

## EXECUTIVE OFFICE OF THE PRESIDENT

96 AUG 20 P 8 : 52 FACSIMILE TRANSMITTAL SHEET

Date: August 20, 1996

To: Todd Stern

Number of pages, including cover: 2

Fax number: 6-2215

Comments: Message for tomorrow's service; fyi -- some lang. from Eglin/Patrick remarks, which Hawkins knows. Please let me know what you think. Thanks.

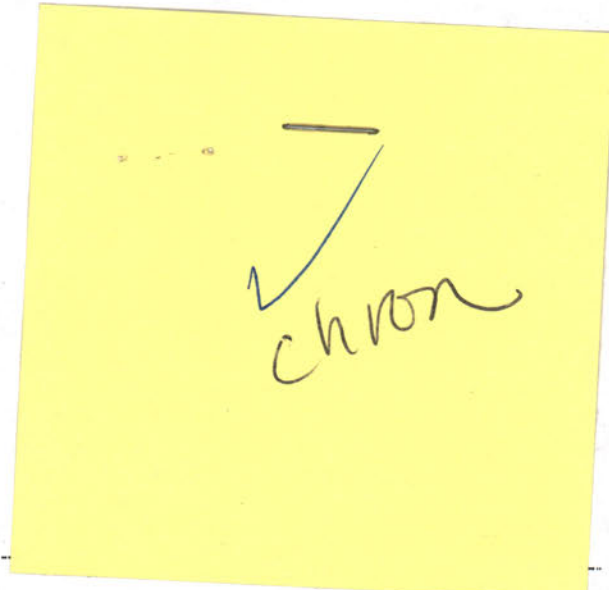
P.S. I intend to date this 8/21, as it will be carried by an Asst Secretary of Defense.

  
From: Jim Dorskind

Special Assistant to the President  
Director of Correspondence and Presidential Messages  
The White House  
Washington, D.C. 20502

Phone: 202-456-5460

Fax: 202-456-2993



✓  
chron

DRAFT

8/20  
8:45 PM

Hillary and I wish that we could be with all of you this morning, as you remember the members of the Seventh Wing who lost their lives last weekend ~~on a quiet Wyoming mountainside~~. We share your grief profoundly, and our hearts go out to you at this difficult time.

Today we honor nine of our best, eight Air Force officers and airmen, and a member of the Secret Service accompanying them, all of whom gave their lives in the service of our nation. To their families and friends -- and to the entire Dyess Base family -- I know I send along with my family's thoughts and prayers those of all Americans.

of sorrow and loss,

~~More words are not enough at this moment, and nothing can ever fill the void in your lives that the loss of each of those brave souls has left. But I hope you can find some solace in their courage, in their commitment to service and country, and in the love and respect they engendered from so many others, love and respect that will help carry you through the hard days to come.~~

The men and woman we mourn at Dyess today made the most of their lives. And they made all the rest of our lives richer and safer. We are saddened by their passing. But the bright light of their devotion to America still shines, and Hillary, Chelsea, and I will always remember them for their selfless efforts on our behalf: Captain Kevin Earnest, Captain Kimberly Jo Wielhouwer, First Lieutenant Benjamin Hall, Senior Airman Ricky Merritt, Staff Sergeant Michael Smith, Jr., Staff Sergeant Michael York, Senior Airman Billy Ogston, Airman Thomas Stevens III.

May they now rest in the warm embrace of God, and may He bring peace to their families and their loved ones. ~~And may God bless the country for which they gave the last full measure of their devotion.~~

S.S.  
not  
mentioned  
here?

Is service for  
Secret Service too?

8/20/96

THE PRESIDENT HAS SEEN

8-20-96

Dr. Stiglitz

# WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

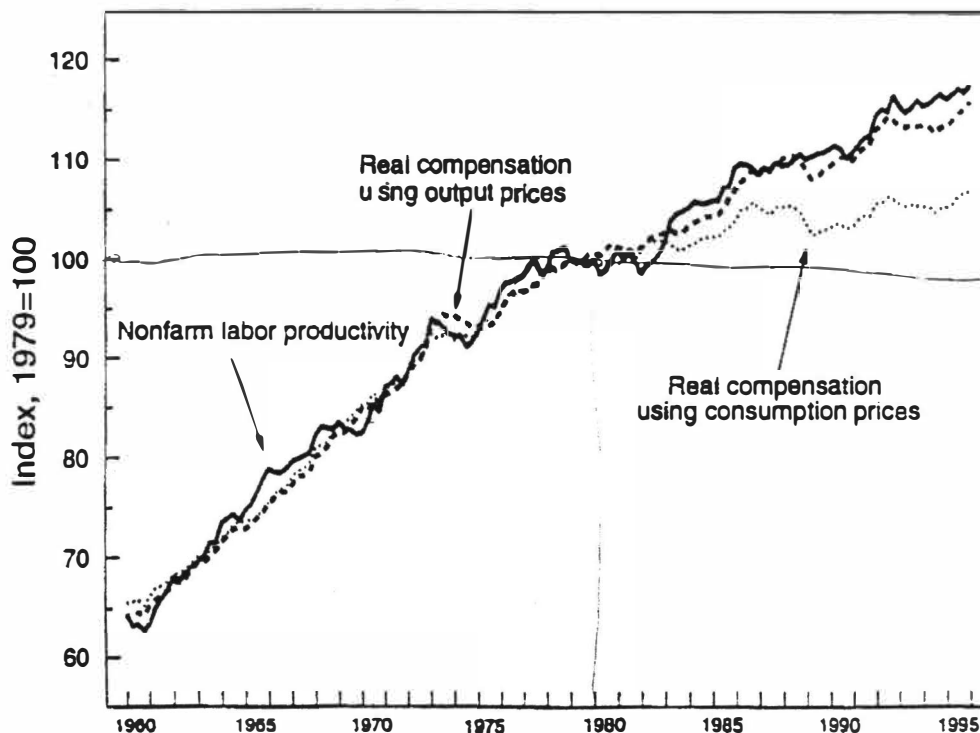
August 9, 1996

180739

9006 9 A 9:39

## CHART OF THE WEEK

### Real Compensation and Productivity



Productivity is the key to rising real compensation (wages plus fringe benefits). When output prices are used to adjust for inflation, real compensation has grown roughly in line with productivity—as economic theory suggests it should have (see Weekly Economic Briefing, February 2, 1996). However, because the prices of goods and services workers consume have grown faster than the prices of goods and services they produce, real compensation computed using consumption prices has grown more slowly than productivity. Two Special Analyses in this Weekly Economic Briefing address trends in real income and compensation.

# CONTENTS

## SPECIAL ANALYSES

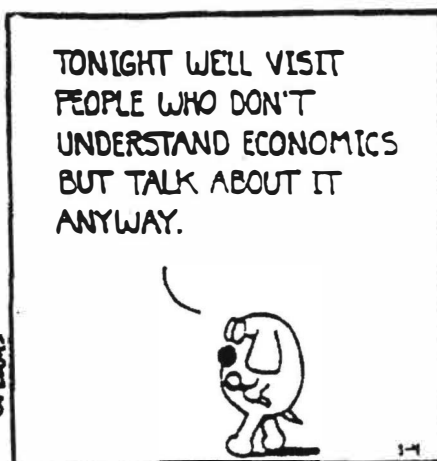
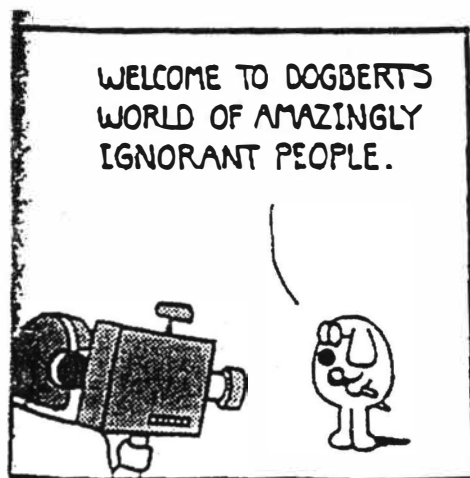
|                                                                                  |   |
|----------------------------------------------------------------------------------|---|
| Sharp Slowdown in Health Benefit Costs May Portend<br>Rise in Real Wages .....   | 1 |
| Average Income Is Up, But Median Income Lags Behind .....                        | 2 |
| Wage Differentials Show People Are Willing to Pay<br>to Do the Right Thing ..... | 3 |

## ARTICLE

|                                                |   |
|------------------------------------------------|---|
| Tax Policy in the 1980s: A Retrospective ..... | 4 |
|------------------------------------------------|---|

## DEPARTMENTS

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



## SPECIAL ANALYSIS

### Sharp Slowdown in Health Benefit Costs May Portend Rise in Real Wages

Although real wages have been essentially flat for the past 15 years or so, real compensation has grown at a pace consistent with productivity growth (see Chart of the Week). Sharp increases in the cost of fringe benefits, particularly employer-provided health insurance, left little room for wage increases over most of this period. But health insurance costs have slowed recently, possibly heralding a rise in real wages.

**Trends.** The chart shows trends in real compensation, wages, and employer health benefit costs as measured in the employment cost index (ECI), using the consumer price index to adjust for inflation. Like other measures of real wages, ECI real wages



have not moved much in a decade and a half (see Weekly Economic Briefing, August 2, 1996). Real compensation, by contrast, rose modestly between the mid-1980s and the mid-1990s, but it has leveled off recently.

Employer-provided health benefit costs, which more than doubled in real terms between 1982 and 1994, fell sharply after that. Possible reasons for this reversal include slower increases in the prices of medical care services, a shift toward managed care, increased premium cost-sharing with employees, and a reduction in the number of workers with employer-paid health insurance.

**Analysis.** In a textbook labor market, wages and fringe benefits are fungible components of total compensation. A rise in one component would be expected to lead firms to reduce another component in order to keep total real compensation in line with productivity. This is what appears to have happened in the 1980s and early 1990s when wages were held in line to compensate for sharply rising health benefit costs. Beginning in 1994, however, growth in total compensation has lagged trend productivity growth. To some extent, the sudden reversal in firms' health care expenses, and particularly smaller increases in the price of medical care, may have come as a surprise to firms. As firms adjust to the new fringe benefit cost structure, wages may begin to rise.

## SPECIAL ANALYSIS

## Average Income Is Up, But Median Income Lags Behind

Average real income has risen over the past two decades. But this increase largely reflects gains at the top of the income distribution. Real median family income, a better indicator of the experience of the typical family, rose 2.3 percent in 1994, but remains below where it was in 1979.

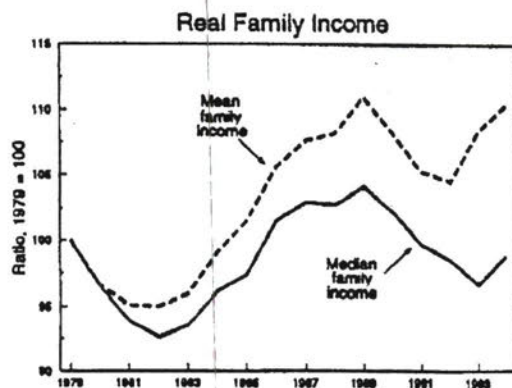
**NIPA data.** Data from the National Income and Product Accounts (NIPA) indicate that real disposable personal income per capita—income per person after taxes—rose 1.3 percent per year between 1979 and 1993 (see upper chart). It has risen 2.0



percent a year since the beginning of 1993, after 4 years of literally no growth. Overall, this income growth seems impressive, but the NIPA data only measure an average. They do not provide any insight into the distribution of income around that average.

**Current Population Survey.** Data from the Current Population Survey (CPS) are useful for studying the income distribution. The CPS uses a different

income concept from the NIPA (for example, average family income in the CPS excludes employer-provided fringe benefits, is calculated before taxes, and is affected by changing family structure). A key difference is that NIPA real incomes are typically computed using the GDP deflator, whereas consumer prices are used for the CPS. When comparable deflators are used, CPS average family income grows at about the same rate as NIPA real disposable income per capita.



But the CPS data allow us to measure more than just the average. They show that between 1979 and 1993 real mean family income rose 0.6 percent per year, while the median fell 0.2 percent per year. This pattern indicates that income inequality was increasing. In 1994, by contrast, the mean rose 1.9 percent, and the median rose a somewhat higher 2.3 percent, indicating a modest reduction in income inequality. Economic growth in

1995 should show up in further growth in mean and median family income when those data become available within the next 2 months.

## SPECIAL ANALYSIS

### **Wage Differentials Show People Are Willing to Pay to Do the Right Thing**

People often say they want to behave in a socially responsible way. But do they put their money where their mouths are? Evidence from labor markets suggest that they do—and perhaps women more so than men.

Economic theory suggests that if many of us prefer to act unselfishly rather than greedily, we should be willing to take less pay to work in a job we consider socially responsible. Companies that earn a reputation for social responsibility should be able to hire workers more cheaply than those with a bad reputation.

**It's not just what you earn; it's what you do and where you do it.** Substantial salary differentials, correlated with measures of social responsibility, confirm that people are willing to make considerable sacrifices to pursue broad social goals, according to recent studies of labor market behavior. One study uses a sample of 1986 and 1987 Cornell University graduates, and shows that holding academic training and performance constant, these students were willing to take a 14 percent pay cut to work in the government and a 52 percent pay cut to work for non-profits.

The researcher then added “social responsibility” ratings for jobs and employers, garnered from students in business ethics courses. He found that students took a 54 percent pay cut to work in the most socially responsible jobs compared to the least, and a 21 percent pay cut to work for the most socially responsible employers—even holding the profit/non-profit status of the employer constant. Combining the effects of occupation ratings and profit status, the study indicates that a “least responsible” job with a for-profit employer would have to pay as much as double the salary of a “most responsible” job with a non-profit employer.

Either unselfish conscience or a selfish interest in one's reputation could explain these findings, yet under either interpretation, they indicate a substantial willingness to pay for the “moral high ground.” This conclusion needs to be modified to the extent that “socially responsible” jobs or non-profit employers offer other non-wage benefits like greater job security or more flexible work hours in addition to a sense of “doing the right thing.”

**Another look at the gender gap?** The study finds that if one controls for types of courses taken, grades, and social responsibility ratings, the wage differential for males over females among the graduates in this data set becomes statistically insignificant. The results tentatively suggest that choices of courses and a lower willingness among males to pursue more socially responsible careers may contribute to male-female wage inequality. Another explanation for the finding could be that we tend to impute social responsibility to some occupations predominately filled by women that pay low wages.

## ARTICLE

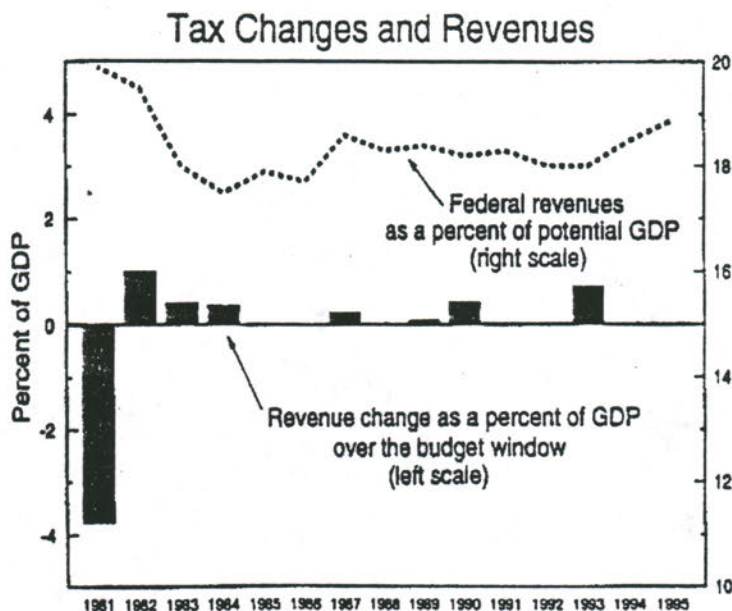
### Tax Changes Since 1980: A Retrospective

The \$548 billion tax cut proposal floated this week and the recent flurry of tax legislation from the Congress has focused economists' attention on the tax system. Compared to the tax cut enacted in 1981, recent proposals seem relatively small. The \$548 billion proposal works out to less than 1 percent of GDP a year, averaged over the 6-year budget window. Still, a large tax cut would reverse a 15-year trend of tax bills intended to staunch the tide of red ink from the huge 1981 tax cuts.

A number of points emerge from the chronology in the table on the next two pages.

- The Economic Recovery Tax Act of 1981 was expected to lose revenues averaging 3.6 percent of GDP per year over the 6-year budget window. Longer run revenue costs were estimated to be even larger, because the indexing provisions had a cumulative effect over time. For example, the estimated 1986 revenue costs of the 1981 legislation were more than 6.5 percent of GDP.
- Since 1981, Congress has enacted 10 major tax Acts. Revenues as a percent of GDP, which dropped sharply from their historic norm in the wake of the 1981 legislation, have returned closer to pre-1981 levels.
- The 1982 Act tax increases (0.9 percent of GDP) were roughly one-third larger than the tax increases contained in OBRA-93 (0.7 percent of GDP).
- The Tax Reform Act of 1986 was supposed to be revenue neutral but business tax receipts have fallen short of projections, because businesses found unforeseen ways to reduce their tax liabilities.

*And less progressive?*



*'And less progressive?'*

| Year | Tax Act                                          | Major Provisions                                                                                                                                                                                                                                                                                                                                            | Percent of GDP |
|------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1981 | Economic Recovery Tax Act (ERTA)                 | <p>Reduced individual tax rates (e.g., top rate reduced from 70% to 50%)</p> <p>Indexed tax brackets and other items for inflation (starting in 1984)</p> <p>Provided very accelerated depreciation deductions and 10% investment credit</p> <p>Greatly expanded availability of IRAs</p>                                                                   | -3.76          |
| 1982 | Tax Equity and Fiscal Responsibility Act (TEFRA) | <p>Reduced generosity of depreciation deductions and effective size of investment tax credit</p> <p>Repealed "safe harbor" leasing</p> <p>Increased information reporting on economic transactions</p>                                                                                                                                                      | +0.93          |
| 1982 | Highway Revenue Act                              | Increased motor fuels excise tax by 5 cents per gallon                                                                                                                                                                                                                                                                                                      | +0.08          |
| 1983 | Social Security Amendments of 1983               | <p>Accelerated tax rate increases already scheduled for 1990</p> <p>Increased payroll taxes on self-employed</p> <p>Included Social Security benefits in taxable income for the first time</p>                                                                                                                                                              | +0.41          |
| 1984 | Deficit Reduction Act of 1984                    | Contained many items – including a reduction in income averaging benefits                                                                                                                                                                                                                                                                                   | +0.36          |
| 1986 | Tax Reform Act of 1986                           | <p>Reduced individual tax rates (e.g., top rate reduced from 50% to 28%)</p> <p>Increased EITC</p> <p>Increased standard deduction and personal exemption amounts</p> <p>Eliminated some deductions (e.g., sales tax)</p> <p>Limited deductible tax losses</p> <p>Repealed investment tax credit and introduced less accelerated depreciation schedules</p> | -0.01          |

|      |                                                     |                                                                                                                                                                                                                                                                                             |       |
|------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1987 | Omnibus Budget Reconciliation Act of 1987 (OBRA-87) | Contained numerous relatively small tax increases                                                                                                                                                                                                                                           | +0.23 |
| 1988 | Technical and Miscellaneous Revenue Act of 1988     | Extended expiring provisions<br>Created tax incentive for using savings bonds to pay for educational expenses                                                                                                                                                                               | +0.00 |
| 1989 | OBRA-89                                             | Extended expiring provisions<br>Contained numerous small tax increases                                                                                                                                                                                                                      | +0.08 |
| 1990 | OBRA-90                                             | Extended expiring provisions<br>Increased EITC<br>Added 31 percent tax rate for individuals<br>Increased motor fuels tax by 5 cents per gallon<br>Increased Medicare wage cap to \$125,000                                                                                                  | +0.42 |
| 1993 | OBRA-93                                             | Increased income tax rates on high-income individuals<br>Repealed Medicare wage cap<br>Increased portion of Social Security benefits subject to income taxation<br>Expanded EITC<br>Increased maximum corporate tax rate to 35 percent<br>Increased motor fuels tax by 4.3 cents per gallon | +0.70 |

Notes: Estimated revenue changes are expressed as a percent of GDP over the relevant budget window to facilitate comparison between tax acts. Generally, the budget window is 6 years long, but is only 3 years for the 1987 and 1988 Acts.

## BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

**Beige Book Reports Moderating Growth and Stable Inflation.** The U.S. economy continued to grow during June and July, but the pace of growth is beginning to moderate according to new reports from Federal Reserve district banks. They report little sign of wage or price pressures. Retail sales have slowed in most districts, particularly for durable goods such as home furnishings and electronics. Most districts report continued growth in manufacturing, including some pickup in hiring. Housing markets remained fairly strong, and commercial and industrial real estate markets picked up. Brisk tourism activity was evident on the East and West Coasts and, not surprisingly, in the Atlanta area.

**Are Computers Increasing Productivity?** An economist has quipped that "we see computers everywhere but in the productivity statistics." But that may be changing. Real investment in Computers and Peripheral Equipment (CPE) has increased dramatically over the past quarter-century, from less than one tenth of a percent of total private investment in producer durable equipment in 1971 to 17 percent in 1995. The Federal Reserve Bank of St. Louis reports that we may be on the verge of a productivity growth surge. History teaches that gains from earlier innovations, such as Watt's steam engine and Ford's production methods, took time to disperse through the economy. Similarly, as more individuals and businesses learn to use the full potential of computers, aggregate productivity may increase dramatically. Evidence already exists that computers are raising productivity in the Federal Government; a new study finds that computers have made an important contribution to output growth and suggests that the return to investment in computers has exceeded that of other types of equipment.

**Students Likely to Fail if Parents Fail to be Involved.** A newly completed 10-year study concludes that parents and peers are the most crucial influences on teenagers' school performance. The study finds a peer culture that demeans high academic performance and reports that parents have become "seriously disengaged" from their children's lives. A survey of a broad cross section of students revealed that half of the students say they could bring home grades of "C" or worse without upsetting their parents. More than 40 percent report that their parents never attend school programs. The study found that some parents want to be involved but are too busy if both parents work. It concluded that more than a quarter of all parents are basically uninvolved, preoccupied or negligent of their children. The researchers offered advice to parents based on their findings. They contend that attending school programs and extra-curricular activities are a more effective way to encourage students than monitoring homework. And, they observe that parents of the most successful students "work the system" by consulting with teachers and following through on their suggestions.

## INTERNATIONAL ROUNDUP

**With Budget Revenues below Targets, Russian Government Reneges on Campaign Spending Promises.** In the first 6 months of 1996, tax collections in Russia amounted to only 70 percent of the target set out in its loan agreement with the IMF. This puts pressure on the government to backtrack on spending promises made during the presidential campaign. Reports suggest that several of the most expensive presidential promises could be suspended in the near future. Already, the government appears to be holding back on its financial obligations. More than 40,000 miners are reported to be on strike for outstanding government pay, and into August roughly 60 percent of Russia's pensioners had not received their July payments.

**International Science Efforts Set to Suffer From Germany's Budget Cuts.** As part of the budget package announced by Chancellor Kohl last month, the German government has proposed to reduce its contributions to five European research laboratories by an average of 6 percent in the next financial year. The European Laboratory for Particle Physics, in Geneva, is likely to be one of the hardest hit, possibly jeopardizing the future of a particle accelerator currently being built there. American scientists are particularly interested in the project, because the United States does not have an accelerator of comparable power. European scientists fear that Germany's proposed cuts are just the beginning of a general move throughout Europe to reduce spending on international basic science facilities. This is because in most cases, Germany's share of the budgets of international research organizations is determined by a legally-binding treaty, and could not be reduced without accepting a comparable reduction in the contributions from other member states.

**Canadian Legislators Seek Restitution For Property Lost In American Revolution.** Two members of Canada's parliament recently introduced "The American Liberty and Democratic Solidarity Act", written as a spoof of the Helms-Burton legislation. Under the proposed law, the Canadian government would be mobilized against companies or individuals "trafficking" in land seized from Loyalists during the American Revolution. Visas could be revoked, permits denied, and penalties imposed on the Canadian assets of U.S. businesses or individuals who own property which used to belong to Loyalists who fled to Canada. According to the proponents of the legislation, reparations to families that remained loyal during the Revolution, although set out in the 1783 Treaty of Paris, were never paid. But historical legwork done by the U.S. Senate's Committee on Foreign Relations shows that in 1802 the United States reached final settlement with Great Britain on all debts—including compensation to Crown Loyalists who had property confiscated during the Revolutionary War.

## RELEASES THIS WEEK

### **Producer Price Index**

**\*\*Embargoed until 8:30 a.m., Friday, August 9, 1996\*\***

The producer price index for finished goods was unchanged in July. Excluding food and energy, producer prices increased 0.1 percent.

### **Leading Indicators**

The index of leading economic indicators increased 0.5 percent in June.

## MAJOR RELEASES NEXT WEEK

Consumer Prices (Tuesday)

Retail Sales (Tuesday)

Productivity (Wednesday)

Industrial Production and Capacity Utilization (Thursday)

Housing Starts (Friday)

U.S. ECONOMIC STATISTICS

|                                        | 1970-<br>1993 | 1995  | 1995:4      | 1996:1       | 1996:2       |
|----------------------------------------|---------------|-------|-------------|--------------|--------------|
| <b>Percent growth (annual rate)</b>    |               |       |             |              |              |
| Real GDP (chain-type)                  | 2.7           | 1.3   | 0.3         | 2.0          | 4.2          |
| GDP chain-type price index             | 5.3           | 2.5   | 2.1         | 2.3          | 2.1          |
| <u>Nonfarm business (NFB) sector:</u>  |               |       |             |              |              |
| Productivity (chain-type)              | 1.5           | 0.3   | -0.8        | 2.1          | N.A.         |
| Real compensation per hour:            |               |       |             |              |              |
| Using CPI                              | 0.6           | 1.0   | 0.5         | 0.1          | N.A.         |
| Using NFB deflator                     | 1.3           | 1.7   | 2.0         | 2.4          | N.A.         |
| <b>Shares of Nominal GDP (percent)</b> |               |       |             |              |              |
| Business fixed investment              | 10.9          | 10.2  | 10.2        | 10.4         | 10.2         |
| Residential investment                 | 4.5           | 4.0   | 4.0         | 4.1          | 4.2          |
| Exports                                | 8.2           | 11.1  | 11.4        | 11.3         | 11.3         |
| Imports                                | 9.2           | 12.4  | 12.3        | 12.5         | 12.7         |
| Personal saving                        | 5.1           | 3.4   | 3.8         | 3.6          | 3.2          |
| Federal surplus                        | -2.7          | -2.2  | -2.1        | -2.1         | N.A.         |
| <hr/>                                  |               |       |             |              |              |
|                                        | 1970-<br>1993 | 1995  | May<br>1996 | June<br>1996 | July<br>1996 |
| <b>Unemployment Rate</b>               | 6.7**         | 5.6** | 5.6         | 5.3          | 5.4          |
| <b>Payroll employment (thousands)</b>  |               |       |             |              |              |
| increase per month                     |               |       | 407         | 220          | 193          |
| increase since Jan. 1993               |               |       |             |              | 10224        |
| <b>Inflation (percent per period)</b>  |               |       |             |              |              |
| CPI                                    | 5.8           | 2.5   | 0.3         | 0.1          | N.A.         |
| PPI-Finished goods                     | 5.0           | 2.3   | -0.1        | 0.2          | 0.0          |

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

New or revised data in **boldface**.

PPI data embargoed until 8:30 a.m., Friday, August 9, 1996.

FINANCIAL STATISTICS

|                                     | 1994 | 1995 | June<br>1996 | July<br>1996 | August 8,<br>1996 |
|-------------------------------------|------|------|--------------|--------------|-------------------|
| <b>Dow-Jones Industrial Average</b> | 3794 | 4494 | 5672         | 5496         | 5713              |
| <b>Interest Rates</b>               |      |      |              |              |                   |
| 3-month T-bill                      | 4.25 | 5.49 | 5.09         | 5.15         | 5.01              |
| 10-year T-bond                      | 7.09 | 6.57 | 6.91         | 6.87         | 6.56              |
| Mortgage rate, 30-year fixed        | 8.35 | 7.95 | 8.32         | 8.25         | 7.88              |
| Prime rate                          | 7.15 | 8.83 | 8.25         | 8.25         | 8.25              |

INTERNATIONAL STATISTICS

| <b>Exchange Rates</b>           | <b>Current level</b>  | <b>Percent Change from</b> |                 |
|---------------------------------|-----------------------|----------------------------|-----------------|
|                                 | <b>August 8, 1996</b> | <b>Week ago</b>            | <b>Year ago</b> |
| Deutschmark-Dollar              | 1.484                 | 0.7                        | 5.2             |
| Yen-Dollar                      | 108.1                 | 1.3                        | 17.8            |
| Multilateral \$ (Mar. 1973=100) | 86.63                 | 0.7                        | 4.6             |

| <b>International Comparisons</b> | <b>Real GDP growth</b>   | <b>Unemployment rate</b> | <b>CPI inflation</b>    |
|----------------------------------|--------------------------|--------------------------|-------------------------|
|                                  | <b>(last 4 quarters)</b> |                          | <b>(last 12 months)</b> |
| United States                    | 2.6 (Q2)                 | 5.4 (Jul)                | 2.8 (Jun)               |
| Canada                           | 0.6 (Q1)                 | 10.0 (Jun)               | 1.4 (Jun)               |
| Japan                            | 5.5 (Q1)                 | 3.6 (Jun)                | 0.0 (Jun)               |
| France                           | 0.9 (Q1)                 | 12.1 (May)               | 2.3 (Jun)               |
| Germany                          | 0.4 (Q1)                 | 7.1 (May)                | 1.3 (Jun)               |
| Italy                            | 1.6 (Q1)                 | 12.5 (Apr)               | 4.0 (Jun)               |
| United Kingdom                   | 1.9 (Q2)                 | 8.3 (Jun)                | 2.2 (Jun)               |

From Oval - 8/20  
to scheduling?  
✓ yes

— No



*The Ambassador of Ukraine  
and Mrs. Yuri SHCHERBAK*

*request the pleasure of your company  
at the celebration of the*

*FIFTH ANNIVERSARY OF THE  
INDEPENDENCE DAY OF UKRAINE*

*to be held on Friday, August the twenty-third  
nineteen hundred and ninety-six  
from six-thirty till eight-thirty o'clock p.m.  
at the Embassy of Ukraine*

*Please present this invitation at the entrance*

*RSVP by August 20, 1996  
(202) 333-0606*

*3350 M Street, NW  
Washington, D.C. 20007  
Entrance on M Street  
Business Attire  
Military Uniform*

EMBASSY OF THE  
UNITED STATES OF AMERICA  
SANTIAGO, CHILE

~~182016~~  
Sent to NSC  
for reply per  
Todd Stein  
8-20-96

96 AUG 19 AM 11:41

August 5, 1996

Record deleted  
from Computer

THE AMBASSADOR

Dear Mr. President:

It must have been a wrenching moment for you on the welfare bill. I personally agree with your courageous decision. It may not have been the best, but time will be the judge to an issue that has darkly twisted around Democrats for decades. My sincere congratulations.

Things do look good. You are doing great...  
Keep it up. My very best to Hillary.

Your loyal supporter and friend,



Gabriel Guerra-Mondragón

The President  
The White House  
Washington

We should send copy  
of this to Domstead for  
reply to coordinate with  
NSC/NBC.

Paul  
8/16



**MCI Communications  
Corporation**

1801 Pennsylvania Avenue, NW  
Washington, DC 20006  
202 887 2166

**Bert C. Roberts, Jr.**  
Chairman and  
Chief Executive Officer

181476

96 AUG 14 All : 45

August 13, 1996

The Honorable William J. Clinton  
President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

I am pleased to share with you news of the official opening of the Mexican market for telecommunications competition. Yesterday, President Ernesto Zedillo of Mexico placed the very first call over the new Avantel network.

Avantel is the Mexican joint venture company formed by MCI and Grupo Financiero Banamex-Accival to provide long distance services to Mexican consumers and businesses. Avantel has completed construction of a 3,200-mile fiber optic network throughout Mexico and yesterday began offering competitive telecommunications services to customers.

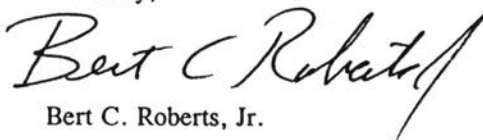
The opening of the Mexican market and Avantel's progress demonstrate the rewards that free trade and deregulation are delivering to the United States. The \$800 million construction of the Avantel network is the largest investment made in Mexico over the last year, creating jobs for thousands of Americans and millions of dollars in exports for U.S. suppliers. Digital Equipment Corporation, IBM and Cisco are among the companies that have benefited from nearly \$400 million in exports to date for the Avantel project.

The opening of the Mexican long distance market to competition represents an important development for NAFTA. North America now becomes the largest continent in the world to offer its consumers and businesses the benefits of a competitive long distance market. Clearly, the United States has been a catalyst for these changes. Indeed, we are very appreciative for the support of the Administration and the Federal Communications Commission in helping to achieve the regulatory conditions that helped make our entry into this new market possible.

For MCI, a company that has long pioneered competition, we take great pride in our role in helping to open the Mexican market for competition just as we did in the U.S. As a result of our alliance in Canada with Stentor and our Avantel network in Mexico, we can now offer our customers uniform services throughout North America. It is the first seamless continent-wide network of its kind.

As the U.S. local telecommunications market opens for competition and the Mexican market advances, we can look for a bright future for consumers of communication services locally and globally.

Sincerely,

  
Bert C. Roberts, Jr.

Chairman Reed Hundt  
Thomas E. McLarty

Classro

THE PRESIDENT HAS SEEN  
8-20-96

*Ethel O'Bryen*  
*Betty*  
*John Deh*  
*Betty*  
*Conrad*  
*THE PRESIDENT HAS SEEN*  
*8-20-96*  
*George E. Roth*  
*Donald B. B.*

# Achieving Independence: The Challenge for the 21st Century

*Alber*  
*member*  
**A Decade of Progress in Disability Policy**  
**Setting an Agenda for the Future**

*Susan Bartholone*

*John W. D.*



**NATIONAL COUNCIL ON DISABILITY**

**July 26, 1996**

*Henry Betts*  
*Anthony*  
*Mr. Tommy Taylor*  
*Moore*  
*Julie Adams*  
*Clay*  
*Ms. Hommy Taylor*  
*Bobbie*  
*Lauren Epton*  
*Harriet Hartman*  
*John O. Folio*  
*Julie Adams*  
*Clay*  
*Heide L. Davis*  
*Robert*  
*Heide*  
*Ms. Marshall*  
*Jeff*  
*(kazakhstan)*  
*John W. D.*  
*John Deh*  
*Conrad*  
*George E. Roth*  
*Donald B. B.*  
*Ethel O'Bryen*  
*Betty*  
*John Deh*  
*Betty*  
*Conrad*  
*THE PRESIDENT HAS SEEN*  
*8-20-96*  
*George E. Roth*  
*Donald B. B.*  
*Alber*  
*member*  
*Susan Bartholone*  
*John W. D.*  
*Ms. Hommy Taylor*  
*Moore*  
*Julie Adams*  
*Clay*  
*Heide L. Davis*  
*Robert*  
*Heide*  
*Ms. Marshall*  
*Jeff*  
*(kazakhstan)*  
*Anthony*  
*Mr. Tommy Taylor*  
*Bobbie*  
*Lauren Epton*  
*Harriet Hartman*  
*John O. Folio*  
*Julie Adams*  
*Clay*  
*Heide L. Davis*  
*Robert*  
*Heide*  
*Ms. Marshall*  
*Jeff*  
*(kazakhstan)*  
*John W. D.*  
*John Deh*  
*Conrad*  
*George E. Roth*  
*Donald B. B.*  
*Ethel O'Bryen*  
*Betty*  
*John Deh*  
*Betty*  
*Conrad*  
*THE PRESIDENT HAS SEEN*  
*8-20-96*  
*George E. Roth*  
*Donald B. B.*  
*Alber*  
*member*  
*Susan Bartholone*  
*John W. D.*  
*Ms. Hommy Taylor*  
*Moore*  
*Julie Adams*  
*Clay*  
*Heide L. Davis*  
*Robert*  
*Heide*  
*Ms. Marshall*  
*Jeff*  
*(kazakhstan)*

*John A. Hanauer*

*Thomas K. Gilmer*

*For Ed Roberts  
by Sue Swenson*



*14/4c Will*

*Ralph G. Neas*

National Council on Disability

## **Achieving Independence: The Challenge for the 21st Century**

### **A Decade of Progress in Disability Policy Setting an Agenda for the Future**

Publication date: July 26, 1996

National Council on Disability  
1331 F Street, N.W., Suite 1050  
Washington, DC 20004-1107

202-272-2004 Voice  
202-272-2074 TT  
202-272-2022 Fax

The views contained in this report do not necessarily represent those of the Administration, as this document has not been subjected to the A-19 Executive Branch review process.

*Michael S. ...*

## ***TABLE OF CONTENTS***

|                                                                                          |     |
|------------------------------------------------------------------------------------------|-----|
| Executive Summary .....                                                                  | 1   |
| Introduction .....                                                                       | 8   |
| Disability Demographics .....                                                            | 11  |
| Independent Living, Disability Rights and Disability Culture .....                       | 15  |
| Assessment of Disability Policy .....                                                    | 21  |
| Policy Coordination .....                                                                | 21  |
| Civil Rights .....                                                                       | 30  |
| Education .....                                                                          | 42  |
| Employment .....                                                                         | 56  |
| Social Security and Other Income Maintenance .....                                       | 69  |
| Health Insurance and Health Care .....                                                   | 78  |
| Long-Term Services in the Community .....                                                | 94  |
| Technology .....                                                                         | 105 |
| Housing .....                                                                            | 113 |
| Transportation .....                                                                     | 123 |
| International .....                                                                      | 132 |
| In Closing .....                                                                         | 143 |
| References .....                                                                         | 145 |
| Appendix A: Recommendations for the National Council on Disability .....                 | 153 |
| Appendix B: Emerging Issues .....                                                        | 159 |
| Appendix C: National Summit on Disability Policy Participants .....                      | 165 |
| Appendix D: Remarks by Marca Bristo at the National Summit on<br>Disability Policy ..... | 171 |
| Appendix E: Remarks by Justin Dart at the National Summit on<br>Disability Policy .....  | 177 |
| Appendix F: Description of the National Council on Disability .....                      | 185 |

Gregory L. Douglas  
Harold  
Linda  
Karen  
Judith E. Hummer  
Ziz Sanger  
Ragor D. Ford  
Olean Brown  
Juvita Yates  
Robert J. Gering  
Lelane H. Newhall  
Bob Heman  
John M. Williams  
Jennifer Succillo Dyer  
Dana Kraus  
Candice Poole  
Renee B. Zin  
Barbara Jane Boyce  
Mo West  
Marilyn Rouse  
Lani Horan  
Leverson Summer  
Barbel Dickson-Manning  
Ellie Miller  
Jeff Crossy  
Julia Mitchell  
Charmaine Iversen  
David W. Field

EMBASSY OF THE  
UNITED STATES OF AMERICA  
SANTIAGO, CHILE

THE AMBASSADOR

PERSONAL

August 19, 1996

Dear Mr. President:

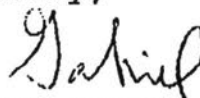
Happy birthday on your 50th. Important day. I went through it 3 years ago. I can tell you, things do get better. Anyhow, you look younger than your age.

It was great to see Roger in Santiago; fine young man.

Do well in Chicago. Unfortunately, we cannot be there with you, as you know, but we will be there in spirit.

My very best, your friend,

Sincerely,



Gabriel Guerra-Mondragon

The President  
The White House  
Washington

182040  
sent to NSC  
for reply per  
Todd Stern  
8-20-96;  
Record  
deleted  
from  
computer

Staff Secretary -  
Potus received  
this in NY -  
Should get a  
response!  
B

From Oval  
8-20-96  
To Dorland for  
reply?  
☒ Yes  
☐ No

96 AUG 20 All : 36

Linda Simeone  
4 Duffy Lane  
Greenlawn, NY  
11740  
(516) 757-9429  
August 18, 1996

President William Jefferson Clinton  
Pennsylvania Ave,  
Washington, DC

To My Most Honored and Beloved President,

I write to you for several reasons. May I begin by telling you that I have enclosed a tape with two songs on it. One was written as I watched my nephew suffer and die the excruciating death of Aids. As I sat next to him by his hospital bed with family, I felt the extraordinary communication of love in that room. There were no words. Rick was comatose, but, days before his death, I realized that he had gained one incredible gift in his journey through his disease and that was, that he had finally learned that he was indeed loved and lovable and that was a miracle to see unfold. Rick had been troubled and had been a drug user and I'm sure that had he really realized that he was so loved, sooner he may have avoided all of that pain and suffering. I wrote this song in 20 minutes on the way home from the hospital because of the intensity of feeling that I had that night and I respectfully ask that you consider it to be the National Aids song. It is not so narrow in its message, however, that it could not be used in almost any of life's journeys. Perhaps at a twelve step meeting or in therapy or where anyone has finally come to the realization that the most fundamental of human needs has indeed been met, "You Are Loved and Lovable", as is expressed in my song. I am not looking for glory for myself, but instead recognition for human suffering and for giving it a meaning beyond the repugnance of a disease. As I wrote to my nephew Rick, once, remember that you are not your illness and that you are still the same wonderful person inside as you were before and that you are loved.

The other song enclosed is called, "Listen to the Children", and was born from the inspiration of watching you, Mr. President, sit and have a discussion with, and answer questions from, the children on a show with Peter Jennings, in 1994. I was so touched that I sat minutes after that show and wrote a poem which was put to music that had been recently written by Marco Gueli. It is his voice that you will hear singing on the tape. Ironically, the music has a distinct resemblance to a merry go round and my poem fit to it exactly. It is a call to humanity to hear what our children have to say in this torn and confused world in which we ask them to live and learn and try to understand about love of each other and of themselves.

I believe in you. I believe that in your heart you honestly care about people and in this world of politics in which you are forced to function, that you are willing to work for those causes that you believe to be important to our quality of life and the survival of our future. I wish, with all my heart, to see you win this election. I myself, voted for you on an absentee ballot in 1992, because, I was so severely stricken with Lyme disease that I could not get out of bed, yet was intensely concerned and wanted to be a part of your winning the Presidency.

During the course of my illness and fight with this disease, which has stolen my life for five and one half years now, I have watched your career as President and have never regretted that I voted for you. I feel that these songs would be meaningful to many and could possibly be helpful to you in your campaign. I would be so proud if you felt that they would be of use to you. Again, I am honestly not looking for any personal gain from this except that I would be so honored to meet you. That, in truth is one of my dreams. I wanted to come to Washington for your Inauguration but again, was unable to, due to my illness.

Mine is a personal story and struggle and this is a personal mission for me to get some messages out and to perhaps get recognition for some diseases that erode at our lives both physically and emotionally and while doing so, to perhaps give you an opportunity to use these as a human interest story for your campaign. Please, we can not let the Republicans stage such an incredibly dishonest portrayal of their truths and get away with it. God help us all.

I have also enclosed a copy of my speech which was given at a Lyme disease rally and a copy of the story of my struggle (which is representative of thousands and thousands of others) with Lyme disease as I wrote it to the media.

I realize it is presumptuous of me to expect the President of the United States to take time to read my letters and listen to my songs, but, I sincerely love you and believe that what I have written may also be of personal and political benefit to you.

And, may I extend to you, Mr. President, a very Happy Birthday and a healthy and successful year with many more to follow. May God bless you and your family.

Most Respectfully,



Linda Simeone  
4 Duffy Lane  
Greenlawn, NY 11740  
(516) 757-9429  
Lindalways@aol.com

## LISTEN TO THE CHILDREN

LISTEN TO THE CHILDREN, FOR THEIR WORDS ARE FILLED WITH TRUTH,  
LISTEN TO THE CHILDREN, SEE THE WORLD WITH THEIR INNOCENCE,  
FEEL THEIR FEELINGS, SMILE THEIR JOY AND TOUCH THEIR PAIN,  
LISTEN TO THE CHILDREN, HEAR THEM PLEADING FOR SOMEONE,  
TO SHOW THEM THE WAY.

WHEN WE WERE LITTLE CHILDREN, OUR MOTHERS & FATHERS  
STOOD SIDE BY SIDE,  
NOW WE HAVE LITTLE CHILDREN, GOD SAVE THEM FROM WHAT WE'VE DONE,  
SURELY YOU REMEMBER OUR WORLD WAS NOTHING LIKE TODAY,  
SO LISTEN TO THE CHILDREN, DON'T TURN THEM AWAY ALL THEY NEED  
IS, A CHANCE TO LOVE AND PLAY.

(BRIDGE)

IF YOU WANT TO LEARN WHATS WRONG, TURN TO THEM TO FIND WHATS  
RIGHT,  
EMPTY ARMS & NEEDING HEARTS, HOLD THEM SECURELY WITHIN YOUR  
LIFE.

SO LISTEN TO THE CHILDREN, CAUSE ALL THEIR HEROES HAVE LET  
THEM DOWN.  
CAN'T YOU HEAR THE CHILDREN, DON'T LET THEIR LITTLE VOICES  
BE CRYING, CRYING OUT IN VAIN.

INSTRUMENTAL:

SURELY YOU REMEMBER OUR WORLD WAS NOTHING LIKE TODAY,  
SO LISTEN TO THE CHILDREN, HEAR THEM PLEADING FOR SOMEONE,  
TO SHOW THEM THE WAY.

MUSIC BY: MARCO GUELI JR.  
WORDS BY: LINDA SIMEONE 1994  
COPYWRITE: 1994

YOU ARE LOVED [RICK'S SONG]

DID YOU FEEL THE LOVE TONIGHT?  
IT WAS SHARED AROUND THE ROOM.  
CAN YOU FEEL THE HAPPINESS?  
BECAUSE YOU LET US TAKE YOUR HAND.  
AND CAN YOU FEEL THE PEACEFULNESS,  
DO YOU FINALLY UNDERSTAND?  
YOU ARE LOVED AND LOVABLE.  
YOU ARE LOVED... YOU ARE LOVED,  
AND YOU HAVE BEEN ALL ALONG.  
SOMETIMES IT TAKES A MIRACLE,  
FOR THINGS TO TURN OUT RIGHT  
AND THERE HAS BEEN A MIRACLE  
INSIDE THIS ROOM TONIGHT.  
DID YOU FEEL HOW POWERFULL?  
THERE IS NO NEED FOR WORDS.  
THERE IS NOW LIGHT AND OPENESS  
WHERE ONCE WAS DARKNESS AND CLOSED DOORS.  
GOD SMILED RIGHT THERE AMONG US,  
AND YOU FINALLY UNDERSTOOD.  
YOU ARE LOVED... YOU ARE LOVED  
AND YOU HAVE BEEN ALL ALONG.  
SOMETIMES IT TAKES A MIRACLE,  
FOR THINGS TO TURN OUT RIGHT.  
AND THERE HAS BEEN A MIRACLE,  
INSIDE THIS ROOM TONIGHT.

COPYWRITE: 1996  
MUSIC & WORDS BY: LINDA SIMEONE

516-757-9429

*2 Attached  
to handle*

# Victor Morales for United States Senate

Post Office Box 870789  
Mesquite, TX 75187  
<http://www.realtime.com/vote96>

96 AUG 20 A 8:10 Phone (214) 329-3010  
Fax (214) 329-2404

August 14, 1996

The President  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Mr. President:

I cannot tell you how much it meant to my family and me to meet you in Houston recently. That honor alone made so many of the sacrifices we have made for this campaign worthwhile.

I am writing to ask your help in spreading our message further. Our campaign has, to many people, become a symbol of the things for which you have spent the last four years fighting: honest leadership and the belief that anyone, anywhere can achieve the American dream if given the opportunity.

A prime-time or other prominent speaking slot at the Democratic National Convention would be enormously helpful in spreading that message. Given the "common man" aura surrounding our campaign, I believe such a speech would underscore our party's commitment to working Americans in general and Hispanic Americans in particular.

I would greatly appreciate any help you can provide in this regard. I can be reached at (214)329-3010. Thank you again for everything, and I look forward to working with you in Washington.

Respectfully,

*Victor M. Morales*

Victor Morales

*TO ? Harold  
to handle*

*FROM OVAL*

*8-20-96*

From Oval  
8-20-96

TO Ug Affairs  
for reply?

☒ Yes

☐ No

8-30-96

GAO report questions whether NIS is worth its \$14 million cost in FY 1996; includes technical criticisms of its accuracy; and notes that the survey does not measure poor neighborhoods with especially low immunization rates (a special concern of Sen. Bumpers, who requested the report and is a persistent critic of HHS's immunization efforts). CDC says NIS is an improvement over the previous survey instrument because it allows comparisons among states and 28 urban areas, and it detects small changes in coverage to spot potential epidemics early. The report has been delivered to Sen. Bumpers, but not yet released to the press, and HHS officials are urging the Senator not to support the report's findings, which they believe are flawed.

(D) **Des Moines Register** piece on agriculture and rural issues. Via Sec. Glickman. He writes about the article: "By and large, it puts a very positive spin on the current farm and rural economy. We are and should continue to take credit for the prosperity being enjoyed by more and more rural Americans. By the way, your speech to the agriculture communicators was extremely well received."

(E) **Letter from CEO of MCI, on Mexican/US telecommunications.** Via Mack. Bert Roberts is appreciative of Administration and FCC support that made it possible to open Mexican telecommunications market through completion of the Avantel network -- a joint venture formed by MCI and a Mexican company. The \$800M construction of the network -- an important development for NAFTA -- is the "largest investment made in Mexico in the last year creating jobs for Americans and millions in exports for suppliers. Digital Equipment and IBM, among others, benefited from nearly \$400M in exports from the deal. *We are having a response prepared.*

(F) **Thank you letter from Gerald Greenwald, CEO of United Airlines.** Thanks your Administration for obtaining the Indonesian government's approval of UAL's and Northwest's designations to provide service from U.S. to Jakarta. Singles out Sec. Christopher, Joan Spero, Sec. Kantor, Sec. Pena and Mark Gerchick (DOT). He expresses confidence that necessary approval from Japan will be forthcoming.

We also received the following items:

**FCC press release on agreement re 3 hours of children's tv.** Via Reed Hundt. On August 8, FCC adopted new rules to strengthen its enforcement of the Children's Television Act. Commission adopted measures to improve public access to information about availability of programming designed to educate and inform children ("core" programming), tightened definition of core programming, and adopted a processing guideline under which broadcasters airing at least 3 hours/week of core programming will receive staff-level approval of their renewal applications.

**Congressional letters.** *Rep. Vic Fazio* -- thanks you for touring Sacramento and for your continuing interest in the struggle at McClellan; *Sen. Feinstein* -- thanks you for continued commitment to the problem of violence, especially youth violence, and pledges support for your crackdown on gun traffickers who peddle to children.

**Note from Speaker of Louisiana House.** Via John Hart. H.B. Downer thanks you for ride on Air Force One and all you're doing for Louisiana. "55% for you here."

Letters From Sen.  
Dianne Feinstein  
and Rep. Vic Fazio

THE WHITE HOUSE  
WASHINGTON

August 2, 1994 9:00 PM

**MEMORANDUM FOR THE PRESIDENT**

**FROM:** SUSAN BROPHY *SB*  
**SUBJECT:** CONGRESSIONAL CORRESPONDENCE

Attached for your review are the following letters from Members of Congress that I thought you would like to see:

1. Sen. Dianne Feinstein (D-CA), thanking you for your commitment to crack down on gun traffickers who peddle to children; and
2. Rep. Vic Fazio (D-CA), thanking you for touring Sacramento and your interest in the ongoing struggle at McClellan A.F.B.



HOUSE OF REPRESENTATIVES  
WASHINGTON, D. C. 20515

VIC FAZIO  
THIRD DISTRICT  
CALIFORNIA

July 26, 1996

96 AUG 2 PM 4:09

Dear Mr. President,

Your tour of Sacramento  
was outstanding! I  
particularly appreciate  
your continuing interest  
in our struggle at McClellan.  
We know it will take time, but  
privatization in place will  
take place. Thanks for your  
ongoing concern...

The President  
The White House  
Washington, D.C.

Vic

DIANNE FEINSTEIN  
CALIFORNIA



United States Senate

WASHINGTON, D. C.

July 18, 1996

96 JUL 23 P5:15

The Honorable William Jefferson Clinton  
President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

I want to express my sincere appreciation for your continued commitment to the problem of violence, especially youth violence, and for your recent efforts to crackdown on gun traffickers who peddle their arms to kids.

Simply put, escalating firearm violence among youth is unacceptable. The tripling of homicides by young people is fueled by the ease with which our nation's youth can purchase guns.

I pledge my enthusiastic support of your Administration's crackdown on gun traffickers and desire to continue to build on the successes of the Brady Law, the 1994 Crime Bill and assault weapons ban, and the Gun-Free Schools Act.

Please know that if I can be of any help to ensure the success of your new initiative on gun traffickers or any other that seeks to reduce violence, I will work vigorously in the Senate to make our nation safer.

Cordially,

*Dianne Feinstein*  
*This will truly save the lives  
of many women each year. It  
will have a real impact. Best,  
D.*

# THE PRESIDENT HAS SEEN

8-20-96

GAO report questions whether NIS is worth its \$14 million cost in FY 1996; includes technical criticisms of its accuracy; and notes that the survey does not measure poor neighborhoods with especially low immunization rates (a special concern of Sen. Bumpers, who requested the report and is a persistent critic of HHS's immunization efforts). CDC says NIS is an improvement over the previous survey instrument because it allows comparisons among states and 28 urban areas, and it detects small changes in coverage to spot potential epidemics early. The report has been sent to Sen. Bumpers, but not yet released to the press, and HH. Senator not to support the report's findings, which they believe

From Oval

8-20-96

(D)

**Des Moines Register** piece on agriculture and rural issues.

He writes about the article: "By and large, it puts a very positive spin on the farm and rural economy. We are and should continue to take pride in being enjoyed by more and more rural Americans. By the way, the agriculture communicators was extremely well received."

TO Leg Affairs  
for reply?

Yes

No

Don't bind  
to coordinate  
with IGA

(E)

**Letter from CEO of MCI, on Mexican/US telecommunications**

Roberts is appreciative of Administration and FCC support that made it possible to open Mexican telecommunications market through completion of the Avantel network -- a joint venture formed by MCI and a Mexican company. The \$800M construction of the network -- an important development for NAFTA -- is the "largest investment made in Mexico in the last year creating jobs for Americans and millions in exports for suppliers. Digital Equipment and IBM, among others, benefited from nearly \$400M in exports from the deal. *We are having a response prepared.*

(F)

**Thank you letter from Gerald Greenwald, CEO of United Airlines.** Thanks your Administration for obtaining the Indonesian government's approval of UAL's and Northwest's designations to provide service from U.S. to Jakarta. Singles out Sec. Christopher, Joan Spero, Sec. Kantor, Sec. Pena and Mark Gerchick (DOT). He expresses confidence that necessary approval from Japan will be forthcoming.

We also received the following items:

**FCC press release on agreement re 3 hours of children's tv.** Via Reed Hundt. On August 8, FCC adopted new rules to strengthen its enforcement of the Children's Television Act. Commission adopted measures to improve public access to information about availability of programming designed to educate and inform children ("core" programming), tightened definition of core programming, and adopted a processing guideline under which broadcasters airing at least 3 hours/week of core programming will receive staff-level approval of their renewal applications.

**Congressional letters.** *Rep. Vic Fazio* -- thanks you for touring Sacramento and for your continuing interest in the struggle at McClellan; *Sen. Feinstein* -- thanks you for continued commitment to the problem of violence, especially youth violence, and pledges support for your crackdown on gun traffickers who peddle to children.

**Note from Speaker of Louisiana House.** Via John Hart. H.B. Downer thanks you for ride on Air Force One and all you're doing for Louisiana. "55% for you here."

"Thank You" letter  
from Speaker of  
Louisiana House "Hunt"  
Downer

WHITE HOUSE  
SHINGTON

August 6, 1996

MEMORANDUM TO TODD STERN

FROM: John Hart  
SUBJECT: Enclosed correspondence

We received the enclosed note for the President from the Speaker of the House of Representatives of Louisiana, H.B. "Hunt" Downer, yesterday. I would appreciate you passing it along to the President.

Please do not hesitate to contact me if you have any questions or need any additional information. I can be reached at 6-2896.

86 AUG 7 11:05



HOUSE OF REPRESENTATIVES  
SPEAKER

29 July '96

Mr. President —

Many thanks for your  
hospitality and ride on  
Air Force One.

Thanks for all you are  
doing for Louisiana.  
5520 for you here. Hunt

HOUSE OF REPRESENTATIVES  
OFFICE OF SPEAKER  
POST OFFICE BOX 7015  
HOUMA, LOUISIANA 70361



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

THE PRESIDENT HAS SEEN

8-20-96

August 16, 1996

96 AUG 16 P9:58

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *K. McGinty*

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

*Panetta*  
*Chron*

CALIFORNIA TIMBER SALES

Earlier this summer, the U.S. Forest Service (USFS) was set to go final with a decision that would have substantially increased timber harvests in California. However, because of public concern about timber sales under the salvage rider and the imminent release of the Sierra Nevada Ecosystem Report, the USFS decided to add new information to its environmental impact statement, publish it as a revised draft, and then hold a series of workshops in the Sierra Nevada to focus on public concerns about old growth logging in California.

Although this course of action seems to be moving us towards a more environmentally sustainable timber program. Nevertheless I'm concerned that releasing of the new draft Tuesday, August 20, with the preferred alternative that it currently contains will generate considerable criticism in California. The draft identifies a preferred alternative that doubles the proposed timber harvest level from the 1995 level (though substantially lower than timber levels before 1993) and moves away from current restrictions on logging old growth trees. Environmentalists may react as badly to the loosening of restrictions on logging old trees as to the increase in timber harvest.

Given the likely public reaction to this draft, and since we will most likely move away from its proposed alternative anyway, I have asked that the Secretary of Agriculture to assess the options available at this time regarding this decision. It seems to me that we are about to take an unnecessary and unwise hit for something we don't intend to stick with anyway.

NEW WORLD MINE

Your announcement of an agreement to stop the New World mine has been well-received throughout the country. The press was nothing short of fabulous. Editorials in the New York Times, Washington Post, and regional papers in Montana, Wyoming, and Colorado have been favorable toward the agreement. They also note that it was the need to overcome the deficiencies of the 1872 Mining Act that required us to take this dramatic step. There

Panetta  
chron

THE PRESIDENT HAS SEEN

8-20-96

**Colombian Drug Trafficking:** In a meeting held on August 9 with Justice and Treasury officials, the Colombian Prosecutor General, reported that the Specially Dedicated Narcotics Traffic Program has been very effective at striking at the Cali Cartel in Colombia. On August 12, the head of the Colombian Bankers Association met with Director Newcomb to propose the engagement of US-Colombian financial institutions to pursue Colombian drug traffickers.

 **Explosive Taggants:** In response to Treasury's request of \$6.7 million (5.2 for church fires, 1.5 for taggants), the House Treasury Appropriations Committee directed that the entire \$6.7 million be used for taggants because \$12 million was included in the USDA Bill for church fires.

#### DEPARTMENT OF COMMERCE

- **Census Poverty Report:** On August 19, the Census Bureau plans to release its Survey of Income and Program Participation (SIPP) report. This report surveys the characteristics of impoverished individuals from 1992 until the beginning of 1994. It examines the individuals from a given point in time and the characteristics of the long-term poor. The report shows that 48 percent of those who spent the entire 1992-93 period in poverty were children.
- **Encryption:** The Deputies Committee still has not decided whether to support a transfer of export licensing jurisdiction over civil encryption products from the State Department to DOC. NSA and DOJ continue to oppose the transfer. Both agencies are concerned that the judicial review allowed under the Export Administration Act might expose "sources and methods" in court and that economic factors will be considered in licensing decisions. There are also concerns that the draft bill to re-authorize the Export Administration Act increases the risk of judicial review. Representatives from DOC and DOJ will continue to meet this week.

Leon  
As this Congress  
has changed this  
bill

#### DEPARTMENT OF LABOR

- **America's Job Bank on the Internet:** This week, MI became the 34th state to create a linked access to state job bank information through America's Job Bank on the Internet.
- **Career Training Centers:** In September, DOL will award implementation grants to at least seven more states for the One-Stop Career Center program.

Chron

THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT HAS SEEN  
8-20-96

August 17, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*  
HELEN HOWELL  
PHIL CAPLAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- agu*
- (A) **Bob Greenstein memo on addressing problems in welfare bill.** Via Harold. Greenstein believes we have been too narrow in singling out the problems in the bill that need fixing. Criticizing the food stamp shelter cap and the child and disabled exemptions from the legal immigrant cuts isn't enough. The following serious problems should be added to the list of what needs correction: Food stamps -- the provision limiting jobless adults not raising children to 3 months of food stamps in a 36-month period is far worse than the shelter cap because it will significantly increase destitution and homelessness -- CBO estimates 1 million people will be denied food stamps in an average month without being offered a work slot. Also, the bill ends indexing, which will cause real benefits to decline. Bills we supported all had indexing. Immigrants -- exemptions from legal immigrant cuts only for children and disabled won't fix the legal immigrant restrictions applied to Medicaid. E.g., how is a poor legal immigrant with cancer supposed to get health insurance? Welfare block grant -- need to: 1) require vouchers to meet the needs of children left destitute when parent hit 5-year time limit and can't find a job; 2) fix the contingency fund which, because it now requires a larger state match (60-80%) is worse than the fund in the vetoed bill, even though the dollar amount (\$2 billion rather than \$1 billion) appears better; and 3) add protections for children under the block grant -- under the bill, federal government could take no action if state failed to follow federal rules -- or even its own state rules -- related to the block grant. Greenstein attaches an addendum on who will be hurt by food stamp reductions.
- Q*
- (B) **McGinty memo on Buffalo River.** Katie met with USDA last week and urged them to determine not only whether the timber sales would be defensible in court but also whether best forestry practices, consistent with your policies, are being implemented. USDA believes the sales are good and should go forward, but will review the River Management Plan before it is finalized. USDA is also preparing a response from Sec. Glickman to the environmentalists who wrote to you. Finally, Katie notes that the litigation may settle as a result of timber available due to a recent storm.
- Q*
- (C) **Rasco memo on GAO and national immunization survey (NIS).** Begun in 1994, the NIS is a telephone survey measuring immunization rates among 2-year-olds. New



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

August 15, 1996

96 AUG 15 A10 : 45

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *for XRM*

CC: HAROLD ICKES

RE: BUFFALO RIVER TIMBER SALES

*McGinty  
chron*

*(w/ cover  
memo)*

Attached is an update that the U.S. Department of Agriculture (USDA) prepared regarding the timber sales in the Buffalo River watershed that are the subject of controversy in Arkansas.

I met with USDA last week to discuss these sales, and urged them to go beyond the issue of whether the sales were defensible in court and determine whether the best forestry practices, consistent with your policies, were being implemented. They believe these are good sales and should go forward, but they will take extra steps to review the River Management Plan before it is finalized.

USDA is preparing a response from Secretary Glickman to the environmentalists who wrote to you. I will review that response before it is sent. Additionally, there may be a possible settlement of the litigation on the horizon as the result of timber available due to a recent storm. I will keep you informed.



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20250

**INFORMATIONAL MEMORANDUM FOR KATIE MCGINTY, CHAIR, COUNCIL  
ON ENVIRONMENTAL QUALITY**

FROM:

James R. Lyons  
Under Secretary  
Natural Resources and Environment, USDA

AUG 08 1996

SUBJECT:

Controversy over timber sales on the Ozark National Forest

**ISSUE:**

Newton County Wildlife Association and others have filed suit against the Forest Service concerning existing and proposed timber sale activities in watersheds on the Buffalo Ranger District that feed Wild and Scenic Rivers on the Ozark National Forest. There are seven active timber sales included in the litigation. Two other proposed sales are being prepared for advertisement. Members of the Newton County Wildlife Association are urging the Administration to suspend all ongoing activities on all of the sales including those sales where contracts have been awarded and logging has commenced.

**BACKGROUND:**

**Litigation Update:**

Litigation was filed on eight sales (7 active and 1 unadvertised) on the Ozark National Forest in Region 8. These sales are listed in Exhibit 1. The issues were failure to adopt comprehensive management plans for the wild and scenic rivers that pass through the forest, and issues pertaining to the National Forest Management Act, the National Environmental Policy Act, the Clean Water Act, the Administrative Procedure Act, the Migratory Bird Treaty Act, the Wilderness Act, and the Endangered Species Act. To date, all requests by the plaintiffs to halt logging activity have been denied by the Federal District Court for the Western District of Arkansas and the Eighth Circuit Court of Appeals.

Within the last week, the Federal District Court denied plaintiffs motions for a preliminary injunction and temporary restraining order based on their Migratory Bird Treaty Act claim. The judge then granted the government's motion to dismiss plaintiffs Migratory Bird Treaty Act claim.

The Department of Justice continues to defend the Forest Service actions on their merits.

**Timber Sales in Litigation:**

The eight timber sales included in the litigation are located on the Buffalo Ranger District. Seven of these sales have been awarded and four of these have active operations on-going. Total volume in these seven sales is 6.2 million board feet and no clearcutting will be involved.

Refer to Exhibit 1 for a table summarizing the status of these timber sales.

These sales have undergone intensive environmental analysis including public involvement, have a Decision Notice by the Forest Supervisor, have gone through the appeal period and all appeals were affirmed.

Wild & Scenic River Issue:

On April 23, 1992 Congress amended the National Wild and Scenic Rivers Act of 1968 to include six streams on the Ozark National Forest. Adoption of a Comprehensive River Management Plan within a time certain is required by this Act, but for a variety of legitimate reasons the deadline has passed and a plan has not yet been adopted. This, again, was one of the issues in the above named lawsuit acknowledged by the Federal District Court in declining to halt ongoing activities.

The Ozark National Forest currently has a draft Comprehensive River Management Plan out for public comment, and a final plan is expected to be adopted by October 1, 1996.

Governments Potential Liability and Risk:

The plaintiffs want the Administration to cancel the unawarded sales and halt all ongoing activity. The Department has serious concerns about doing this. The USDA and the Department of Justice have been defending these sales in court as complying with environmental and all other laws. Therefore, the Forest Service could not cancel the contracts for reasons of environmental or resource damage. As long as the sales are harvested in accordance with contract terms and are not in violation of any court order to stay operations, the Forest Service is not in jeopardy of claims from the timber sale purchasers or potential liability for any alleged damages by Plaintiffs.

However, if sale contracts are suspended, delayed or canceled by the Forest Service, these purchasers may file claims to the Contracting Officer for damages. At a minimum, the amount of damages potentially facing the Forest Service is currently estimated at \$2.7 million.

Social, Economic and Political Considerations:

There are approximately seventeen small sawmills in Newton County. Many of these people are represented by the Society for Preservation of Ozark Culture (SPOC). This commodity oriented group is very active politically and this threat to the future economic stability may result in a high level of unrest within the county and elsewhere.

Any action to suspend or cancel active sales or delay advertisement of proposed sales could have an adverse effect on the local economy by loss of jobs and a reduction of payments to the local counties from harvest of timber (Payment to States fund).

On the other side of this issue is a small but very determined and vocal group of environmental activists, the Newton County Wildlife Association, who say logging in the watershed of wild and scenic rivers tears up the forest and threatens to pump harmful silt into the river system. This group is seen as being outside the mainstream environmental community. Some members of this group are also often characterized as interlopers, having recently moved to Arkansas.

A larger, midwestern-based environmental organization, Heartwood, has also been interested and involved. The President of the Arkansas chapter of the Sierra Club has been actively involved in protesting these sales.

The State of Arkansas Attorney General has also filed an action against the Forest Service joining in the wild and scenic river violation claim (failure to adopt a wild and scenic management plan within the statutory time frame). As Democratic nominee to replace Senator Pryor, the Sierra Club has touted Winston Bryant's environmental record, in particular his opposition to Forest Service harvesting practices.

However, the overall position of the state is unclear. While the Director of the Arkansas Wild and Scenic River Commission testified on behalf of the state on their wild and scenic river violation claim, the state Department of Pollution Control and Ecology had testified in support of the Forest Service designation of wild and scenic river corridors, but were silent on the question of whether the timber sales in question should be allowed to proceed.

Recommendation:

For reasons of potential financial liability, setting a precedent of terminating otherwise environmentally sound timber sales, and concern for community opinion, I am recommending that the Forest Service allow ongoing activities to continue and that no new timber sales be advertised until a wild and scenic river management plan is adopted. This has the advantage of taking action that will ensure that new timber sale activities from this point forward will be in statutory compliance, but will not result in the government liability and possible community backlash that suspension of all activities may generate. The environmental community may still not be entirely pleased with this but it may reduce some of their anger.

**Exhibit 1**

Revised 6/14/96

**STATUS OF TIMBER SALES ON BUFFALO RANGER DISTRICT**

**SALES IN LITIGATION**

| <b>Sale Name</b> | <b>Award Date</b> | <b>Contract Termination Date</b> | <b>Purchaser</b>       | <b>Volume MBF</b> | <b>Sale Status</b>             | <b>Estimated Completion Date</b> |
|------------------|-------------------|----------------------------------|------------------------|-------------------|--------------------------------|----------------------------------|
| Sand Gap         | 11/15/94          | 10/15/97                         | M-R Lumber             | 1097              | Harvest is 20% complete        | 06/16/97                         |
| Round Hill       | 10/26/94          | 10/15/96                         | H.E.R Lumber, Co.      | 604               | Harvest is 75% complete        | 12/15/96                         |
| West Fork        | 05/03/96          | 04/30/99                         | Bibler Brothers, Inc.  | 1150              | Harvest is complete            | 07/01/96                         |
| Junction         | 05/03/96          | 04/30/99                         | Boling Brothers Lumber | 1334              | Harvest is 5% complete         | 07/15/97                         |
| Henderson Mt.    | 05/03/96          | 10/30/99                         | Boling Brothers Lumber | 541               | No Work has begun on this sale | 12/15/97                         |
| Deer             | 05/03/96          | 04/30/99                         | Boling Brothers Lumber | 839               | No Work has begun on this sale | 12/01/98                         |
| Swain            | 05/03/96          | 10/30/99                         | P & L Logging          | 661               | No Work has begun on this sale | 12/14/96                         |
| Barberry         | FY96 Sale         | Not Applicable                   | Not Applicable         | 1300              | Sale has not been advertised   | Not Applicable                   |

**Exhibit 2**

Revised 6/14/96

**PROPOSED TIMBER SALES FOR FY 96**

| <b>Sale Name</b> | <b>Ranger District</b> | <b>Sale Volume</b> | <b>Sale Status</b>                                                 |
|------------------|------------------------|--------------------|--------------------------------------------------------------------|
| Edgemon Creek    | Buffalo                | Unknown            | EA scheduled to go out for public review and comment in June, 1996 |
| Headwaters       | Pleasant Hill          | 2,500              | Sale is ready for advertisement                                    |

THE PRESIDENT HAS SEEN

8.20.96

THE WHITE HOUSE

WASHINGTON

96 AUG 10 P1:22

August 10, 1996

180873

MEMORANDUM TO: THE CHIEF OF STAFF

FROM: RAHM EMANUEL

SUBJECT: WEEKLY REPORT

**CRIME/DRUGS:** The FBI juvenile crime numbers were widely reported and the President received favorable coverage on ABC news. They used three clips from his speech.

As an Administration, we need to be careful not to sound overly confident about these numbers. The public believes that juvenile crime is out of control. If we act or sound like we are winning this war before we have even begun to fight it, we will seem out of touch with reality.

The juvenile crime numbers should be used to focus on local success stories and initiatives (e.g. New Orleans, Long Beach, Salinas, etc.)

The failure of the 911 in Atlanta has brought renewed focus to our non-emergency community policing number. The Justice Department is very close to concluding a pilot project in Baltimore to start a 511 non-emergency number. We should know in the next week whether we have a new announcement.

We have \$27 million ready to announce from the Justice Department for drug testing of state inmates. In conjunction with the funding, we also have completed a study of Delaware inmates and paroles. The study shows regular testing and treatment of inmates and paroles prevents repeat drug crimes.

I want to release the drug testing funding and Delaware study to the states with an Attorney General letter to the Governors concerning the drug problem in the prisons.

On Monday I hope to have completed the paper on the Brady Bill extension for domestic violence misdemeanors. As you know it has already been over a year since we sent up legislation on Cop Killer Bullets.

We have one more drug study to be published, the Household Survey. The survey, like all other surveys, will show continued increase in drug use by teens. This survey will show four years

of steady growth in teen drug use.

The best counter-attack we have to GOP criticism on teen drug use is our effort to curb teen tobacco use and GOP attempts to cut Safe and Drug Free schools.

Mark Klaas has made a video to send out to all the supporters of the Klaas foundation. The back of the video jacket leads with a quote from the President.

**IMMIGRATION:** This week INS announced their agreement with 30 Poultry executives. The agreement covers 43,000 positions to be included in the computer verification program. The Washington Post placed the announcement on the federal page; I have attached a copy of the article.

The agreement with the Poultry companies comes on the heels of our Meat Packing industry agreement. Any discussion of our immigration enforcement efforts should include the above agreements.

Last week Doris Messiner was in Florida to announce the expansion of the Administration's immigration policy. The focus of the policy is on deportation of criminal aliens and workplace enforcement.

If there is any advantage to the selection of Jack Kemp, he takes immigration off the table in California. The moment the Dole campaign attempts to roll out the red meat on immigration we can roll-out Kemp's quotes. Without immigration, crime, welfare, or affirmative action, the Dole campaign in California is left with the 15% tax cut.

**WELFARE:** I think it is very important for the signing of the welfare legislation that the Arkansas mother the President regularly refers to introduce him. She represents the very change the President wants to embrace in reforming the system.

In addition to the Arkansas family, we have asked each Governor to bring with them a family who has moved off of welfare into the mainstream of employment.

There was an interesting and positive editorial in Friday's New York Times on welfare that I have attached.

Bruce and I are working with Gene on a jobs proposal. We may want to connect any new effort to the Empowerment Zones. Richard Nathan has completed a study showing the success of the Empowerment Zones. I think any new initiatives need to be ready for the Bill signing.

We contacted the Social Security Administration to look into the legal immigrant population receiving SSI. They reported back that

83% of the legal immigrants receiving SSI benefits are eligible for citizenship. They have been in the country longer than five years. I have asked Agriculture to see what the numbers are for Food Stamps.

The above information only strengthens the case for a Presidential directive to INS. INS thinks they can give priority to immigrant families with children.

Congressman Shaw is preparing Corrective legislation. His focus is on the Waiver area and he thinks he needs to make amends with us on this provision. Richard Tarplan at HHS has had preliminary discussions with his staff on the Corrections legislation. I think we can get something on the immigrant front.

*Agree*

*Agree*

# Immigrant Job Checks to Expand

## Computerized Pilot Project to Include 1,000 Firms, INS's Meissner Says

By William Branigin  
Washington Post Staff Writer

The Clinton administration is pushing ahead with a computerized pilot program to verify employment eligibility of immigrant job-seekers.

In expanding its "Employment Verification Pilot" project, the Immigration and Naturalization Service (INS) announced yesterday that 31 poultry companies employing more than 43,000 workers in seven states, including Maryland and Delaware, have agreed to participate in the voluntary program.

The project, which began last year, has 350 participating firms, which employ about 200,000 people, INS Commissioner Doris M. Meissner told a news conference. She said the agency plans to enlist 1,000 firms in the program by the end of September.

The program is aimed at reducing the "job magnet" that traditionally has drawn illegal immigrants to the United States. INS officials say the need for it stems from the failure of a 1986 law designed to prevent illegal aliens from obtaining jobs by penalizing employers who knowingly hired them. The law spawned a huge black market for fraudulent documents, which illegal immigrants purchased to present to employers. Even if the firm suspected a job-seeker was an illegal alien, the employer could claim to have been fooled by good counterfeit paper and to have refrained from asking for additional documentation for fear of violating anti-discrimination provisions.

Under the pilot program, INS officials say, the employer uses a personal computer and a modem to check an immigrant's identity against an INS database. In most cases, a response is received within 90 seconds on whether a job-seeker is legally eligible for employment or needs to be checked further. If the initial check is unable to verify the person's eligibility, the employer is directed to provide further information for a secondary computer check, which is designed to generate a response within two days. If authorization still is not given, the new employee is asked to straighten out the problem with an INS office within 30 days.

The employer must hire the person before initiating the verification process—using the system to "pre-screen" an applicant is prohibited as discriminatory—and the firm must not fire an em-



FILE PHOTO BY JAMES H. THORNTON—THE WASHINGTON POST  
Chickens are processed at Perdue plant in Salisbury, one of poultry firms in project.

ployee because of questionable eligibility during the verification procedure, the INS stipulates.

A major loophole in the pilot program, INS officials concede, is that it now applies only to employees who state they are not U.S. citizens. An illegal immigrant can evade the verification process by submitting a false document and claiming to be an American citizen, the officials said. A second pilot the administration plans to launch later this year is intended to check all new hires by bringing a Social Security Administration database into the verification process.

Opponents of the program range from the American Civil Liberties Union on the left to the conservative Americans for Tax Reform. They also include immigrants' rights groups such as the National Council of La Raza.

"The likelihood that employers will use the system improperly is very high," said Cecilia Munoz, a deputy vice president of the council. "We're troubled that the pilot project is proceeding, but that monitoring for civil rights abuse is not."

The ACLU regards the project as a test run for a "national ID system" that would "put at risk the personal privacy of every person in the country, not just aliens," said Gregory Nojeim, the group's legislative counsel.

INS officials counter that safeguards

are being introduced to prevent misuse and protect the rights of legitimate workers. "We've been very attentive to the potential for unfair labor practices and discrimination," said Robert L. Bach, INS executive associate commissioner for policy and planning.

"Employers have been very enthusiastic," Meissner said. "They love the program because it takes the guesswork out of hiring legal workers."

The pilot started last September with 239 employers around Santa Ana in southern California, an area with high rates of job-related document fraud. The employers, which include Disneyland and Knott's Berry Farm, have transmitted more than 18,600 verification queries since and received INS authorizations for 78 percent of them, the INS said.

Of the more than 4,000 employees told to sort out their records with the INS, only about 60 showed up at an INS office within the 30-day period, Bach said. About half the remainder were found to have given the INS false information when they were hired, and the status of the rest was uncertain, he said. Although they may have been illegal aliens, it was also possible that they were legal residents who became discouraged and sought another job, he said.

me to perform a much average abdominal incision of the huge size of the tumor and the thickness of the abdominal wall."

try took two and a half hours of the usual one hour time. The tumor that was weighed more than three pounds.

try went well. Two days after surgery, the patient made empty at eating a normal meal. The patient proceeded with it was normal caution. Surgery had been more than usual, he felt that the risk of increased risk for a post-operative complication hemorrhaging, a pulmonary embolism, infection, and renal and bladder dysfunction.

these complications do occur," Dr. Vetere said. "Some of them are life-threatening and discovered and treated the vast majority of days post-operatively."

Prudential HealthCare's utilization review" perceptive marvel is a

## H.M.O. defies surgeon after a major operation.

al employee, usually a no goes from floor to floor in a checking on Prudential. The object: to make sure the don't get too much in the area.

contractual agreement with the H.M.O.'s," said John a spokesman for the hospital. He explained that the H.M.O. representatives can move about the unaccompanied, can go in of the rooms of patients that a their managed-care plans, full access to the patients'.

know where their patients they go up to those units and the records," said Mr.

Prudential HealthCare nurse viewed the records of Dr. Vetere (at about the time he was attempting to eat that post-operative meal) could see on why the patient couldn't go it once. The nurse phoned a vital physician. They decided telephone — without physical-mining the patient and without ing Dr. Vetere — that the had gotten all the hospital he needed. They cut off her ge.

vetere said he was notified of

NYT 8-9

By Mickey Kaus

LOS ANGELES Three themes dominate the news coverage of the welfare reform bill President Clinton says he will sign. First, there is the Dick Morris Triumph, in which Mr. Clinton sells out his principles, and the poor, for a mess of votes on the advice of his cynical strategist. There is the Gingrich Resurgence, in which Congressional Republicans recapture their glory by fulfilling the biggest idea. Finally, there is the Death of Liberalism: If a Democratic President can end the "guarantee" of cash aid to the poor begun in the New Deal, what does the party stand for?

Each of these story lines is thoroughly misleading. Indeed, something like their opposite is closer to the truth. Not only did Mr. Clinton make a justified and principled decision to sign the welfare bill, but, in doing so, he set the stage for a revival of liberalism and, more generally, public faith in government.

To understand why, consider some realities about welfare and its reform that are not so widely reported:

• The new welfare bill does not mean the Federal Government is abandoning the antipoverty fight. "This bill simply says, we give up," declares E. J. Dionne in the Washington Post. That's absurd. Under the new law, Washington will continue sending some \$20 billion a year to the states to spend on aid to needy families. What Washington is saying is that the current welfare program, Aid to Families With Dependent Children, sustains a debilitating culture of non-work and nonmarriage — but we don't know exactly what sort of change in the system will best transform that culture. So states will take

Mickey Kaus is the author of "The End of Equality."

# The Revival of Liberalism

the Federal money they now spend on A.F.D.C. and try out various reforms. Some officials will try to replace welfare with public jobs. Others will try various time limits and cutoffs. There is a risk some states will be too harsh. But Congress does not give away \$30 billion, even in block grants, without keeping a close eye

## The welfare bill spells the end of Gingrichism.

on how the money is spent.

Governors, for their part, will be competing for the national prominence that will go not to the poorest state, but to whoever figures out how best to get welfare recipients into the work force. If a state comes up with a winning formula, there will be intense pressure for other states to adopt it and for Congress to nationalize it.

• The bill will probably result in spending more money, not less, on poor families. The bill saves some \$55 billion over six years, mainly in food stamp reductions and cuts in aid to legal immigrants. But the basic welfare and child-care grants in the bill include at least \$3 billion more over this period than the A.F.D.C. program they replace. Liberals charge this isn't enough extra money to provide child care and public jobs for poor single mothers who can't find private-sector work. Conservatives respond that once welfare is no longer a free ride, so many people will leave the rolls that the savings can be used to pay for the jobs.

If the conservatives are too optimistic, as most experts think they are, even Republican governors will start demanding the extra Federal money they need, and conservatives, having promised to replace welfare

with work, will be in no position to deny them. Indeed, states are already complaining about the cost of creating enough last-resort jobs to meet the bill's work targets. Meanwhile, liberal antipoverty groups that haven't previously given a fig about replacing welfare with work are now calling for new spending, not on welfare but on W.P.A.-style public jobs.

• Aid to Families With Dependent Children, far from being a cornerstone of the New Deal, was an aberration. The original W.P.A., remember, was started by Franklin Roosevelt in 1935, at the founding of the New Deal's "welfare state." Roosevelt thought he was ending cash aid branded a "narcotic," and replacing it with the W.P.A.'s work program. Indeed all the big assistance programs in the Social Security Act of 1935 — unemployment compensation, Social Security pensions, aid for the elderly and the disabled — upheld the work ethic. They were restricted to those who either worked or were unable to work.

There was only one exception, nestled almost unnoticed in the massive New Deal structure — a tiny program, intended to help widows, that eventually grew into A.F.D.C., which now sustains more than four million single mothers, half never married. It's no accident that it is also the only New Deal program despised by the voters.

• A.F.D.C. has poisoned the public against all government spending. Republicans have skillfully used the program's unpopularity to taint all Democratic antipoverty efforts, indeed all government. "By invoking with a sneer the phrase welfare state," the journalist Jacob Weisberg writes, Newt Gingrich "implies that collective action is typified by welfare." The trick worked, but with A.F.D.C. gone, it won't work anymore.

Nor can Mr. Gingrich keep railing against the "culture" of the urban underclass sustained by A.F.D.C. ("12-year-olds having babies, 15-year-olds killing each other"). The under-

class is now the Republicans' problem as well as the Democrats'. So what does Mr. Gingrich have left to say? Repeal environmental protections? Privatize Social Security? The Republicans may soon discover that the voters never really hated government; they just hated welfare.

• Liberals can now rebuild an active government on a more defensible foundation. Even as the welfare bill was passing, conservative Republican Congressmen were talking of the need for a new Federal effort to revive impoverished communities. These Republicans had enterprise zones and tax breaks in mind.

B "creativity of the mind" can think bigger. They don't need a "new paradigm." They mainly need to develop programs that, like most of the New Deal, build on the work ethic — not just W.P.A.-style jobs, but also the ambitious training efforts that the Clinton Administration has so far failed to finance.

• Gingrichism is doomed. With the welfare bill safely out of Republican hands, the truth can be admitted: the Republicans have been snookered, especially the Speaker of the House, Mr. Gingrich has now accomplished what the voters wanted him to accomplish, namely reforming the "corrupt liberal welfare state." They don't need him anymore. Meanwhile, Democrats have been liberated to meet the public's legitimate, unfulfilled expectations of government. I suspect we will see the results clearly, if not in this election then the next. Sorry, Newt. Congratulations, and goodbye.

## Correction

An article on Wednesday about gay marriage misidentified a street in Baltimore where Gertrude Stein lived. It is Biddle Street.

## Abroad at Home

ANTHONY LEWIS

## Jefferson's Nightmare

A major party driven by religion.

close its contributors and subject to limitations on contributions.)

Abortion is a touchstone. The Republicans this year will have the harshest position ever, calling for a constitutional amendment to prohib-

tics. But it is quite different to have a single religious outlook — one that tends to see everything in rigid terms of right-wrong, good-evil — dominating a major party. That creates difficulty for the accommodations that are a necessary part of

BOSTON The days leading up to the Republican Convention in San Diego have made plain a fact of exceptional significance. For the first time in United States history, a major political party