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MEMORANDUM FOR THE PRESIDENT

FROM: **KITTY HIGGINS** Kitty

SUBJECT: **Summary of Cabinet Weekly Reports August 17 - September 6, 1996**

DEPARTMENT OF TREASURY

- **Thailand Tax Treaty:** Treasury officials recently reached an agreement on an income tax treaty with Thailand. The proposed treaty would be the first time that Thailand has agreed to a tax treaty that did not include tax sparing.

- **Social Security Report:** Recent reports indicate that the Social Security Advisory Council is now likely to issue its report after the election.

- **IRS Reduction In Force:** Treasury officials continue to work with the IRS on issues related to its proposed RIF. A number of Congressional inquiries have been received about the RIF and its effects on Members' districts. Treasury officials met with Robert Tobias, the National Treasury Employees Union (NTEU) President, to discuss NTEU's perspective on the proposed RIF.

- **Guatemalan Training Results:** Since November 1993, the U.S. Customs Service has sent a number of inspectors to Guatemala to conduct Contraband Enforcement Team courses and serve as advisors in the Guatemala Port Security Program. On August 27, members of the AntiNarcotics Operations Unit of the Guatemalan Department of Treasury, who received instruction by U.S. Customs Inspectors, seized more than 2,200 pounds of cocaine. Also on August 27, the State Department approved a request to place a technical advisor into Guatemala for a period of two years to support the Guatemalans' efforts in combating illicit narcotics trafficking.

- **Puerto Rico Cocaine Seizure:** On August 27, a Customs aircraft detected a suspect vessel near Fajardo, Puerto Rico. A thorough search of the vessel for contraband proved negative. However, a search was conducted in the area where the suspect vessel was initially detected and intercepted, and it resulted in the discovery of 1,426 pounds of cocaine floating in the water.

- **Debt Limit:** On August 30, the GAO released its analysis of Treasury's actions during the 1995-96 debt limit impasse, stating that Treasury's actions were proper and consistent with legal authorities the Congress has provided to Secretary Rubin.

- **Bankers Bus Tour 96:** On September 5, OCC Comptroller Ludwig participated in the "Bankers Bus Tour 96" sponsored by Operation HOPE, Inc. in Los Angeles, CA. The event highlighted private sector investments and loans made over the last four years in Los Angeles's central and inner city community. A ribbon cutting ceremony took place at the new Operation HOPE Banking Center.

- **District of Columbia:** On August 28, Treasury officials met with OMB staff and District officials to discuss DC's current cash position and future financing needs. DC has immediate capital borrowing needs of $185 million, most of which will be used to refinance $96 million capital portion of FY96 Treasury borrowing, and finance the $53 million capital payment to the Washington Metropolitan Transit Authority. Treasury may be asked whether it can provide a loan for these purposes. In order to qualify for a loan, DC must certify that it has no market access on reasonable terms as a condition for a Treasury Advance. On August 26, DC issued an RFP that will be a basis for determining if DC has market access, and, if it does, an underwriter will be selected. DC and the Authority are currently reviewing the proposals, and Treasury expects that DC will be presented with reasonable financing terms.

- **Haiti:** Treasury staff is working to get the international financial support for Haiti flowing quickly. The Haitian government has made some progress on macroeconomic stabilization, bringing the budget deficit under control, steadying the exchange rate, and maintaining a good level of reserves. However, the Parliament has been slow to pass a needed privatization bill. The IMF, which had been waiting for passage of the modernization bill, now seems ready to go ahead with its loan in mid-September and leave the privatization issue to the World Bank.

- **Tax Bill:** The Congressional leadership has decided not to move forward with a tax bill at this time.

- **BIF/SAIF:** House Republican Committee staff is drafting a BIF/SAIF-Regulatory Burden Relief bill. Prospects for this bill are not clear, although Treasury believes that chances of adopting BIF/SAIF legislation are better if it were to originate in the

Senate. It has been reported that Chairman D'Amato wants to bring a combined Regulatory Burden/BIF/SAIF bill to the floor the week of September 10. Chairman Leach expects to include some version of regulatory burden legislation in the combined bill.

- **Finance Minister of the Year Award:** Secretary Rubin was named Finance Minister of the Year by *Euromoney Magazine*. He was interviewed by *Euromoney* for a profile piece to run during the World Bank/IMF meetings that take place at the end of September.

- **Community Development Financial Institutions (CDFI) Program:** This week, the Senate will consider HUD-VA Appropriations which contains $45 million for CDFI. The House provided a similar amount, and we will work with the conferees to increase funding to your requested level of $125 million.

- **American Airlines Seizures:** The *Miami Herald* is developing a story on cocaine seizures on American Airlines flights from Colombia. There have been a large number of seizures on the flights, including some in which cocaine was discovered in the avionics, air ducts, and in the internal structure of the aircraft's wings. Customs Commissioner Weise and other senior Customs officials have been interviewed. The story will likely appear within a month.

DEPARTMENT OF COMMERCE

- **Trade Mission Complaint:** Secretary Kantor and his predecessor, Ron Brown, were accused in a complaint to the FEC of using seats on Commerce trade missions to raise funds for the Democratic Party. On August 26, Judicial Watch, a public interest law group, told the FEC that documents obtained from DOC under the Freedom of Information Act provide "reason to believe" that government services were traded for donations. Following this complaint, a federal judge has found the Department's search for documents responsive to the Judicial Watch FOIA request to have been inadequate, and has ordered Commerce to check its record for any additional material that may have been missed initially.

- **Supercomputer Investigation**: The Import Administration (IA) initiated an investigation of Vector supercomputers from Japan pursuant to a petition filed by Cray Research of Eagan, MN. In response to IA's initiation of the case, the National Science Foundation announced that it would not approve the University Corporation for Atmospheric Research's procurement of a supercomputer from NEC Corporation, a Japanese company covered by IA's investigation, until the dumping issue is resolved. The ITC's preliminary determination is due by September 12. IA's preliminary decision must be issued no later than January 6, 1997.

- **Secretary's Schedule:** On September 9, Secretary Kantor will travel to Newark, NJ, to open a District Export Assistance Center and to participate in an Empowerment Zone Event with Mayor Sharpe James. On September 11, Secretary Kantor will travel to Cleveland, OH, to deliver the keynote address to the National Association of State Development Agencies. On September 18, Secretary Kantor will hold a press conference to release the July 1996 trade numbers.

DEPARTMENT OF LABOR

- **Labor Statistics:** On September 10, DOL will release revised data on the productivity of workers for the second quarter of 1996. On September 12, DOL will issue the Producer Price Index for August. On September 13, DOL will release the Consumer Price Index for August.

- **United Auto Workers:** On August 22, the UAW postponed its announcement of the "target" company for this year's round of bargaining with the Big Three and offered no clear indication as to when one might be selected. Some 400,000 workers are covered by contracts which expire on September 14. On September 3, news accounts indicated that the UAW had selected Ford as a target.

- **Baseball:** Negotiators for major league baseball's players and owners are continuing efforts to complete a tentative agreement amid reports that team owners expect to vote on the pact at their quarterly meeting scheduled for September 10-12. Ratification requires approval by 21 of the 28 owners.

- **Child Labor Coalition:** On September 9, Secretary Reich will address 200 state, federal, and international child education and labor experts at the Child Labor Coalition Conference in Washington, D.C.

- **Scaffold Standard:** On August 29, the Occupational Safety and Health Administration (OSHA) issued a revised standard to protect millions of construction industry workers while they work on scaffolds. The new standard will prevent an estimated 4,500 injuries and 50 deaths annually. An estimated 2.3 million construction workers work on scaffolds frequently.

- **Pension Security Case:** Labor attorneys' received a favorable final judgment in an Employee Retirement Income Security Act (ERISA) case requiring the trustees of the NECA-IBEW Florida Pension Fund to restore a total of $4.2 million in assets. Labor alleged that the trustees imprudently invested $3 million of assets in a real estate development project in St. Augustine, FL.

- **McDonnell Douglas:** After a flurry of activity earlier this month, representatives of the striking Machinists Union and McDonnell Douglas have not held any meetings since August 16, and none are scheduled. The walkout began on June 5, with outsourcing and job security remaining the principal issues in the dispute. The company continues operating with white collar personnel and temporary workers.

- **Philadelphia Teachers:** In Philadelphia, PA, negotiators for the city and the Philadelphia Federation of Teachers successfully completed contract negotiations two days before the expiration of the current agreement on August 31. The new contract covers some 12,000 teachers and has a 4-year duration. There were no give-backs and the salary increases run 3 percent in each of the first two years and 4 percent in each of the final two years.

- **High Technology Workplaces:** On September 10, Secretary Reich will convene a roundtable of reporters to release a white paper examining the impact of technology on worker productivity. The roundtable will be held in conjunction with the Bureau of Labor Statistics release of the second quarter productivity report.

- **Sweatshops:** On September 12, Secretary Reich will hold a press conference with executives from the Calvert Group, Citizens' Advisory and Franklin Investments in Washington, D.C., to announce that the three investment firms have made a public commitment not to invest in apparel companies that do not monitor for sweatshop abuses.

DEPARTMENT OF TRANSPORTATION

- **ValuJet:** On August 29, DOT issued a show cause order allowing ValuJet to commence operations with as many as 15 aircraft. The order requires any comments to be filed by September 5, and requires any Departmental reply within four days of that date. The Association of Flight Attendants has objected to the fitness of the carrier under present management and has asked the Department's Inspector General to investigate the FAA's decision to allow ValuJet to resume flying. The issuance of the order was coordinated with the FAA's action finding that the carrier meets the safety related regulatory requirements imposed.

- **Aircraft Fires:** On September 5, an engine on a Continental Airline jetliner caught fire as it taxied for takeoff from LaGuardia Airport. The jetliner was carrying 83 passengers. Three people were slightly injured. On September 5, a Federal Express cargo plane made an emergency landing, then erupted into flames just after the three member crew evacuated. This plane was on its way from Memphis, TN, to Boston, MA, but was diverted to Stewart International Airport in Newburgh, NY. The FAA is working closely with the appropriate agencies to investigate these incidents.

- **Pan Am:** On August 20, DOT issued a show cause order finding the "new" Pan Am airline fit to commence operations. Comments to the order are due September 4, with replies to comments due September 14. Two organizations that represent victims of the 1988 bombing of Pan Am Flight 103 have objected, and a third is expected to object shortly. Pan Am will be able to commence operations only after a final order has been issued.

- **Rich Airlines Suspension:** On September 2, the FAA issued an emergency order suspending the air carrier certificate of Rich International Airlines, Inc., following an August 26-31 inspection of its facility, manuals and records. The order is based on a series of discrepancies in Rich's record-keeping, particularly with regard to crew training, but also involving maintenance and equipment. Rich Airlines is a Miami-based charter operation.

- **TWA Crash:** Coast Guard units in Long Island, NY continue to support the NTSB and Navy salvage effort. As of September 3, 211 bodies have been recovered.

- **United Kingdom:** On August 23, U.S. officials determined that the UK proposal for a new aviation agreement fell short of including the essential elements of an "open-skies" regime and did not provide a basis for discussions. Consequently, the August 28 government-to-government discussions with the British were canceled. The two sides remain in touch, and the U.S. is ready to resume negotiations if a basis for productive talks can be developed.

- **Secretary's Travel:** On September 10, Secretary Peña will visit a Conrail track side worker gang near Pittsburgh, PA. The purpose of the visit is to examine first-hand the impact of the voluntary implementation of the track side worker protection safety rule. On September 13, Secretary Peña will travel to Nashville, TN, to address the National Governors' Association Highway Safety Conference. On September 11, Secretary Peña will testify at a hearing on reauthorization of ISTEA before the Senate Environment and Public Works Committee.

UNITED STATES TRADE REPRESENTATIVE

- **China Textiles:** On September 6, Ambassador Barshefsky announced the application of quota charges resulting from the illegal transshipment of textile and apparel products and circumvention of our bilateral textile agreement with China, including punitive triple charges only available under the 1994 agreement. USTR's announcement is yet another example of your Administration's commitment to enforcing its trade agreements. USTR negotiated a tough agreement that reduced the flow of textile imports and set clear enforcement objectives. There is substantial U.S. industry support behind the announcement.

- **Minority Experts Business Roundtable:** On September 11, Ambassador Barshefsky will speak to the Minority Trade Conference hosted jointly by USTR, Commerce, and the State Department in Washington, D.C.

- **Ambassador's Schedule:** On September 11, Ambassador Barshefsky will meet with George Fisher, CEO of Eastman Kodak Company, to discuss U.S. access to the Japanese film market. On September 12, Ambassador Barshefsky will meet with John Sweeney, president of the AFL-CIO.

SMALL BUSINESS ADMINISTRATION

- **APEC Ministerial Meeting:** On September 4-7, Administrator Lader led the U.S. Delegation to the Third Meeting of the Ministers in Charge of Small and Medium Enterprises of APEC in the Philippines.

- **Administrator Travel:** On September 9, Administrator Lader will address the opening of the Advanced Technology International Trade Forum in Seattle,WA, and will visit the Seattle District Office to present a Hammer award.

- **Small Business Annual Report:** On September 10, Administrator Lader will present the first Annual Report on the Implementation of the Recommendations of the 1995 White House Conference on Small Business in Sacramento, CA.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Hurricane Fran:** FEMA and other federal agencies are responding to Hurricane Fran, which made landfall on September 5. Situation reports are being forwarded regularly to you. Today, James Lee Witt and a team of federal officials travelled to NC, SC, and VA, to survey the damage. You have declared major disasters for NC and VA.

- **National Arson Initiative:** A total of 44 VISTA volunteers, through the Corporation for National Service, have been conducting arson prevention community outreach in 67 counties in AL, GA, MS, NC, SC, and TN. During this month, an additional 27 volunteers will begin working in these states as well as in LA. The Clearinghouse for arson prevention resources continues to address requests for publications and information. To date, the Clearinghouse has filled about 15,700 orders. The Clearinghouse is also conducting telephone outreach activities to targeted communities. FEMA plans to participate in several arson prevention activities throughout the nation during the month of September. On September 8, Director Witt plans to meet with the Southern Governors' Association.

<u>Department of Justice</u>

- **911 Alternative:** On August 28, the MD Public Service Commission approved the Baltimore Police Department's request for a pilot project instituting a "311" dialing code for non-emergency police telecommunications. The COPS Office will fund approximately $275,000 to defray expenses and support an independent evaluation.

- **Canadian Share Certificates:** <u>United States v. Friedland</u>. Acting on orders issued <u>ex parte</u> by courts in Vancouver and Toronto on August 20, the United States enjoined Robert Friedland from dealing with the share certificates he has obtained from the sale of the Canadian company in which he has an ownership interest. Friedland was the operator of the Summitville Mine in CO. The actions will assist the United States in its efforts to ensure that sufficient funds remain available to pay for the clean up of hazardous wastes at that site.

- **Cigarette Regulation:** On August 26, in <u>Coyne Beahm, Inc.; Am. Advertising Federation; United States Tobacco Company And Nat'l Ass'n Of Convenience Stores v. FDA</u> (MD, NC), the court set a briefing schedule on the plaintiffs' proposed motions for summary judgment in these consolidated cases challenging FDA's regulation of cigarettes and smokeless tobacco products. The cases had been dormant since December 1995 pending final action by FDA to regulate and prevent marketing to and use by persons under 18 years of age. Under the schedule set by the court, the plaintiffs will file joint briefs on the issues of whether Congress has preempted the field of tobacco regulation, whether FDA may regulate these products as combination drugs/medical devices, and whether the advertising restrictions adopted by the agency violate the free speech clause of the first amendment. On February 10, the court will hear argument.

- **Passport File Investigation:** In December 1995, Steven K. Berry, who served as Assistant Secretary of State for Legislative Affairs in the Bush Administration, filed an application for government reimbursement of $262,215.14 in attorneys' fees and expenses incurred in connection with Independent Counsel Joseph E. DiGenova's investigation into the search of the then-candidate Clinton's passport files. The Civil Division, on behalf of the DOJ, submitted an evaluation of the fee petition at the court's request, and stated that it appeared that the application was warranted in part but not in whole. The special panel granted an award of $216,377.54.

- **Movie Theater Disability Case:** On August 29, DOJ entered into a settlement agreement with Cineplex Odeon Corporation, one of the nation's largest operators of motion picture theaters, resolving DOJ's claims under the Americans with Disabilities Act. Under the agreement, the company will increase significantly the number of receivers it provides for assistive listening systems for hearing impaired persons in its more than 800 motion picture theater auditoriums throughout the United States.

- **CA Racial Harassment Case:** On August 28, in United States v. Gerolamy, et al., defendants Zachary Shuman and Tobias Carlile pled guilty to violating one count of interference with housing rights in connection with a June 6, 1995, incident in Rio Linda, CA, in which they and others in their cars chased a black male and followed him up onto his lawn, before he was able to make it into his house. They shouted racial epithets and made obscene gestures during the incident. Additionally, defendant Shuman pled guilty to a second violation in connection with incidents occurring in Rio Linda between November 15, 1995, and January 6, 1996, involving Shuman's threats directed at an African-American man's use of a fast-food restaurant. Trial is set for September 25, 1996.

- **Abortion Clinic Access Case:** On August 26, in United States v. Smith, a civil action brought under the Freedom of Access to Clinics Entrances Act, the court found defendant Alan Smith in criminal contempt of the Court's preliminary injunction order as a result of his threats to a doctor who provides reproductive health services in Youngstown, OH.

- **NC Disability Discrimination Case:** On August 23, DOJ entered into a settlement agreement with the City of Charlotte in United States v. City of Charlotte, North Carolina, a case under the Fair Housing Act in which DOJ has alleged discrimination on the basis of handicap through the enactment and enforcement by Charlotte of various zoning ordinance provisions regarding group homes.

- **Chemical Weapons Incinerator Shutdown:** Chemical Weapons Working Group v. Army. On August 22, the Army began trial burns of M55 Rockets containing the nerve agent GB (Sarin) at the Tooele, UT plant designed to destroy chemical weapons. Earlier this summer, the United States won a challenge to the operations of this plant. On August 25, operations at this plant were halted to investigate the detection of a nerve agent within the processing system. The Army is working to correct the problem. No workers were exposed, and no Sarin was released to the atmosphere.

- **NV Public Lands:** United States v. Nye County. In the Nye County case, the United States and NV last week stipulated that the NV Revised Statutes that provide that the State owns the federal public lands are unconstitutional and, therefore, invalid and unenforceable.

- **Miami:** On August 23, DEA Miami, in conjunction with Metro-Dade Police, arrested 52 defendants in the North Dade County area. A total of 1,700 were arrested state-wide in the FL Sheriff's Association's "Operation Drug Sweep," which targeted violent career criminals who distribute crack cocaine across FL.

- **HI Marijuana Eradication:** In August 1996, federal, state, and local authorities concluded a major marijuana eradication effort, resulting in the destruction of 113,000 marijuana plants. The five eradication missions were carried out on the big island and on Maui.

- **NH Drug Ring:** On August 23, in NH, several defendants plead guilty to conspiracy to distribute and possess with intent to distribute crack cocaine. These defendants were members of a narcotics organization based in Lawrence, MA, that sold multi-ounce quantities of crack cocaine to a confidential DEA informant over a seven-month period in the NH cities of Nashua and Salem. A total of four defendants have pleaded guilty in two separate but related indictments in this case.

- **Mexican Gang Member:** On August 22, Tomas Hernandez Zapata voluntarily returned to Mexico, after illegally entering the United States. He flew to Mexico City and surrendered to the Matamoros Police, who have an outstanding warrant for his arrest on murder and gang-related charges.

- **Jamaican Drug Fugitives:** On August 24, the Jamaican Constabulary Force arrested four drug fugitives wanted in the Eastern District of VA. The four were mmbers of a large drug enterprise that allegedly netted over $1 million per week for several years, had broken out of jail in VA earlier this year.

- **Argentine Extradition:** On August 28, the Office of International Affairs (OIA) learned that the Argentine Supreme Court overturned an appellate court's imposition of conditions on the extradition of Samuel Medina Jaramillo, a Colombian citizen wanted to stand trial in the Eastern District of NY on cocaine trafficking, money laundering, and firearms charges. The appellate court requested assurances from the U.S. that Medina would not be sentenced to more than 25 years in prison, the maximum prison sentence under Argentine law. The U.S. protested the demand for assurances, stating that the U.S.-Argentine Treaty contemplates assurances only in cases involving the death penalty. The Argentine Supreme Court agreed.

- **CA Drug Conspiracy Case:** On August 29, two additional defendants in the ongoing prosecution of the Rogellio Polledo drug organization received lengthy sentences. To date, 31 defendants have been convicted, and over 185 kilograms of cocaine (estimated street value over $4 million) and $1 million in currency have been seized.

- **MA Juvenile Crime Report:** On September 5, Attorney General Reno announced the publication of her report on Boston's success in fighting juvenile crime. It is offered as an example of what is working locally to combat juvenile crime.

- **Media Activities:**
  - The *Washington Post* is doing a story on how affirmative action has not yet become the major issue of the campaign as many expected.
  - The *New York Times* is working on a welfare reform story, and how INS plans to verify which immigrants will lose benefits.
  - *Hearst* is doing a story on corruption on the southern border. They are interviewing Attorney General Reno.
  - The *Wall Street Journal* is working on a piece on how the ADA is affecting the motel/hotel industry.
  - The *Dallas Morning News* is doing a story on the Administration's efforts to hire cops.
  - *Glamour* Magazine will be writing on the importance of fighting domestic violence.
  - The *Cleveland Plain Dealer* is reporting on your efforts to include those guilty of domestic violence in the Brady Law.
  - The *Chicago Tribune* is running a piece updating readers on the church burning task force efforts.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Adjusted Average Per Capita Cost (AAPCC) Ratebook:** On September 6, the Health Care Financing Administration will release the AAPCC ratebook for 1997. The AAPCC ratebook lists the Medicare HMO payment rates. These payments rates are determined for every county in the U.S. Included with the ratebook will be the final determination of the United States per capita cost (USPCC) for 1997. The USPCC is the Medicare average cost per enrollee, which includes HMO costs as well as fee-for-service cost. The USPCC is the starting point for the development of the AAPCC rates. On July 23, a preliminary estimate of 7.2 percent for the increase in the USPCC for 1997 was announced. The final estimate of the USPCC increase, for use in the 1997 ratebook, is 5.9 percent.

- **Medicaid Grants:** On August 29, HHS awarded MN, NH, NJ, and DC with portions of a special allocation of $54 million authorized under the Omnibus Consolidated Rescissions and Appropriations Act (OCRAA) of 1996. The allocations were based on an OCRAA provision that required Secretary Shalala to allow certain Medicaid claims for amounts paid to certain state-operated psychiatric hospitals between December 31, 1993 and December 31, 1995, that would otherwise not be matchable with Federal funds. The $54 million was distributed based on the percentage of each state's total Medicaid expenditures which the OCRAA-related claims represented. NJ, the state which received the smallest amount of money, has expressed dissatisfaction with the allocation methodology used.

- **WI, MI Temporary Assistance Plans:** Shortly after you signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 into law, WI submitted a plan to implement a Temporary Assistance to Needy Families program. WI was the first state to submit such a plan under the new law. MI was the second state to submit a plan. Both plans are under review.

- **Welfare Reform Implementation:** On August 27, HHS, sent a letter to welfare commissioners providing an update on implementation efforts, as well as providing state allocations for the temporary assistance for needy families block grant. HHS also wrote to the child care lead agency administrators to inform them about accessing their FY96 and FY97 child care allocations, and about the next steps for implementation of the child care provisions in the welfare bill. In addition, HHS officials have conducted meetings with education, disability, and organized labor groups to brief them on HHS implementation plans and offer question and answer sessions. On September 9, HHS will participate in the National Governors' Association, American Public Welfare Association, and National Conference of State Legislators open a two-day meeting including governors' policy advisors, welfare commissioners, and state legislators to discuss welfare reform implementation. HHS hopes to provide the states with draft guidance on preparation of state plans at the meeting.

- **Welfare Reform Hearing:** On September 17, the House Ways and Means Subcommittee on Human Resources will hold an oversight hearing on the implementation of welfare reform. Mary Jo Bane, Assistant Secretary for the Administration for Children and Families will testify.

- **Spina Bifida/Agent Orange Hearing:** On September 18, the Senate Veterans Affairs Committee is scheduled to hold a hearing on whether scientific opinion supports the recent VA decision to compensate the Vietnam veterans' offspring who suffer from *spina bifida*. The Committee has asked the CDC to respond to a series of questions and may invite a representative of CDC to testify.

- **Secretary's Schedule:** September 9, Secretary Shalala will speak at the United Nations Commemorative Meeting marking the 1st Anniversary of the 4th World Conference on Women, in NY. In the evening, she will speak at the 15th Anniversary Dinner of the "I Have a Dream" Foundation in Washington, D.C.

- **NC, KY Tobacco Regulation Challenge:** NC Governor Hunt and KY Governor Paul Patton have indicated that they may file lawsuits in an attempt to prevent the FDA from regulating nicotine as an addictive drug.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Promoting President's Targeted Homeownership Tax Proposal:** On August 29-30, Assistant Secretary for Policy Development and Research, Michael Stegman, participated in two roundtable conference calls with reporters from major national and regional print media, news wires, and trade publications on your capital gains tax proposal for homeowners. HUD will continue to generate support for your proposal in upcoming homeownership events.

- **New Homes Sales Growth:** On August 29, Secretary Cisneros announced July's sharp increase in new home sales which reached 783,000, an 8 percent increase over June's rate and the seventh month in a row that sales peaked above the 700,000 mark. This is the longest period of sales of this strength in more than 10 years. On an annual basis, new home sales are also running 14 percent higher than last year.

- **Public Housing Reform Bill:** On September 4, a 600-page plus conference report on the 1996 Public Housing Reform Bill was circulated to key members of Congress. We anticipate House-Senate conference on the bill to begin next week.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **National Prevention Network Conference Address:** On September 9, Director McCaffrey will travel to Tucson, AZ, to meet with the Arizona-Mexico Border Health Foundation; the Arizona Chapter of Drug Watch International; and keynote the 9th Annual National Prevention Network Conference. While attending a Drug Watch International press conference, Director McCaffrey will make a public statement against Proposition 200, an initiative that would legalize drugs.

- **Asian Organized Crime and Drug Trafficking Conference:** On September 10, Director McCaffrey will address law enforcement officials from nine Asian Pacific countries during a keynote to the International Asian Organized Crime and Drug Trafficking Criminal Enterprise Conference in Honolulu. The Director will also meet with law enforcement HI officials from HI, Bankok, Canberra, Hong Kong, Manila and Tokyo.

- **CA Drug Conference:** On September 10, Director McCaffrey will participate in a working group breakfast in Los Angeles, CA, with anti-drug advocates.

Department of Interior

- **Nevada Land Exchange:** The House Resource Committee's Subcommittee on National Parks, Forests and Lands has indicated that it may hold an oversight hearing in September regarding exchanges of public lands with developers in southern NV. Congressman Ensign is the main proponent of such a hearing. House Republicans would like to link Secretary Babbitt and Senator Reid to some type of preferential treatment of certain developers in the region. In connection with the oversight hearing, the Subcommittee has been tape recording interviews with various employees of the Bureau of Land Management both in NVand WA.

- **Natural Gas and Oil Leases:** On August 28, MMS announced the proposed final five-year program for natural gas and oil lease sales on the Outer Continental Shelf (OCS) for 1997-2002. The Program schedules consideration of 16 sales in 7 areas of the OCS. No leasing is under consideration off the Atlantic or Pacific coasts. Five sales are to be considered in four areas of the AK OCS. Annual sales are scheduled for the Gulf of Mexico and in deep water off FL. The final step is for the Secretary to approve the program after a 60-day notification period has elapsed.

- **Pilot Fee Project Update:** On September 11, Secretary Babbitt is meeting with Senator Gorton and Representative Regula on the Pilot Fee Project. Planning for the implementation of the fee increase pilot programs continues. DOI will be announcing modest fee increases at less than 50 recreation and refuge areas this fall. However, the major increases for parks will not be determined or announced until this winter for the new park season to permit time for additional study and community outreach.

- **Headwaters Hearing:** On September 12, the House Resources Subcommittee on National Parks, Forests and Lands is holding a hearing on the Headwaters Bill to promote balance between natural resources, economic development, and job retention in northwest CA. Deputy Secretary Garamendi will be testifying.

- **Central Valley Project Improvement Act:** On September 12, the House Resources Subcommittee on Water and Power Resources is holding an oversight hearing on the progress report on the administrative attempts to implement the Central Valley Project Improvement Act. Patty Beneke, Assistant Secretary for Water and Science, will testify.

- **Firefighting Funding:** In August, wildfires affected nine western states in one of the worst months for firefighting in years. Controlling fires across the West, a total of 7,265 on Interior lands to date this year, has proved to be very expensive. Daily obligations are running at $2.5 million--three times the normal rate. Over the year 1.8 million acres on DOI lands have burned, outpacing the average by two and a half times. For the first time in three years, you recently made available appropriations totaling $51.2 million in budget authority for urgent needs arising from the fires. It may be too little to cover expenses through the end of the fiscal year. OMB expects to request additional funding to carry Interior and the Forest Service through the end of this year's fire season as well as for 1997.

- **Taiwan Decertification:** On September 11, Secretary Babbitt will announce the decertification of Taiwan under the U.S. Pelly Amendment to the Fisherman's Protective Act of 1967. The move to decertify is a positive recognition of Taiwan's progress in combating the trade in rhino and tiger parts and products.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Dairy Compact Lawsuit:** On August 30, the Milk Industry Foundation sued USDA in the District of Columbia Federal Court to enjoin implementation of the Northeast Interstate Dairy Compact. The plaintiffs contend that Congress and Secretary Glickman acted in violation of the Constitution and the Administrative Procedures Act. On September 9, government briefs are due and a hearing on a preliminary injunction will likely be held that week. The Compact states intend to seek to intervene in the lawsuit.

- **Back To School Activities:** USDA is launching a Back to School Team Nutrition campaign that will showcase improvements that the School Meals Initiative for Healthy Children and Team Nutrition are bringing to school meals and to children's health.

- **Land-Grant Universities Grants:** Historically black 1890s land-grant institutions and Tuskegee University will benefit from the award of over $9.2 million in FY96 grant funds to support 44 projects that will strengthen teaching and research programs in food and agricultural sciences.

- **Agricultural Exports:** On August 29, the USDA's first forecast of FY97 agricultural export levels placed exports at $58 billion, slightly below the estimated $60 billion this year. The FY97 forecast would still be the second-highest export sales year on record, and nearly $15 billion above the FY94 export value. The drop off in anticipated sales is attributed to a possible decline in wheat volume and value, corn volume, and cotton value.

- **UT Cattle Removal:** On September 15, is the scheduled date to begin removal of cattle from the Dixie National Forest will take place in UT because of record-breaking drought conditions. Thirty-five permittees, including Governor Leavitt, will be affected by the decision. Although most permittees recognize the gravity of the drought condition, they are resisting the decision to remove the cattle early. It is expected that the permittees will appeal the decision and will likely contact Members of Congress.

- **Enterprise Zones/Empowerment Communities Update:** Cagles Inc., an Atlanta, GA, poultry company whose plan to locate in the KY Highlands Enterprise Zone was aborted last summer, has announced that it intends once again to build a chicken processing plant near Albany, KY. The plant is expected to bring 800 - 1,000 jobs at starting wages of about $7 an hour to an area that has faced chronic poverty and high unemployment.

DEPARTMENT OF ENERGY

- **$100 Million Contract to Develop Supercomputer:** In mid-September, Deputy Secretary Charles B. Curtis will award a four-year contract worth approximately $100 million to develop a supercomputer for DOE's Los Alamos National Laboratory (LANL). The project will develop supercomputing capabilities and yield improvements in national security, science and technology, and medicine. Additionally, it will have commercial applications, making U.S. industry more competitive by shortening product cycles and meeting customer demands faster and cheaper.

- **White House Regional Environmental Technologies Conference:** On September 11, the Denver, CO, conference will stimulate regional debate on environmental technology.

- **Sniper Detector:** A sensor system called "Backlash" developed by DOE's Lawrence Livermore National Laboratory (LLNL) in CA will be further developed and potentially adapted for use by the Air Force as a warning system on aircraft. "Backlash" could provide instantaneous alerts and the source-location of fired bullets, artillery, or shoulder-fired missiles. In addition to Air Force attention, federal law enforcement agencies have expressed interest.

- **Foreign Spent Nuclear Fuel Rod Shipments:** On August 15, U.S. District Court Judge Joseph Anderson denied a State of SC request for a preliminary injunction against the first of two shipments of foreign spent nuclear fuel rods to the Savannah River Site. The judge ordered a hearing on the merits of the case in November.

This action will permit the Department to transport 275 used fuel assemblies from European and South American research reactors to the Savannah River Site for storage until a permanent repository can be built.

- **DOE Dismantlement Hearing:** On September 4, Deputy Secretary Charles B. Curtis testified before the Senate Energy and Natural Resources Committee. The hearing was chaired by Senator Grams and focused on his bill to dismantle the Department of Energy. Deputy Secretary Curtis testified that the Grams bill would endanger longstanding and successful efforts to clean up nuclear weapons sites, promote our national defense, and ensure energy and economic security.

- **Bioenergy '96 Partnerships Conference:** On September 15-20, Secretary O'Leary and Secretary Glickman have been invited to speak at the Bioenergy Conference in Nashville, TN.

<u>DEPARTMENT OF EDUCATION</u>

- **School-to-Work Report:** On September 17, DOC and DOL will release a report announcing the new School-to-Work Urban/Rural grants.

- **Hispanic Excellence Report:** On September 12, the Commission on Educational Excellence for Hispanic Americans will is expected to release its report at the National Summit on Latino Children in San Antonio, TX.

- **Single Sex School:** The ACLU and NAACP Legal Defense Fund have filed a complaint with the DOEd against the Young Women's Leadership School, a new New York City public middle school for girls. The DOEd is working as quickly as possible to reach a decision.

[illegible] (career [illegible] diverse [illegible] [illegible] we should allow [illegible] public academies

- **VA Department of Education v. Riley:** VA is seeking rehearing of the decision of a Fourth Circuit panel upholding the decision of Secretary Riley that requires VA to provide free appropriate education to all children with disabilities, including children long-term suspended or expelled for behavior not related to their disabilities, under the Individuals with Disabilities Education Act. DOJ filed a response to VA's petition.

- **Affirmative Action Speech:** On September 25, Secretary Riley will speak on affirmative action at New York University.

- **MO Improving School's Conference:** On September 25, the first of three regional conferences on "Improving America's Schools" sponsored by the DOEd is scheduled in St. Louis, MO.

- **National Commission on Teaching:** On September 12, Secretary Riley will hold a press conference on teaching standards with NC Governor Hunt.

- **MADD:** On September 13, Secretary Riley is tentatively scheduled to hold a back-to-school press conference.

VETERANS AFFAIRS

- **Over-the-Counter Products:** On September 5, *ABC*'s John Martin conducted an on-camera interview with Under Secretary for Health Dr. Kenneth Kizer regarding VA's provision of over-the-counter products (defined as drugs, medical/surgical supplies, and nutritional supplements). The initial focus for this *ABC World News Tonight* segment is a GAO report which compared VA's provision of over-the-counter products with other health care providers. GAO noted that VA provides such products usually without charge to veterans while other public and private health care plans cover few of these products. GAO recommended that VA could reduce costs by adhering more strictly to eligibility criteria, dispensing these products more efficiently, and collecting copayments. GAO also recommended that Congress pass legislation to expand copayment requirements.

- **Home Loan Program:** On September 19, Secretary Brown will participate in a ceremony honoring the 15 millionth veteran recipient of the VA Guaranteed Loan Program in Chester, MD.

- **Golden Age Games:** On September 9-15, the 10th National Veterans Golden Age Games will be held in Riverside, CA. Nearly 500 veterans are expected to participate in this annual event cosponsored by VA and the Veterans of Foreign Wars.

ENVIRONMENTAL PROTECTION AGENCY

- **WA Grant:** On September 9, Administrator Browner will travel to Seattle, WA, to announce a major grant to clean up and restore the Puget Sound. She will also discuss your commitment to keeping toxics out of our nation's waterways, and providing clean, safe water for American families.

- **Brownfields:** On September 6, the Administrator addressed the Portland City Club. The Administrator highlighted Portland's efforts to clean up and redevelop the city's Brownfields, and your accomplishments in protecting public health and the environment, despite congressional attempts to roll back 25 years of strong protections.

OFFICE OF PERSONNEL MANAGEMENT

- **National Partnership Awards:** On September 11, Director King will present National Partnership Council awards to seven top federal labor-management teams from across the country. They will receive the Vice President's "Eagle Award" for special achievement in such areas as cost cutting, streamlining, and improved customer service.

UNITED STATES INFORMATION AGENCY

- **Iraq:** On August 30, USIA's operations center provided transcripts and news stories on the evolving crisis in northern Iraq. After the first American strike against Iraqi military installations, VOA and WORLDNET ran your statement live and later transmitted a version in Arabic. The Washington File put out a special file with your statement and other materials, which were used by posts throughout the region. USES Kuwait worked with US Navy Central Command to escort a pool of 16 journalists aboard the aircraft carrier USS Carl Vinson in the Persian Gulf for an overnight stay.

SOCIAL SECURITY ADMINISTRATION

- **National Payroll Week:** On September 18, in coordination with National Payroll Week, SSA will broadcast, via satellite, a special program for employers and their employees throughout the country. Reception will be available free on a nationwide basis to any company, institution or private individual. The program will educate employers and employees on the range of retirement, disability, survivors and Medicare benefits their payroll contributions make possible.

- **National Fraud Conference:** On September 10-12, SSA's first National Fraud Conference will be held at SSA headquarters in Baltimore, MD. This conference is expected to be an annual event, as SSA focuses its efforts on combating fraud in its programs.

- **Social Security Fraud:** In the next two weeks, *ABC World News Tonight* will air a segment for the weekly series entitled "Your Money" regarding a recent report addressing the issue of Supplemental Security Income (SSI) applicants who transfer resources in order to qualify for monthly payments. The report explains how a 1988 congressionally- mandated change in the law permitted individuals with the economic means to support themselves to transfer resources in order to qualify for monthly payments under the SSI program. SSA submitted a legislative proposal to Congress earlier this year to reinstate a penalty provision for those who attempt to qualify for SSI through the disposal of resources. Congress has not acted on this proposal.

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

THE PRESIDENT HAS SEEN
9-10-96

THE WHITE HOUSE
WASHINGTON

96 SEP 4 P5:07

~~96 SEP P8:51~~

September 3, 1996

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
JOHN HILLEY JH

SUBJECT: Response to Representatives Dingell and Rahall on the Lebanon Travel Restriction

Tony/Sandy
I agree w/ them & would
like to discuss this — I think
we are in error and have been going along
too (want to discuss
BC

Purpose

To respond to a request by Representatives Dingell and Rahall that the current restriction on use of U.S. passports for travel to Lebanon be reduced to a "Travel Advisory."

Background

Dingell and Rahall believe that the State Department has been unresponsive to requests for adjustments to the "travel ban" to Lebanon and that current circumstances warrant a change of policy. Secretary Christopher, acting on evidence of continued threats to the security of U.S. citizens traveling to Lebanon, extended the ban on August 7.

Dingell and Rahall have been informed of the renewal. Your response notes the renewal (until February 1997) and reaffirms the reasons for the restriction.

RECOMMENDATION

That you sign the letters at Tab A.

Attachments
Tab A Proposed Response to Representatives Dingell and Rahall
Tab B Incoming Correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Nick:

Thank you for your letter regarding the restriction on travel to Lebanon by U.S. citizens.

As you know, Secretary Christopher reexamines these restrictions every six months. He considers all the available evidence and bases his decision on a thorough evaluation of the threat to the security of American citizens. Unfortunately, that threat remains high and the Secretary determined on August 7 that the restrictions should be renewed for another six-month period.

I look forward to the day when travel to Lebanon by American citizens can be free of restrictions. Considerable progress has been made in restoring stability to Lebanon, but the threat of harm to U.S. citizens remains a matter of grave concern.

On a related matter, we have been consulting with the Lebanese government and others on how we can best support economic recovery and sustained growth in Lebanon. We plan to host in the near future a conference in Washington of the "Friends of Lebanon," nations that will work together to support the Lebanese Government's economic priorities. We will keep you posted as this effort develops.

Thank you again for your sustained interest in relations between the United States and Lebanon.

Sincerely,

The Honorable Nick Joe Rahall, II
House of Representatives
Washington, D.C. 20515

5621

Congress of the United States
House of Representatives
Washington, DC 20515 96 AUG 13 P5 : 34

August 7, 1996

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

Dear Mr. President:

We want to commend you for taking the time yesterday to meet with a delegation of Arab-American leaders to discuss the Middle East. For several years, we have worked with these leaders on many issues. One of the most urgent has been our effort of several years on behalf of Lebanese-Americans seeking relief from a decade-long ban on travel by U.S. citizens to Lebanon.

We are writing to seek your assistance in replacing the travel ban with a travel advisory. We do so not only because our past requests to the U.S. Department of State have been unsuccessful, but several recent events show that a relaxed travel policy would best serve the interests of our citizens, our trade balance, and our diplomatic ties to a nation with which we are at peace.

Since 1987, the United States has included Lebanon among a short list of nations where travel on an American passport is deemed too dangerous to allow. First issued in response to threats of kidnapping during the Lebanese civil war, four Secretaries of State have repeatedly renewed the travel ban at regular intervals, currently every six months. The ban is due for renewal at the end of August. Your intervention in this matter is merited for several reasons:

- Since the Lebanese civil war ended in 1990, and Terry Anderson's release on December 4, 1991, the level of harm for Americans has been practically non-existent. Moreover, the threat of harm for Americans in Lebanon has decreased below the level found for American travel to several other nations. 40,000 American citizens entered Lebanon last year alone, with none held or harmed as a result of violence. Terry Anderson returned to Lebanon on August 5, 1996.

- Our European competitors and other nations are able to take advantage of the United States' closed door policy to bid on as much as $18 billion in public sector contracts to help rebuild Lebanon and expand its economy. Private sector investment would reportedly triple this figure. A recent report in the Wall Street Journal noted that increasing resentment of U.S. policy may dissuade Middle East Airlines from ordering 10 aircraft from Boeing, Corp. valued at $1 billion.

August 7, 1996

- About one year ago, the late Secretary Ronald Brown wrote to Secretary Christopher stating his concern about the travel ban's effects on American business, and urged consideration of a solution that could allow American businesses to invest in Lebanon.

- The travel ban has created unnecessary hardships, not only for American business, but for our citizens who need or desire to visit friends and family members in Lebanon.

- Israeli Prime Minister Benjamin Netanyahu is reported to have made significant efforts seeking a "Lebanon first" solution. Israel's willingness to place this level of confidence in its neighbor certainly can be matched by a relaxation of the American travel ban.

Your continued personal determination to find a comprehensive peace in the Middle East is appreciated and admired by all Americans, but particularly those who have ancestral and current family ties to this troubled region. On behalf of the Lebanese-American community, we ask you to instruct the State Department to find an alternative to the travel ban which can meet our legitimate security concerns while promoting a normalization of personal and commercial relations with the Lebanese people.

With every good wish,

Sincerely yours,

John D. Dingell
Member of Congress

Nick J. Rahall, II
Member of Congress

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 9/10/96

TO: Bob Damus

hand delivered
By Alex R

FROM: Staff Secretary

Any comments?
Please advise.

Helen
6-2702

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

SEP 6 1996

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: JAMES B. KING
DIRECTOR

Jim King

SUBJECT: Hurricane Fran

The following information is intended to bring you up to date on recent actions taken in response to the destruction caused by Hurricane Fran and its aftermath.

Excused Absence

President Clinton signed a memorandum for heads of executive departments and agencies requesting that employees who are faced with a personal emergency because of the effects of Hurricane Fran and its aftermath and who can be spared from their usual responsibilities be excused from duty without charge to leave or loss of pay. This request also applies to employees who are needed for emergency law enforcement, relief, or clean-up efforts authorized by Federal, State, or local officials having jurisdiction. This does not apply to Federal employee members of the National Guard or Reserves who are called up to assist. Military leave under 5 U.S.C. 6323(b) is appropriate for those employees.

A copy of the President's memorandum is attached. Questions may be referred to Jo Ann Perrini of the Office of Personnel Management's Compensation Administration Division on (202) 606-2858.

Premium Pay for Employees Performing Emergency Work

Agencies are reminded of their authority under the law (5 U.S.C. 5547(b)) and OPM regulations (5 CFR 550.106) to make exceptions to the biweekly maximum earnings limitation. When the head of an agency or his or her designee determines that an emergency posing a direct threat to life or property exists, an employee who is performing work in connection with the emergency must be paid premium pay under the annual limitation of GS-15, step 10, rather than the GS-15, step 10, biweekly limitation.

We encourage agencies to exercise their authority in the case of any employee who performs emergency work in connection with the effects of the hurricane. Agency heads are required to make the determination as soon as practicable and to make entitlement to premium pay under the annual limitation effective as of the first day of the pay period in which the emergency began. Questions may be referred to James Weddel of OPM's Compensation Administration Division on (202) 606-2858.

Contributions to Relief Organizations

Federal employees who wish to make charitable contributions in support of relief efforts connected with Hurricane Fran and its aftermath may contact any of the disaster relief organizations approved by the Combined Federal Campaign. Employees are encouraged to give through their local campaign.

In addition, in accordance with Section 7 of Executive Order 12353, Federal employees are authorized, without the approval of OPM, to solicit funds within their agency on behalf of members of the agency.

Attachment

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Excused Absence for Employees Affected by Hurricane Fran and its Aftermath

I am deeply concerned about the devastating losses caused by Hurricane Fran and the impact on the well-being and livelihood of our fellow Americans who have been affected by this disaster. Elements of the Federal Government have been mobilized to respond to this disaster.

As part of this effort, I request heads of executive departments and agencies who have Federal civilian employees in the areas designated as disaster areas because of the effects of Hurricane Fran and its aftermath to use their discretion to excuse from duty, without charge to leave or loss of pay, any such employee who is faced with a personal emergency because of this storm and who can be spared from his or her usual responsibilities. This policy should also be applied to any employee who is needed for emergency law enforcement, relief, or clean-up efforts authorized by Federal, State, or local officials having jurisdiction.

Victoria Schaefer
(Larry Haas' Ofc)
Copy Sent to
254 OEOB
one faxed
one delivered
9/10/96
Alex R

THE WHITE HOUSE

WASHINGTON

September 7, 1996

The Honorable Newt Gingrich
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Earlier this year, I transmitted to Congress the 1996 National Drug Control Strategy, which reflected my requests to fund our drug control initiatives developed by General Barry McCaffrey. In the final days of this session, it is critical for Congress to fund fully these national anti-drug efforts.

Unfortunately, congressional action to date would fall more than $640 million short in funding these anti-drug priorities. This shortfall occurs in two critical areas -- the important priorities funded in the 1997 appropriations bills, and my request for a $250 million supplemental appropriation for 1996.

My Administration sent the supplemental request to Congress when General McCaffrey was sworn-in as the National Drug Control Director. It provides funding for my National Methamphetamine Strategy and increased interdiction efforts, and it also targets funding to reduce adolescent drug use. Congress promised to fully fund this supplemental but to date has not acted.

ompared to my request for $15.3 billion in funds -- the largest rug budget ever -- House action on 1997 appropriations bills would rovide only $14.9 billion. In particular, the House once again s attempting to cut the successful drug court initiative and my equest for the Safe and Drug-Free Schools program -- the only ederal program fully dedicated to helping schools combat alcohol nd drug use, as well as violent behavior. As you recall, I etoed the first rescission bill last year because of Congress' ifty percent reduction to this vital youth program. We should ot slash funding for a program that gives parents the security hat their children are receiving the same anti-drug message in chool that they receive at home.

In addition, last May I sent to Congress legislation that would increase penalties for methamphetamine trafficking, expand the Attorney General's ability to control the chemicals used to make methamphetamine, provide tougher penalties for using federal public lands for growing marijuana or manufacturing drugs, and give the Attorney General emergency power to reclassify certain drugs on the list of controlled substances such as Rohypnol, the "date-rape drug." The Senate has acted on some of these provisions and I urge Congress to complete the job by passing this legislation and sending it to me for my signature.

Drug abuse and drug-related crime affects us all. We must each do our part. In the National Drug Control Strategy, I asked Congress to be a bipartisan partner and provide the resources we need to get the job done. That is why I urge you to ensure that Congress fully funds my anti-drug budget requests before you conclude your work and return home.

Sincerely,

Bill Clinton

96 SEP 10 P6:11

sent

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 9-10

faxed

TO: Tim Newell 66019 + to Sue Bachtel 66021
TJ Glauthier 54639
M. Foley 62464
L. Haas 56818

FROM: **Staff Secretary**

Here's nobel letter,
with some edits.

Look ok?

Rod

September 9, 1996

Dear 1~:

Thank you very much for your letter regarding our national commitment to basic scientific research. You and your fellow American Nobel Prize winners, relying on talent, hard work, and our public investment in research and education, have made enormous contributions to this nation's scientific and technological leadership. I pledge to continue the research and education investments needed to preserve that leadership and build upon it for the benefit of future generations.

You have eloquently stressed the importance of the government's "patient" capital for providing the scientific and technological foundation of our continuing prosperity, security, health, and quality of life. My Administration remains dedicated to nurturing science in America. This requires both maintaining federal investments in research and education and creating the economic climate that fuels private-sector investment, as well as private-public partnerships, in science and technology. Creating that climate demands cutting the deficit and balancing the budget. Our commitment is to sustain priority investments in education, the environment, research and technology while making the difficult choices needed to continue our success in deficit reduction.

Your letter emphasized the special importance of maintaining federal funding for university-based research. I share that view. America's research colleges and universities are the bedrock of American leadership in science and technology. As the Nobel Prize awards themselves demonstrate, our universities are without peer in producing new knowledge, stimulating innovation, and training the scientists and engineers who will do so much to shape our future. Research at America's colleges and universities and medical schools is and will remain a priority for the Administration.

As you know, there have been calls for sharp cutbacks in the investments necessary to sustain America's capacity for leadership in the twenty-first century. We need a national debate about the commitments we must make for our future. Responsible voices must be heard. Given your deep concern about the need to maintain U.S. leadership in science and technology and higher education, and your unique stature, I urge you to examine and help clarify the public policy alternatives facing our nation. The American people deserve the benefit of your analysis and perspective.

We look to you and your colleagues to help promote opportunity for all Americans in a new age of scientific discovery and advancement.

Sincerely,

BC/TS/lynn-efr (9PGRP)
(nobel.pf)

Sent 9/10/96

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

(Leroy Jones, Leg Affrs, ONDCP)

TO: LeRoy

Fax Number: 56711

Phone Number:

FROM:

SUBJECT: Letter to Gingrich

DATE:

NUMBER OF PAGES (including cover sheet): 3

MESSAGE:

9/10/96
faxed per OK from
Helen - Alex R. -
S.

If all pages are not received, please call 202/456-2702

THE WHITE HOUSE

WASHINGTON

September 7, 1996

The Honorable Newt Gingrich
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Earlier this year, I transmitted to Congress the 1996 National Drug Control Strategy, which reflected my requests to fund our drug control initiatives developed by General Barry McCaffrey. In the final days of this session, it is critical for Congress to fund fully these national anti-drug efforts.

Unfortunately, congressional action to date would fall more than $640 million short in funding these anti-drug priorities. This shortfall occurs in two critical areas -- the important priorities funded in the 1997 appropriations bills, and my request for a $250 million supplemental appropriation for 1996.

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Compared to my request for $15.3 billion in funds -- the largest drug budget ever -- House action on 1997 appropriations bills would provide only $14.9 billion. In particular, the House once again is attempting to cut the successful drug court initiative and my request for the Safe and Drug-Free Schools program -- the only Federal program fully dedicated to helping schools combat alcohol and drug use, as well as violent behavior. As you recall, I vetoed the first rescission bill last year because of Congress' fifty percent reduction to this vital youth program. We should not slash funding for a program that gives parents the security that their children are receiving the same anti-drug message in school that they receive at home.

In addition, last May I sent to Congress legislation that would increase penalties for methamphetamine trafficking, expand the Attorney General's ability to control the chemicals used to make methamphetamine, provide tougher penalties for using federal public lands for growing marijuana or manufacturing drugs, and give the Attorney General emergency power to reclassify certain drugs on the list of controlled substances such as Rohypnol, the "date-rape drug." The Senate has acted on some of these provisions and I urge Congress to complete the job by passing this legislation and sending it to me for my signature.

Drug abuse and drug-related crime affects us all. We must each do our part. In the National Drug Control Strategy, I asked Congress to be a bipartisan partner and provide the resources we need to get the job done. That is why I urge you to ensure that Congress fully funds my anti-drug budget requests before you conclude your work and return home.

Sincerely,

Bill Clinton

MESSAGE CONFIRMATION

SEP-10-96 16:18

FAX NUMBER : 2024562215

NAME :

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RESULTS	:	O.K

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 9/10/96

TO: Larry Haas

FROM: **Staff Secretary**

Per our phone
conversation.

Thanks!

Helen

WHITE HOUSE STAFFING MEMORANDUM

DATE: 8-23 ACTION/CONCURRENCE/COMMENT DUE BY: 8-26

SUBJECT: DRAFT LETTER TO NOBEL PRIZE WINNERS ON COMMITMENT TO BASIC RESEARCH

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McCURRY	☐	☐
PANETTA	☐	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☐	☐	QUINN	☐	☐
LIEBERMAN	☐	☐	RASCO	☐	☐
LEW	☑	☐	REED	☐	☐
BAER	☐	☐	SOSNIK	☐	☐
CURRY	☐	☐	STEPHANOPOULOS	☐	☐
EMANUEL	☐	☐	STIGLITZ	☐	☐
GIBBONS	☐	☐	STREETT	☐	☐
HALE	☐	☐	TYSON	☐	☐
HERMAN	☐	☐	HAWLEY	☐	☐
HIGGINS	☐	☐	WILLIAMS	☐	☐
HILLEY	☐	☐	FOLEY	☑	☐
KLAIN	☐	☐		☐	☐
LAKE	☐	☐		☐	☐
LINDSEY	☐	☐		☐	☐

REMARKS: Look ok? Note reference to core funding priority in 3rd paragraph.

RESPONSE:

Staff Secretary
Ext. 6-2702

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SCIENCE AND TECHNOLOGY COUNCIL
WASHINGTON, D.C. 20500

August 23, 1996

96 AUG 23 P6:23

MEMORANDUM TO TODD STERN

FROM: ANGELA PHILLIPS DIAZ
EXECUTIVE SECRETARY, NSTC

SUBJECT: Presidential Reply Letter to Nobel Prize Winners

At Jack Gibbons request, I am forwarding a draft of a Presidential reply to the June 19, 1996, letter from 60 American Nobel Prize winners for your review and approval. Jack believes it is important to have this letter signed by the President as soon as possible. This letter reaffirms the President's strong commitment to basic scientific research.

A copy of the letter from the Nobel Prize winners is attached for your information. An electronic copy of the letter from the President is also attached for your use. My staff are working on gathering the names and addresses of the signatories and will provide them to your office next week.

If you have any questions, please call me at 456-6100 or Lisa Duffey at 456-6138.

August 23, 1996

Dear (Nobel Prize Winner):

Thank you very much for your letter regarding our national commitment to basic scientific research. You and your fellow American Nobel Prize winners have combined talent, hard work and the public's investment in research and education to provide this nation with a priceless legacy of scientific and technological leadership. I pledge to continue the research and education investments needed to preserve that legacy and build upon it for the benefit of future generations.

You have eloquently stressed the importance of the government's 'patient' capital for providing the scientific and technological foundation of our continuing prosperity, security, health, and quality of life. My Administration remains dedicated to nurturing science in America. This requires both maintaining federal investments in research and education and creating the business and economic climate that promotes private-sector investment and private-public partnerships in science and technology. That strategy demands cutting the deficit and balancing the budget. Our commitment is to sustain priority investments in research, technology, education, and the environment while facing the difficult choices needed to extend our success in deficit reduction.

Your letter emphasized the special importance of maintaining federal funding for university-based research. I share that view. America's research colleges and universities are the bedrock of American leadership in science and technology. As evidenced every year by the Nobel Prize awards, they are without peer in producing new knowledge, stimulating innovation, and training the outstanding scientists and engineers who will do so much to shape our future. Research at America's colleges and universities and medical schools is and will remain a core funding priority for the Administration.

As you know, during the past few weeks, there have been renewed calls for extreme cutbacks in this Administration's plan for sustaining America's capacity for leadership in the twenty-first century. The next two months will provide the opportunity for national debate of these conflicting commitments to our future. Responsible voices must be heard. Given your deep concern about the need to maintain U.S. leadership in science and technology and higher education, and your widely recognized contributions to our leadership position, I urge you to examine carefully and to help clarify the public policy alternatives facing our nation. The American people deserve the benefit of your analysis and perspective.

We look to you and your colleagues in research and higher education to help promote opportunity for all Americans in an age of technology, information, and global competition. With such a shared commitment, we will surely prevail.

Sincerely,

19 June 1996

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

Dear Mr. President:

As men and women who have helped to shape the modern scientific age and who care deeply about the future of our nation, we urge you to reaffirm the fundamental role of the federal government in supporting basic scientific research.

Americans have been awarded more than one-half of all Nobel Prizes in physics, chemistry and medicine since 1945. This impressive success is no accident, but the result of a firm and consistent commitment by the federal government to basic science research at our universities. Our nation's policymakers and public have been prudent investors because their support has paid off in tremendous ways.

America's investment in research over the last fifty years has been a vital source of our economic and political strength around the world, as well as the quality of life Americans enjoy at home. The polio vaccine, computers, jet propulsion and disease resistant grains and vegetables are some of the thousands of advances pioneered at our universities that have had dramatic benefits for our health, economy, security and quality of life.

New and equally breathtaking advances may be just around the corner. Genetic research, for example, gives promise of better treatments for Alzheimer's, cancer and other diseases. Lighter and stronger composite materials may be developed with important applications in transportation, medicine and the military. Continuing support for university-based research will not only pave the way for these important breakthroughs, but will also train the next generation of pioneers and Nobelists.

The engine of scientific innovation and discovery cannot fuel itself. Our own achievements and the benefits they have brought would not have been possible without the government's 'patient' capital. Discoveries are rarely made instantaneously, but result from years of painstaking work by scientists in a variety of fields. With competition forcing industry to focus research investments on returns over the shorter term, the government is left with the crucial role of making the longer term investment in discovery.

America's future prosperity will depend on a continued commitment to producing new ideas and knowledge, and the people educated to apply them successfully. They will be central to our economic opportunity in the face of intense global competition, to our protection against renewed threats to our security and environment, and to ensuring the health of Americans. Federal funding for university-based research is an investment in our future that should be maintained.

Sincerely,

Sidney Altman, Ph.D.
Nobel Prize Winner
Chemistry, 1989

Michael S. Brown, Ph.D.
Nobel Prize Winner
Physiology & Medicine, 1985

Leon N. Cooper, Ph.D.
Nobel Prize Winner
Physics, 1972

Leon M. Lederman, Ph.D.
Nobel Prize Winner
Physics, 1988

Phillip A. Sharp, Ph.D.
Nobel Prize Winner
Physiology & Medicine, 1993

Eric F. Wieschaus, Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1995

Dudley Herschbach, Ph.D.
Nobel Prize Winner
Chemistry, 1986

William N. Lipscomb, Ph.D.
Nobel Prize Winner
Chemistry, 1976

Baruj Benacerraf, M.D.
Nobel Prize Winner
Physiology or Medicine, 1980

Konrad Bloch, Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1964

Mario J. Molina, Ph.D.
Nobel Prize Winner
Chemistry, 1995

Sheldon L. Glashow, Ph.D.
Nobel Prize Winner
Physics, 1979

Edward B. Lewis, Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1995

Melvin Calvin, Ph.D.
Nobel Prize Winner
Chemistry, 1961

Donald A. Glaser, Ph.D.
Nobel Prize Winner
Physics, 1960

Edmond H. Fischer, Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1992

Roald Hoffmann, Ph.D
Nobel Prize Winner
Chemistry, 1981

James W. Cronin
Nobel Prize Winner
Physics, 1980

Torsten Wiesel, M.D.
Nobel Prize Winner
Physiology or Medicine, 1981

Glenn T. Seaborg
Nobel Prize Winner
Chemistry, 1951

Yuan T. Lee, Ph.D.
Nobel Prize Winner
Chemistry, 1986

Roger Guillemin, M.D., Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1977

Hans A. Bethe
Nobel Prize Winner
Physics, 1967

David H. Hubel, M.D.
Nobel Prize Winner
Physiology or Medicine, 1981

J M Bishop

J. Michael Bishop, M.D.
Nobel Prize Winner
Physiology or Medicine, 1989

Stanley Cohen

Stanley Cohen, Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1986

Herbert A. Hauptman

Herbert A. Hauptman, Ph.D.
Nobel Prize Winner
Chemistry, 1985

Thomas H Weller, MD

Thomas H. Weller, M.D.
Nobel Prize Winner
Physiology or Medicine, 1954

Herbert C. Brown

Herbert C. Brown, Ph.D.
Nobel Prize Winner
Chemistry, 1979

Daniel Nathans

Daniel Nathans, M.D.
Nobel Prize Winner
Physiology or Medicine, 1978

Hamilton O. Smith

Hamilton O. Smith, M.D.
Nobel Prize Winner
Physiology or Medicine, 1978

Joseph E. Murray, M. D.

Joseph E. Murray, M.D.
Nobel Prize Winner
Physiology or Medicine, 1990

E. Donnall Thomas

E. Donnall Thomas
Nobel Prize Winner
Physiology or Medicine, 1990

Gertrude B. Elion

Gertrude B. Elion, D.Sc.
Nobel Prize Winner
Physiology or Medicine, 1988

Baruch S. Blumberg

Baruch S. Blumberg, M.D., Ph.D
Nobel Prize Winner
Physiology or Medicine, 1976

Rosalyn S Yalow

Rosalyn S. Yalow, Ph.D
Nobel Prize Winner
Physiology or Medicine, 1977

Chen Ning Yang, Ph.D.
Nobel Prize Winner
Physics, 1957

Lawrence R. Klein, Ph.D.
Nobel Prize Winner
Economics, 1980

Edwin G. Krebs, M.D.
Nobel Prize Winner
Physiology or Medicine, 1992

Theodore W. Schultz, Ph.D.
Nobel Prize Winner
Economics, 1979

Steven Weinberg, Ph.D., Sc.D.
Nobel Prize Winner
Physics, 1979

Thomas R. Cech, Ph.D
Nobel Prize Winner
Chemistry, 1989

Robert W. Fogel, Ph.D.
Nobel Prize Winner
Economics, 1993

Arthur Kornberg, M.D.
Nobel Prize Winner
Physiology or Medicine, 1959

Wassily Leontief, Ph.D.
Nobel Prize Winner
Economics, 1973

Norman F. Ramsey, Ph.D., D.Sc.
Nobel Prize Winner
Physics, 1989

Philip W. Anderson, Ph.D., D.Sc.
Nobel Prize Winner
Physics, 1977

James Tobin, Ph.D.
Nobel Prize Winner
Economics, 1981

Jerome I. Friedman

David Baltimore, Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1975

Jerome I. Friedman, Ph.D.
Nobel Prize Winner
Physics, 1990

Robert Solow

Robert M. Solow, Ph.D.
Nobel Prize Winner
Economics, 1987

Henry W. Kendall

Henry W. Kendall, Ph.D., D.Sc.
Nobel Prize Winner
Physics, 1990

Paul A Samuelson

Paul A. Samuelson, Ph.D.
Nobel Prize Winner
Economics, 1970

Chas. H. Townes

Charles H. Townes, Ph.D.
Nobel Prize Winner
Physics, 1964

Henry Taube, Ph.D.
Nobel Prize Winner
Chemistry, 1983

Arthur L. Schawlow

Arthur L. Schawlow, Ph.D.
Nobel Prize Winner
Physics, 1981

Alfred G. Gilman

Alfred G. Gilman, M.D., Ph.D.
Nobel Prize Winner
Physiology or Medicine, 1994

George E. Palade, M.D.
Nobel Prize Winner
Physiology or Medicine, 1974

Joseph L. Goldstein, M.D.
Nobel Prize Winner
Physiology or Medicine, 1985

Nicolaas Bloembergen

Nicolaas Bloembergen, Ph.D.
Nobel Prize Winner
Physics, 1981

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN 9-10-96

September 9, 1996

MR. PRESIDENT:

Attached are two recent McCaffrey memos on drugs.

Todd Stern

Rahm →

This not especially persuasive – any way you figure it, looks like we cut back on drugs & beyond borders – is there an answer to that? BC

THE PRESIDENT HAS SEEN
9-10-96

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

Personal

September 5, 1996

96 SEP 6 P7:31

Dear Mr. President:

The purpose of this letter is to update you on drug policy issues.

• National Household Survey on Drug Abuse. Secretary Donna Shalala and I appeared before the Senate Judiciary Committee yesterday to discuss the findings on youth drug use in this recently released survey. Our principal assertion was that an inclusive and national prevention effort must reverse the six-year trend among youth of greater drug tolerance and the four-year trend of growing drug use by children and adolescents. Attached is a copy of the statement submitted for the record by ONDCP.

• Letter to Parents. ONDCP firmly believes that our first line of defense against drug use among youth must be the parents, teachers, coaches, ministers, and counselors running youth-oriented organizations. These people have the greatest influence on our children. Youngsters and adolescents listen most to those they know love and respect them. We must ensure that parents are aware of the dangers drugs pose so that they will speak to their children about drugs. This letter to parents should arm them with the information they need. We are seeking to have the letter published in the "Dear Abby" column.

• Armed Forces' Support of Counterdrug Operations. ONDCP has sought to inform the public about the proper role of the Armed Forces and the challenges involved in shielding America's air, land, and sea frontiers from the drug threat. The attached news release and Op Ed (which will appear in the Christian Science Monitor next week) summarize ONDCP's view points.

• Opposing the Legalization of Marijuana. Voters in Arizona and California will consider ballot initiatives in November that are thinly-veiled attempts to legalize marijuana for *any* purpose. Their passage would be a major blow to the 1996 *National Drug Control Strategy* and would have severe consequences for drug abuse in America. ONDCP is vigorously opposing these initiatives. I have scheduled a news conference in Los Angeles on September 11 to debunk both initiatives.

The five objectives of the 1996 *National Drug Control Strategy* succinctly define what we must do to reduce drug use and its consequences in America: encourage our youth to reject drugs; provide effective treatment for the 3.6 million Americans addicted to drugs; and sustain the interdiction and law enforcement efforts that protect the American people from criminal drug enterprises. Your continued public support of these strategic objectives is essential to our efforts.

V/R

Barry

Barry R. McCaffrey
Director

Thanks for your support and leadership on these issues.

THE PRESIDENT HAS SEEN
9-10-96

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

September 9, 1996

96 SEP 9 A10:17

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BARRY MCCAFFREY BRM 9 Sept 96

SUBJECT: THE DRUG STRATEGY, PDD 14, AND MEXICO

Your National Drug Control Policy is on track. Its five goals begin with motivating our youth to turn their backs on illegal drug use and work outward to the interdiction of the supply of drugs and breaking the foreign and domestic sources. The strategic linchpin in the counter drug effort is demand reduction, especially among our youth. The linking of youth drug trends to supply is artificial. The increased usage of illegal drugs by 12-17 year olds is related to their perceptions, not to the amount of supply. While the cutting of supplies is helpful to our overall counter drug strategy, education is what it will take to turn our youth away from drugs.

The interdiction of the supply of drugs is essential and it is best done at the source, as PDD 14 directs. The heightened sense of commitment to combat the illegal drug flow by Mexico can only help our own efforts. Two sovereign nations committed to the rule of law across a common border is a strengthening step, not a debilitating one. Mexican Attorney General Lozano's firing of over 700 (or 17 %) of his federal police force is a step in the right direction. We need to see more positive steps to decrease corruption in Mexico's counter drug efforts. We can, however, take advantage of the current attention by the U.S. media on Mexico's counter drug efforts to get Zedillo to cooperate more (e.g., air and sea port refueling, AWACS overflight, joint cross-border operations).

Over the years, the largest recipient of U.S. counter drug assistance has been Colombia, not Mexico. Mexico began to take over its own counter drug program in the mid-80s, when its economy was booming. We want Mexico to continue on the path it's on, but we also want it to cooperate more extensively with us. We have made progress in this regard over the last several months as President Zedillo has moved the drug issue to the top of his agenda.

Bottom Line:

The National Drug Control Strategy is correct. It is a balanced approach that correctly focuses on demand reduction.

Delink youth drug trends from the supply of drugs. The relationship is artificial.

PDD 14 is the right approach to cutting the supply of drugs. Invest the primary effort to going after them at the source, not en route to market.

Take advantage of the attention in the media on Mexico's counter drug efforts to generate more cooperation by them with the United States in specific areas. Move quickly while Mexican political will to fight drugs is high.

Suggested Talking Points to Use in Discussing the September 8, 1996 Washington Post article: Drugs Flow as Policing is "Mexicanized."

- PDD-14 focuses on criminal organizations and cocaine source countries.

  -- Seizure figures, as a measure of success, are misleading.

  -- Cocaine cartels can write off even high amounts of seized cocaine as a cost of doing business.

  -- Worldwide seizures as a percentage of cocaine production potential have varied from year to year, but are not primarily dependent on resources devoted to interdiction in the transit countries.

Year	1991	1992	1993	1994	1995
Production Potential	805T	835T	715 T	760T	780T
Worldwide Seizure	346.6T	280.8T	275.2T	308.4T	228.9T
Percent Seized	43%	33.6%	38.5%	40.6%	29.3%

Data from the National Narcotics Intelligence Consumers Committee Report 1995 (August 1996)

- Mexicanization is a policy Mexico has been undertaking since the mid-80s.

  -- Motivated by booming economy of that period, and desire to be responsible for their own narcotics program.

  -- By 1990, the US was administering a $20 million program to suport the Mexican Attorney General's air fleet, as well as to provide training and technical assistance, and support for an air fleet maintenance facility in Guadelajara.

  -- Alvarez Machain kidnaping occurred in 1990, the Supreme Court decision was handed down in June 1992, and the Mexican Attorney General announced in July 1992 that in 1993 Mexico would no longer accept US drug financial assistance.

  -- At Mexican request, the US continued sionce 1993 assisting with training and technical support.

  -- US resumed direct assistance again in 1996.

- Arrests in Mexico. The decrease reflects a change in policy from round-ups of huge numbers of small-time suspects, to a concentration on kingpins.

- Mexico as the largest US narcotics assistance recipient. Mexico never had the largest programs, Colombia did. The nominal Mexican budget of $45 million in 1992 was made up of $25 million from FAA 506(a) drawdown, and was an anomalous year.

- Helicopters used in the uprising in Chiapas. Helos were used for a short period to ferry prisoners, and for logistical support. They were not used against Chiapas rebels, to the best of our knowledge. When we informed Mexicans, they stopped the prohibited use.

9/9

THE WHITE HOUSE
WASHINGTON

Leon / VP (Rego)

Where are we on
privatizing Sallie Mae?
I got lots of Qs on it in
Panama City Fla where
1700 Sallie Mae workers
are —

BC

THE PRESIDENT HAS SEEN
9-10-96

ATTACHMENT 1

GS/Gens
Fyi-

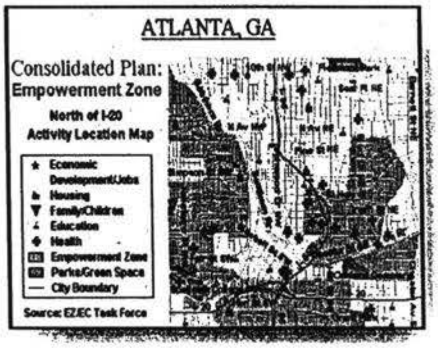
'96 SEP 10 A10:38

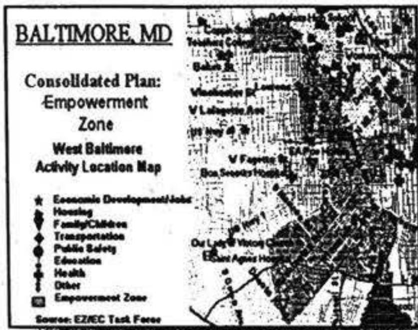
DRAFT

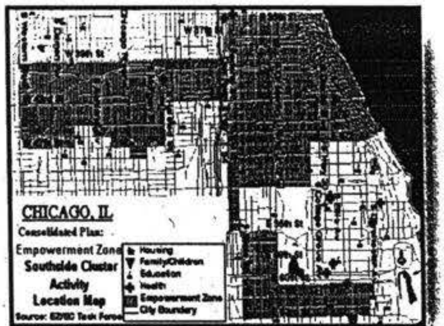
Empowerment Zone Initiative

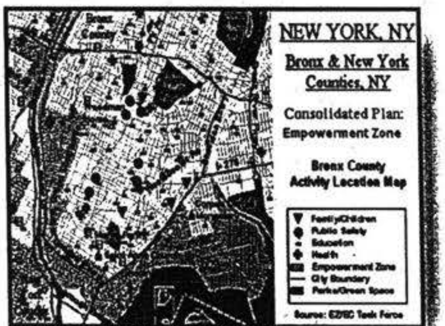
Activities for Strategic Change

A Comprehensive Report









~~August~~ September, 1996

THE PRESIDENT HAS SEEN
9-10-96

Price Waterhouse

Activities for Strategic Change

Prepared for the U.S. Department of Housing and Urban Development
under contract DU100C000018065.

The analysis contained in this report represents the findings of
Price Waterhouse, LLP.

For further information regarding this report, please contact:

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Deputy Assistant Secretary
U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Room 7100
451 7th Street, S.W.
Washington, DC 20410-7000
(202) 708-2690

or

Perry J. Pockros
Price Waterhouse, LLP
1616 North Fort Myer Drive
Arlington, VA 22209-3100
(703) 741-1000

Preface

The Empowerment Zone/Enterprise Community (EZ/EC) initiative headed by Vice President Gore marks the most significant effort launched by the federal government in decades on behalf of the Nation's distressed inner cities. The program is notable as well as an innovative approach to building partnerships and community capacity; for fostering reform in the relationship between citizens and their government, and among levels of government; and for insisting on a new level of accountability, with visionary goals connected to measurable results. Although these principles are central to a number of recent federal initiatives, including the National Performance Review effort and the Department of Housing and Urban Development's Consolidated Plan, they find their fullest expression in the Empowerment Zone/Enterprise Community (EZ/EC) program.

The U.S. Department of Housing and Urban Development has commissioned a series of reports on the implementation of the Empowerment Zone/Enterprise Community Initiative. In December 1994, 105 distressed urban and rural communities around the Country received a combination of tax incentives and block grants to implement ten-year community-wide strategic plans to promote overall revitalization.

Activities for Strategic Change, A Comprehensive Report is a summary of activity reports for each of the six urban Empowerment Zones prepared by Price Waterhouse LLP.

The activity reports provide an overview of current public and private activities underway in each Empowerment Zone. They are analyses of the range of measurable investment activities underway or reasonably committed to be underway in the next six months. These reports identify where public resources have leveraged additional private investments and the extent to which business have relocated or expanded within an Empowerment Zone.

The EZ/EC initiative attempts to create lasting change by involving residents in the administration and design of program activities at the local level. **Activities for Strategic Change** provides the reader with some indication of how that empowerment process is leading to new patterns of investment activity for strategic change.

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Activities for Strategic Change

Introduction

The Empowerment Zone and Enterprise Community Initiative (EZ/EC) was established in law on August 10, 1993, when President Clinton signed the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66). Provisions of the Act authorize the federal government to designate up to 104 communities throughout the country as Empowerment Zones or Enterprise Communities, enabling these selected communities to benefit from tax incentives and regulatory flexibility, block grants, and other favorable treatment, provided to attract private investment and stimulate community revitalization.

The EZ/EC initiative is not typical as a federal program. Unlike most traditional federal programs that are administered by a single department or agency, the EZ/EC initiative involves three federal cabinet departments in lead roles (Departments of Agriculture, Health and Human Services, and Housing and Urban Development). These line departments are further under the direction of the President's Community Empowerment Board, chaired by Vice President Gore, comprising domestic cabinet secretaries and representatives of agencies.

Application and Designation

Just as the structure of the EZ/EC initiative is not typical for a federal program, it did not have a conventional application process. The application process was designed to capture the spirit and philosophy of the EZ/EC initiative by fostering community building and resident empowerment. It was modeled, in part, on the comprehensive, community-based strategic planning initiatives (CCI) underway in many cities -- some of which were locally driven and others that were stimulated and supported by national foundations and community development intermediaries. For many cities, strategic planning represents a new undertaking different from the type of planning they have engaged in for previous federal grant applications.

To have been considered for Empowerment Zone and Enterprise Community designation, a community must meet stringent criteria to establish its relative needs, involving pervasive poverty, unemployment, and general distress. The heart of the community's application was a strategic plan that:

- Describes the coordinated economic, human, community, and physical development and related activities proposed for the nominated area;
- Describes the process by which members of the community, local institutions and organizations are involved in, and have contributed to, the process of developing and implementing the strategic revitalization plan;

- Specifies needed waivers or other changes sought in federal, state, and local governmental programmatic regulations to facilitate better coordination and delivery; and

- Identifies the state, local, private, and nonprofit resources that will be leveraged against federal resources in the nominated area.

The proposed designated area must also have been nominated by the state and local government, putting these other partners in the position of assuring their own commitment to resources and reinvention. The strategic community revitalization plan is the cornerstone of the application for EZ or EC designation.

More than 500 applications were submitted for designation, including 292 applications from urban communities and 229 applications from rural communities. On December 21, 1994, 105 communities were designated -- 72 urban and 33 rural Empowerment Zones and Enterprise Communities. The Department of Housing and Urban Development (HUD) also utilized additional funding under the Economic Development Initiative and Section 108 Loan Guarantee program to designate two Supplemental Empowerment Zones and four Enhanced Enterprise Communities.

The designation of urban EZ/ECs was made by HUD Secretary Cisneros following review by an interagency task force comprising nearly 100 senior executives from 11 different agencies. Further reviews of the applications were conducted by the departments and agencies comprising the Community Empowerment Board, each in their own respective area of jurisdiction and expertise.

Empowerment Zones

Six urban Empowerment Zones (abbreviated as EZs) were designated, comprising census tracts within the cities of Atlanta, Baltimore, Chicago, Detroit, New York, and Philadelphia/Camden. Each designated city receives up to $100 million in federal Title XX Social Services Block Grant (SSBG) funds for comprehensive community revitalization. In addition, businesses located in Empowerment Zones are eligible to claim a wage tax credit on each employee who resides within the Zone and undertakes a substantial portion of business within the Zone of up to 20% of the first $15,000 in wages. Qualified Empowerment Zone businesses are also eligible to receive additional allowances ranging from $10,000 to $20,000 for expensing of depreciable property in the first year of acquisition. States and localities are eligible to issue tax-exempt facility bonds for certain business activities within Empowerment Zones. Finally, Empowerment Zones are granted preferential status in the competition for certain federal grant programs and special consideration for waivers of federal regulations. The wage tax credits, known as the Empowerment Zone Employment Credit, may prove to be an important influence on program outcomes. The cost of the credits has been estimated by the U.S. Treasury to amount to $1.5 billion - or roughly $250 million per Empowerment Zone over the 10-year life of the program.

Supplemental Empowerment Zones

Two Supplemental Empowerment Zones (abbreviated below as SEZs) were designated comprising parts of the cities of Los Angeles and Cleveland. In addition to receiving $2.95 million in Title XX funding granted to other ECs, the Cleveland EZ is to receive $87 million in Economic Development Initiative (EDI) grants from HUD; Los Angeles is to receive $125 million in EDI grants from HUD. ED funds are further matched with an equal amount of federally guaranteed Section 108 economic development loan authority.

Enhanced Enterprise Communities

Four Enhanced Enterprise Communities (abbreviated below as EECs) have been designated among the ECs, comprising parts of Boston, Houston, Kansas City, and Oakland. In addition to receiving $2.95 million in Social Service Block Grant Funds, each EEC is to receive $22 million in EDI grants from HUD matched with an equal amount of federally guaranteed Section 108 economic development loan authority.

Enterprise Communities

Urban Enterprise Communities (abbreviated as EC below) -- 65 of which are authorized in the statute -- are eligible to receive $2.95 million in Social Services Block Grant funds to implement their comprehensive community revitalization plans. Adenyl, each designated EC is eligible for tax-exempt facility bonds for certain private business activities and special consideration for requested waivers of federal regulations and preferential treatment in the competition of numerous federal grant programs.

Measures of Distress

The areas selected as Empowerment Zones and Enterprise Communities are among the most distressed communities in the nation by almost any measure. Poverty rates are roughly four times higher in the Empowerment Zones and Enterprise Communities than in the surrounding metropolitan areas, with most ranging over 40% poverty to more than 50% in the Atlanta and Philadelphia Empowerment Zones. At least 45 percent of the working age population was not in the labor force in the six empowerment zones, with three of the six zones over 50%. For 16-19 year olds, the proportion of persons neither working nor in school is 80% higher than in the surrounding metropolitan areas. Less than half the population of the zones has a high school diploma.

Summary of Findings

From an economic standpoint, the abandonment and deterioration of the inner city has largely been attributable to the failure of functioning markets. The Empowerment Zone program, at its core, addresses this structural failure by creating new individual and collective choices and opportunities as envisioned by the Empowerment Zone residents in their strategic plans. While only eighteen months have passed since the designation of the six Empowerment Zones, the investment strategies adopted by the Empowerment Zones suggest considerable rethinking has gone on at the local level to achieve positive and sustainable community development.

Empowerment Zones have begun to translate the goals articulated in their strategic plans into specific strategies. Starting with ongoing investments to promote low and moderate income housing and homeownership opportunities, the investment strategies are primarily focused on economic opportunity and sustainable community development. In a departure from traditional government approaches, the selected mechanisms are production oriented - they seek to import capital and income into the Zone in the short run and then provide an increased demand for goods and services created by local business establishments in the long run.

Although Empowerment Zones were awarded $100 million each in Title XX social service block grant funds, expenditures to date have been kept to a minimum, with a decided approach to utilize these funds as seed money to leverage additional public and private resources. Indeed, the vast bulk of committed title XX funds is utilized not for social services, but for economic development, housing and infrastructure, confirming the original intent of the program design.

Activities for Strategic Change analyzes the activities underway in the six urban Empowerment Zones: Atlanta, Baltimore, Chicago, Detroit, New York, and Philadelphia/Camden.

This comprehensive report concludes that Empowerment Zones have made significant strides in utilizing Title XX Social Services Block Grants funds and tax incentives to attract notable private sector investment, generate job growth, stimulate new business openings and expansions, construct new housing, expand homeownership opportunities, and stabilize deteriorating neighborhoods.

Empowerment Zones have begun the translation of the four key principles embodied in their strategic plans into actions. The precepts of economic opportunity, sustainable community development, community-based partnerships, and a vision for strategic change, are the keystones to the initial foundation of activities underway in these communities.

- Since designation of the six urban Empowerment Zones in December, 1994, the total of public and private investment activity commitments exceeds $2.6 billion.

- More than $2 billion in private investment has been made, indicating that capital investors perceive future opportunities for investment returns in the zones to be equal to or greater than in other metropolitan locations.

- The overwhelming focus of the new investment-- $1.7 billion-- is targeted toward economic opportunities. The focus of economic opportunity investment activities includes: business related job retention, expansion, relocation and creation; investment pools for capital access and innovative financing needs; job and occupational skills training; and entrepreneurial and business support services and assistance.

- 12,900 jobs have been created or retained due to initial business start-ups and expansions.

- 115 business start-ups, expansions, and relocations have taken place in Empowerment Zone neighborhoods which are among the most distressed in the nation.

- Housing and infrastructures are the secondary concentration of investment activity. More than $708 million is committed to new construction and rehabilitation of housing units; homeownership assistance; assistance to residents in upgrading housing stock; and rental property assistance.

- More than 4,493 new housing units are under or plan to be under construction or rehabilitation to expand homeownership opportunities.

- Other investments are producing enhancements for public safety (146 new police officers), workforce development programs, substance abuse prevention, youth and elder care capacity programs, health care services, social service integration, community recreation facilities, environmental remediation actions, education programs and other community capacity and human capital activities.[1]

Activities for Strategic Change concludes that the pattern of current and committed investment activities in the Empowerment Zones indicates an emerging change in the nature of community revitalization, characterized by three objectives:

- Increasing community wealth by establishing geographically defined capital investment pools to provide gap financing within the community.

- Attracting profitable enterprises through integration with the strengths and assets of the metropolitan economy.

- Creating a sustainable market for economic investments by anchoring neighborhoods with home ownership opportunities and by increasing the capacity of the community to govern, to resolve conflicts and to establish collective bonds among residents.

---

[1]The aggregate figures do not reflect complete public or private funding data for the New York Empowerment Zone. Due to a dispute between the City and State of New York, no Empowerment Zone activities have been approved by the NY Empowerment Zone Corporation board for the Upper Manhattan or South Bronx portions of the EZ. Although the federal government has obligated $100 million for the NY Zone, matching commitments by the City and State have not yet been obligated. In addition, while private sector investment and activity has been integrated into the implementation of the other five Empowerment Zones, no corresponding effort has been made to date in the New York Zone. Business start-up, expansion, and relocation date is available only for the South Bronx portion of the New York EZ. Thus, while this report contains limited descriptive information on the New York Zone, investment inputs and outputs (i.e. Title XX funds, private investments, housing construction, etc) have been excluded from the aggregate figures.

City by City Comparisons

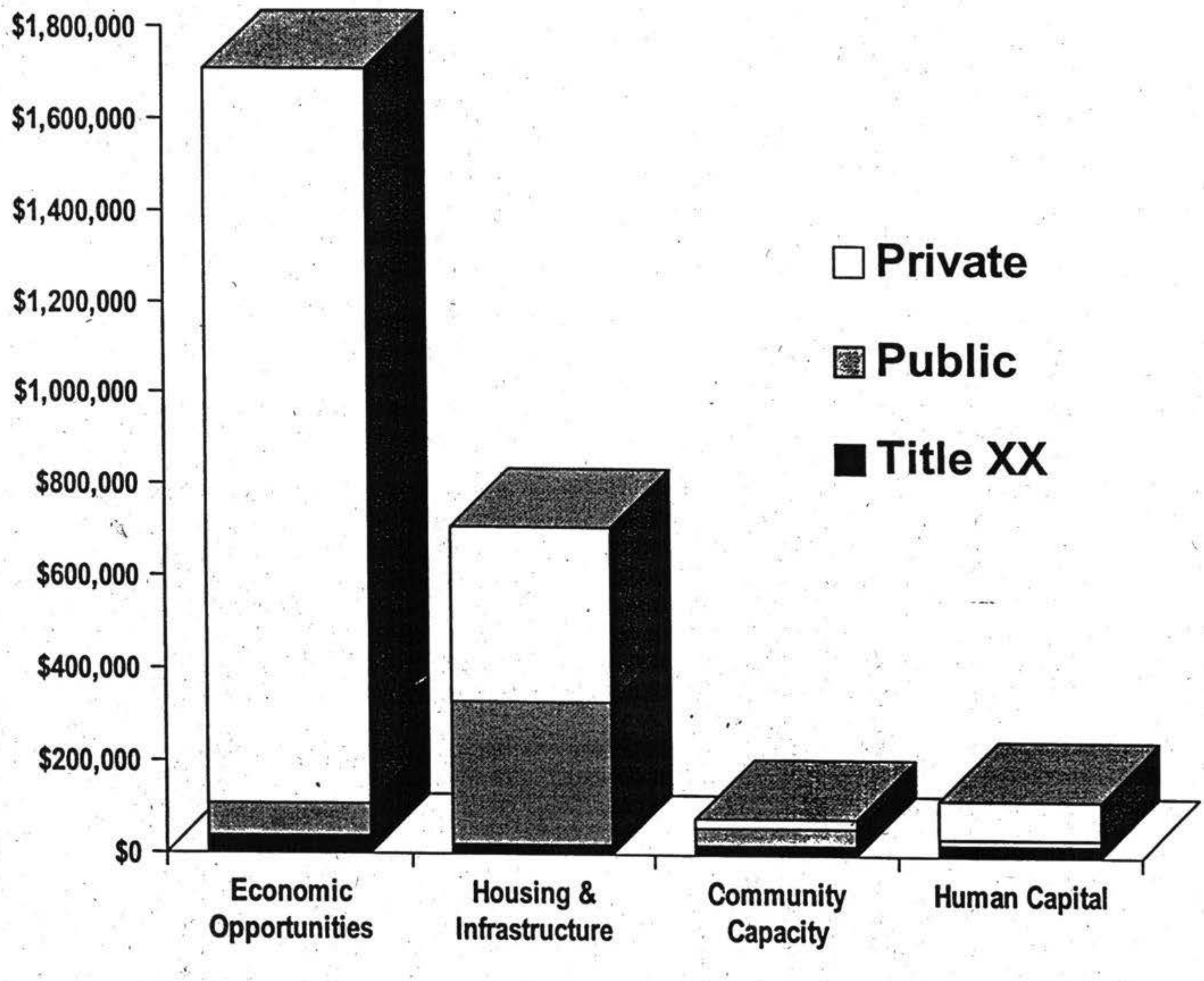
The six Empowerment Zones act, in effect, as learning laboratories for each other. One of the goals of this series of reports is to permit the Zones to share successes and identify and address weaknesses. In commissioning these reports, and through its technical assistance efforts, the Department of Housing and Urban Development aims to address program weaknesses early in the ten year life of the Empowerment Zone effort. This emphasis on learning and evolving through "action research" represents a different approach in program management than traditional federal efforts.

Below appears a summary review of each Empowerment Zone's investment activities.

The Urban Empowerment Zones

Total Flow of Investment Activity ~~Commitments~~
(in thousands of dollars)

	Title XX	Public	Private	Total
Economic Opportunity	$ 40,062	$ 71,997	$1,592,412	$1,704,471
Housing and Infrastructure	$ 23,498	$305,804	$ 379,586	$ 708,888
Community Capacity	$ 20,979	$ 39,971	$ 19,937	$ 80,887
Human Capital	$ 25,665	$ 13,353	$ 83,561	$ 122,579
Total Investment Flow	$110,204	$431,125	$2,075,496	$2,616,825



Source: Empowerment Zone Performance Review Reports
Empowerment Zone governance entities
U.S. Department Housing & Urban Development
Price Waterhouse LLP

THE PRESIDENT HAS SEEN
9-10-96

THE WHITE HOUSE

WASHINGTON

96 SEP 9 P7:23

September 8, 1996

MEMORANDUM TO THE PRESIDENT

FROM: **DONALD A. BAER** DAB

SUBJECT: **READER'S DIGEST INTERVIEW QUESTIONS**

Mark Penn and I have prepared the attached draft responses to three questions which you were unable to answer during your August 6th *Reader's Digest* interview, for lack of time. Please let us know if these answers seem appropriate, or if you would like any changes. Because of a very tight deadline at *Reader's Digest*, we would appreciate your response as soon as possible.

Looks good

Put on p. 2 -

Mentoring kids!

privately/Alone

include Megan's law -

etc.

READER'S DIGEST QUESTIONS:

1. How would you describe the mood of the American people?

I travel all over the country, and I find that the mood is very upbeat, very optimistic. People know that we're on the verge of America's best century, and I think they're excited to be a part of it. At the same time, this is a period of great transition for America, and for some, it is a time of tough challenges. My job as President is to show how we can all benefit from the change we're going through -- how education can help families seize the opportunities of a new economy, or how wiring all classrooms to the Internet will help our children compete and win in the information age.

But Americans don't need any help understanding that our best days are ahead of us. Our optimism -- our basic confidence and courage in the face of new challenges -- is what has always set us apart as a nation.

2. **All the candidates are talking about "family values." What does that mean, concretely, in terms of legislative initiatives you'd pursue over the next four years?**

When we talk about family values, we should be talking about what matters to American families themselves -- how to protect and honor <u>their</u> values; how to help them raise the kinds of children <u>they</u> want; how to give them the tools to meet their own challenges, and make the most of their own lives.

I'm working to do that in three ways. First, by helping people to be good parents and good workers -- which we've done through the Family and Medical Leave Law, which lets you take time off to be with a sick family member without the risk of losing your job, and our new proposal to make sure that all mothers and babies can stay in the hospital at least 48 hours after a new delivery. Second, we have to help parents protect their children -- keeping sex and violence off the tv screen with the v-chip, and putting children's programming on the screen by challenging the tv industry to do better; proposing the toughest-ever measures to cut-off children's access to tobacco; cracking down on drugs; and preventing teen pregnancy. Third, we have to do more to promote responsibility on the part of children, and that's why I've encouraged communities and schools to adopt curfews, school uniforms, and tough steps to combat truancy. These are the kinds of things I would keep doing in a second term -- to make it easier for parents to raise their own children, and strengthen their own family values.

Megan's Law
etc!

3. **If you are victorious November 5th, what is the first piece of legislation you will push for in the new Congress?**

To begin with, I'm going to finish the job of balancing the budget in seven years, and doing it the <u>right</u> way -- while protecting Medicare, Medicaid, education, and the environment. And my plan shows that we can balance the budget and still make the kinds of investments that help families and children. It includes a $1,500 tax cut, to make the first two years of college as free and accessible as high school, and a $10,000 tax deduction for all education and training, which can be used for the last two years of college. I'm very proud that we've put our economy back on the right track, and cutting the deficit has been a critical part of that. But the way to make sure everyone can share in the benefits of a strong economy is by saying: here are the keys to a college education. If you work hard and play by the rules, we'll give you everything you need to build a better future.

THE PRESIDENT HAS SEEN
9-10-96

Dorskind —
cc: Bruce
Ann Lewis

JIM DORSKIND:
Please coordinate
the reply.

"The American Elections: A Commentary"

by John Brademas

for Géopolitique

Next November 5, William Jefferson Clinton will be the first Democratic President to win re-election since Franklin D. Roosevelt. Just before the Labor Day holiday that traditionally marks the start of American campaigns, the latest (September 1) public opinion poll--USA TODAY, CNN, Gallup--finds Clinton leading Republican Robert Dole by 21 points: Clinton, 55 %; Dole, 34 %; (Reform Party) Ross Perot, 6 %.

How, after the 1994 elections that for the first time in 40 years produced Republican majorities in both the Senate and House of Representatives, have Clinton's prospects for a second term, perhaps with Democratic control of one or both chambers of Congress, become so bright?

Before answering, I must stipulate that I'm a Democrat; served 22 years in the House of Representatives, the last four as Majority Whip; that Al Gore, Bob Dole, Newt Gingrich and Jack Kemp were all colleagues. My service spanned the presidencies of three Republicans--Eisenhower, Nixon and Ford; and three Democrats--Kennedy, Johnson and Carter. I chair, by appointment of President Clinton, the President's Committee on the Arts and the Humanities, and I strongly support his re-election.

Although Dole, former Republican Leader of the Senate, and Kemp, Secretary of Housing and Urban Development in George Bush's Administration, enjoy considerable respect--including mine--from both sides of the political aisle, their chances of victory this Fall are bleak. Why? The reasons are several.

1. <u>The Economy</u>. Said the <u>Wall Street Journal</u>'s Alan Murray (August 12), "Today, the economy is in surprisingly good shape."

- The annual deficit in the Federal budget has dropped by 60 % since Clinton came to the White House--from $290 billion in 1992 to $117 billion this year--the lowest ratio, at

1.5 %, to Gross Domestic Product (GDP) since 1974 and smaller than that of Germany, Japan and other industrial democracies.

- Ten million new jobs have been created in the last four years; at 5.4 %, the unemployment rate is the lowest since 1990.
- Inflation has been less than 3 % for the last several years.
- The government's latest quarterly performance report showed a robust annual economic growth rate of 4.2 %.
- Consumer confidence soared in August to a six-year high.

Candidate Dole's charge last month that the American economy was "in the tank" was, to be gentle about it, absurd.

2. <u>Newt Gingrich and the 104th Congress</u>. The '94 elections brought 73 new Republicans to the House of Representatives. Like their leader, now Speaker Gingrich, they proved intensely ideological, stridently right wing, convinced that, in tandem with a Republican Senate led by Bob Dole, they could overwhelm the President of the United States to implement their "Contract with America," a document neither Senate Republicans nor the American people had signed.

Declaring a "revolution," Gingrich and his troops mounted assaults on educational, environmental, health care and other programs that enjoyed widespread public support. Last year, in an attempt to demonstrate their power, Congressional Republicans confronted Clinton on the Federal budget and twice forced the government to shut down. To Gingrich's surprise, Clinton refused to bend and the Speaker backed down.

So vehement, however, was the backlash against Congress--Americans are moderates, not revolutionaries--that, during this year's Presidential primary campaigns, Republican hopefuls uttered neither the words "Gingrich" nor "Contract." Today the Speaker is the most unpopular politician in the United States, and Republican Representatives seeking re-election are telling their constituents they hardly know the man.

Clinton, Gore and most Democratic Senate and House aspirants are already campaigning against the Dole-Gingrich ticket.

3. Clinton's move to the center. Elected in 1992 with only 43 % of the popular vote, set back on health care reform, then faced with a Republican Congress, Clinton acted to appropriate issues Republicans thought their private property: celebrating "family values," fighting crime, protecting children against TV violence, reforming welfare. At the same time, Clinton successfully pressed for Congressional assent to a range of bills on which moderate Republicans joined Democrats: a minimum wage increase, family leave for employees, portable health insurance, gun control, more police officers.

4. A united Democratic Party. Despite their opposition to Clinton's signing a welfare reform bill many Democrats, especially from urban areas, fear will work hardship on children, leaders like Mario Cuomo, Jesse Jackson and Ted Kennedy support the Clinton-Gore ticket. Concerned that a Dole presidency would be far worse and hearing Clinton's pledge to repair deficiencies in the measure, party liberals want to keep the White House in Democratic hands and will not bolt.

5. A divided Republican Party. The Dole-Kemp team, on the other hand, faces serious erosion, especially among Republican women, as a consequence of the platform adopted in San Diego, which calls for a Constitutional amendment outlawing abortion under any circumstances, including rape, incest or the health of the mother. In winning endorsement of this and six other hard-right amendments to the Constitution, the Christian Coalition, an organization of evangelicals who now command great power in Republican national politics, achieved a sweeping victory. Pat Buchanan claimed, accurately, that the platform vindicated his views.

Mean-spirited and harsh--another proposed amendement would deny citizenship to children born in the U.S. of illegal immigrants and some legal ones--the platform helps explain the big gender gap facing Dole. Polls show women favor Clinton over Dole by 54 % to 39 %.

When asked for comment on the platform, Dole and party chairman Haley Barbour said they had not even read it. Not surprisingly, the "extremist" label Democrats had pinned on Gingrich is now being applied to Dole and Republican Senate and House candidates.

6. Foreign policy gains. To date, Clinton has suffered no catastrophes in his conduct of foreign affairs and made some advances. Calamities can, of course, occur between now and Election Day, in Bosnia or Iraq, for example. But after a fitful beginning, Clinton seems to have found his feet on the international scene and can claim credit for such actions as moving Haiti from civil war to democracy; stopping the fighting in Bosnia; winning approval (with help from Dole and Gingrich) of NAFTA and GATT; forging the Mexican bailout; deploying naval forces off Taiwan in response to threats from China; freezing nuclear programs in North Korea; pushing for peace in Northern Ireland and the Middle East; pressing for reform in Russia; responding swiftly to Saddam Hussein.

Although the Republican platform and Dole's speeches have hurled barbs at Boutros Boutros-Ghali, the United Nations and the World Trade Organization, foreign policy will not, as of early September, be a major issue in this election.

7. Clinton vs. Dole as campaigners. Clinton, many Republicans agree, is the most effective campaigner since FDR; Dole, one of the poorest. The President relishes plunging into crowds, making physical contact; Dole, a veteran of many elections, including a vice presidential candidacy, seems to be learning on the job.

Clinton, 50, does not mention Dole's age, 73, but calls himself a "bridge from the present to the future"; Dole, from "the present to the past." No more need be said.

8. Dole's flip-flop on budget balancing. Central to the Dole-Kemp campaign is their proposal for a 15 %, across-the-board slash in income taxes and, at the same time, a balanced budget.

Dole's call is, of course, a reprise of Ronald Reagan's 1981 prediction that the huge tax cuts in the measure he, with Kemp's help, won that year would trigger such economic growth and increased revenues as to assure, even with steep hikes in defense spending, a balanced budget by 1984. The result of the Reagan "supply-side" initiative was a surge of deficits so large that the Federal debt rose from $900 billion, or 26 % of GDP at the end of 1980, to, after eight years of Reagan, $2.6 trillion in 1988, over 50 % of GDP.

At 15 %, Dole's income tax slash is half Reagan's 30 % but would still total, according to the Congressional Joint Committee on Taxation, a revenue loss of $551 billion over six years. Where to get the money to pay for it?

Dole has pledged he would not cut, beyond current GOP Congressional budget proposals, Social Security, Medicare or Medicaid, to which list, since San Diego, he has added veterans benefits and Energy Department laboratories. Moreover, Dole has promised to escalate spending for missile defense, more Star Wars.

At this point the issue on which Republicans attacked Clinton, obviously unsuccessfully, in 1992, "character", arises. For already Democrats--and some Republicans--are charging that Dole, long and vocally committed to the goal of balancing the Federal budget and scornful to the point of ridicule of Kemp and other supply-side devotees--has, desperate for some vehicle with which to win the election, abandoned his principles as a political leader. "When I look at Bob Dole," said MIT economics professor Paul R. Krugman (New York Times, September 4), "I see a man who for the sake of ambition would choose to gamble with the very solvency of our Government."

Declared BusinessWeek (August 19) editorially, "...Dole must level with us. The old deficit hawk who now embraces supply-side tax cuts knows perfectly well that the plan he enthusiastically proposed on TV doesn't compute." Said the same journal (June 10):

> ...America is in its best economic shape in 20 years. To ruin that now with wild, inflationary tax cuts would be a political crime...disgrace Bob Dole...Now that he's running for President, Dole's handlers want him to turn his back on a life-long record. ...It is wrong for Dole to pander to voters by suggesting that new tax cuts will put money in their pockets but won't increase the deficit. The bond market will certainly raise interest rates if the deficit gets out of control again, hurting economic growth and jobs....

Last month two economists with intimate knowledge of Capitol Hill joined in bipartisan warning about the Dole plan. Van Doorn Ooms, senior vice president of the Committee for Economic Development, a national business group, former chief economist on the Democratic staff of the House and Senate Budget Committees and chief economist at the Office of Management and Budget from 1978 to 1981; and Ronald Boster, CED vice president and former director of the Republican staff of the House Budget Committee, writing in the Washington Post (August 11), declared, "...Dole's proposal to cut taxes by a half-trillion dollars *before* [sic] the budget is balanced will jeopardize rather than enhance stronger growth.

"...The revenue assumptions are literally too good to be true, and the cuts required to actually achieve...a balanced budget are far more painful and ... politically difficult than implied. To add an extra $500 billion of spending cuts to pay for tax reduction makes the political hurdle insurmountable...."

Mortimer B. Zuckerman, in U.S. News & World Report, "Who's the Real Bob Dole?" (August 19), concluded, "The country has the impression not of a man capable of facing up to its problems but a flip-flopper with an amazing uncertainty about principle....Perhaps the most disappointing flip-flop is his program for tax cuts, in which he has blithely abandoned a lifelong commitment to fiscal responsibility...."

Dole's fellow Republicans, President Nixon's Secretary of Commerce Peter G. Peterson and former Senator Warren B. Rudman, leaders of The Concord Coalition, pledged to deficit reduction, have publicly attacked the Dole free-lunch tax plan.

Writing in (Newsweek, August 19), commentator Robert J. Samuelson called the Dole proposal "mostly a pipe dream...Not only is the economy strong, but people think it's strong...The trouble for Dole is that his plan to shrink government isn't credible....Dole never identifies the spending cuts needed to finance this $548 billion tax reduction ...and to balance the budget..."

Of course, a test of the credibility of the Dole-Kemp tax cut/balanced budget scheme could readily be made this month, as the Republican-controlled Congress is today back in session. In California on August 30, Dole told a campaign rally, "We have the most detailed accounting of how to cut taxes and balance the budget of any presidential campaign in history..." So why didn't Dole and Gingrich press the plan when Republicans took over Congress last year? Let the package be introduced in the House of Representatives right now, with not only the tax cuts spelled out but the spending cuts, too!

If Dole protects all the programs he promises, on which must the axe fall? On the so-called "discretionary items"--education, health, environmental protection, the national forests, FBI, Head Start? Susan Tanaka of the Committee for a Responsible Federal Budget, calculates that to meet Dole's budget goal, domestic discretionary spending would have to fall by one-third.

In contrast to the Dole-Kemp half-trillion-dollar tax cut, Clinton favors a $100 billion package to include a $500-per-child tax credit, tax help for college students, job creation for welfare recipients, environmental cleanup, tax relief for homeowners and a children's reading program--all to be paid for by new corporate fees and eliminating tax breaks for exporters.

Jack Kemp, like Dole, is also being hit for turning his back on principles that had won him regard across party lines. One of the few Republican leaders popular with blacks and other minorities, Kemp, on joining the GOP ticket, reversed his positions of support for affirmative action and opposition to immigration restrictions. "...Kemp has taken a dive," said Jack W. Germond and Jules Witcover (National Journal, August 17) ...to put himself in line with the views of ... Dole and the party platform."

For the reasons I have assigned, then, the outlook for victory for Bill Clinton and Al Gore in November is sunny. Yet if the two Democrats maintain their double-digit lead, a key question remains: Will Bob Dole and his managers, fearful of a major defeat, resort to the savagely negative television campaigning that has characterized some recent American elections?

Finally, Democrats'optimism about the presidential race does not so readily translate into hopes for recovering control of the Senate and House of Representatives. To elect a Speaker and committee chairmen, House Democrats must gain 20 seats. Republicans currently hold a 37-seat majority--235 to 198. Despite Clinton's strength, House Republicans seeking re-election have several advantages: incumbency and its perquisites; much more campaign money; and 29 Democratic retirements, nearly half in the South, now heavily Republican.

Nor will it be easy for Democrats to win back the Senate, where Republicans now have a 53-47 advantage. So to become a majority, Democrats need three seats plus a tie-breaking vote by a re-elected Vice President Gore. Here again, Democrats suffer four retirements in the South.

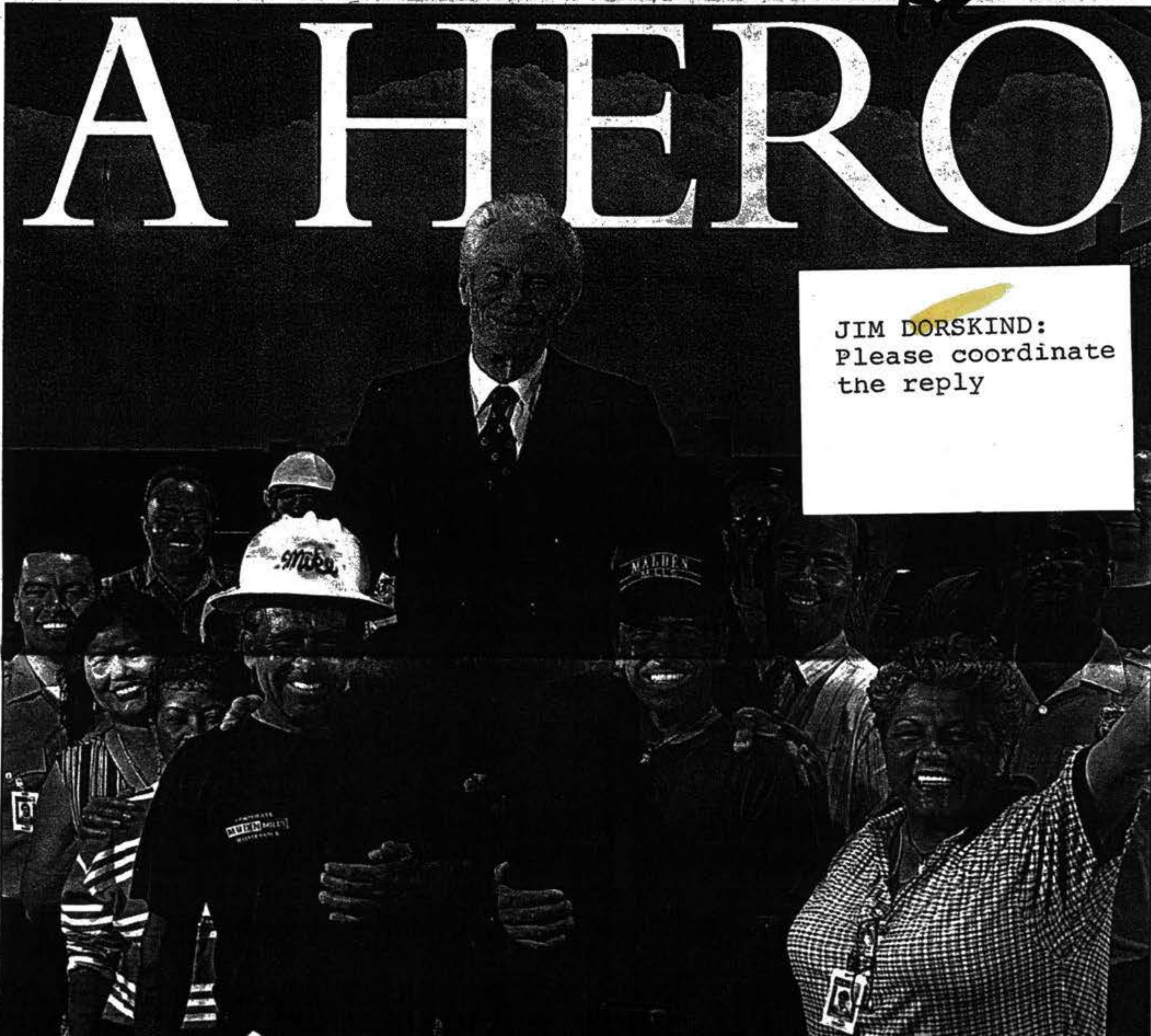
The impact of Presidential coattails on contests for Congress has historically been uneven. If Republicans this year think Dole a certain loser, they may concentrate on keeping the House and Senate. Indeed, many voters like divided government, with one party in charge of the Executive and the other, the Legislative branch. A Clinton landslide could mean a Democratic Senate and Democratic House of Representatives. The outcome will depend largely on the size of the turnout on Election Day. Which candidates and which party can generate most enthusiasm on the part of American voters?

John Brademas, President Emeritus of New York University, was president from 1981 to 1992. He was U.S. Representative in Congress from Indiana from 1959-1981.

When a massive fire nearly destroyed the Malden Mills manufacturing plant in northern Massachusetts, 3000 employees were certain they'd be out of work. Their CEO astonished them.

THE PRESIDENT HAS SEEN
9-10-96

THEY CALL THEIR BOSS A HERO



Katherine Lambert

JIM DORSKIND:
Please coordinate
the reply

BILL COTTER HAS known his boss, Aaron Feuerstein, for a long time. In 19 years as a factory worker and sometime union official, Cotter has dealt with the chief executive officer of Malden Mills across a bargaining table and chatted with him on the shop floor. But Bill Cotter never really knew Aaron Feuerstein until Dec. 11, 1995, when a catastrophic fire nearly destroyed all of the textile company's manufacturing plant in Lawrence, Mass., and seemed certain to put its 3000 employees out of work.

"We had just spent $1000 on Christmas presents," Cotter recalled. "We thought we'd just collect our last check and then go on unemployment," added his wife, Nancy, a production supervisor at the mill. "Most of us would have lost everything."

But that week, Aaron Feuerstein did something that astonished his workers—something so impressive that he was invited to sit with Hillary and Chelsea Clinton during the President's State of the Union Address this year: Feuerstein announced that he would keep all of his 3000 employees on the payroll for a month while he started rebuilding the 90-year-old family business. In January, he announced he would pay them for a second month. In February, he said he would pay them for a third month.

"When he did it the first time, I was surprised," said Bill Cotter. "The second time was a shock. The third...well, it was unrealistic to think he would do it again." Nancy Cotter finished her husband's thought: "It was the third time that brought tears to everyone's eyes."

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By March, most of the employees had returned to full-time work. Those who hadn't were offered help in making other arrangements. "Aaron gave us a chance," said Bill Cotter, 49, who went back to the mill last month.

That chance cost Feuerstein several million dollars. "Another person would have taken the insurance money and walked away," said Bob Fawcett, the security director. "I might have done that. But he's not that type of person."

Like many successful businessmen, Feuerstein has a reputation for being demanding but fair. "He wants what he wants when he wants it," said Fawcett.

When I visited the mill, I asked Feuerstein, 70, what set him apart from

JIM DORSKIND:
Please coordinate
the reply

Hail to the chief: Aaron Feuerstein's employees show what they think of him.

"I have a responsibility to the workers, both blue-collar and white-collar," said Aaron Feuerstein. "I have an equal responsibility to the community. It would have been unconscionable to deliver a death blow to the cities of Lawrence and Methuen."

B Y M I C H A E L R Y A N

other CEOs. "The fundamental difference is that I consider our workers an asset, not an expense," he told me. Indeed, he believes his job goes beyond just making money for shareholders, even though the only shareholders of Malden Mills are Feuerstein and his family.

"I have a responsibility to the worker, both blue-collar and white-collar," Feuerstein added, his voice taking an edge of steely conviction. "I have an equal responsibility to the community. It would have been unconscionable to put 3000 people on the streets and deliver a death blow to the cities of Lawrence and Methuen. Maybe on paper our company is worth less to Wall Street, but I can tell you it's worth more. We're doing fine."

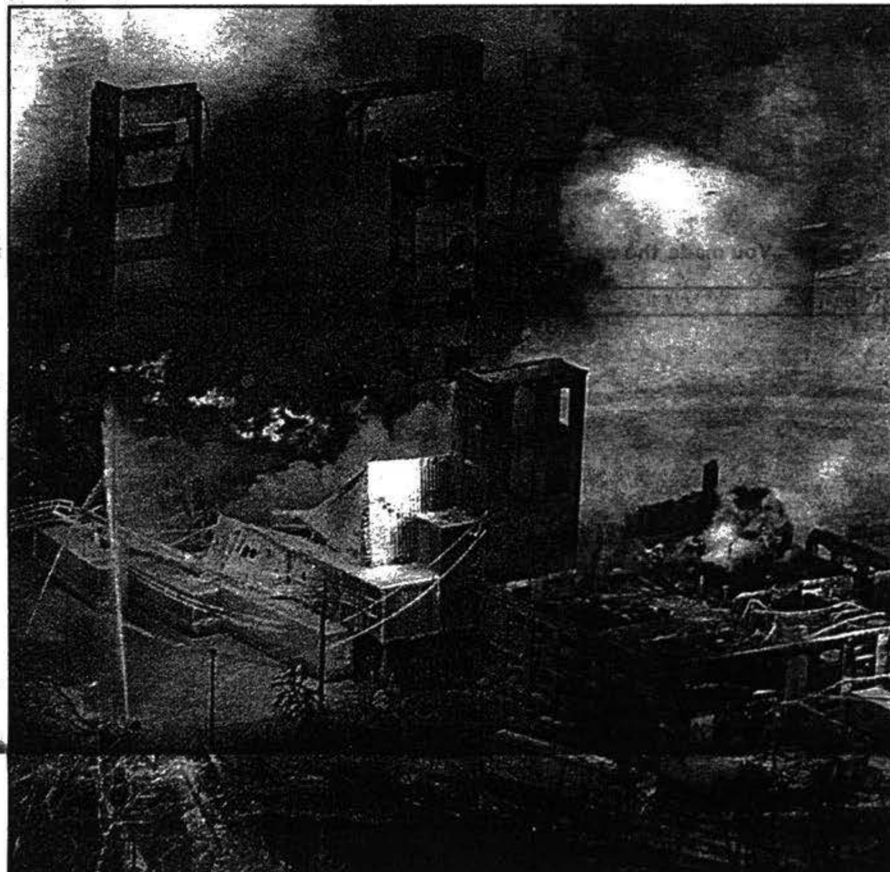
It is complicated, perhaps impossible, to explain why Feuerstein did what he did. He is a deeply religious man whose command of biblical Hebrew is impeccable. He quoted Hillel, the first-century Talmudic scholar, twice in our conversation: "Hillel said, 'In a situation where there is no righteous person, try to be a righteous person.' Before that, he said, 'Not all who increase their wealth are wise.'"

Yet Feuerstein said his love of Scripture was just part of what makes him a successful CEO: "If you think the only function of a CEO is to increase the wealth of shareholders, then any time he spends on Scripture or Shakespeare or the arts is wasteful. But if you think the CEO must balance responsibilities, then he should be involved with ideas that connect him with the past, the present and the future."

After hearing this, I was not surprised, in a day of walking around the plant, to learn about the heart-bypass operations Feuerstein had arranged for several workers or about the free soft drinks and breaks he offers employees when the summer heat drives up temperatures to more than 90 degrees on the manufacturing lines.

As a company, Malden Mills stands

"You work hard and should make a good living and have a good retirement.
If you close a factory because you can get work done for $2 an hour elsewhere, you break the American Dream."



AP/Wide World

the workers who earn $15 an hour and bring in a contract house that will pay their laborers $7 an hour. But that breaks the spirit and trust of the employees. If you close a factory because you can get work done for $2 an hour elsewhere, you break the American Dream."

Skeptics say Feuerstein's practices are sentimental, not businesslike. However, the mill's history suggests otherwise.

Like scores of other textile manu-

Above: The blaze that destroyed nearly all of the Malden Mills plant. Below: Venancia L. Cabrera, one of Aaron Feuerstein's employees, folds Polartec® fabric.

Katherine Lambert

Feuerstein saw his loyalty repaid the moment the fire began.

"Aaron was standing in the parking lot," recalled Bob Fawcett. "He was saying, 'This is not the end.' You could see him fighting back tears. But he convinced us he wasn't quitting. If he had the guts to rebuild, we decided we would try to save whatever we could."

What happened next was one of hundreds of acts of courage that night, beginning with the rescue of 33 injured workers by fellow employees and volunteer firefighters. Bob Fawcett, Fire Marshal Al Potter and a handful of firefighters dashed into the mill's last and smallest manufacturing plant. Propane tanks began exploding around them, and a deputy fire chief raced in to order everyone out. But Potter and Fawcett convinced him they could save the building.

The next morning, amid the rubble of the other buildings, the small one remained standing. Ten days later, its production line was back in operation.

Investigators today remain uncertain about what caused the fire. Yet Feuerstein's employees left little doubt about what they thought of him. Using new equipment, they set up a temporary manufacturing plant in a warehouse and quickly began working again.

"Before the fire, that plant produced 130,000 yards a week," Feuerstein said. "A few weeks after the fire, it was up to 230,000 yards. Our people became very creative. They were willing to work 25 hours a day."

By midsummer, Feuerstein had broken ground for a new production plant, and 85 percent of his employees were back at work. That still left some 400 jobless, but Feuerstein refused to abandon them. He extended their health benefits, designated a full-time employee to help them find work and guaran-

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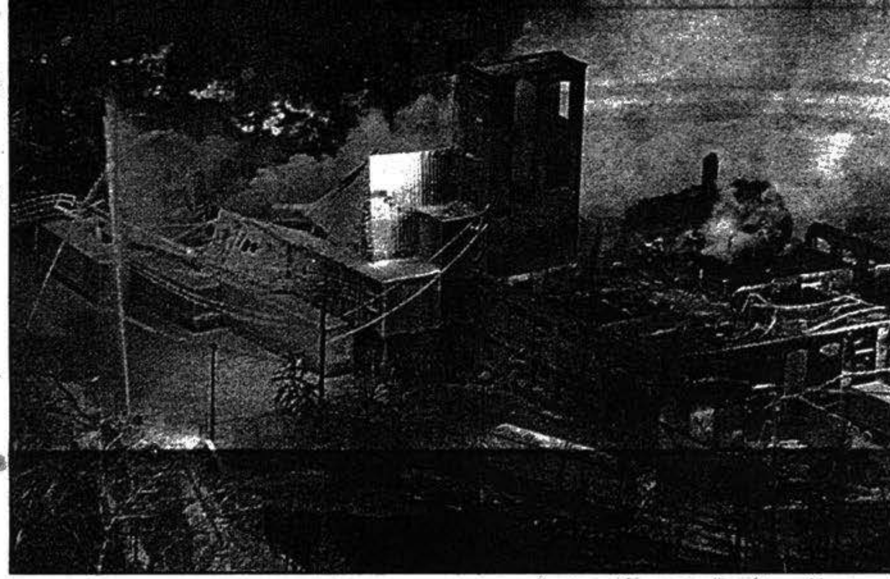
As a company, Malden Mills stands out in the Lawrence area, once a thriving center for the textile industry. "When I came here, there were quite a few mills, but most of them are gone," said Bill Angelone, 62, a 38-year employee and onetime union president. He has watched business after business move away in search of lower labor costs. Even among companies that stayed in Lawrence, said Angelone, there has been downsizing, as textile firms have laid off workers in attempts to stay profitable.

"That goes straight against the American Dream," Feuerstein said when I raised the subject. "You work hard and should make a good living and have a good retirement. I could get rid of all the workers who earn $15 an hour and bring in a contract house that will pay their laborers $7 an hour. But that breaks the spirit and trust of the employees. If you close a factory because you can get work done for $2 an hour elsewhere, you break the American Dream."



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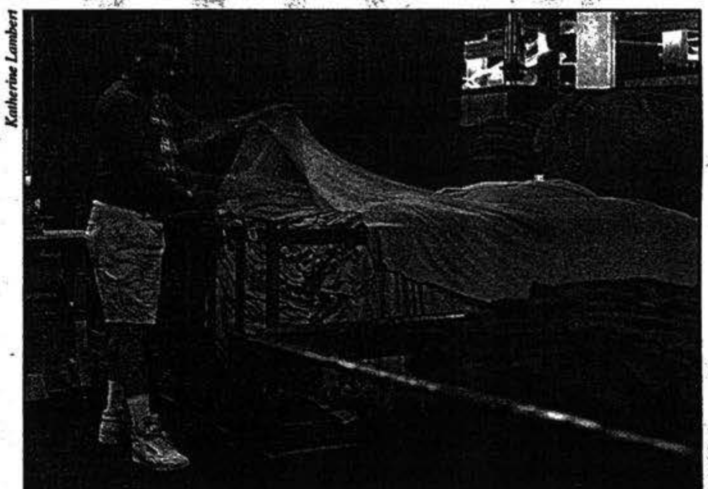

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Like scores of other textile manufacturers, the company went through hard times in the 1970s and '80s, filing for bankruptcy protection in 1981. "We had to lay off workers," said Feuerstein. "That was very painful." Yet, explained Bill Cotter, "Aaron came out stronger than he went in. He went heavy into research and development, and that's where Polartec® and Polarfleece® came from."

These two synthetic fabrics, produced exclusively by Malden Mills, are used in outdoor wear by upscale clothing manufacturers like Patagonia and L.L. Bean. Malden Mills holds patents not only for the fabrics but also for the machines used to make them. Before the fire, factory lines ran 24 hours a day to keep up with demand. Over the years, the company's profits rose steadily.

"The quality of our product is paramount," said Feuerstein, "and it's the employee who makes that quality. If the quality slips, the employee is in a position to destroy your profit."

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Walking around the shop floors, I was struck by the devotion with which Malden Mills' employees approached their tasks. It is these workers, said Feuerstein, who are responsible for his company's recovery.

"They wanted a miracle to happen, and it did," he said. "That's all I can tell you: It did."

Richardson's a great idea

WHITE HOUSE

WASHINGTON

cc: Mr. Bakke's letter to Jim Dorskind and David Belsky for MOF.

Return card to Milli Alston for filing

To Dorskind for 1997 MOF File. T.

September 4, 1996

Mr. and Mrs. Dennis W. Bakke
2811 24th Street, North
Arlington, Virginia 22207

Dear Eileen and Dennis:

Thanks for your card and for the generous donation you made in my name to further support Mother Teresa's work. I'm very grateful for your thoughtful remembrance of my birthday.

Also, I wanted to thank you, Dennis, for recommending Elliot Richardson for the Medal of Freedom. He has lived a life of exceptional service.

On the golf front, I agree -- we need another game.

Sincerely,

Bill

Mr. and Mrs. Dennis W. Bakke
2811 24th Street, North
Arlington, Virginia 22207

Dear Mr. President,
We will not be able to celebrate your birthday with you in New York, but certainly will be with you in spirit.
In honor of you on your 50th Birthday, we are making a gift of $1000 to Mother Theresa's home in Northwest D.C.

Blessings,
The Bakkes

Mr. President -

SEE... THERE ARE SCARIER THINGS THAN TURNING A YEAR OLDER.

HAPPY BIRTHDAY

All our love and admiration on your 50th Birthday. We'll be praying for you, Hillary & Chelsea during the campaign.

Dennis & Eileen Bakke

Reply - thanks for donation

The AES Corporation

Dennis W. Bakke
President
Chief Executive Officer

August 19, 1996

The President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

My major reason for writing is to recommend that you award the Medal of Freedom to Elliot Richardson. He is a long time friend and mentor. I worked for him at Health, Education and Welfare in the early 70s. In my opinion, no one epitomizes what that award stands for more than Elliot. Four Cabinet posts, seven Ambassador roles, and a host of other similar activities define the kind of dedicated public servant you have championed. His courage to stand by his convictions is legendary. Giving him the award now would be a statesmanlike, Presidential, bipartisian act. I think you should particularly enjoy the irony of having two Republican Presidents before you not present the award. I think it would be a terrific encouragement to Elliot at this stage of his life as well.

On another subject, AES just acquired the largest power plant (4,000 MW) in Kazakhstan, and one of the two or three largest coal plants in the world. Our Ambassador, Elizabeth Jones, was very supportive and helpful. Kazakhstan's President, Nursultan Nazarbayev, sends his greetings to you as well, including Happy Birthday.

It's time to play golf again. You will do better on the campaign if you have some fun along the way. I need a break, too!

Cordially,

Dennis

DWB/jh

Enclosure

PS. Eileen and I celebrated your 50th birthday by sending a donation in your name to Mother Teresa's work in Washington that Hillary has championed.

cc: Hillary Rodham Clinton

1001 North 19th Street
Arlington, Virginia 22209
(703) 522-1315
Telecopier (703) 528-4510

The Global Power Company

NEWS RELEASE

Contact: Kenneth R. Woodcock
(703) 522-1315

FOR IMMEDIATE RELEASE

AES AND PARTNER ACQUIRE 4000MW POWER STATION IN KAZAKSTAN

ARLINGTON, VA, August 12, 1996-- The AES Corporation (NASDAQ: AESC) announced today that, together with its partner, Suntree Ltd., it acquired the largest power station in Kazakstan, the 4000 MW Ekibastuz GRES-1 facility and signed a 35 year agreement to sell power from the facility to the government owned utility. The joint venture company, called AES Suntree Power Ltd., won the rights to the station in a recently organized tender process conducted by the government of Kazakstan. AES will begin operating and refurbishing the plant immediately.

AES has a minimum 70% stake in the joint venture and controls all aspects of the business. Suntree (a privately held organisation operating mainly in the CIS and Israel) owns approximately 30% of the joint venture and with its strong, multifaceted presence in Kazakstan, has led the governmental relations side of the development effort to date and will continue to operate in a similar role going forward.

Ekibastuz is a mine-mouth, low-grade coal-fired facility located in Northeastern Kazakstan. It purchases coal from the largest open cast mine in the world. The economies of scale of the mining operation combined with the efficient design of the station, result in the station being one of the lowest cost electricity producers in the world.

AES Suntree Power Ltd. has agreed to invest amounts necessary to upgrade all aspects of the power station with specific attention to the correction of safety and environmental problems. This may require an investment in the facility of $500 million or more over the next 5 or 6 years. Due to economic difficulties over the last 10 years, the station has been deprived of necessary maintenance funds, has experienced a reduction in performance and run at approximately 20% capacity factor. AES's goal within the 5 year period is to enhance plant performance levels to be commensurate with other facilities with similar technology.

Mr. Mark Fitzpatrick, Managing Director of AES Electric Ltd., commented, "We are grateful to Mr. Barry Swersky and his team at Suntree for introducing AES to Kazakstan and for being the driving force. Further, we would like to acknowledge the professionalism and commitment of the Kazakstan government, particularly Mr. Viktor Khrapunov, Minister of Energy and Coal Industry, Mr. Akezhan Kazhegeldin and Mr. Garry Shtoik, the Prime Minister and Deputy Prime Minister, respectively, and Mr. Nursultan Nazarbaev, the President. We are also grateful to US Ambassador to Kazakstan, Elizabeth Jones, and her staff for their ongoing support and encouragement."

Mr. Dennis Bakke, President & CEO of AES, stated, "This is one of the biggest challenges and opportunities in the history of AES as we try to make a positive contribution in the world. Building a business through refurbishing and operating an established power plant is an AES strength. We are very excited to take this giant step in what we are hopeful will become one of the strongest economies of all nations transitioning from the former Soviet Union."

The transaction will increase to nearly 11,000 MWs the generating capacity of plants in which AES has an ownership interest, which includes plants in operation and under construction. AES owns all or part of 31 generating stations. These facilities have assets totaling more than $5 billion and, combined with the Rio de Janeiro utility in which it has a major interest, employs over 20,000 people worldwide.

1996 has become a banner year for AES. Development milestones include the following:

- In July, AES won a bid to supply electricity from a new, greenfield 288 MW simple cycle, gas turbine power station in Townville, Queensland, Australia.

- In July, AES acquired three power plants totaling 1,281 MW and a coal mine through the purchase of an 81% share of Tiszai Eromu Rt., an electricity generation company in Hungary.

- In May, AES, along with Electricité de France, Houston Industries Energy, CSN and NDES (Brazil's National Development Bank) completed the purchase of a controlling interest in Light, the 3,800 MW integrated electric utility that serves Rio de Janeiro, Brazil.

- In April, AES Chigen funded Jiazuo Wan Fang, a 250 MW coal-fired facility which is under construction and located in Henan Province, China. In August, AES Chigen funded Wuhu Zhaoda, a 250 MW coal-fired facility under construction in Anhui Province, China. These projects bring the total number of megawatts in construction or operation for AES Chigen to 649 MW. AES Chigen is 48% owned by AES.

- In April, AES reached agreement to acquire a site in northern Poland, which included the exclusive right to negotiate a power sales agreement for a natural-gas-fired project. This step was the result of a competitive solicitation in 1995.

- In March, AES purchased AES San Juan, a hydro-thermal company in Argentina that consists of the 45 MW Ullum hydro facility and the 33 MW Sarmiento thermal plant.

- In January, AES closed the financing of the 337 MW PakGen oil-fired plant in Pakistan.

AES is a leading global power company that generates, sells or markets electricity in over 35 countries. The Company currently has over $2.8 billion in assets and, for the year ending December 31, 1995, earned net income of $107 million on revenues of $685 million.

* * * * *

For more general information visit our web site at www.aesc.com or contact investor relations at investing@aesc.com

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 9-10

TO: Andy Sens

FROM: Staff Secretary

We need a response to this in the near term.

Rob

STATE CAPITOL, ROOM 2052
SACRAMENTO, CA 95814
(916) 445-1353

10951 W. PICO BLVD., #202
LOS ANGELES, CA 90064
(310) 441-9084

Senate

California Legislature

TOM HAYDEN
SENATOR
TWENTY-THIRD DISTRICT

COMMITTEES:
ENERGY AND PUBLIC UTILITIES
NATURAL RESOURCES AND WILDLIFE
TOXICS AND PUBLIC SAFETY MANAGEMENT
TRANSPORTATION

cc: Rahm
Staff Sec.

FAX COVER SHEET

DATE: 9/5/96

TO: President Bill Clinton **AT:** White House

FROM:

- ☑ Tom Hayden
- ☐ Connie Brown
- ☐ Sandy Brown
- ☐ Lisa Hoyos
- ☐ Rocky Rushing
- ☐ Ann Hiller (or caseworker)
- ☐ Patricia Shin
- ☐ Réut Ness

ADDITIONAL MESSAGE:

Sent for Senator Tom Hayden by Connie Brown.

NUMBER OF PAGES INCLUDING COVER: 3

PLEASE CALL (310) 441-9084 IF THERE ARE ANY PROBLEMS. THANK YOU.

STATE CAPITOL, ROOM 2052
SACRAMENTO, CA 95814
(916) 445-1353

10951 W. PICO BLVD., #202
LOS ANGELES, CA 90064
(310) 441-9084

Senate
California Legislature

TOM HAYDEN
SENATOR
TWENTY-THIRD DISTRICT

COMMITTEES:
ENERGY AND PUBLIC UTILITIES
NATURAL RESOURCES AND WILDLIFE
TOXICS AND PUBLIC SAFETY MANAGEMENT
TRANSPORTATION

September 4, 1996

President Bill Clinton
White House
Washington DC

by FAX

Dear Mr. President,

I urge that you order an immediate investigation of the news revelations that the Central Intelligence Agency had a role in the 1980s sales of crack cocaine on the streets of Los Angeles, thus starting the devastating epidemic of crack cocaine across black America.

Articles last week in the San Jose Mercury-News documented that a ring headed by a top Nicaraguan Contra agent sold drugs in African-American neighborhoods in LA to finance the CIA-backed Contra army in Nicaragua.

The Nicaraguan operative, Oscar Danilo Blandon, has testified that he worked under the command of the late Contra leader, Col. Enrique Bermudez, and that he employed "Freeway" Ricky Ross to deliver tons of crack cocaine for sales in LA ghettos.

The time is overdue to uncover the truth in this case. Countless lives have been lost or destroyed forever in the crack cocaine epidemic. Billions in tax dollars have been spent on efforts to stymie the cocaine traffic. African-Americans, particularly young men, have been stigmatized, demonized and blamed for creating a violent drug culture in the inner city.

It is unthinkable to many Americans that the CIA could have played a supportive role in this catastrophe. Anyone who makes such an assertion is immediately categorized as paranoid in respectable circles where denial is commonplace.

Between paranoia and denial, where is the truth?

Having looked at the question for many years, Mr. President, I do not believe there is a monolithic conspiracy but neither do I believe the CIA an innocent party. The ugly truth is that some elements of the intelligence community, and perhaps higher, at the very least turned a blind and negligent eye to illegal and murderous activities that they should have been exposing and preventing on the streets of American cities.

This chain of official corruption could not occur without blindness, complicity, or compromised integrity at every step. A full accounting is necessary. Any responsible parties must be rooted out. Compensation to the devastated communities of victims must be made, including an increase of funding for community-based prevention and treatment programs.

The alternative is to do nothing, to ride the controversy out, and to foster a deeper perception in minority communities that they are pawns in a "war on drugs" that has employed drug dealers to enrich themselves by ruining their own local communities for an illegal national security objective.

We know by now, Mr. President, that the CIA was involved in the drug trade during the secret wars in Indochina, an illegal and obscene policy that ruined the lives of thousands of Americans. We know also that the CIA was involved in funding the secret Contra war with funds derived from the drug trade. Now we are looking at the awful results of such shadowy operations at home.

I urge you to make this a personal priority, and direct the Justice Department, the Drug Enforcement Agency, and the intelligence agencies to cooperate in an independent investigation of this whole matter.

I can assure you we will do everything possible at local and state levels to uncover the truth and seek just compensation. To that end, I have asked my investigative staff to make this case a top priority until the truth is fully understood and appropriate action is taken.

Sincerely,

Tom Hayden

Tom Hayden

Jack G. Kazanzas
Twin Oaks

September 6, 1996

96 SEP 10 A11 : 20

The President of The United States
William Jefferson Clinton
The White House
1600 Pennsylvania Avenue
Washington, D. C. 20006

Dear President Clinton:

It was indeed a great honor and privilege for Valencia Community College to have you on campus today. I remember your visit to the College when you were Governor of Arkansas, as the guest speaker at the annual Valencia Foundation dinner. At that time, I was assistant executive director. I retired in June, 1995.

There are many exciting challenges facing America, as we focus upon entering the Twenty-First Century. I believe one of our many concerns is upgrading of the educational skills of the populous in order for them to enjoy a quality life style.

How gratifying to hear you emphasize the need for young people to know how to read comprehensively. God bless your efforts in the days ahead. May this letter find you and your family well.

Sincerely,

Jack G. Kazanzas

Jack G. Kazanzas
(Ret.) Valencia Foundation

JIM DORSKIND:
Please coordinate
the reply.

USA 20c USA 20c

The President of The United States
William Jefferson Clinton
The White House
1600 Pennsylvania Avenue
Washington, D. C. ~~20006~~
20500

Att: Staff secretary

1968 Biscayne Drive
Winter Park, Florida 32789

soros fund

August 30, 1996

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500-2000

Dear Mr. President,

Further to our conversation last Friday, you have just received a green light from Senator Dole to postpone the Bosnian elections. I very much hope you will avail yourself of this opportunity. Even a two month postponement would safely get us past our own elections, and allow us to pursue more effective policies afterwards, particularly with regard to the war criminals. Going ahead under present conditions would create a very bad precedent and expose you to severe criticism not only from your opponents, but also from supporters like me.

Yours sincerely,

George Soros

George Soros

THE PRESIDENT HAS SEEN
9-10-96

GS/ys

NSC for Reply

SOROS FUND MANAGEMENT, 888 SEVENTH AVENUE, ... ELEX 428289 SOROSFD

FROM THE OFFICE OF GEORGE SOROS

Soros Fund Management
Soros Foundations
888 Seventh Avenue, Suite 3200
New York, New York 10106
Tel: (212) 397-5550
Fax: (212) 977-4057

Please deliver the following pages to:

To: President William J. Clinton
The White House
Fax # (202) 456 6703

From: George Soros

cc: The Honorable Albert Gore, Jr.
The White House, Fax # (202) 456 6218

The Honorable Anthony Lake
National Security Council, Fax # (202) 456 2883

The Honorable Strobe Talbott
Department of State, Fax # (202) 647 6047

Date: August 30, 1996

Total # of pages: 2 (including cover sheet)

Please see the attached letter.