon and Newt Gingrich, including the detailing of military officers and personnel to the Speaker's office, from January 1, 1995 to the present. The *Washington Post* requested records of contacts between Sen. Trent Lott or any members of his staff and DoD from January 1, 1988 to the present. The same request was made for Sen. D'Amato.

#### UNITED NATIONS

- **Turkey/Greece/Cyprus:** July 15-20, Ambassador Albright joined by Richard Beattie, the President's Special Emissary to Cyprus, will lead a mission to Greece, Cyprus and Turkey. Discussions in Cyprus will focus on the role of the 22-year-old UN force patrolling the buffer zone that separates the Greek and Turkish Cypriot communities and efforts to advance direct talks on negotiating a settlement.
- **Former Yugoslavia:** On July 15, the Security Council will extend the UN military observer mission on the strategic Prevlaka peninsula between Croatia and Serbia until January 1997.
- **Cuba:** On July 22, the Security Council is scheduled to begin discussion of the ICAO report on the February Cuban shootdown incident. On July 2-3, Secretary Peña met with Council members in New York to argue the U.S. case. UN will push for a Council resolution that endorses the conclusions of the ICAO report and condemns the use of force against civilian aircraft in flight.

#### CENTRAL INTELLIGENCE AGENCY

- **Gulf War Illness:** On July 9, the CIA briefed the Presidential Advisory Committee on Gulf War Illness on the possible exposure of U.S. troops to chemical or biological agents in the Persian Gulf. Of note was the conclusion that chemical weapons (CW) were present at one storage bunker that was destroyed by U.S. troops in March 1991. However, modeling of the potential hazards from this destruction, as well as from the aerial bombing during the war of two other CW sites, indicates that fallout probably did not reach U.S. troops.
- **Reaction to New York Times Story:** The Khobar Towers bombing story of July 7 incorrectly charged the CIA with saying Saudi militants could not build a bomb larger than 200 pounds. This is not accurate, and a statement to that effect was sent to major newspaper and television outlets on July 9. Dir. Deutch also sent a letter to the editor of the *Times*.
- **FOIA Request:** From *The Washington Post*, a request for Presidential briefing notes on a review of "...American intelligence use of [then] Brigadier General Omar Torrijos...and...[then] Colonel Manuel Noriega."

Went this out to me - I don't think I saw it.

cc: The Vice President  
Leon Panetta  
Harold Ickes  
Evelyn Lieberman  
George Stephanopoulos  
Alexis Herman  
Carol Rasco  
Maggie Williams

Michael McCurry  
Doug Sosnik  
Marcia Hale  
Don Baer  
Ron Klain  
Rahm Emanuel  
John Hilley



THE PRESIDENT HAS SEEN

7-15-96

**IMMIGRATION:** I am not sure how long this will last, but the Republicans are fighting with each other over the Gallegly amendment. Senators Gramm and Hutchinson are publicly attacking Governor Wilson and Speaker Gingrich.

This week Senator Fienstein wrote a letter to Senator Hatch opposing the Gallegly amendment. We now have 41 Senators opposed to cloture.

I am working with Eric Schmidt from the New York Times to do a story on the opposition from the District Attorneys, General Powell, and Senators Gramm and Hutchinson. The press part is still strong but I think the police groups are growing tired of making calls on this legislation to members.

We have some real problems at INS. The GOP has decided to attack Doris's credibility and are trying to create a political problem with each of our successes. It is difficult to get the operation back on track; they are still having problems internally. We need them to become proactive with the President's agenda.

Leony → CC VP  
Rahm  
I need a Secretary  
Things I should have  
been to do in near future  
R



THE PRESIDENT HAS SEEN

7-15-96

THE WHITE HOUSE

WASHINGTON

96 JUL 12 P7:59

✓  
July 12, 1996

MEMORANDUM TO: THE CHIEF OF STAFF

FROM: RAHM EMANUEL

SUBJECT: WEEKLY REPORT

**CRIME/DRUGS:** We received very positive national and local coverage of the President's national juvenile handgun tracking program. The announcement was covered by all three networks, it received great regional coverage and extensive radio coverage.

This week I worked with the speech writers on the President's remarks for the NAACP speech concerning the assault weapon ban. It took us a little while to nail down the exact statement, but everyone picked up on the same sound bite.

I have held two meetings this week to work on the Brady Bill extension. I think it would complicate matters to endorse the Lautenberg amendment. The President should announce his support for the extension of the Brady Bill to include domestic violence misdemeanor crimes. The goal is to have this ready for the President's trip to Sacramento.

*Good* ✓ If things go according to plan, we may have the sexual registry report back from the Attorney General in the next twenty days. This is about four weeks ahead of schedule. When we receive this report, I think we should make a big announcement with key surrogates, travel, etc.

I have asked Justice to contact major cities and track which ones are now considering a curfew since the President's speech. I think such an analysis could be helpful for follow up and future travel.

On Monday I will find out when Justice is ready to release the FBI statistics on juvenile crimes. They are becoming territorial about data and coverage. This report should be ready for release on Thursday.

**WELFARE:** Obviously I will be working with HHS and legislative affairs over the next couple of weeks on the legislation and upcoming waivers. This is stating the obvious, but this is the last big decision before the election.

THE PRESIDENT HAS SEEN

7-15-96

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I am working with Eric Schmidt from the New York Times to do a story on the opposition from the District Attorneys, General Powell, and Senators Gramm and Hutchinson. The press part is still strong but I think the police groups are growing tired of making calls on this legislation to members.

We have some real problems at INS. The GOP has decided to attack Doris's credibility and are trying to create a political problem with each of our successes. It is difficult to get the operation back on track; they are still having problems internally. We need them to become proactive with the President's agenda.

Leony  
cc VP  
Rahm

I need a few specific things I should need to do in near future

R

*Rahy*

**San Diego Port Initiatives:** On July 8, Justice announced the latest San Diego Port Initiatives. The Port initiatives included INS's adding 220 new inspectors to San Diego this year, an increase of 75 percent in one year; opening a permanent Port Court at Otay Mesa in August 1996; establishing Joint INS/Customs Pre-primary Inspection teams, allowing greater scrutiny of vehicles without disrupting traffic; highlight the enforcement advantages of the "Dedicated Commuter Lane" using INS's Secure Electronic Network for Travelers' Rapid Inspection (SENTRI). This system will accelerate the entry of frequent, pre-screened border crossers and INS' automated fingerprint identification system.

- **Russian Mob Boss Convicted:** On July 8, a jury in the Eastern District of NY returned a guilty verdict against Vyacheslav Kirilovich Ivankov, a top Russian organized crime boss living in the U.S., on charges of conspiracy to extort and attempted extortion. The Russian authorities played a major role in providing essential evidence that helped convict Ivankov and his co-defendants. This successful prosecution should further enhance cooperation between U.S. and Russian law enforcement authorities in future similar cases.
- **Italy Denies Venezia Extradition:** On June 27, the Constitutional Court of Italy denied the U.S. request for the extradition of Pietro Venezia, who is wanted by authorities in FL for murder. The Constitutional Court ruled that Article 9 of the U.S.-Italy extradition treaty, which covers assurances in death penalty cases, is inconsistent with the Italian constitution. There is no appeal of this decision.
- **Russian Embezzler Arrested:** On June 27, INS agents arrested Alexander Konanykhin and his wife, Elena, at the Watergate complex in Washington, D.C., for violating the conditions of their U.S. visas. Konanykhin, a top Russian fugitive, is wanted in Russia for allegedly embezzling approximately \$8.1 million from the Russian Exchange Bank in Moscow.
- **Supreme Court Brief:** On July 1, DOJ filed a brief, as amicus curiae in support of two health care clinics and doctors who provide abortion services. This case, Schenck v. Pro-Choice Network, concerns constitutional challenges to two provisions of an injunction prohibiting unlawful obstruction of and interference with access to certain health care clinics at which abortions are performed.
- **Drug Free Schools Program:** On July 17, the House Government Reform and Oversight Committee will hold a hearing on the Safe and Drug Free Schools program.
- **Attorney General's Schedule:** On July 16, the Attorney General will address the Building Partnerships to Protect Children Conference and the Great Plains Tribal Conference in Sioux Falls, SD. On July 17, the AG will meet with A. Vernon Weaver,



7-15-96

✓ UT's Single Parent Employment proposal would initially require pre-school children to be immunized and to attend school in one demonstration site.

Demonstration-wide, it would allow sanctioned adults to continue to participate in JOBS services.

✓ **IL Health Reform:** On July 12, HHS will approve IL's statewide health care reform proposal, MediPlan Plus, which will increase access and quality of health care for the state's 1.1 million Medicaid beneficiaries.

- **Restaurant Menu Labeling:** On June 28, responding to a suit filed by Public Citizen and the Center for Science in the Public Interest, the U.S. District Court ruled that Congress intended that restaurant menus be covered by the requirements of the Nutrition Labeling and Education Act. HHS is working to publish a final rule amending existing regulations within 30 days.

- **Non-Prescription Nicotine Patch:** On July 3, the Nicotrol Transdermal System was approved for non-prescription sale to adults for use in relief of nicotine withdrawal symptoms, after being recommended by an FDA advisory panel on April 19. The 6-week treatment includes an audio tape and other user information, and has a 20% success rate.

**Assistant Secretary for Aging Resigns:** Assistant Secretary for Aging Torres-Gil, has announced that he will be retiring at the end of the month, and will return to the University of CA, Los Angeles, to resume teaching. Dr. Robyn Stone, Deputy Assistant Secretary for Disability, Aging and Long Term Care Policy in the Office of Planning and Evaluation will be the acting Assistant Secretary for Aging upon Mr. Torres-Gil's departure.

- **Medicare Physician Fee:** Next week, Secretary **JIM DORSKIND:** Congress an  
8% update for physician fees in 1997 as well as el Please coordinate entials that  
now exist among different categories of services, & the reply.  
Administration's FY97 budget proposals. The up cc: Exec Clerk to change  
the law covering Medicare's payments to physician recommendation by Oct. 31 will result in a physic default"  
formula set by a 1989 law and will go into effect

- **CA Welfare:** On July 3, the Senate HHS Committee defeated an Assembly Bill, authored by Assembly Member Bordonaro, which contains Governor Wilson's most recent proposals to redesign the welfare system. Despite recent amendments, counties and human service providers remain concerned about cost shifts onto General Assistance, sufficient funds for child care and job training, job creation, flexibility, and the bill's time limits of 2 or 5 years on welfare aid for many recipients.

CLINTON/GORE '96

Original to  
John Sutton  
7/15/96

**LASER SIGNATURE/AUTOPEN  
REQUEST FORM**

Please return to Scott Michaud, CSO Manager, Room 33, 202-496-4883

LETTER TITLE/DESCRIPTION: Trip Thank You's - Balt., Philly, NJ + Miami

CSO REQUEST NUMBER: A7004

DATE RECEIVED BY CSO: 7/3/96

SIGNATURE REQUESTED (Circle One):

POTUS

VPOTUS

M.E.G.

SIGNATURE TYPE (Circle One):

Laser Signature

AUTOPEN

**APPROVALS (Please initial appropriate line):**

APPROVED  
AS IS:

APPROVED  
w/CHANGES:

RESUBMIT  
w/CHANGES:

DATE:

CSO:

R. SCOTT MICHAUD

DOCUMENTATION ATTACHED:

YES

NO

7/9/96

CORR:

JENNY BOSHEARS

7/9/96 see Attached

LEGAL:

LIZ TOWNE

7/10

ADMIN:

TED CARTER:

7/10/96

CAMPAIGN MGR:

PETER KNIGHT

PSK

POTUS ONLY:

HAROLD ICKES:

TODD STERN:

OK

VPOTUS ONLY:

RON KLAIN:

MRS. GORE ONLY:

SKILA HARRIS:



# CLINTON/GORE '96

## LASER SIGNATURE/AUTOPEN REQUEST FORM

Please return to Scott Michaud, CSO Manager, Room 33, 202-496-4883

LETTER TITLE/DESCRIPTION: Trip Thank You's - Balt., Philly, NJ + Miami

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SIGNATURE TYPE (Circle One):

Laser Signature

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### APPROVALS (Please initial appropriate line):

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AS IS:

APPROVED  
w/CHANGES:

RESUBMIT  
w/CHANGES:

DATE:

CSO:

R. SCOTT MICHAUD

DOCUMENTATION ATTACHED:

Yes

NO

CORR:

JENNY BOSHEARS

Yes

7-9-96

LEGAL:

LIZ TOWNE

ADMIN:

TED CARTER:

CAMPAIGN MGR:

PETER KNIGHT

POTUS ONLY:

HAROLD ICKES:

TODD STERN:

VPOTUS ONLY:

RON KLAIN:

MRS. GORE ONLY:

SKILA HARRIS:

## AUTOPEN Request Form

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Please return to Scott Michaud, CSO Manager, Room 33, 202-496-4883  
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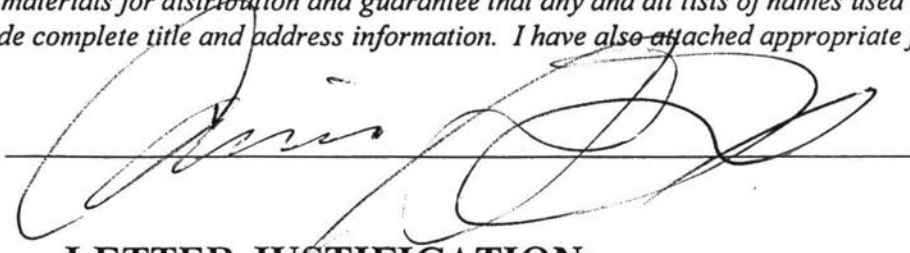
LTR. TITLE/DESC: <sup>Trip</sup> Thank You Notes - Baltimore, Philadelphia, New Jersey, Miami  
QUANTITY: 94 PAPER SIZE: LETTER LEGAL EXECUTIVE  
DEPT: Scheduling's Advance CONTACT: Mariah Hatta  
PHONE: 496-1001

SUBMISSION DATE: July 3, 1996MAILING DATE: July 9, 1996SIGNATURE (Circle One): POTUS VPOTUS M.E.G. DEPT. HEAD SIG.SIGNATURE TYPE (Circle One): Blank Laser Signature AUTOPENPRE-APPROVED FORM: YES NO FORM NAME: POTUS trip thank you letter

SIGNATURE APPROVALS ATTACHED: YES NO

## DEPARTMENT DIRECTOR AUTHORIZATION:

*I hereby approve the attached materials for distribution and guarantee that any and all lists of names used with these materials are accurate and include complete title and address information. I have also attached appropriate justification documentation for this request.*

SIGNED: 

## LETTER JUSTIFICATION:

(Please document why these materials should receive an Autopen signature. Attach any additional pertinent information as available.)

For all Presidential trips thank you notes are sent to volunteers that have assisted in the details of the trip. The attached letters are for people who volunteered on the President's campaign visits to Baltimore, Philadelphia, New Jersey, and Miami. (The White House also sends out thank you notes, using similar language, for official Presidential trips.)

<GENERIC THANK YOU LETTER-- TRIP ADVANCE> rsm

July 3, 1996

FIELD(name)  
FIELD(add1)  
FIELD(add2)  
FIELD(city,state,zip)

*May  
w/ out  
date*

Dear FIELD(fname):

Thank you so much for your help during my trip to \_\_\_\_\_ ~~on~~  
~~<DATE>~~, 1996. I appreciate your assistance and support.

You can take great pride in knowing that your hard work is making a significant contribution to our efforts, and I hope that you will continue to be an active participant in this process.

Vice President Gore joins me in expressing gratitude for your commitment to achieving our nation's common goals.

Sincerely,

# LASER SIGNATURE/AUTOPEN REQUEST FORM

Please return to Scott Michaud, CSO Manager, Room 33, 202-496-4883

LETTER TITLE/DESCRIPTION: Veteran's Event - Rainbow Reunion, Little Rock

CSO REQUEST NUMBER: A7008

DATE RECEIVED BY CSO: 7/9/96

SIGNATURE REQUESTED (Circle One):

POTUS

VPOTUS

M.E.G.

SIGNATURE TYPE (Circle One):

Laser Signature

AUTOPEN

## APPROVALS (Please initial appropriate line):

APPROVED  
AS IS:

APPROVED  
w/CHANGES:

RESUBMIT  
w/CHANGES:

DATE:

CSO:

R. SCOTT MICHAUD

RSM

7/9/96

DOCUMENTATION ATTACHED:

YES

NO

CORR:

JENNY BOSHEARS

RSM

See Attached 7/9/96

LEGAL:

LIZ TOWNE

(L)

7/10/96

ADMIN:

TED CARTER:

TJC

7/10/96

CAMPAIGN MGR:

PETER KNIGHT

PK



POTUS ONLY:

HAROLD ICKES:

TODD STERN:

TS

VPOTUS ONLY:

RON KLAIN:

MRS. GORE ONLY:

SKILA HARRIS:



# CLINTON/GORE '96

## LASER SIGNATURE/AUTOPEN REQUEST FORM

Please return to Scott Michaud, CSO Manager, Room 33, 202-496-4883

LETTER TITLE/DESCRIPTION: Veteran's Event - Rainbow Reunion, Little Rock

CSO REQUEST NUMBER: A7006

DATE RECEIVED BY CSO: 7/9/96

SIGNATURE REQUESTED (Circle One):

POTUS

VPOTUS

M.E.G.

SIGNATURE TYPE (Circle One):

Laser Signature

AUTOPEN

### APPROVALS (Please initial appropriate line):

APPROVED  
AS IS:

APPROVED  
w/CHANGES:

RESUBMIT  
w/CHANGES:

DATE:

CSO:

R. SCOTT MICHAUD

R/S  
DOCUMENTATION ATTACHED:

YES

NO

7/9/96

CORR:

JENNY BOSHEARS

JB

7-9-96

LEGAL:

LIZ TOWNE

ADMIN:

TED CARTER:

CAMPAIGN MGR:

PETER KNIGHT

POTUS ONLY:

HAROLD ICKES:

TODD STERN:

VPOTUS ONLY:

RON KLAIN:

MRS. GORE ONLY:

SKILA HARRIS:

## Letter Approval Form

Please return to Scott Michaud, CSO Manager, Room 33, 202-496-4883

LTR. TITLE/DESC: Rainbow Reunion/Veterans  
DEPT: Political CONTACT: Lorena  
PHONE: 5005 SUBMISSION DATE: 7/9 MAILING DATE: 7/16  
QUANTITY: 1 PAPER SIZE: LETTER LEGAL EXEC. OTHER: AUTOPEN  
SIGNATURE TYPE (Circle One): Blank Dept. Head Signature Laser Signature AUTOPEN  
SIGNATURE APPROVALS ATTACHED: YES NO VERIFIED (CSO): \_\_\_\_\_

## DEPARTMENT DIRECTOR AUTHORIZATION:

I hereby approve the attached materials for distribution per the specifications on this form and guarantee that any and all lists of names used with these materials are accurate and include complete title and address information. I have also attached appropriate justification documentation for this request.

SIGNED: Craig T. Smith

## LASER/AUTOPEN REQUEST

LASER/AUTOPEN SIGNATURE REQUESTED (Circle One): POTUS VPOTUS M.E.G.  
PRE-APPROVED FORM: YES NO FORM NAME: \_\_\_\_\_

## LETTER JUSTIFICATION:

(Please attach any additional pertinent documentation for this laser/autopen request)

Letter to be read at a Veterans event in AR.  
See attached information.  
I will fax copy of letter to Mr. Kefting on  
7/16 and mail the original.

July 15, 1996

Warm greetings to all those gathered in Little Rock for the annual Rainbow Reunion. I am pleased to extend heartfelt appreciation for your tremendous contributions to our nation.

Our veterans have served America valiantly. As you gather together for this special occasion, please know that we will never forget the sacrifices you have made for this country.

To honor our veterans, gratitude and ceremonies are not enough. We must protect the benefits you have earned, address fully the dangers posed by modern warfare, and preserve what you have fought for -- the American Dream at home and our leadership around the world.

While you have much to celebrate, I know you will solemnly remember your comrades who are not with you today. I join you in honoring their memory, and I salute each of you for your brave service in defense of our nation and of the cause of freedom.

Best wishes for a wonderful reunion.

on BC letterhead

July 15 1996

Warm greetings to all those gathered in Little Rock for the annual Rainbow Reunion.

Our ~~veterans~~ veterans have served America valiantly. You can take great pride in your tremendous achievements. As you gather this month, please know that America is forever indebted to you for your service. We as Americans must never forget the sacrifices our veterans have made for this country.

To honor our veterans, gratitude and ceremonies are not enough. We must protect the benefits you have earned, address fully the dangers imposed by modern warfare, and preserve what you have fought for -- the American Dream at home and our leadership around the world.

Hillary joins me in sending best wishes for a memorable reunion.

While you have much to celebrate, I know you will solemnly remember your comrades who are not w/ you today. I join you in honoring their memory and salute each of you for your brave service in defense of our nation & of the cause of freedom. Best wishes for a wonderful reunion.

I am proud to extend heartfelt appreciation for your tremendous contribution to our nation.



July 15 1996

Warm greetings to all those gathered in Little Rock for the annual Rainbow Reunion.

*Our nation's veterans have served our country valiantly.*  
You can take great pride in your tremendous achievements. As you gather this month, please know that America is forever indebted to you for your service. We as Americans must never forget the sacrifices our veterans have made for this country.

To honor our veterans, gratitude and ceremonies are not enough. We must protect the benefits you have earned, address fully the dangers imposed by modern warfare, and preserve what you have fought for -- the American Dream at home and our leadership around the world.

Hillary joins me in sending best wishes for a memorable reunion.

General of the Army DOUGLAS MacARTHUR  
United States

Major General HARRY J. COLLINS  
United States

Brigadier General HENNING LINDEN  
United States

General HENRI GOURAUD  
France

1995 - 1996

# Rainbow Division Veterans

NATIONAL ASSOCIATION



The Honorable Bill Clinton  
President of the United States  
The White House  
Washington, DC 20037

Dear President Bill:

Ten years ago, I asked you for help with my retirement. I told you I needed more than golf. You led me into volunteering. I don't know whether to thank you or not because now I don't know how I had enough time to work. That leads me to my question.

I have gotten involved with church, school, condo association (president) and a number of others one of which is my World War II army group. It is the noted 42nd Rainbow Division famous for both World War I and II accomplishments. We just had a wonderful tribute to General MacArthur in Little Rock last month, you may have read about it. Well, I am the chairman of the annual Rainbow Reunion in Little Rock next July. We expect at least 1000 to 1200 vets and their spouses at the Excelsior. MacArthur wanted it the Rainbow because its members came from all over the U.S. Our folks will come to Little Rock from all over the country to attend.

I know you are busy but if your campaign tour should be in the area in July it would be an honor for afternoon, July 18th or Saturday afternoon, July 20. I know you are always busy and next summer will be a particularly busy time for you. If it is at all possible we would be honored by having you.

Nancy and I appreciate your efforts and are proud that you represent us. We do support you in your work and respect the scope of the position you have gained. I hope that you find your way back to Arkansas in July.

Very sincerely,

Jack G. Refling,  
Chairman, 1996 Reunion  
Little Rock, Arkansas

Jack G. Refling  
Lakewood Hills Condo #41  
Fairfield Bay, AR 72088  
501-884-6270

Honorary President  
JOHN J. MCGOVERN  
7052 Apple Creek Road  
Sylvania, OH 43560

President  
VERN N. SMITH  
5769 S. Mutiny Bay Road  
Freeland, WA 98249

President Elect  
JOHN L. WHISLER  
P.O. Box 1057  
Haines City, FL 33844

Vice President, North Region  
HERMAN BERGETH  
311 Oakwood Circle  
Wausau, WI 54401

Vice President, South Region  
LLOYD R. ALLEN  
246 Phoenix Drive  
St. Augustine, FL 32086

Vice President, East Region  
WALTER L. PEIRCE  
400 Waverly Oaks Road  
Waltham, MA 02154

Vice President, West Region  
JOSEPH T. KARAM  
11291 Biscayne Court  
Garden Grove, CA 92641

Vice President, Central Region  
TOM H. OWEN  
813 Westwood Drive  
Richardson, TX 75080

Secretary  
HERBERT A. BUTT  
16916 Geo. Franklin Drive  
Independence, MO 64065

Treasurer  
JON M. JANOSIK  
3389 Kingston Lane  
Youngstown, OH 44511

Chaplain  
REV. NORMAN FORDE  
226 High Timber Court  
Gaithersburg, MD 20879

Associate Chaplain  
REV. ROBERT F. WEISS S.J.  
4511 West Pine Boulevard  
St. Louis, MO 63108

Memorial Officer  
CHARLES S. FOWLER  
P.O. Box 64  
Londonderry, NH 03053

Historian  
DONALD L. SEGEL  
650 Jacon Way  
Pacific Palisades, CA 90272

Judge Advocate  
THEODORE A. JOHNSON  
116 Merryhill Road  
Ely, IA 52227

Sergeant-At-Arms  
GILBERT W. KOEHLER  
1289 E. Manhattan Drive  
Tempe, AZ 85282

Reveille Chairman  
HERBERT E. KLINEDINST  
404 Cedar Street, P.O. Box 206  
Littleton, CO 80120

Editor, Rainbow Reveille  
KENNETH H. CARPENTER  
7618 First Street  
Pasadena, MD 21122-3402

National Membership Chairman  
CHARLES PAINE  
66 Canfield Avenue  
Bridgewater, CT 06752  
(See Reveille, Page 2 for Address)

Reunion Chairman  
JACK G. REFLING  
Lakewood Hills Condo -41  
Fairfield Bay, AR 72153

Liaison Officer  
DONALD R. SAMOLINSKI  
3729 Carl Street  
Wausau, WI 54401

Archivist  
J. WILLIAM KEITHAN, JR.  
2226 Eastmont Way West  
Seattle, WA 98199

Public Relations Officer  
CARLYLE P. WOELFER  
339 West View Drive  
Fayetteville, NC 28303

Photographer  
WILLIAM E. CLAYTON  
38195 S. Rolling Hills Drive  
Tucson, AZ 85737-1017

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thank you for your  
kind words &  
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for your thoughtful  
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THE CHAIRMAN

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

THE PRESIDENT HAS SEEN

7-15-96

96 JUL 8 P6:14

July 8, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: JOSEPH E. STIGLITZ *JS*  
SUBJECT: Follow-up to Your Comments on  
June 28 Weekly Economic Briefing

Attached, per your request, are two reports mentioned in the  
Weekly Economic Briefing of June 28, 1996:

1. Poverty Reduction and the World Bank, Progress and Challenges in the 1990s (World Bank)
2. Foreign Assistance: What's In It for Americans? (Business Alliance for International Economic Development)

Attachments

*Loon/Alexis*

*We ought to get this out to as many business leaders as possible, ~~and~~ bring to Congressional attention, & ask business to contact Congress - US is going to be hurt, politically and economically, by these cuts & got hit repeatedly on this at G-7*

*BC*



BUSINESS ALLIANCE FOR INTERNATIONAL ECONOMIC DEVELOPMENT



**WHAT'S IN IT FOR AMERICANS?**

JUNE 1996



# **FOREIGN ASSISTANCE: WHAT'S IN IT FOR AMERICANS?**



BUSINESS ALLIANCE FOR INTERNATIONAL ECONOMIC DEVELOPMENT

JUNE 1996

The Business Alliance for International Economic Development is dedicated to informing the American public, elected officials, and the wider business community about the connection between properly implemented foreign economic assistance and the expansion of U.S. exports and jobs. The Business Alliance believes there are development assistance roles that only the U.S. Government and multilateral development banks can fulfill, and that sufficient resources must be made available to these institutions to accomplish this vital mission. Even with past successes, these institutions must evolve to meet the competitive challenges we face in the post-Cold War environment. Initial funding for the Business Alliance comes from members of the Professional Services Council, who provide expertise and research to support economic development.

**The Business Alliance for International  
Economic Development  
601 13th Street, N.W., Suite 510-South  
Washington, D.C. 20005  
(202) 783-5588**

**FOR FURTHER INFORMATION:**  
**Terrence Bracy, Executive Director**  
**James Benfield, Associate Director**  
**or visit the Business Alliance's Web site:**  
**<http://www.milcom.com/alliance/>**

*Prepared by the Business Alliance under the direction of Dr. Barry M. Blechman, president of DFI International, a research and consulting enterprise in Washington, D.C. Dr. Blechman has worked on public policy issues for 30 years in both the public and private sectors.*

## SUMMARY

As Congress debates the federal budget, foreign assistance will no doubt continue to be a target for cuts. Most Americans have an inflated idea about how much we devote to foreign assistance and where the money is actually spent. In *Foreign Assistance: What's In It For Americans?* the Business Alliance for International Economic Development documents how America's foreign assistance program is an engine for U.S. economic growth. This report also warns of the consequences of continuing cuts in foreign aid, already at its lowest real level in history.

Few Americans realize that fully 80 percent of the foreign assistance budget is spent right here at home, on American goods and services—more than \$10 billion in 1994. The livelihoods of hundreds of thousands of Americans—farmers, truckers, assembly line workers, software developers—depend on U.S. foreign assistance. More importantly, millions of other Americans benefit indirectly from foreign assistance programs. U.S. economic assistance helps developing countries build the kind of physical, human, and institutional

infrastructure necessary to spur their economies, to foster trade, and to attract private investment—the very things that make possible American exports and, thereby, American jobs. Those who advocate cutting foreign assistance are, in effect, cutting future American jobs.

Most of the foreign assistance we provide to developing countries today goes toward making them good customers tomorrow. By focusing on several elements of reform in developing and transition economies, ranging from reorienting overall economic policy in the Czech Republic to building small businesses in Niger, U.S. economic assistance lays the groundwork for America's private sector. The work done by foreign assistance programs to promote democracies—which happen to make great trading partners—and to tackle environmental problems, disease, and overpopulation at their source also benefits the United States in tangible economic ways, creating jobs and reducing the amount we must spend on global problems here at home.

Today, exports account for 10 percent of the entire U.S. economy—double the level of only a decade ago—and they are the fastest growing part of the economy. Export-driven job growth is a result largely of our trade with *developing* countries, not with our traditional European, North American, and Japanese partners. Our foreign assistance expenditures in the 1960s and early 1970s, particularly in East Asia and Latin America, are tightly linked to a massive increase in exports and investment in the developing world in the 1980s and 1990s. At the very least, our goal should be to match the mean level of total U.S. economic assistance of the 1960s—about \$18 billion a year in constant 1995 dollars, an increase of about 50 percent from this year's expenditures.

**The bottom line is that our assistance programs foster an environment in which American trade and investment can prosper in developing nations.**

**George Ferris  
Chairman and CEO  
Ferris Baker Watts**

THE TWENTIETH CENTURY was in many ways the American century. One hundred years after gaining independence and on the heels of a violent Civil War, the United States began to blossom and prosper. Today, we have the world's pre-eminent economy, a relatively high standard of living for most of our citizens, and the promise of a technologically enriched future. Still, as this century draws to a close and we reflect upon our past successes, we must ask: Can we continue to prosper?

Not if the isolationists have their way. They are part of a small but vocal movement in the United States whose policies, based as they are on fear and a fundamental distrust of the economic forces at work in the world today, would steer the economy in precisely the wrong direction. They call for America to disengage from the rest of the world by erecting barriers to trade and investment and slashing U.S. foreign assistance. Not since the 1930s have the stakes been so high: America's participation in the world is the key to its future prosperity, and our foreign assistance programs play a critical role in ensuring our continued economic growth through foreign trade and investment.

The isolationists' message has resonated largely because they haven't been honest about what it

means for the U.S. to remain engaged with other countries. It doesn't mean that foreigners will buy up our national treasures. Nor does it mean accepting unfair trade practices that can hamper our exports. And it certainly doesn't mean extravagant government spending abroad.

Engagement abroad means cooperating with other countries on global problems—like the environment, disease, and overpopulation—that affect us all. It means helping other countries grow economically so that they can become better customers for American goods and services. And it means persuading other countries to open their markets to American products, so that our economy can grow along with theirs and provide Americans with high-paying jobs that have a future in the global marketplace.

Foreign assistance is one of the best instruments we have to accomplish these tasks. But some Americans still think of it as a giant handout, a kind of "foreign welfare." The equation seems simple to most: "The more foreigners get, the less I get." While some politicians are content to play on these fears, others explain that foreign assistance is an investment in America's future, with real payoffs now and many more later. The money the United States spends



**That the U.S. economy in 1990-1992 did not slip into a deep recession, and that unemployment rates for adults... actually stayed low by any historical standard, resulted entirely from the increase in world-market participation on the part of both U.S. manufacturing and services.**

**Peter Drucker**  
*Managing in a Time  
of Great Change*

on foreign assistance means tangible benefits to the American people, in the form of more jobs, a cleaner environment, and a safer future. This is the lesson of the past, but its message is getting lost in the isolationist furor.

The timing of the assault on foreign assistance is especially poor. Just as the United States is beginning to make foreign assistance truly efficient—conditioning it on a recipient's willingness to implement sound economic policies and foster democracy—and as we are realizing the increasing importance of exports to "poor" countries, some are trying to persuade us that foreign assistance is a useless drain on limited resources. These people say that we need to focus our efforts on creating jobs and opportunities at home; the irony is that creating opportunities at home is precisely what foreign assistance *does*, in more ways than most of us realize.

#### **FOREIGN ASSISTANCE TODAY**

There are two ways in which U.S. foreign assistance benefits the American people. The first is very direct: by purchasing goods and services from U.S. companies for use in foreign assistance programs. The second way—facilitating private sector trade and investment—is perhaps less direct, but

even more important for America's long-term economic growth.

In 1995, Congress approved almost \$13.5 billion for total foreign assistance. Military assistance, administered by the Defense and State Departments, accounts for close to one-third of this total. Multilateral assistance makes up 16 percent, while the Economic Support Fund, which is used to achieve political and military objectives, particularly in Israel and Egypt, comprises about 17 percent.

The remaining third goes largely toward bilateral economic and food assistance to the developing world and the transition economies of Eastern Europe and the former Soviet Union. Most of this development assistance—the money we spend on democracy building, economic development, environmental protection, agricultural research, disaster relief, health and population issues—is administered by the U.S. Agency for International Development (USAID).

A vital factor linking all the components of our foreign assistance budget is that most of the money is spent right here in the United States. In fact, 80 percent of the total foreign assistance budget goes for goods and services that

the U.S. Government buys from businesses all across America. In 1994, more than \$10 billion in foreign assistance was spent on American products and services. This supports about 200,000 U.S. jobs.

You may wonder just how tax dollars travel from your pocket to help a foreign country. The government takes about \$44 from the average American family's taxes each year for foreign assistance. Assuming the family has four members, this works out to \$11 per person—about the price of a movie ticket and a small bag of popcorn. That's a lot less than we pay for many other items in the federal budget: The average family member pays about \$220 for health and human services and over \$230 goes for interest on the federal debt.

Moreover, the \$11 used for foreign assistance is not just sent by overnight express to Ghana or Mexico. About \$9 of it is spent in the United States, on goods made and services provided by American companies. In 1994, the U.S. Government bought tarps for disaster relief and temporary housing in Africa from a small business in Maine called Cormier Textile Products. Similarly, workers for Caterpillar Inc. in Clayton, North Carolina and Minneapolis, Minnesota made

**WITH 31 PLANTS ACROSS THE UNITED STATES** and over 54,000 employees, Caterpillar Inc. is the world's largest manufacturer of earthmoving and construction equipment. The Fortune 50 company prides itself on its ability to succeed in the new global economy, primarily through aggressive export strategies. Caterpillar's experience in exporting dates back to the turn of the century; today, half of the company's sales are to overseas markets. Exports increased 14 percent in 1995 to a record \$5.13 billion, accounting for about 17,000 Caterpillar jobs and 34,000 supplier jobs in the United States.

The foreign assistance budget helps Caterpillar create even more jobs. Under USAID's Commodity Import Program (CIP), Caterpillar manufactures the machines that are helping to build roads, bridges, airports, and hospitals in developing countries around the world. Caterpillar's Robert Lee says that the program, which makes it easier for governments and entrepreneurs in developing countries to purchase the American equipment they need to get their work done, is "a good deal for the American taxpayer."

A CIP contract Lee is especially proud of involves shipping four large gas-fueled electric generators to Russia for use in the coal mines. Says Lee, "Coal mines have traditionally used extensive ventilation systems to remove methane gas from the mines. But with these generators, they are able to capture the gas and generate power instead of polluting the environment. It's a win-win proposition." Two of these generators have been sent and another four are on the way. The resulting \$4.8 million in sales helps sustain the workers in Lafayette, Indiana who actually build the machines; it also helps Caterpillar build a strong foundation in one of the largest potential markets in the world.

**After the Korean War, we provided Korea with a lot of wheat, corn, and soybean oil. As a poor country, they needed that to survive, but as they got richer, they became good customers.**

**Roy Smith**  
**Nebraska farmer**

road-building machines for projects in Mali. Overall, in 1994, foreign assistance funding was used to purchase \$475 million worth of goods and services in California alone—supporting almost 10,000 American workers.

In Michigan, almost 1000 people rely on the foreign aid budget for their livelihoods. Some of them work at Ford Motor Company. Others work at Upjohn, a 100 year-old pharmaceutical company that sells the U.S. Government the medicines needed to carry out many of our disaster relief efforts—from ibuprofen to antibiotics.

Approximately 60 cents of the \$11 in taxes used for foreign assistance is spent on food that is grown right here by America's farmers. Farms across the country are benefiting from the "Food for Peace" program, which involves U.S. Government purchases of wheat, sorghum, soybeans, and oils for use abroad. For farmers in Kansas, this meant that \$74 million worth of their agricultural products were sent to developing countries in 1994. In the same year, Washington state farmers sold almost \$210 million of Food for Peace wheat and oils for use abroad.

The \$35 million that farmers in Nebraska received from the foreign assistance budget for their prod-

ucts in 1994 is a small percentage of the state's total farms sales, which Plattsville farmer Roy Smith estimates at over \$3 billion. But he points to the longer-term effect of the Food for Peace purchases. "After the Korean War, we provided Korea with a lot of wheat, corn, and soybean oil," says Smith. "As a poor country, they needed that to survive, but as they got richer, they became good customers for our farm products because of the 'appetite' that was developed in those early years." Roy Smith admits that if the Food for Peace program were cut, farmers might not feel the effects the next year, or even the year after, but he worries that it would eventually come back to haunt them. "You've got to have buyers or you don't have a business, and taking away this money would gradually erode our customer base."

The purchase of U.S. agricultural commodities by Food for Peace doesn't just provide employment for the farmers that grow the crops, it provides jobs for many Americans involved in transporting the goods to their final destination and distributing them upon their arrival. For example, in 1994 the U.S. Government purchased \$43 million of Missouri wheat, rice, feedgrains, soybeans, cotton, and other agricultural goods. Those purchases generated an additional \$10 million in port services and



shipping charges for companies headquartered in Missouri. And Texas transportation companies received \$92 million that same year under Food for Peace, shipping agricultural goods from all over the Midwest and South for distribution abroad. If, as Kansas wheat farmer Roy Smith fears, the foreign aid budget is cut, it will hurt average working Americans more than the citizens of any foreign country.

### **THE FOREIGN ASSISTANCE PAYOFF**

The jobs of hundreds of thousands of Americans are directly affected by the size and shape of the foreign assistance budget, but the money that isn't spent on U.S. goods and services before making its way abroad helps America, too. The effects on the U.S. economy may be slower, but in the end, the resulting growth is even more dramatic.

*There are three important ways that foreign assistance makes our country strong and prosperous.*

(I) It increases our exports, and creates jobs, by developing the economies of poorer countries so that they are able to buy goods from us.

(II) It increases the number and quality of our trading partners by

**KEN JORNS, 47 YEARS OLD, COULD BE THE LAST** of four generations of Kansas farmers. In his lifetime, he's seen the number of full-time farmers in Reno County, Kansas, drop from 1200 to about 200—and he's not even sure whether his own son will want to stay on the farm.

Jorns Farm is like hundreds of other family farms across America, struggling to survive in an uncertain economic climate with stiff competition from bigger corporations. Although Jorns admits that the \$74 million worth of wheat, corn, soy, and grain sorghum that USAID purchased from Kansas farmers in 1994 for the "Food for Peace" program is not enough to keep any single farm afloat, he knows that it makes a difference.

Jorns' 4000 acre farm is his life. The wheat, corn, sorghum, and soybeans he grows that have been purchased by USAID for use in developing countries have also meant life to thousands of others. Food for Peace is one of the most fundamental components of our foreign assistance program. If people do not have enough food to eat, they cannot learn and they cannot work.



**U.S. labor leaders understand the complex community in which we live. They recognize that isolationists would serve neither the American national interest, nor the interests of American workers.**

**Byron W. Charlton**  
**Legislative Representative**  
**AFL-CIO**

helping countries that are undergoing difficult transitions achieve political stability.

(III) It protects our own economy from the ravages of disease, environmental destruction, and overpopulation by treating these global problems at their source. The twentieth century offers many valuable lessons about our relationship with the rest of the world. The danger lies in ignoring those lessons.

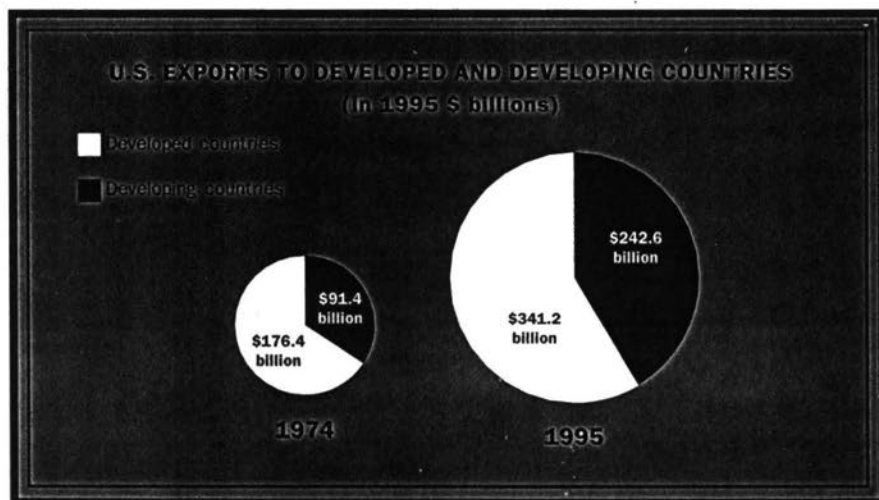
#### **I. Jobs, Jobs, Jobs**

Although the United States once provided almost two-thirds of all the foreign assistance in the world, in the last decade we've seen an almost 40 percent decrease in our foreign assistance budget, in real terms. This is a dangerous moment to be dropping out of the world scene, be-

cause if there's one thing we know for sure, it is that the American economy is growing today mainly because other countries want our products and services. Today, exports account for 10 percent of the entire U.S. economy—double the level of only a decade ago. And the export business is the fastest-growing part of the economy. In 1983, the jobs of five million workers depended on U.S. exports. Today, that number has reached 12 million.

Which countries buy American? Naturally, we have strong trading relations with our neighbors, Canada and Mexico, and with our Western European allies, but by far the fastest-growing markets for U.S. goods are in the developing world. In 1995 alone, U.S. exports to developing countries rose by 11.8 percent. Between 1990 and 1995, exports to developing countries increased by nearly \$100 billion—from \$146 billion to \$243 billion. Because every \$1 billion worth of exports generates 20,000 U.S. jobs, that export boom supported roughly 1.9 million jobs in the United States.

We are now getting far more out of developing countries than we ever put into them in the form of foreign assistance. For example, total U.S. economic assistance to Latin America between 1947 and 1995 came to a little over \$30 billion.



Yet, in just one year, our exports to Latin America are now two and one-half times that amount.

#### A Bright Future

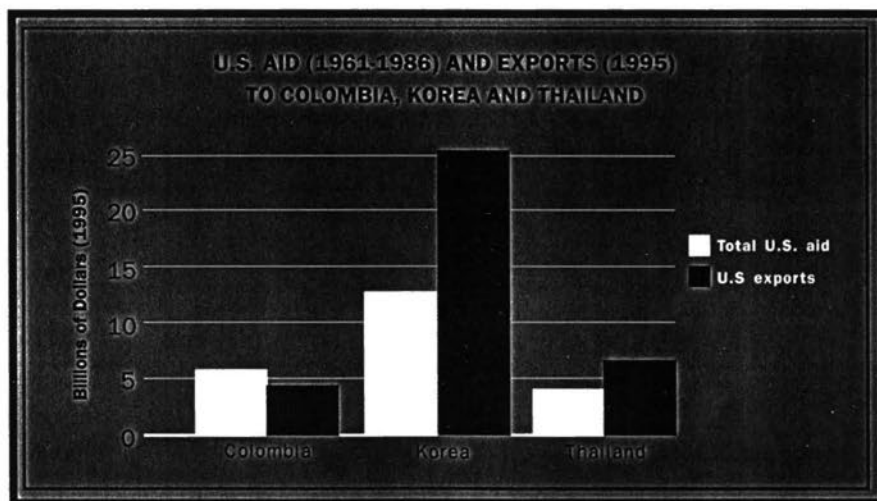
One of this century's indisputable lessons is that nations only prosper to the extent that they engage economically in the world. If the United States can heed this lesson, our economic growth in the next century is almost assured. By the year 2000, four out of five people in the world will live in developing countries. If current economic growth rates in, say, Africa are sustained—and if we continue our modest assistance programs to that continent—the United States could export \$50 billion worth of goods and services each year to Africa alone by the year 2025. In constant dollars, this is almost three times what we export today, and it represents over a million future jobs for Americans. Put another way, it could mean a return of \$600 per American family. If we could help Africans achieve even more dramatic growth, the return to each family could reach \$2000 annually.

Already, with market growth rates ten times those of traditional U.S. markets in Europe and Japan, developing world markets are boosting U.S. exports in several sectors important to our economy: high-value goods, agriculture, and ser-

vices. When we export high-value goods, such as computers, energy and environmental systems, and communications equipment, we not only create more jobs, we create high-paying jobs that keep America on the cutting edge of critical technologies. And, in an age when many U.S. farms are struggling to keep afloat, the increase in exports to developing countries is nothing short of a godsend.

Developing countries are also increasing their demand for services provided by U.S. companies—everything from financial services to retailing, from higher education to entertainment, hospital services to tourism. The service sector of the U.S. economy is growing rapidly: Within ten years it may equal, if not exceed, the merchandise trade. And this is a good thing for the United States, because Ameri-

**We now export more to South Korea in just one year than we gave that country in foreign assistance throughout the 1960s and 1970s.**



**AGRICULTURAL RESEARCH PROJECTS—ONCE THE STAID PRESERVE OF MIDWESTERN UNIVERSITIES,** but now conducted in a dynamic partnership with institutes and communities in developing countries—benefit the United States and contribute to its economic growth. Our foreign assistance program sponsors projects to develop scientific breakthroughs in battling crop pests, creating new plant strains, and increasing crop yields, all of which save U.S. farmers millions of dollars annually and boost U.S. exports of all kinds.

When USAID-funded research improves methods of agricultural production, farm family incomes in developing countries rise. This in turn allows these families to buy more of what they need to produce larger crops—seeds, tractors, processing machinery, and pesticides. Also, their demand for high-value crops such as wheat, which they likely are not able to produce themselves, rises dramatically, too. If Americans are the ones showing them how to utilize this research, the farmers will likely buy their food, equipment, and non-agricultural consumer goods from the United States. In fact, nine out of ten leading importers of U.S. commodities are former recipients of food assistance, including South Korea, Malaysia, Taiwan, Greece, Brazil, and Mexico.

Agricultural research abroad, through U.S.-funded Collaborative Research Support Programs, also helps American farmers do their jobs better at home, saving them millions of dollars. For instance, the discovery of a parasite resistance for sheep has saved U.S. lamb producers in Colorado, California, Montana, Texas, Utah, Wyoming, and New Mexico \$40 million annually.

Tamspan 90 is a new peanut variety developed by a foreign assistance-funded research program. This \$350,000 program—only partially funded by the U.S. Government—has worked wonders on at least two continents. Not only is the disease-resistant technology behind Tamspan 90 projected to give Senegal a much-needed yield increase worth \$18 million, it has already saved farmers in Texas and Oklahoma, where the peanut was planted in 1994, over \$11 million. Similarly, by investing \$5 million in new insect-resistant sorghum varieties developed by researchers in Washington state, our foreign assistance program has been able to save American sorghum producers \$389 million annually.

Although our research partners do tend to import more agricultural products from the United States as a result of our collaboration, the economic benefits are much more widely cast. A recent study by the International Food Policy Research Institute has shown that for every dollar the United States invests in agricultural research programs in the developing world, the potential export market for U.S. goods and services expands by more than \$4. Encouraging the export of non-traditional foods—the mangoes, star fruit, and snow peas that weren't available in American supermarkets even ten years ago—from developing countries has an even greater impact on the U.S. economy: For every dollar the United States spends on this type of development effort, U.S. businesses earn \$8. Small amounts of money for agricultural research, then, mean big paybacks for U.S. businesses—not to mention higher-quality food and more jobs for American workers.



cans in the service sector tend to earn more than they do in traditional manufacturing jobs.

**Market Creation:  
the Work of Governments**

Markets for American products do not just "appear." They are *created* by myriad forces—and no economist has been able to come up with a magical prescription for the process. But thanks to our work in a group of developing countries in Asia, we are learning more about what is needed to create strong and viable markets.

The "East Asian miracle," as it has come to be called, refers to the spectacular growth in at least eight economies in East and Southeast Asia. The United States helped guide these countries through an experiment in the 1960s and 1970s, which taught us that economic growth has two major components. One is the integration of a country into the world economy. This means breaking down protectionist trade barriers, putting state-owned industries into the able hands of the private sector, and reforming tax and investment codes to provide fertile soil for foreign and domestic investment.

The other component, although no less important, is often overlooked: investment in human capital. The countries that the U.S. encouraged to invest in human re-

sources—mainly through education and training—are now blessed with more productive and enterprising citizens. This in turn has meant better customers for U.S. goods: The very countries where the United States helped institute education reforms during the 1960s and 1970s are now among the top importers of U.S. goods and services.

Most of the foreign assistance that we spend on developing countries today goes toward making them good customers tomorrow. U.S. economic assistance helps build the kind of physical and human infrastructure necessary to foster trade and attract private investment. In this way, the U.S. Government lays the groundwork for America's private sector.

Based on what we've learned about economic development, U.S. foreign assistance now focuses on six key elements of reform. Each of these elements, naturally, has important implications for the countries we are assisting, but the returns to the U.S. are equally significant.

**1. Encouraging reforms  
in overall economic policy**

When we help an economy reform by opening it up to U.S. trade and investment, we acquire a new group of potential customers.

**The one unambiguous lesson of the last forty years is that increased participation in the world economy has become the key to domestic economic growth and prosperity.**

**Peter Drucker  
*Managing in a  
Time of Change***





In the Czech Republic, for instance, the U.S. Government has assisted in the transition from a command economy to a free market system. Since these reforms began in 1990, the United States has helped the Czech government create a healthy economic environment for investors, one which includes a balanced government budget, low inflation, and low unemployment. In fact, the Czechs have closed almost \$2 billion in deals with foreign investors—30 percent of which went to American companies. And with over 10 million mostly urban and well-educated consumers, reforming the Czech economy has meant an 11 percent increase in U.S. exports between 1993 and 1994.

In the Philippines, the United States has encouraged the government to remove burdensome trade regulations, reform the financial sector, and build links between U.S. and Filipino businesses. These reforms, in addition to the country's ratification of the General Agreement on Tariffs and Trade, have meant a dramatic expansion of trade. As reforms took hold in 1992, American exports to the Philippines increased 28 percent from 1992 to 1993. This rate was nearly matched in 1995, and it is now estimated that for every one percent increase in the growth of the Philippine economy, the United States sees a five percent increase

in its exports to that country.

Finally, USAID's Housing Guaranty Program has helped many private U.S. investors gain entry into emerging capital markets. The program extends guarantees to American investors who make loans to developing countries for housing and environmental infrastructure projects. With U.S. Government backing, many investors have established a foothold in countries as diverse as South Africa, Indonesia, Morocco, Chile, Poland, the Czech Republic, and Hungary. The program has leveraged close to \$3 billion from private investors for housing and community development projects, while related technical assistance programs have helped establish market-oriented policies, lending institutions, and secondary mortgage and municipal bond markets in developing countries.

## **2. Reforming trade policy**

With U.S. economic growth so dependent on exports, we have a real interest in helping other countries dismantle laws and institutions that prevent free trade.

The United States helped Ethiopia to eliminate state control of imports and freight transport, and encouraged the government to liberalize the pricing and marketing of fertilizer. As a result, private sector imports of fertilizer doubled between 1993 and 1994, allowing



U.S. companies to export \$18 million in fertilizer and vehicles to Ethiopia in 1994.

In Guatemala, the United States has encouraged the development of a variety of new export businesses, such as specialty fruits, vegetables, flowers, and plants. The resulting economic growth has created an outward-looking middle class and thousands of jobs, increasing the buying power of poorer Guatemalans. The Guatemalans' preference for American products—a result of our long-standing presence in the country—has meant a 19 percent increase in U.S. exports every year since 1989.

### **3. Helping privatize state-dominated economies**

The dismantling of state-run industries—and their transition to privately owned businesses—is not only an essential ingredient of a true market economy, it is an important means of attracting foreign investment.

Helping a country to privatize opens up new investment opportunities for the United States (as in the Czech Republic), and creates an entire private sector with which to trade. In Poland, U.S. privatization efforts have focused on the telecommunications sector. With an initial investment of \$173,000, the U.S. has helped create com-

munity-owned telephone systems that are serving thousands of Polish families. The project has resulted in purchases of more than \$3 million worth of U.S. goods and equipment—a 17 to one multiplier effect.

In Indonesia, there have been even more dramatic results: A \$3 million U.S. Government investment to support privatization of the energy sector has led to a \$2 billion award to an American firm for Indonesia's first private power contract. In fact, the U.S. foreign assistance budget has made U.S. dominance in the global market for private energy possible.

### **4. Establishing fair business practices**

U.S. companies cannot operate successfully abroad in countries that lack fair business codes, viable stock markets, sensible tax codes, and the rule of law. Foreign assistance helps create the stable and transparent business environment that U.S. companies need in order to do business.

Indonesia's commercial code dates back to the 1860s and is written in Dutch. We are helping the Indonesian government rewrite that code to reduce the barriers to private investment and decrease the risks and costs associated with business transactions. Indonesia requested our assistance in

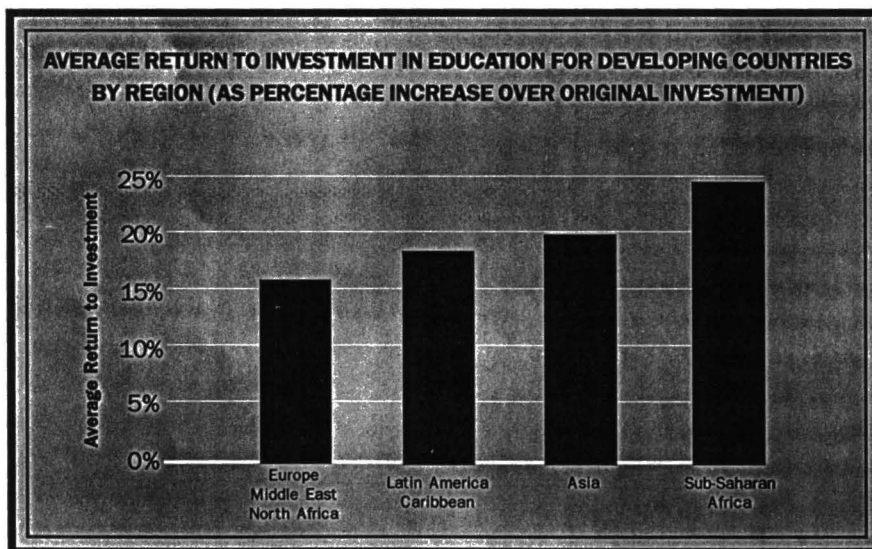
**An initial U.S. commitment of \$15 million in technical assistance to privatize the energy sectors of developing countries helped build a \$50 billion annual market for private power. This market could yield almost one million jobs in the United States if we remain a competitive force in development assistance.**

a broad range of economic areas, including tax reform, the development of commercial law and business services, and the examination of government procurement policies. It should come as no surprise that, with new legislation in place, U.S. exports to Indonesia are expected to grow from \$3.3 billion in 1991 to over \$6 billion by the year 2000. We are helping Russia and the states of the former Soviet Union make similar changes in their business practices.

#### **5. Educating a new class of consumers**

When the United States helps educate a population, we develop a solid middle class with a vested interest in seeing economic reforms succeed—and the purchasing power to buy American goods.

Poor people make poor customers. And nothing keeps poor nations poorer than illiteracy. Basic education has been shown to be the most essential ingredient for economic growth: Each year of schooling beyond the third grade can increase wages by up to 20 percent—much more than any investment in roads, dams, or bridges. South Korea's economic success is attributed in part to the revolutionary education reform that the United States helped introduce in the 1960s. With our help, universal primary education was made a central focus of South Korea's economic development program. The result has been annual growth rates of about seven percent since the 1960s and an export market for U.S. goods that increases by over 12 percent each year.



Source: George Psacharopoulos, *Returns to Investment in Education: A Global Update*, Washington, D.C.: The World Bank

Indeed, investments in education have produced extraordinarily high returns in developing countries in all regions. These returns, expressed as a percentage increase over the original investment, range from a low of 15 percent in Europe, the Middle East, and North Africa, to a high of nearly 25 percent in Sub-Saharan Africa. Among 22 Asian, African, and Latin American countries, the rate of return to *primary* education averages 27 percent. And as the incomes of these newly educated citizens rise, so will our exports to them.

## **6. Building small businesses**

The development of micro-enterprise and small businesses can rapidly spur economic growth. By making small loans (often less than \$100), community-run lending programs administered by the U.S. Government expand small businesses and increase per capita income in developing countries.

Americans know the importance of small businesses. They are the foundation of our communities, and of our national wealth. U.S. Government efforts to build small enterprises in the developing world through loan programs help us in several ways. These programs create new jobs in poor communities. Increasing incomes in these countries means that more people will import more goods. And if we've given them some seed money to start up banks from which small businesses can borrow, they are more likely to buy American goods.

In Bolivia, Niger, Bangladesh, and Senegal, U.S. microenterprise development programs have helped start just such a process. Microenterprises help sustain the small businesses that may already be importers of U.S. goods, encouraging them to import more. The Bolivian Banco Solidario became the first full-fledged commercial bank in Latin America dedicated to microbusiness. The bank now

serves about 44,000 small Bolivian businesses, with loans averaging about \$200 each. Since 1990, exports to Bolivia have risen 34 percent. In Niger, U.S. foreign assistance has helped more than 100,000 families organize into 150 new cooperatives, disbursing \$4.5 million in small loans, with 95 percent repayment rates, assisting over 21,000 small new businesses and creating approximately 120,000 new jobs. This has meant a near quadrupling of U.S. exports to Niger between 1988 and 1995.

In short, emerging markets just don't "emerge" out of thin air: they result directly from our assistance programs, which foster an environment in which American trade and investment can prosper in developing nations. Already we are benefiting from a new generation of trading partners, many of them former assistance recipients.

Withdrawing from the world by reducing foreign assistance, therefore, would mean more than lost opportunities for new jobs at home now, it would mean fewer jobs in the future. The overriding economic lesson for the twenty-first century is that the U.S. economy is only as strong as the ties we forge with other countries. We will create more, higher-paying jobs only if we continue to help other countries grow stronger eco-





**At Caterpillar, our entire strategy is focused on what we believe to be three fundamental truths: belief in the economic and political benefits of free trade, the inevitability of a world economy in a global democratic society, and the absolute necessity of a company to be globally competitive if it intends to be a long-term player.**

**Donald V. Fites  
Chairman and CEO  
Caterpillar, Inc.**

nomically as well. The returns to the United States are clear: World-wide, 43 of the 50 largest buyers of American farm goods today are former recipients of U.S. food assistance. In the 1980s alone, U.S. market share in Latin America grew to 57 percent, but in the six countries where we concentrated our assistance, the U.S. share was a whopping 71 percent.

Developing countries are the growth markets for a new century. If the United States is not there now helping these countries to prosper, another country will be and American jobs will go elsewhere. Shouldn't we be doing more, not less, to prevent this from happening?

## **II. Stable Democracies Make Great Trading Partners**

A second important lesson of the last fifty years pertains to the relationship between democracy and economic prosperity: It pays to invest in the stabilization of democracies around the globe. In fact, historical experience suggests we should be doing a lot more of it. Chaos is the great enemy of trade—indeed, of economic development. We have much to gain by nurturing struggling democracies, and much to lose if we neglect them. Political stability helps to create secure investment opportunities and prosperous trading partners. Growing trading partners are

able to buy more American products, which means more jobs for Americans.

The United States has a long history of ensuring political stability around the world and it has paid off handsomely. Our modern foreign assistance program began with the 1947 Marshall Plan, which helped rebuild Western Europe after World War II. The height of the program came in 1949, when the United States provided more than \$50 billion (in today's dollars) in aid—at the time, well over three percent of America's gross domestic product (GDP). Compare this to the current foreign assistance budget, which weighs in at less than two-tenths of one percent of GDP.

It is inconceivable today, but there was a moment in 1947 when the U.S. might have wavered, when we almost chose not to tackle the seemingly monumental task of reconstructing Europe, still devastated from the war. America itself was physically and psychologically exhausted. Although we had learned the importance of engagement in the world, we were in the mood to retreat, to focus on domestic concerns and forget about our allies across the ocean. But some had the courage to decide otherwise; they knew the stakes. Could the United States afford to live with a whole continent of countries teetering on the edge of

collapse, its economies destroyed by war, political institutions wracked by self-doubt, and societies plagued by civil unrest? With only one-fifth of the public behind him, President Harry Truman made a commitment to help Europe, and today European countries are democratic and prosperous as a result. They also are staunch allies and excellent trading partners.

In Korea, American leaders knew the stakes. President Dwight Eisenhower realized that, as tired as the country was after the Korean War, we faced the choice of helping to create a stable and democratic regional player or risking continued conflict on the Korean peninsula. Few today realize that forty years ago, South Korea was a rural and largely illiterate peasant society. American assistance focused on not only building a modern physical infrastructure, but also helping South Korea to develop an excellent educational system. Today, of course, it is a major producer of high-technology products and one of the United States' fastest-growing export markets—not to mention an aid donor itself. South Korea now buys U.S. goods each year worth triple the amount of assistance we provided in the decade after the Korean War.

Today, yet another group of countries is struggling to emerge suc-

cessfully from a difficult post-war transition. The countries of Central and Eastern Europe need our assistance, not to rebuild roads and bridges, but to open up their societies, political systems, and markets as they make the transition from communist states to democracies. Again, the stakes are enormous, and again, many Americans would rather retreat within our borders and reap a "peace dividend" from the Cold War's conclusion.

If we heed the lessons of the past and choose to assist the countries of Eastern and Central Europe to create new institutions and legal frameworks and to establish policies conducive to trade and investment, these countries will be able to function effectively in the world economy. Already, the benefits to the United States are clear: U.S. trade with the region has more than doubled since 1986, and has the potential to multiply dramatically. Private U.S. investment in the region, previously non-existent, has risen to nearly \$14 billion. By the year 2010, this region will contain an estimated 421 million well-educated consumers—a market well worth the relatively minor investment we are now making. History has shown time and again that the risks of inaction are high, while the benefits of assistance are great.



### III. Our Stake in the World

The East Asian miracle taught that involvement in the world economy is the key to economic growth, even more so for developed trading nations like the United States. But the interdependence of nations means dangers as well as opportunities.

American businessmen can fly all over the world to secure trade and investment agreements that increase jobs at home. But the Ebola virus is also just a plane ride away. American families are increasingly concerned about purchasing "environmentally friendly" products. But in 15 years, more emissions will enter the U.S. environment from the developing world than from processes and products within our own borders. And we may think that overpopulation remains a problem only for a few African and Asian countries. Yet migrants from Latin America have already put severe strains on social services in parts of the United States. How would our grandchildren cope with a mass influx of people desperately searching for food and safe drinking water?

Interdependence is a double-edged sword. Modern technology makes close economic relationships with other countries possible. It also makes us vulnerable to the growing pains of developing

societies. It is essential to continue to devote some foreign assistance to eradicate deadly disease, stem the tide of environmental destruction, and control the world's population growth. These global problems are our problems, too.

#### Health

If there is one thing that the AIDS epidemic has taught us, it's that diseases are oblivious to national borders. And diseases can cripple economies: Estimates put the global cost of HIV/AIDS at \$500 billion by the year 2000. Using foreign assistance to help eradicate disease means that developing economies can perform at their most productive levels, increasing their economic growth rate and accelerating their ability to purchase U.S. goods. It also saves the United States money directly—\$120 million in the case of smallpox—by enabling us to avoid vaccinating our own population or conducting border checks.

Just as the foreign assistance budget backed the successful international campaign against smallpox, it is working hard now to eliminate polio by the year 2000. Polio has already been wiped out in the Western Hemisphere, and we are now helping to immunize children in the rest of the world to make sure that polio never kills another American child again. It is the foreign assistance budget, too, that



helps us stem the threat to the United States of infectious diseases like tuberculosis, AIDS and the Ebola virus.

### **Environment**

Americans have become increasingly aware of the fragility of the environment. So much so that we are now willing to spend approximately \$150 billion a year combating pollution and global warming at home, because we know that a healthy environment is essential for our future prosperity, and for the living standards of our children.

Environmental degradation is becoming less and less a product of our own negligence and more and more the result of urbanization and environmental mismanagement in developing countries. Chemical emissions in Poland destroy "our" ozone layer, too, and forest depletion in Madagascar contributes to global climate change. We know this, and yet only a fraction of what we spend at home—four-tenths of one percent, to be precise—is spent overseas to protect Americans against environmental threats. This is especially unfortunate because we can get more bang for our buck in developing countries: Americans get four times as much pollution relief per \$1 spent in Brazil as we do trying to wring the last bit of emissions out of industry here at home.

In addition to being cost-effective, protecting the environment abroad could mean the creation of millions of high-paying jobs in the United States. The market for environmental goods and services—from pollution monitoring devices to water-treatment technologies to air quality control mechanisms—is already \$300 billion, and it is growing by about eight percent a year, mainly in developing countries. The market in the former Soviet Union alone is expected to grow by more than \$60 billion over the next three years. By the end of the decade, the global market for environmental goods and services is expected to reach \$500 billion, mostly in developing countries. This increase could result in another 10 million American jobs.

### **Population**

The world's population is increasing by one Mexico a year. This will have a strong impact on the United States, probably not next year or the year after, but in the coming decades. The problems caused by overpopulation—itsself a product of poverty—are numerous. The faster a population grows, the fewer people can access increasingly scarce resources, like electricity, clean water and food, and social services, such as education, health care, and sanitation. This can lead to political instability, and often armed conflict, as people fight for

**By the end of the decade, the global market for environmental goods and services alone is expected to reach \$500 billion, mostly in developing countries. This increase could result in 10 million American jobs.**





basic needs; resource depletion and environmental degradation ensue. We've seen this occur repeatedly in recent years—think of Ethiopia, Rwanda, Haiti, Sudan, and Algeria. One consequence, floods of refugees, can affect us and our trading partners directly. The other consequences, lost opportunities for economic development, become evident soon enough but are impossible to recoup.

Foreign assistance dollars in Kenya are responsible for one of the most dramatic declines in fertility ever recorded. The total fertility rates in Kenya—the number of children a woman can be expected to bear in her lifetime—dropped from 8.1 in 1977 to 5.4 in 1994. U.S. exports to Kenya more than doubled during this same period, partially because slower population growth meant an increase in Kenya's per capita GDP, and higher per capita incomes usually result in a higher level of imports. Over the past 35 years, the average number of children per family in the developing world has been reduced by one third, from six children to four. By devoting resources in the foreign assistance budget to slowing population growth, we are investing in our own future.

By assisting developing nations that are fighting against overpopulation, disease, and environmental

degradation, the United States not only encourages their economic development, and therefore our own economic growth, but makes sure that the problems they face today don't become our problems tomorrow.

#### **FOREIGN ASSISTANCE: INVESTING IN OUR FUTURE**

The United States has been providing assistance overseas for nearly 50 years now, and we've learned a number of lessons from it. We now know how to help developing economies grow; implementing this wisdom creates jobs in the United States. We also know that investments in political stability around the world yield high rates of return. And we know that a host of new threats in developing nations can cause serious problems for the United States, not the least of which are economic in nature. We know all these things, and yet some still want to cripple the best instrument we have for achieving economic growth, the foreign assistance budget.

The relatively small amount of money we spend on foreign economic assistance—less than one percent of our total budget—serves as an engine of our future economic growth. In addition to the hundreds of thousands of American workers who owe their jobs to the purchase of goods and services used in foreign assis-

tance programs, millions more benefit when these aid recipients turn into paying customers. Whether it is the farmer in Nebraska, the tractor builder in Indiana, or the computer engineer in Seattle, Americans are increasingly dependent on the global economy for their livelihoods.

Other developed countries are in similar situations, deeply aware that increasing participation in the world economy is the key to economic growth and prosperity at home. U.S., European, and Asian companies are vigorously competing for the world's emerging markets, upon which future jobs depend. Our children will either suffer from our loss or reap the benefits of our victory in this struggle for markets in developing regions.

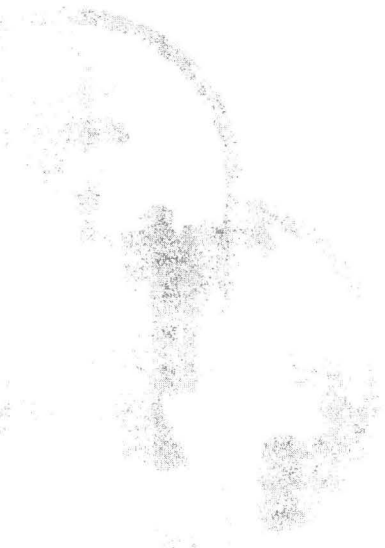
Although it is ultimately the private sector that will determine the winners and losers, national governments have the influence and the resources to create favorable environments for their nation's companies. The policy reforms encouraged by the U.S. Government can determine the pace of a developing country's economic growth and hence the speed with which U.S. companies can prosper in its markets. By helping countries to reform their economic policies, liberalize trade, privatize industries, educate and train workers, and build small businesses, the U.S.

Government paves the way for future sales by U.S. companies. And by engaging nations in the initial phases of their economic development, the U.S. conditions these countries to look for American products—increasing our exports, our growth, and the number of our new jobs.

Thirty years ago, most East Asians were as poor as Africans. They did not become rich from charity—private or otherwise—but because the U.S. Government, in many cases, persuaded their governments to adopt sound economic policies. Ghana and South Korea were not far apart economically in 1960. Several years later, with the help of American know-how, technical assistance, and policy reforms, South Korea's economy took off. Ghana went in the opposite direction and hit bottom in 1983. Since then, the United States and the World Bank, in particular, have helped Ghana get back on its feet, but the United States has paid a price: Years of missed export opportunities have cost an untold number of American jobs.

Today, the countries of Eastern Europe and the former Soviet Union are the next potential "tigers." With minimal—mainly technical—assistance, these new markets will grow rapidly. We should be there when it happens. With highly edu-





cated consumers and physical infrastructure largely in place, these countries are already increasing imports of Western goods. We need to make sure that more of those goods are American than German or Japanese. The United States has an economic imperative to stay engaged in the world.

If Eastern Europe is the present, Africa is the future. Its per capita income today is 80 percent of the per capita income of Malaysia, Indonesia and Thailand 35 years ago, and Africa has four times the number of people those Asian tigers had then. At its current growth rate, the total African market would amount to \$267 billion in today's dollars by 2025. Even if we do no more than maintain our current 10 percent share of that market, this growth would create a million new jobs for Americans. If we can increase that share, the returns will be even greater. If we can increase the growth rate, by helping African countries to fight disease yet stem population growth, to educate their people, and to adopt policies that encourage investment and rapid economic growth, the benefits for Americans could be tremendous.

#### **How Much Should We Invest for Future Growth?**

In the past, some advocates of foreign assistance have argued that the United States should invest a

certain proportion of its national income in developing countries. They point out that several advanced nations provide over one percent of their GDPs for foreign economic assistance, while the United States devotes less than two-tenths of one percent. While useful as a measure of what a nation sets aside for foreign assistance, the GDP target suggests to some that foreign assistance is a gift, to be bestowed by the world's richest on the world's poorest.

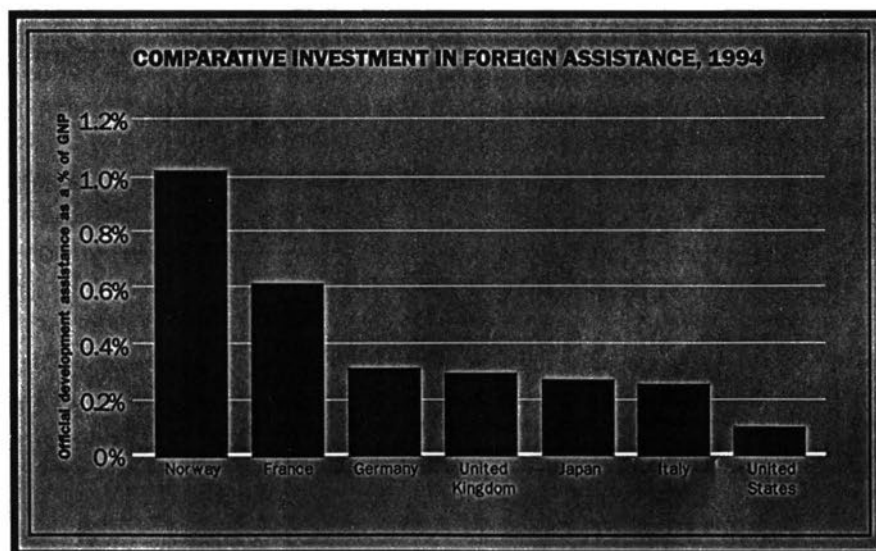
As we have seen, however, foreign assistance is an investment—a means of creating future markets for American goods and services, and therefore of creating jobs in the American economy. Instead of looking at foreign assistance as a sort of tithe, we should consider how the level of our foreign assistance today affects our exports and private investment in recipient countries tomorrow. Our competitors have clearly done so: Most of them are making a far more prudent investment in their future economic growth.

The United States spent relatively more on foreign economic assistance in the 1960s and early 1970s than it does today. The economic activity we are now seeing in the developing world—a steady rise in U.S. exports to developing countries as well as an increase in U.S. private direct investment in

these countries since the mid-1980s—is tightly linked to the work the U.S. Government carried out in these countries in the 1960s and early 1970s. Foreign economic assistance then ranged from three to six-tenths of one percent of our gross national product. The burgeoning trade and investment activities we are witnessing now could not have occurred without the foundation that was laid then.

The fast-paced, technology-driven world in which we live has conditioned us to expect economic efforts to yield immediate results. But you cannot build a school or a hospital in Ghana one day and see an increase in U.S. exports to that country the next; nor can you devise a new tax code for Poland and expect private direct investment to skyrocket overnight. The greatest challenge in the development process is to change human behavior: New business partnerships must be forged in response to an improving business climate, a generation of young men and women must be educated and introduced to the work force. Small enterprise development can be a slow and painful process in a country unfamiliar with market economics. These things take time, but the payoffs to the U.S., in the end, are enormous.

We've seen remarkable growth in the U.S. economy in the last 20 years, and a large part of that growth is due to trade and investment with partners groomed by our foreign assistance. It would be wrong-headed for us to rest on our economic laurels now. If we decide that the American economy is doing just fine without the stimulus provided by economic assistance abroad, we will be stunting the economic prospects for our children and their children after them. U.S. foreign assistance programs are currently at their lowest levels, in real terms, in over 50 years. The economic consequences in the United States of a continued decline in U.S. foreign assistance could be serious. Indeed, in the next twenty years we could see a steadily declining share for American products in the markets of the future.





Ensuring a healthy American economy requires a partnership between government and business. Business, naturally, has the larger role, but the government can and must facilitate the process, because it alone has the resources and influence necessary to develop human resources, build infrastructure, open export markets, and solve such global problems as environmental degradation and disease.

It doesn't take a huge amount of foreign assistance to leverage American business—just look at the last twenty years: The relatively modest amount of economic assistance we gave in the 1960s and 1970s has helped achieve a massive increase in direct investment in the developing world, and an even larger growth in U.S. exports to those countries in the 1980s and 1990s. Why wouldn't we want to repeat this performance? We can, but we must do more than arrest the decline in foreign assistance that we have seen over the course of the last decade. We must reverse the trend. At the very least, our goal should be to match the mean level of total U.S. economic assistance of the 1960s—about \$18 billion a year in constant 1995 dollars, an increase of about 50 percent from this year's expenditures.

Of course, this money must be used wisely. It must be used to facilitate structural economic reforms and open markets for U.S. goods and services. It should be used to educate people and help them start small businesses. And we need to spend more to help the developing world combat environmental, health, and population problems before they become our own. U.S. foreign assistance must also be targeted geographically, at countries that have the greatest growth potential. Just as U.S. economic assistance in the 1960s helped to create the tigers of East Asia in the 1980s, and just as the U.S. bolstered the emerging economies of Latin America in the 1970s, we must now look to the economic frontiers of the future: Eastern Europe, the new republics of the former Soviet Union, the Caribbean nations, and Africa. Their growth will be our gain.



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