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cc:
Phil ✓
Panetta ✓

THE PRESIDENT HAS SEEN

9-18-96

THE WHITE HOUSE
WASHINGTON

September 13, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *for hilly*
SUBJECT: Summary of Cabinet Weekly Reports
September 7 - September 13, 1996

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HURRICANE UPDATE

- **Fran:** Tomorrow you will visit Raleigh, NC, to view hurricane damage and meet with local officials. On September 6 and 10, Director Witt went to NC to review hurricane damage. On September 9, Secretary Glickman traveled to NC to survey the damage. On September 12, Secretary Cisneros traveled to NC communities to assess the damage.
- **Hortense:** On September 9, Puerto Rico was badly hit by Hurricane Hortense. On September 11, you declared a disaster for Puerto Rico. On September 14, Secretary Peña will lead a team of federal officials to Puerto Rico.

DEPARTMENT OF TREASURY

- **Delinquent Child Support:** Treasury has drafted a draft Executive order to facilitate the collection of delinquent child support obligations.
- **AL School Fires:** On September 2, arson fires caused \$3.1 million in damages to the Dowling Junior High School and West Point High School in Cullman, AL. ATF deployed a national response team to the area to assist state and local officers. Three suspects were arrested.
- **Haiti Update:** The IMF has completed a Haiti mission and informed Treasury that it is ready to move forward with its support package. The World Bank is still pushing Haiti's Parliament to pass a privatization law. An important step was taken this week with approval by the Chamber of Deputies of an acceptable version of the bill, and action by Haiti's Senate looks increasingly likely. If the Senate approves

the modernization law this week, money could become available for Haiti by October. President Preval has asked the Fund and the Bank to hold off announcing their support packages to pressure the Parliament to pass the modernization law quickly.

- **Mexican Loans:** On September 19, the North American Development Bank (NADBank) is expected to announce two loans to Mexican groups. Treasury officials will do regional media, in TX and AZ, highlighting NADBank's role in the region.
- **Church Fires Task Force Update:** On September 13, Assistant Secretary for Enforcement Johnson and Assistant Attorney Patrick, co-chairs of the National Church Arson Task Force (NCATF), will address the Congressional Black Caucus "Brain Trust on Crime." NCATF protocol for federal investigators and prosecutors has been finalized. This protocol, to ensure uniform high quality investigations and prosecutions in church arson cases, will be distributed to all U.S. Attorneys, ATF Special Agents in Charge, and FBI Special Agents in Charge.
- **Kids and Guns Update:** The ATF has completed training and delivery of computers at 16 of the 17 sites as part of the Youth Crime Gun Interdiction Initiative. The sites include cities in CA, NY, MA, NJ, CT, MO, VA, DC, AL, WI, TN, MD, and WA. Several sites have applied for investigative funds to pursue trafficking investigations involving transfers to young people. ATF is assessing the tracing capabilities of local police departments.
- **Airport Security:** On September 17, Under Secretary for Enforcement Kelly, Deputy Attorney General Gorelick, and an FAA official will testify on the Administration's airport security and counter-terrorism proposals before the Senate Judiciary Committee's Subcommittee on Terrorism, chaired by Senator Specter.
- **Drug Hearing:** On September 25-26, the House Committee on Ways and Means will hold hearings on drug treatment, prevention, and interdiction. Customs and GAO representatives have been invited to testify.
- **Secretary's Schedule:** On September 11-14, Secretary Rubin will participate in two Congressional Black Caucus Braintrust Forums.

- **Encryption:** Commerce has prepared a change to the Export Administration Regulations and a notice to Congress to impose foreign policy export controls on encryption products with key recovery features. This action will allow us to implement the Vice President's decision to liberalize export controls on such products. The one-year delay in implementation has been occasioned by State's reluctance to transfer jurisdiction.
- **Secretary Schedule:** On September 18, Secretary Kantor will hold a press conference to release the July 1996 trade numbers. On September 19, Secretary Kantor will meet with members of your Export Council (PEC) and announce the "Virtual Trade Mission." On September 19, Secretary Kantor is expected to announce the Telecommunications and Information Infrastructure Assistance Program (TIIAP) awards in a ceremony. On September 19-20, Secretary Kantor will travel to Miami, FL, and Raleigh, NC, for several events.

DEPARTMENT OF LABOR

- **McDonnell Douglas:** On September 6, a tentative five-year agreement was reached between McDonnell Douglas and the Machinists Union. On September 16, workers will return to their jobs. Complete details on the agreement are not available.
- **Ford:** The efforts of United Auto Workers to reach a "pacesetting" agreement with Ford have intensified as negotiators approach the September 14 expiration of the contract. In a departure from previous bargaining rounds, the UAW has refrained from referring to Ford as a "strike target" and has continued talks with both Chrysler and General Motors.
- **Longshoremen:** On September 16, in the west coast longshore negotiations, a second membership vote is scheduled to begin on a tentative three-year agreement reached in July between the International Longshoremen's and Warehousemen's Union and the Pacific Maritime Association.
- **Tosco Corporation:** The Oil, Chemical and Atomic Workers union have ratified a 65-month agreement with the Tosco Corporation, an action which helps pave the way for the modernization and reopening of the refinery at Marcus Hook, PA.
- **Shipbuilding:** The strike at the National Steel & Shipbuilding Co. in San Diego, CA, continues. On July 18, production workers represented by seven unions left their jobs over union security concerns. The employees have been without a contract for nearly four years. NASSCO has continued to operate.

- **School-to-Work:** On September 16-20, Secretary Reich will participate in various events to mark "School-to-Work Week." On September 16, Secretary Reich will speak at a screening of a PBS video about the School-to-Work program. On September 18, Secretary Reich will announce School-to-Work Urban/Rural Opportunities Grants to about 30 localities. On September 19, Secretary Reich will join Secretary Riley to present a School-to-Work report card at the annual congressional breakfast of the Vocational Industrial Clubs of America. Miss America will present a \$25,000 check to J. D. Hoyer, head of your School-to-Work office, to honor her commitment to School-to-Work. Hoyer will give the money to a School-to-Work program. The \$25,000 will be matched by a \$75,000 check from Ciba-Geigy.

DEPARTMENT OF TRANSPORTATION

- **Passenger Manifest Rule:** On September 9, Secretary Peña announced a notice of proposed rulemaking that would require air carriers involved in an aviation disaster on a flight between the U.S. and another country to provide a comprehensive passenger manifest to State within one hour.
- **ValuJet Airlines:** On September 9, the comment period closed on the DOT's Show Cause Order which found ValuJet fit to operate. Comments were received raising issues regarding the fitness of ValuJet management. The DOT is currently reviewing these comments.
- **Air Traffic Control System Improvements:** This month, the FAA will award a million dollar contract for the Standard Terminal Automation Replacement System (STARS). The STARS program will provide replacement of critical air traffic control computers in the terminal area. The FAA plans to have the first STARS operational in Boston, MA, by December 1998, with subsequent deliveries to FAA and DOD facilities by 2007. The system will replace aging hardware and software at a time when the number of passengers traveling on U.S. airlines is expected to grow from about 580 million in 1995 to nearly 800 million by 2003.
- **TWA Crash:** The TWA 800 investigation team, headed by the NTSB, has continued its retrieval of wreckage following a two-day delay due to Hurricane Edouard. This week, the team retrieved an additional piece of the forward spar, along with numerous small components from the aircraft. On September 11, Administrator Hinson, Admiral Busick, Admiral Flynn, the FBI, and GAO testified at a closed House hearing on security issues, some of which emanate from this crash. As of September 9, 211 bodies have been recovered.

- **Grand Canyon Overflights:** On September 16-23, the FAA will participate in two sets of public hearings on the NPRM to restrict overflights over the Grand Canyon and the draft environmental assessment. Additional plans are being made to meet with the National Park Service to discuss the next round of noise analysis for the final environmental assessment.
- **Aviation Security Hearing:** On September 17, the Senate Commerce Committee is planning to hold a closed hearing on aviation security.
- **Secretary's Travel:** On September 17, Secretary Peña will deliver a keynote address at the annual meeting of the Association of American Port Authorities in Vancouver, BC. He will also meet with the Canadian and Mexican counterparts to discuss the implementation progress on NAFTA and the Hemispheric Transportation Initiative. On September 19, Secretary Peña will be in Pueblo, CO, for a ground breaking for the new Downtown Transit Center. Also, Secretary Peña will attend the National Scenic Byways Kickoff. On September 24-25, Secretary Peña will address the American Conference on Aviation in Miami, FL.

UNITED STATES TRADE REPRESENTATIVE

- **Ambassador's Schedule:** On September 20, Ambassador Barshefsky will address the National Association of Manufacturers in Washington, D.C. On September 16, Ambassador Barshefsky will testify before the Senate Finance Committee regarding the WTO Singapore Ministerial. On September 17, Ambassador Barshefsky will testify before the House Ways and Means Trade Subcommittee regarding China and Taiwan's accession to the WTO.

SMALL BUSINESS ADMINISTRATION

- **White House Conference on Small Business Report:** This month, the First Annual Report on the Implementation of the Recommendations of the 1995 White House Conference on Small Business is being released with copies going to all 2,000 delegates and the 17,000 small business owners who attended state meetings. The report will highlight the administration's economic accomplishments for small business.
- **Empowerment Zones/Enterprise Communities:** On September 16, Deputy Administrator Lew will attend the opening of the One Stop Capital Shop (ASCUS) in Harlem, NY, along with Congressman Rangel. The ASCUS offers comprehensive financial and technical assistance to small businesses in Empowerment Zone neighborhoods.

- **8(a) Program Hearing:** On September 18, House Small Business Chairman Meyers is holding a hearing on the 8(a) program. Last month, Chairman Meyers introduced legislation that would erase preferences in government contracting for all racial and ethnic groups. Administrator Lader has been invited to testify.

DEPARTMENT OF JUSTICE

- **CA Lending Discrimination:** On September 5, the DOJ filed a complaint and settlement agreement in United States v. Long Beach Mortgage Company (C.D. Cal.), a lending discrimination case against a CA mortgage company that makes most of its loans to less credit worthy borrowers. In its complaint, DOJ alleged that African-American, Hispanic, female and older borrowers paid more for loans funded by Long Beach than did similarly situated younger white males, and that the disparity was not attributable to chance or any business justification. In the settlement agreement, Long Beach agreed to pay \$3 million dollars to 1200 identified victims of the alleged discrimination, and to donate an additional \$1 million dollars to civil rights groups to develop a program to educate consumers on how to shop for a loan.
- **VMI All-Male Admissions Policy:** On September 9, in United States v. Virginia, the DOJ's constitutional challenge to the males-only admissions policy at Virginia Military Institute (VMI), DOJ filed a motion for remand from the Fourth Circuit to the district court and a motion for a preliminary injunction that would direct VMI to begin to disseminate and process applications for women for the 1997-98 academic year, just as the school presently is doing for men. In June, the Supreme Court ruled that the males-only admissions policy at the publicly-funded school was unconstitutional, declaring that VMI must provide women with the same educational opportunities as men. It remanded the case to the Fourth Circuit to craft a remedy. However, the Fourth Circuit has not yet taken action, but VMI has started its 1997-98 admissions process, accepting applications from men but not women. Because VMI continues to receive public funds, it is DOJ's view that its current application process must comply with the Supreme Court's decision.
- **Colombian Drug Syndicate:** In July 1995, DEA Memphis arrested seven Colombian assassins, known as the Angels of Death and belonging to the Cali drug syndicate. They were in Memphis to collect payment from local traffickers who had received a 400-kilogram cocaine shipment from Colombia in January 1995. Last week, all seven pled guilty to conspiracy and drug charges.
- **Teen Drug Hearing:** On September 26, the National Security, International Affairs and Criminal Justice Subcommittee of the House Government Reform and Oversight Committee will hold a hearing on national drug control strategy, focusing on the rise in drug use by teenagers.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **HHS Officials Depart:** On September 12, Assistant Secretary for Planning and Evaluation Edelman and Assistant Secretary for Children and Families Bane announced their resignations. Olivia Golden, Commissioner of the Administration on Children, Youth and Families, will become Acting Assistant Secretary for Children and Families. Jack Ebeler, Deputy Assistant Secretary for Planning and Evaluation, will become the Principal Deputy Assistant Secretary for Planning and Evaluation.
- **Mad Cow:** HHS will soon publish a proposed rule to ban certain animal proteins in feed intended for ruminants, primarily cows, sheep, and goats. This action will follow up on an advance notice of proposed rule making published in May by WHO to minimize the risk of "mad cow disease" being spread among ruminants via their feed. The proposal asks for comments on several options to ensure against the spread of the disease.
- **HIV/AIDS Treatment Grants:** On September 16, HHS will announce the award of 18 grants totaling \$6.9 million to fund HIV/AIDS models of care under the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act. Two of the grants result from a collaboration between HHS and HUD to provide comprehensive care and housing to homeless people diagnosed with HIV/AIDS and serious mental illness or substance abuse problems.
- **Human Carcinogens Update:** On September 16-20, HHS will announce new criteria for determining whether substances can be listed as "reasonably anticipated to be a human carcinogen." The new criteria allows the determination to be made not solely on rodent research data, but on a broader scientific base including the known chemical structure of the substance and its effects at the cellular level. The new criteria were developed by cancer scientists as well as consumer and industry representatives.
- **NJ Tobacco Suit:** Four tobacco companies have sued NJ Attorney General Verniero in a preemptive effort to preclude action by the State of New Jersey. In April, Governor Whitman announced that the State would hire private attorneys to sue the tobacco industry for reimbursement for funds that the state has spent on medical care for smokers. The tobacco companies' suit claims that the NJ Attorney General has no authority to hire outside lawyers to bring the lawsuit in return for a percentage of any recovery.

- **Blood Pressure Drug Approval:** On September 6, FDA approved ProAmatine Tablets for the treatment of a rare condition which causes blood pressure to plummet when a person stands up. The approval is based on ProAmatine's effect on increases in 1-minute standing systolic blood pressure. This is the first product approved for this condition.
- **NM Welfare Cuts:** NM Governor Johnson has proposed to cut cash payments to welfare recipients by an average of 11 percent in November to offset unexpected cuts in federal financing. Under the block grant program, NM will receive approximately \$12 million less in FY97 than it did in FY96. NM contends that the block grants and federal funding reductions should not take effect until July 1, 1997, and has appealed for a restoration of the funds.
- **Blood Safety:** On September 26-27, an FDA advisory panel will hear presentations on detection of HIV-1 Group O which is an extremely rare strain of HIV that is not always detected by currently approved HIV tests used in the U.S. FDA-licensed kits will identify about 80 percent of Group O infections.
- **Guam Welfare Growth:** Guam's welfare population is growing steadily and the government may not have enough money to continue paying benefits at the current level. For the second time in four months, the legislature has approved additional funding so recipients would receive their full benefits. If the welfare population continues to grow as expected because of the slow growth in Guam's economy, HHS will propose that AFDC benefits be cut next fiscal year by as much as 20 percent.
- **Welfare Reform Hearing:** On September 17, Assistant Secretary for the Administration for Children and Families Bane will testify before the House Ways and Means Subcommittee on Human Resources on welfare reform implementation.
- **Agent Orange:** 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 testify.
- **Secretary's Schedule:** On September 17, Secretary Shalala will attend a reception honoring Congressman Fazio. On September 21, Secretary Shalala will be in MI to attend several events with Congressman Bonior.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **National Empowerment Zone Grants:** On September 13, Secretary Cisneros announced the release of \$716 million in grants to communities designated as Empowerment Zones/Enterprise Communities. The grants are for homeless assistance, youth programs, and early childhood development initiatives.
- **NJ Public Housing:** On September 10, Secretary Cisneros joined Mayor Webster to announce a new partnership to improve the delivery of federal housing and community development services to the citizens of Camden, NJ.
- **Tax Credit:** Next week, Secretary Cisneros will be in Rockford, IL, Flint and Saginaw, MI, and Johnstown, PA, to promote the Administration's proposed capital gains tax credit.
- **Church Fire Rebuilding Loan:** On September 7, Assistant Secretary Cuomo announced the first beneficiary of a HUD-guaranteed loan to help rebuild churches destroyed by arson. Truelight Missionary Baptist Church of Ruleville, MS, was destroyed by fire on Easter Sunday, 1995. It will be rebuilt with the \$60,000 loan guarantee and a \$50,000 grant from the National Council of Churches. The loan is part of HUD's \$10 million loan guarantee program established by you in response to the arson attacks on churches.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **California's Proposition 215:** On September 12, Director McCaffrey held a news conference in Los Angeles, CA, opposing CA's upcoming Proposition 215 that enables the prescription of marijuana for medicinal use.
- **Director's Schedule:** On September 14, Director McCaffrey will participate in a radio address regarding teen drug abuse hosted by Jesse Jackson in Chicago, IL. On September 17, Director McCaffrey will participate in events promoting greater involvement of the business community in drug prevention activities in Richmond, VA. He will meet with 25 business leaders who have implemented drug free workplace programs. On September 19, Director McCaffrey will address the students of Georgetown University's School of Foreign Service on U.S. drug policy in the post-cold war era.

DEPARTMENT OF INTERIOR

- **FY97 Appropriations:** The Senate is expected to take action on the Interior Appropriations Bill, which contains several unacceptable policy changes. The bill would change the way the BIA funds are made available to Indian Tribes without their consultation and includes implementation of a new forest management plan for the Tongass National Forest. Other troublesome riders include those concerning the Elwha River dams, AmeriCorps funding, Alaska subsistence, tribal sovereignty, Indian small gaming, Ward Valley, and review of Utah Wilderness. Interior has expressed strong opposition to the bill.
- **CA Logging Negotiations:** This week, Interior continued to make advances in negotiations with Maxxam, Inc., Chairman Charles Hurwitz in preparation of an agreement to prevent the salvage logging in the Headwaters Grove, CA. On September 15, the breeding season for Marbled Murrelets ends allowing Maxxam to enter the forest using helicopter recovery of downed, dead, and diseased logs. It is expected that the local and national environmental organizations will stage a possible violent massive protest.
- **NV Wild Horses Program:** Interior is planning to euthanize about 50 wild horses located at the Air Force's Nellis Bombing and Gunnery Range near Las Vegas. The decision to destroy old, sick, and lame horses under a veterinarian's supervision was made by a team of state and federal representatives, with input from horse experts, legal counselors, humane organizations, and elected officials. Severe drought conditions, loss of forage and high temperatures have taken a toll on wild animals.
- **Secretary's Schedule:** On September 16, Secretary Babbitt will address a meeting of the International Association of Fish and Wildlife Agencies in Omaha, NE. On the same day, Secretary Babbitt will travel to West Orange, NJ, to participate in an event with the Edison Foundation. On September 17, Secretary Babbitt will travel to KY, to declare the surrounding critical watershed, which had been threatened with development, unsuitable for mining.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Conservation Programs:** On September 6, Secretary Glickman announced several changes to conservation programs designed to make the programs more effective, more flexible, and more science based. The changes will improve the administration of the swampbuster and conservation compliance provisions. Next week, the USDA will publish a proposed rule on the long term policy for the Conservation Reserve Program.

- **Secretary's Schedule:** On September 24, Secretary Glickman will address the National Association of State Departments of Agriculture in Lake Geneva, WI. On September 25, Secretary Glickman will address the Western States Tourism Policy Council in Lake Tahoe and will be in the Northwest and may announce the extension of the Pacific Northwest Economic Adjustment Initiative.

DEPARTMENT OF ENERGY

- **Cleanup in WA:** On September 19, DOE expects to announce the award of multi-year, multi-million dollar contracts to privatize cleanup of Hanford, WA's tank waste. This approach will accelerate cleanup at the site and result in significant cost savings.
- **Argonne National Laboratory:** On September 21, Secretary O'Leary will attend a 50th anniversary open house honoring the Argonne National Laboratory (ANL). ANL is one of the nation's largest federally funded scientific laboratories, with more than 200 different research programs in basic and applied science.
- **Nuclear Radiation Center Grant:** On September 25, an agreement is expected that will award \$800,000 to the Center located at the McClellan Air Force Base in CA. The funds will be used to establish a center to treat inoperable brain tumors. DOE is working with Representative Fazio.
- **Fish and Wildlife:** On September 9, Secretary O'Leary will announce the Bonneville Power Administration Fish Budget Memorandum of Agreement. Members of the Northwest Congressional delegation wrote to Vice President Gore and requested a version of the Memorandum of Agreement acceptable to the Administration.
- **OH Defense Conversion:** Last week, an agreement was reached to negotiate terms for the sale of the Mound Site to the Miamisburg Mound Community Improvement Corporation, in Miamisburg, OH.

DEPARTMENT OF EDUCATION

- **Felton v. Secretary of Education:** This month, New York City will likely appeal to the U.S. Supreme Court, the Court of Appeals' refusal to allow instruction in reading and math instruction of parochial school students to take place on those schools' grounds. Remedial instruction is under federal legislation to all children regardless of what schools they attend, and is currently provided in portable classrooms parked outside religious schools to meet the requirements at a cost of

about \$14 million a year. The Administration, while indicating that it could not ask a lower court to overturn a Supreme Court decision, has been supportive of the State Board's position.

- **School-to-Work:** On September 18, Secretary Riley will hold a press conference with Secretary Reich announcing the School-to-Work report to Congress and the new School-to-Work Urban/Rural Grants.

VETERANS AFFAIRS

- **Nursing Home Care:** On September 9, VA announced the award of multi-state nursing home contracts to seven corporations to provide contract nursing home care to veterans at VA expense. This is the first time that VA has negotiated this type of contract. These contracts will substantially improve nursing home access to veterans, ensure consistent quality, and provide more cost-effective care.
- **Agent Orange Hearing:** On September 19, Senate Veterans' Affairs Committee Chairman Simpson will hold a hearing on VA's implementation of the Agent Orange Act of 1991.
- **Home Loan Program:** On September 19, Secretary Brown will participate in a ceremony honoring the award of the 15 millionth VA home loan to Vietnam veteran William Black in Chester, MD. Since the GI Bill became law in 1944, VA has guaranteed home loans worth more than a half-trillion dollars.

ENVIRONMENTAL PROTECTION AGENCY

- **Brownfields:** EPA is ready to announce a new round of Brownfields grants that will provide seed money to help clean up and redevelop abandoned, contaminated urban property.
- **Food Safety:** Next week, EPA expects to announce the establishment of the Food Safety Advisory Committee. EPA is establishing this Committee to advise the Agency on broad policy issues it faces in implementing the new food safety law. The group will be composed of representatives from pesticide manufacturers, pesticide processors, pesticide users, public health organizations, farm workers, environmental organizations, academicians, members of Congress and other federal agencies.
- **Administrator's Schedule:** On September 19, Administrator Browner will attend the signing ceremony for Delaware Bay Conservation Plan with Governors Carper, Whitman, and Ridge in Philadelphia, PA. On September 20, Administrator Browner

will address the EPA Brownfields Conference in Pittsburgh, PA. On September 21, Administrator Browner will address at the Florida Wildlife Federation in Fort Lauderdale, FL.

OFFICE OF PERSONNEL MANAGEMENT

- **Reinventing Government Awards:** On September 11, Director King presented five National Partnership Awards and two honorable mention citations to federal agencies and unions who have saved money and/or improved customer service through labor-management partnership efforts. Those cited were the U.S. Mint, AFL-CIO, DoEd, U.S. Army, IRS and SSA.

SOCIAL SECURITY ADMINISTRATION

- **Disability Report:** Next week, GAO is expected to release a report on SSA's progress in conducting mandated SSI Continuing Disability Reviews (CDR). GAO found that, as of June 1996, SSA was on schedule, having completed about 60 percent of the required reviews, and is currently revising its SSI CDR plans to meet additional requirements enacted in recent legislation.
- **Retirement Broadcast:** 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. The program will educate employers and employees on the range of retirement, disability, survivors and Medicare benefits their payroll contributions make possible.

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

THE WHITE HOUSE
WASHINGTON

July 11, 1996

98 JUL 29 P2:42

Jeann --

We really don't do special inscriptions like these except in rare circumstances for special presidential friends, etc. I would recommend that we have a standard inscription done such as "with appreciation." If Nancy would like it, I'll get the special one done for her parents.

Let me know how you want to proceed.
Thanks.

Todd
Todd

To Todd -

How about just these two.

Jim - 9-16

As we
discussed

Todd

Thanks

Nancy

Todd as requested the 2 photos for Nancy's, with the special inscription

PLEASE TYPE THE INSCRIPTION LINE OF THIS PHOTO

TO: STEPHEN NOLET, RM 94, EXT. 67610

From: NANCY SODERBERG Room: Gnd Flr Wk Ext. 69471 Date 7/3/96

Photo is attached ☒ or choose from: The President ☐
First Lady ☐ First Couple ☐

Is a lithograph, less expensive photo, okay for this request?
Yes ☐ No ☐

To be signed by: President ☒ First Lady ☐

Return to originating office ☒
Mail (MUST ATTACH TYPED MAILING LABEL) ☐

For records purposes, please provide the name and address of who
this photo is to be inscribed to:

Name JOHN SODERBERG

Organization 3324 COLFAX AVE. SO, APT 1

Address

City/State/Zip MINNEAPOLIS, MN 55408

Inscribe to: (PLEASE TYPE) JOHN & MELISSA SODERBERG

Message: Best Wishes ☐ With Appreciation ☐ Congratulations ☐

"Two of the education world's finest!"



*To John and Melissa Soderberg
"Two of the education world's finest!"*

PLEASE TYPE THE INSCRIPTION LINE OF THIS FORM

TO: STEPHEN NOLET, RM 94, EXT. 67610

From: NANCY SODERBERG Room: 6nd Fl, WW Ext. 69471 Date 7/3/96

Photo is attached ☒ or choose from: The President ___
First Lady ___ First Couple ___

Is a lithograph, less expensive photo, okay for this request?
Yes ___ No ___

To be signed by: President ☒ First Lady ___

Return to originating office ☒
Mail (MUST ATTACH TYPED MAILING LABEL) ___

For records purposes, please provide the name and address of who
this photo is to be inscribed to:

Name LARS SODERBERG
Organization _____
Address 9 Tennessee Ave, Madaket
City/State/Zip Nantucket, MA 02554

Inscribe to: (PLEASE TYPE) NANCY AND LARS SODERBERG
Message: Best Wishes ___ With Appreciation ___ Congratulations ___

"With great appreciation for Nancy #2!"



*To Nancy and Lars Soderberg
"With great appreciation for Nancy #2!"*

cc: Joe Stiglitz

THE PRESIDENT HAS SEEN
9-16-96
9-13-96 9:08

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

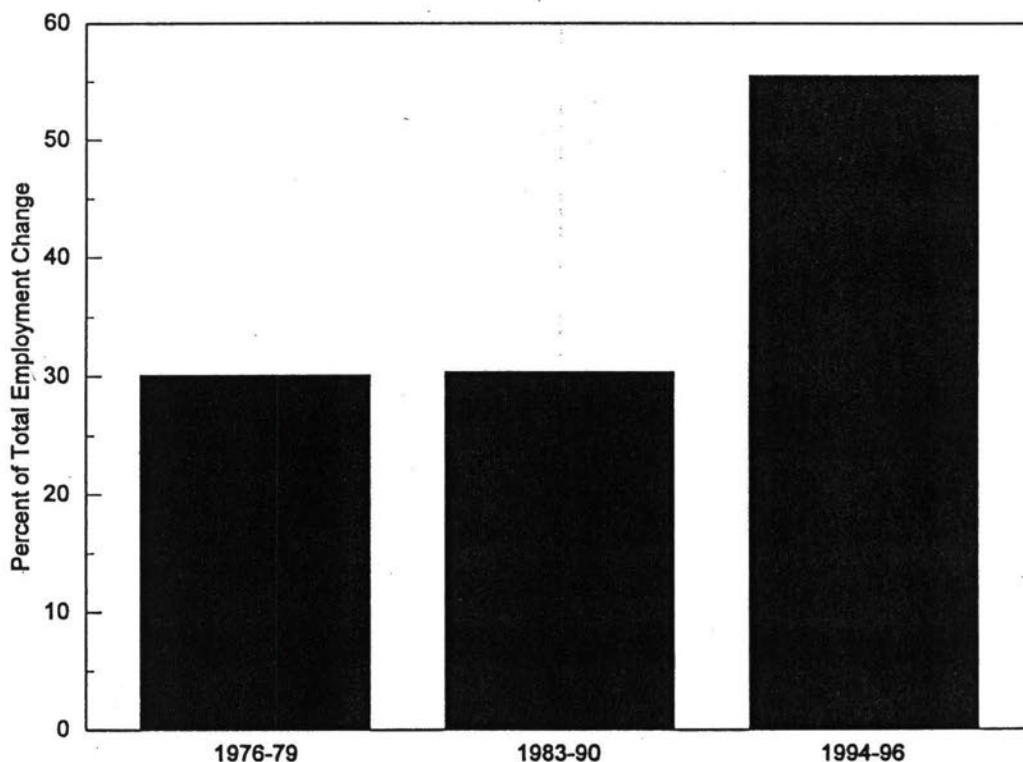
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

September 13, 1996

Financing
Report - High
Wage Future
Market Future
What's it doing
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CHART OF THE WEEK

Share of Employment Growth in High-Wage Service Sectors



A large proportion of recent job growth has come in high-wage managerial and professional occupations in service-producing industries. It is common for this sector to account for a large fraction of the new jobs created during periods of rapid job growth. But the share of new jobs coming from this sector has been substantially higher in recent years compared to expansions in the 1970s and 1980s. (Data discontinuities make it impossible to do a computation for the entire 1991-96 expansion.)

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“Here’s a leading economic indicator, Dad. It’s
only Tuesday and my weekly allowance is shot.”

CURRENT DEVELOPMENT

Worker Anxiety May Be Cause of Low Quit Rates

Currently, the rate at which workers quit to look for new jobs is unusually low. This might be a lingering manifestation of the worker anxiety that characterized earlier stages of this expansion.

Analysis. Workers are generally reluctant to quit their job during a recession, when finding a new job is difficult, even if the job they have is a bad match for them. During an expansion, however, more workers tend to quit because they think they will be able to find a more suitable job relatively quickly.



In the past, the fraction of the labor force accounted for by unemployed workers who recently quit their job displayed just this kind of cyclical pattern (see chart). In the current expansion, however, the proportion of the labor force made up of unemployed recent quitters is unusually low. The big fall in quits in 1994 may be an artifact of the redesign of the Current Population Survey that year. But quits

are still relatively low for this point in the business cycle even after adjusting for this redesign effect.

Although workers may fear they will have a harder time finding a job in this recovery, other evidence suggests they may, in fact, be too pessimistic. The most recent survey shows, for example, that in 1993-94 the fraction of displaced workers experiencing long unemployment spells was comparable to that of the 1980s expansion. Moreover, the prospect for re-employment appears better now than in the 1980s.

Conclusion. The relatively low amount of unemployment attributable to quits may indicate continuing worker anxiety over the state of the labor market. Yet these concerns are not consistent with other labor market indicators suggesting that workers, in fact, are no more at risk of experiencing longer unemployment spells than in the 1980s.

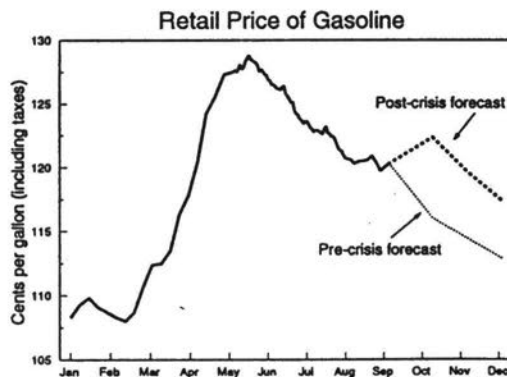
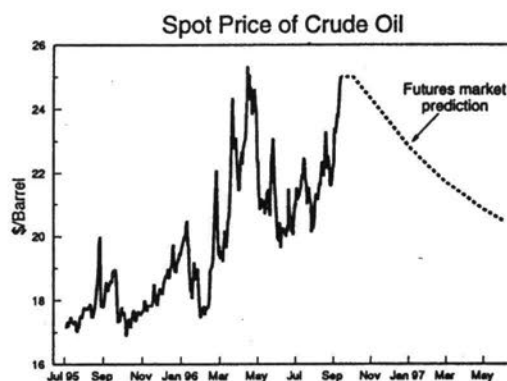
CURRENT DEVELOPMENT

Oil Prices Up after Attack on Iraq

Crude oil prices have risen sharply over the past 2 weeks in response to the situation in Iraq (see upper chart). Gasoline prices, which were on a downward trend, are now likely to remain relatively flat over the rest of the year (see lower chart).

Implications for gasoline and heating oil prices. Changes in crude oil prices tend to show up at the gasoline pump with a lag of 6 to 8 weeks. Retail gasoline prices have been falling for the last 4 months

and they would normally be expected to drop further over the rest of the year as gasoline demand eases. Taking into account upward price pressures from rising crude prices (about 5 cents a gallon for a sustained \$2 a barrel increase in crude prices) and these normal seasonal factors, the Department of Energy is forecasting that prices will be slightly below today's level by the end of the year. Heating oil prices, by contrast, which normally rise 5 or 6 cents in the second half of the year, are now expected to rise somewhat faster than that.



The future. Crude oil futures prices suggest that market participants still expect the impact of the Iraqi crisis on oil prices to be short-lived. Spring futures prices for crude oil are substantially lower than the spot price (see upper chart). The June futures price closed Thursday at \$20.48 a barrel, which is over \$4.00 a barrel below the spot price. Nine-month-out futures prices are normally just over a dollar a barrel below the spot price.

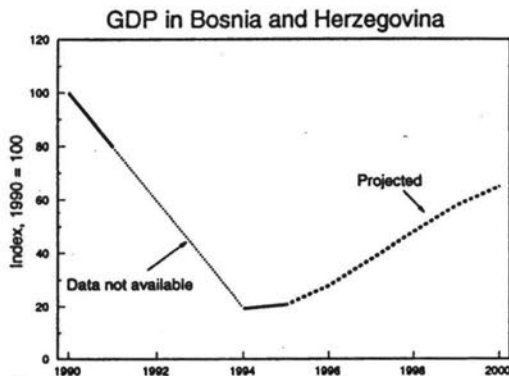
SPECIAL ANALYSIS

Bosnia: Economic Recovery Is Underway

Bosnians go to the polls tomorrow amid clear signs that an economic recovery is underway. After virtually grinding to a halt during the war, the economy of Bosnia and Herzegovina has been growing rapidly since the end of the war last year. The IMF projects that economic activity in Bosnia should climb back to about two-thirds of its 1990 level by 2000, provided economic reform, political integration, and international support continue.

Analysis. Even before the war, Bosnia was one of the two poorest Yugoslav republics, with the per capita income of a middle income developing country like Mexico. The 1992-95 war devastated the economy, particularly industry, and cut per capita income to a quarter of its prewar level. In 1994, industrial production in the Muslim-majority area was only about 1 percent of its 1991 level. Hyperinflations in both the Muslim and Serbian areas resulted when both governments ran their printing

presses overtime to finance war expenses. As a result, people have developed the habit of using the deutsche mark alongside domestic currencies.



After the peace between the Muslim and Croat areas in 1994 and particularly after the Dayton accords of late 1995, the Bosnian economy has recovered rapidly. Factories in the Muslim area began coming back on line late in 1994, and industrial production is up tenfold since

mid-1994 (although it is still only about 8 percent of its 1991 level). The Bosnian economy as a whole is estimated to have grown 7 percent in 1995 (see chart), and ballpark forecasts call for 30 to 40 percent growth this year. Prices fell some 40 percent last year in the Muslim-Croat area, as shortages diminished, and inflation throughout Bosnia has been moderate this year. Employment is rising, although more than half the workforce remains jobless. In the Muslim area, after-tax wages (measured in deutsche marks) have tripled in the last year.

Continued economic recovery depends on a number of factors besides peace and political security. The Bosnian economy has been based on a system of state ownership and worker management of factories. Sustained growth depends on the transition to a market economy. Growth also depends on the development of economic institutions, most notably a nationwide central bank to administer monetary policy and coordinate transaction flows.

SPECIAL ANALYSIS

Predicting the Presidential Election Outcome through Markets and Econometrics

Public opinion polls are not the only way to predict election outcomes. Economists have developed statistical models that include economic variables. But another approach might be even better: a market test.

Econometrics and elections. Econometric models of election outcomes find that economic variables like GDP growth and inflation have important explanatory power. But at least one leading model, which worked quite well in predicting the 1984 and 1988 elections, went badly wrong in 1992. Efforts to adjust the model to explain the 1992 result may, however, be producing misleading predictions for 1996. The latest version of the model, which incorporates changes to explain 1992, predicts a narrow Democratic victory (51 percent of the two-party vote). But based on the model that worked well through 1988, the Democratic share of the two-party vote is predicted to be about 55 percent.

The Iowa Electronic Market. In January 1995, a little over 30 cents was enough to buy a contract that paid a dollar in the event of a Clinton victory in the 1996 Presidential election. Now that same contract costs almost 80 cents. A contract

paying a dollar in the event of a Republican victory fell from over 50 cents to less than a quarter in the same time period (see chart). In horserace terms, the President has moved from a better than 2-to-1 underdog to a 1-to-4 odds-on favorite.



These are results from a real market in which people put their money where their opinions are—the Iowa Electronic Market (IEM). Transactions can be made over

the Internet and recent days have sometimes seen trading volume well over \$1000.

Besides the "winner takes all" market, the IEM also allows trading in "vote share" contracts that promise to pay a dollar times the candidate's share of the two-party popular vote. This market, which was instituted in February, has shown a consistent 5 to 15 percent premium of Clinton contracts over Dole contracts (see chart on next page). On September 12, Clinton share contracts were trading at 55 cents and Dole share contracts at 45 cents, implying this market believes Clinton will capture 55 percent of the two-party vote. In the 1992 Presidential election, November 2 closing prices on the Iowa market provided better predictions than the major election-eve polls.



Summary. Unlike public opinion polls, which tell how people feel today, econometric models and IEM prices provide forecasts of the actual election results. The variables that drive the econometric forecasts are now largely known. But the Iowa Electronic Market may be the best place to look for an up-to-the minute election forecast.

Election Predictions on the Internet

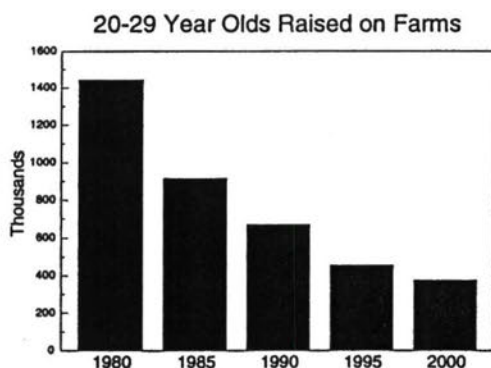
Up-to-date information on the Iowa Electronic Market is available on the Internet at: http://www.biz.uiowa.edu/iem/markets/1996_pre.html

The latest results of the econometric vote equation can be found on the Internet at: <http://fairmodel.econ.yale.edu/vote/vote.htm>

ARTICLE

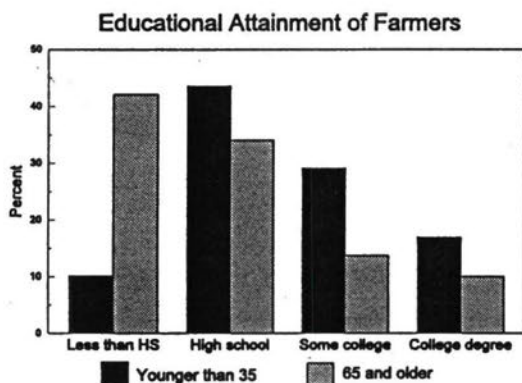
Demographic Changes and Technology Adoption in Farming

As discussed in the last Weekly Economic Briefing, nearly half of America's farmers are 55 or older. As these older farmers pass the torch to a younger generation, farms should become larger and more productive. The accession of a younger generation may also portend more environmentally friendly farming.



The New Generation. The next generation of farmers is quite different from those on the verge of leaving the industry. First, it is smaller. Historically, the most important group of potential farm entrants has been individuals in their twenties who were raised on farms. But this pool is shrinking dramatically (see top chart) as a result of off-farm migration and

because rural women are having substantially fewer children than they once did. One implication of the shrinking pool of farm entrants is that average farm size should increase over the next decade as farms get consolidated. This trend is reinforced by the newest agricultural technologies, which have substantial scale economies that impart a cost advantage to large farms.



The next generation is also more educated than its older counterpart (see lower chart). Nearly 90 percent of the nation's farmers under 35 have graduated from high school, and young farmers are also roughly twice as likely as farmers aged 65 and older to have at least some college experience.

A final difference is that younger farmers seem to be more than twice as productive as older farmers. In 1993, farmers under 35 produced \$198 worth of farm products per acre, compared to \$93 worth per acre for farmers 65 and over.

Age and technology adoption. The transition to a smaller but more productive population of farmers may have some impact on how much food is produced in the United States, but it will probably have an even more important effect on how food is produced. Demographic changes in agriculture should spread the adoption of new farming technologies. Young people entering farming are more educated and more

familiar with computers and basic science than are their exiting counterparts. Numerous studies of technology adoption have found educational attainment to be a leading factor encouraging the use of new methods.

Some of the most important new technologies are known as "precision agriculture," which refers to farming where input use is tailored to local environmental conditions. For example, a precision irrigation system will deliver less water to clay soil with greater water-holding capacity than to sandy soil that does not retain water as well. Computers, farm machinery, and "software" like consulting and input scheduling programs are all important parts of precision agriculture. Precision agriculture improves productivity and also reduces the negative environmental consequences of farming by delivering inputs at the right time to just where they are needed.

Finally, younger farmers have a longer planning horizon than older farmers. Many technologies, especially environmentally friendly technologies, pay off over a long period. A technology that slows soil erosion, for example, may only preserve a fraction of an inch of topsoil in any given year, with scarcely any effect on profits in the short-run. Over decades, however, preventing erosion of soil also prevents erosion of profits.

9-10-96

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Fed's Beige Book Shows Moderate Growth. Wages are rising as the economy continues to grow at a modest pace, but there is little evidence of inflation taking root, according to the Fed's latest regional survey. Somewhat slower growth was evident in several regions, but the San Francisco bank reported strong growth on the West Coast. Several regional banks reported "widespread" tightness in labor markets, especially in the Midwest. But higher wages do not seem to be putting much pressure on employers to raise prices. The Fed found that reports of substantial price increases were "notably absent," suggesting that the economy remains on a path of balanced, sustainable growth.

Good Environmental News from the Everglades. Sugar farming in Florida provides an illustration of how import restrictions that create economic distortions may also have undesirable environmental effects. But at least these sugar farmers have begun cleaning up their acts—and the water—in the Everglades. A recent report by the South Florida Water Management District shows that farmers have reduced the amount of phosphorus fertilizer discharged from their fields by 68 percent. Phosphorus runoff upsets the balance of the Everglade ecosystem and encourages the invasion of pests and plants that have suffocated thousands of acres of marshland. To reduce phosphorus runoff, farmers have been employing "precision agriculture" equipment that applies fertilizer in narrow bands directly on the roots; leveling their fields; and deploying sediment traps. Although this year's cleanup is substantial, the true success of phosphorus reduction will be seen only over a longer period of time.

Consumer Credit Still Climbing, but More Slowly. Consumer borrowing, which has been on the rise for 4 years, has grown at a slower pace in recent months. Over the 4 months ending in July, consumer credit expanded at a 7.3 percent annual rate, down from 11.6 percent in the first quarter and 13.3 percent last year. In part the slowdown likely reflects efforts by households to limit new borrowing following 2 years of very rapid credit growth. In addition, some banks have reported tightening standards and terms for consumer loans, especially in the fast-growing credit card sector, in response to a deterioration in average loan quality. Delinquency rates for consumer loans on banks' books have increased substantially in recent quarters, with the share of such loans 30 days or more past due rising to nearly 3.5 percent by the end of the second quarter, up about $\frac{3}{4}$ of a percentage point since late 1994. Nonetheless, with bank profits strong, bank capital levels robust, and overall troubled loan ratios near their lowest level in the last decade, the supply of credit from banks should remain ample. Moreover, despite the rise in consumer borrowing, household net worth remains at record levels.

9-16-96

INTERNATIONAL ROUNDUP

Club of World's Senior Central Bankers Opens Doors to Counterparts from Emerging Markets. The Bank for International Settlements (BIS), which calls itself the only international central banking institution, this week invited the central banks of nine countries to become members: Brazil, China, Hong Kong, India, Korea, Mexico, Russia, Saudi Arabia, and Singapore. This membership expansion, which brings the total number of members to 41, mirrors the increased economic and financial weight of a number of emerging markets over the last decade. Founded in 1930, the BIS is the world's oldest international financial institution. Its primary responsibility is to promote the cooperation of central banks and to foster international financial stability. The BIS can use its reserves of \$97 billion, equivalent to 7 percent of global foreign exchange reserves, to help central banks manage their external reserves.

U.S. Current Account Deficit Widens in Second Quarter. According to preliminary estimates released this week, the U.S. current account deficit increased to \$38.8 billion in the second quarter from a revised \$34.9 billion in the first quarter. The deficit on goods and services increased 15 percent over the first quarter, to \$27.9 billion. In goods trade, a slight increase in exports was outstripped by a 4 percent rise in imports, so that the goods deficit expanded by 10 percent to \$46.8 billion. The U.S. surplus in services trade increased somewhat, to \$19 billion. Investment income transactions shifted from a surplus of \$0.3 billion in the first quarter, to a deficit of \$1.6 billion in the second quarter. Much of this shift can be accounted for by a rise in direct investment payments to foreigners, which resulted from a surge in earnings of U.S. corporations.

World Wheat and Corn Production and Stock Forecasts Up. Projections of global wheat stocks are up slightly over last month's estimates, according to the latest World Agricultural Supply and Demand Estimates from the United States Department of Agriculture. Increased projections of domestic production and reduced projections for exports have led the USDA to increase its estimate of U.S. wheat stocks for next August, in advance of the 1997 harvest. Forecasts for domestic corn production show a slight increase over last month's projections. While the latest production projections are better than last month's, wheat and corn prices are still high due to low stocks.

RELEASES THIS WEEK

Consumer Price Index

****Embargoed until 8:30 a.m., Friday, September 13, 1996****

The consumer price index increased 0.1 percent in August. Excluding food and energy, consumer prices also increased 0.1 percent.

Retail Sales

****Embargoed until 8:30 a.m., Friday, September 13, 1996****

Advance estimates show that retail sales increased 0.2 percent in August following an increase of 0.1 percent in July. Excluding sales in the automotive group, retail sales increased 0.2 percent in August following a 0.2 percent increase in July.

Producer Price Index

The producer price index for finished goods increased 0.3 percent in August. Excluding food and energy, producer prices declined 0.1 percent.

Productivity

Nonfarm business productivity increased 0.5 percent at an annual rate in the second quarter of 1996. Manufacturing productivity increased 2.2 percent.

MAJOR RELEASES NEXT WEEK

Industrial Production and Capacity Utilization (Tuesday)

U.S. International Trade in Goods and Services (Wednesday)

Housing Starts (Thursday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1995	1995:4	1996:1	1996:2
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	1.3	0.3	2.0	4.8
GDP chain-type price index	5.3	2.5	2.1	2.3	2.2
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	0.3	-1.1	1.8	0.5
Real compensation per hour:					
Using CPI	0.6	1.4	1.6	0.0	-0.1
Using NFB deflator	1.3	2.1	2.8	2.0	1.6
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.2	10.2	10.4	10.3
Residential investment	4.5	4.0	4.0	4.1	4.2
Exports	8.2	11.1	11.4	11.3	11.2
Imports	9.2	12.4	12.3	12.5	12.6
Personal saving	5.1	3.4	3.8	3.6	3.2
Federal surplus	-2.7	-2.2	-2.1	-2.1	-1.7
	1970- 1993	1995	June 1996	July 1996	August 1996
Unemployment Rate	6.7**	5.6**	5.3	5.4	5.1
Payroll employment (thousands)					
increase per month			219	228	250
increase since Jan. 1993					10508
Inflation (percent per period)					
CPI	5.8	2.5	0.1	0.3	0.1
PPI-Finished goods	5.0	2.3	0.2	0.0	0.3

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

New or revised data in **boldface**.

CPI data **embargoed until 8:30 a.m., Friday, September 13, 1996.**

FINANCIAL STATISTICS

	1994	1995	July 1996	Aug. 1996	Sept. 12, 1996
Dow-Jones Industrial Average	3794	4494	5496	5686	5772
Interest Rates					
3-month T-bill	4.25	5.49	5.15	5.05	5.14
10-year T-bond	7.09	6.57	6.87	6.64	6.88
Mortgage rate, 30-year fixed	8.35	7.95	8.25	8.00	8.28
Prime rate	7.15	8.83	8.25	8.25	8.25

INTERNATIONAL STATISTICS

Exchange Rates	Current level	Percent Change from	
	Sept. 12, 1996	Week ago	Year ago
Deutschemark-Dollar	1.515	2.0	3.0
Yen-Dollar	110.3	1.1	9.3
Multilateral \$ (Mar. 1973=100)	87.86	1.4	2.1

International Comparisons	Real GDP growth	Unemployment rate	CPI inflation
	(last 4 quarters)		(last 12 months)
United States	2.7 (Q2)	5.1 (Aug)	2.9 (Aug)
Canada	1.2 (Q2)	9.8 (Jul)	1.2 (Jul)
Japan	5.5 (Q1)	3.4 (Jul)	0.0 (Jun)
France	0.4 (Q2)	12.2 (Jun)	2.2 (Jul)
Germany	1.1 (Q2)	7.1 (Jun)	3.5 (Jul)
Italy	1.6 (Q1)	12.5 (Apr)	4.0 (Jun)
United Kingdom	1.8 (Q2)	8.1 (Jul)	2.2 (Jul)

U.S. CPI data embargoed until 8:30 a.m., Friday, September 13, 1996.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
9-14-96

96 SEP 13 P 3: 23

September 13, 1996

✓
MEMORANDUM TO: THE CHIEF OF STAFF
FROM: RAHM EMANUEL
SUBJECT: WEEKLY REPORT

CRIME/DRUGS: I have been working all week with Dennis Burke and Christa Robinson on the endorsement of the Fraternal Order of Police. If we are successful, the President will be the first Democratic President to receive the support of the FOP. We will know by 2:00pm on Friday.

As you may remember, the FOP supported President Bush in the last election. You should know Congressman Bill Richardson has been very helpful with the FOP President, Gill Gallegos.

In preparation for Senator Dole's big crime event Monday in Pennsylvania, we have arranged for Mayor Rendell to be the Administration's lead spokesperson. The campaign has also supplied the Mayor with relevant material.

* The President's remarks in Pueblo received decent press coverage. ABC had a good sound bite from the President on parolees. We have asked Professor Kleinman from UCLA to write an Op-Ed. He believes this is the most significant drug policy initiative in ten years. We are also making sure our SAP communicates our strong support for this amendment.

I have been working with Justice all week on their anti-violent crime report. The report will highlight our use of the RICCO statute in the fight against gangs.

In early October the Department of Education will have completed two national guides. The first guide will focus on the success of Community Schools in combatting youth violence and drug use. The second guide assembles all our policies on safety and substance abuse for young people.

IMMIGRATION: In today's paper, Senator Dole's campaign staff is said to be adamant about the Gallegly amendments' inclusion in the final conference report. Although there are elements of the legislation that different members of the Administration find objectionable, this is the only provision that has elicited a Presidential veto threat.

I have asked INS to produce a summary analysis of the legislation. Many parts the legislation mirror our own package. Senator Dole's intervention may enable us to avoid a tough decision.

Republicans have stepped up their inquiry into Citizenship USA and White House involvement. They want to know about the Vice President's office involvement and a meeting Harold and I had with Doris Meissner. But articles in the New York Times today started to turn the story slightly our way.

I have also asked INS to prepare a report on our illegal immigration efforts over the past three years to be released at the end of the month. The report should coincide with the legislation.

WELFARE: At the end of the month we should have an AFDC number showing that the welfare rolls are down 2 million since we took office. The data should allow us an opportunity to do a positive welfare event.

We also have developed an Executive Order on Child support and government loans. We need to decide the appropriate time for such an event.

THE PRESIDENT HAS SEEN

9-14-96

THE WHITE HOUSE

WASHINGTON

96 SEP 12 P3:45

September 11, 1996

MEMORANDUM TO THE PRESIDENT

From: Carol H. Rasco

Subject: Weekly Report for August 31 - Sept. 11, 1996

UPDATES ON KEY INITIATIVES

WELFARE

DPC coordinated the Administration's involvement in the state conference on implementation Monday and Tuesday sponsored by the National Governors' Association, the National Conference of State Legislatures, and the American Public Welfare Association.

DISABILITY POLICY

Disability Advocates' Housing Lawsuit -- A group of disability groups, include ADAPT, just filed suit against HUD for failing to enforce housing civil rights laws for people with disabilities. HUD has been working constructively with these groups, so the lawsuit comes as a surprise.

HOMELESSNESS

Homelessness Survey -- DPC hosted a briefing on Thursday to update homelessness interest groups on the status of the National Survey of Homeless Assistance Providers and Clients. The Survey is jointly funded by the agency members of the Interagency Council on the Homeless and conducted by the Census Bureau. The core analysis, also jointly funded by agencies, will be conducted by the Urban Institute. The first report from the survey analysis is expected next fall.

VETERANS

Medicare Subvention -- HHS and DoD signed an agreement last week to test Medicare subvention at DoD health facilities. Under the three-year demonstration, Medicare would pay for dual-eligibles enrolled in the DoD managed care program after DoD meets its current level of effort. The demonstration would be implemented at a selected number of sites in Texas and Washington.

The agreement responds to the commitment the President made to military retiree organizations at the veterans roundtable in June. DoD was scheduled to testify on Medicare Subvention this

*Kenner City
welfare work center
using subv. funds
+ Medicare for up to 4 yrs
is unimpaired* *BC*

week. We expect to send legislation to Congress shortly. The Administration sent a bill to test Medicare subvention at VA facilities to Congress in August.

EXTERNAL ACTIVITIES

MEETINGS

On Tuesday, 9/4, I hosted a meeting of the inter-agency Welfare Reform Implementation Working Group.

On Wednesday, 9/5, I hosted a meeting with the National Governors' Association, the National Council of State Legislators, and the American Public Welfare Association in preparation for their state conference on welfare implementation Monday and Tuesday, September 9-10.

On Wednesday, 9/6, I met with Paul Marchand and Marty Ford of the Arc regarding SSI benefits for children and welfare reform.

On Monday, 9/9, I spoke at the NGA, NCSL, and APWA meeting on welfare reform implementation.



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

THE PRESIDENT HAS SEEN

9-14-96

September 13, 1996 ~~SEP 13~~ P 9: 46

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

UTAH

Since the story broke last Saturday in the Washington Post, regarding a national monument on federal land in southern Utah, this issue has received considerable press attention as well as the endorsement of several Democratic candidates in key races in the West. With the exception of the Utah paper, all the editorials have been extremely positive. I have attached for your consideration some of the editorials from various newspapers and letters of support from the candidates.

HEADWATERS

We have secured an agreement from Charles Hurwitz to refrain from logging for a two week period of time during which we will continue discussions towards a settlement. This is good news. But obviously, it is only a very temporary pressure release.

COLUMBIA RIVER SALMON AGREEMENT

The Administration concluded a significant agreement this week regarding funding for Columbia River salmon protection and restoration. It locks into place a five-year budget which, on average, will make roughly \$45 million available each year for fish and wildlife restoration purposes. The funding comes from Bonneville Power Administration revenues.

Although the budget agreement itself is significant news, every bit as important is a collateral agreement that sets new rules for federal agencies' interaction and collaboration with state and tribal governments on salmon restoration. In a nutshell, we have agreed to give regional interests a much larger voice in federal salmon restoration efforts, including action under the Endangered Species Act. This is an immensely popular move in the Northwest that will be seen as favorable to salmon, the environment, and regional prerogatives.

The agreement is based in a deal reached about a year ago between the Vice President and Senator Mark Hatfield (R-OR). Interagency and intergovernmental negotiations were overseen by CEQ and OMB.

ENVIRONMENTAL RIDERS IN LEGISLATION

We have begun to see a new round of attempts to include waivers of environmental laws in late stages of legislation this week. One such attempt - to carve a loophole to shift the burden from the Secretary of Defense to the President for granting national security exemptions from the Endangered Species Act - dropped out of Defense appropriations this week. Another environmental waiver, in the Immigration bill, unfortunately remains. The bill now allows waiver of both the Endangered Species Act and the National Environmental Policy Act for construction of roads and barriers on lands in the vicinity of U.S. borders. Other anti-environmental provisions, aimed at CAFE standards and energy efficiency have been included in the Transportation and Energy and Waters appropriations bills. As a result, environmentalists are going to be lobbying hard to get the White House to reaffirm our strong stance against waivers of environmental law.

TONGASS NATIONAL FOREST

The Chairman of Louisiana Pacific Corporation, parent company of the only remaining long-term contract holder on a national forest in the country, is now publicly saying that he will pull his company out of Southeast Alaska in the next two to three weeks unless he gets the contract extension and changes in contract terms embodied in Senator Frank Murkowski's (R-AK) legislation. As you know, we oppose this legislation. We are not alone - even Congressman Sherwood Boehlert (R-NY) stated publicly earlier this week that he is not going "to accept an assault on the Tongass" and that contract extension would likely not pass the House.

Governor Tony Knowles (D-AK) remains the target of a campaign designed to blame him for failing to get the company to stay in business. We are working with him to put the blame squarely where it belongs - on the company.

ANTARCTICA

Congress this week passed landmark legislation to protect the Antarctic environment. The legislation implements an international agreement signed by the United States in 1991. Among the chief proponents of the protocol in 1991 was Senator Al Gore.

Several members of Congress and environmental leaders are urging you to hold a White House signing ceremony for this legislation. Such an event would present an opportunity to claim leadership on a long standing international issue. Also, Jacques Cousteau, long a crusader for Antarctica, is eager to be included in such an event.

TIMBER

The rider story continues to have legs -- even now in Iowa. I have attached the editorial from The Des Moines Register, dated September 6, asking for repeal.

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9-16-96

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Hon. Harold Ickes
Hon. Erskine Bowles
Hon. Alexis Herman
Hon. Bob Nash
Hon. Peter Knight
Hon. Donald Fowler
Hon. Ben Johnson
Hon. Alan Wheat
Hon. Thurgood Marshall, Jr.
Hon. Kumiki Gibson
Hon. Minyon Moore
Hon. Ernie Green

~~CONFIDENTIAL MEMORANDUM~~

VIA FACSIMILE

To: THE PRESIDENT
From: Weldon H. Latham, DNC Managing Trustee
Date: September 13, 1996
Re: *Minority Business Entrepreneur (MBE)* Article
"Exclusive Interview", Sept/Oct 1996 Edition

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: W DATE: 9/14/96

7015-0774-8

Enclosed as promised, is an "Advance Copy" of the above-captioned article/ interview in which you graciously participated. I thought you would like to see the article before you speak at the Congressional Black Caucus Dinner tomorrow evening. The article will be published next week, mailed to 50,000 subscribers and additional copies will be distributed to every participant at the Minority Enterprise Development (MED) Week Conference commencing in Washington on September 23rd. MED Week is sponsored by the Commerce Department and the Small Business Administration (SBA).

I trust you will concur the article clearly demonstrates your strong performance in support of the entire minority community. While obviously not perfect, the first term certainly established a good foundation for historical levels of performance on behalf of the minority business community in the *Second Clinton Administration*.

I look forward to helping to get this positive message to our entire community over the next few weeks before the election and to help you provide even broader support to the minority community in the next term.

Special thanks to Harold Ickes for scheduling the interview and to Alexis Herman and Richard Hayes for providing the vital background information essential to "present the message." Even as one of your strongest supporters and a member of the Democratic Platform Committee, I was still surprised to learn of some of your Administration's less publicized accomplishments. Hopefully, this article will get the message out

I look forward to seeing you at the CBC Dinner. Best regards.



Measure for Measure

In an **MBE** magazine *exclusive interview*, President Bill Clinton speaks with **Weldon H. Latham** about the future of minority business development.

When he took office in January 1993, President Bill Clinton promised to appoint an administration that "looks like America." Today, Americans can measure how he has lived up to that promise.

Hazel O'Leary and Jesse Brown, both African Americans, serve as Secretaries of Energy and Veterans' Affairs, respectively. Until his untimely death in April, Ron Brown, also an African American,

was by all accounts the most successful Secretary of Commerce in U.S. history. Henry G. Cisneros and Federico F. Peña, Secretaries of Housing and Urban Development and of Transportation, are Hispanic. In addition to O'Leary, women serve as Attorney General—Janet Reno—and as Secretary of Health and Human Services—Donna Shalala. Three other women serve in Cabinet-level positions: Environmental Protection Agency Administrator Carol M. Browner; U.S. Ambassador to the United Nations Madeleine K. Albright; and U.S. Trade Representative Charlene Barshesky.

Minorities and women also hold a large number of sub-cabinet and agency appointments, and are equally critical to the implementation of the President's policies. According to the White House, of 4,753 presidential appointments, nearly 25 percent are minorities and 42 percent are women. President Clinton also named the second woman in history to the Supreme Court, Associate Justice Ruth Bader Ginsburg. He has also nominated to date more minorities and women to federal judgeships than all previous Presidents combined: 59 percent of President Clinton's judicial nominees are women, 19.5 percent are African American and 11 percent are Hispanic. More than three times as many Asian Americans are serving in the Clinton administration than in the previous Bush administration.

Gains minority and women business owners have made during the Clinton administration are equally as measurable. According to the White House Office of Research, Strategic Planning and Communication:

- In 1995, a record amount in contracts was awarded to small disadvantaged businesses (SDBs)



President Bill Clinton meets with MBE magazine Contributing Writer Weldon H. Latham in the White House Oval Office.

including the SBA's 8(a) program: \$11.2 billion, which represents about 5.6 percent of total federal procurement dollars. This is up from the 4.1 percent of federal procurement dollars spent with SDBs in 1992.

- In fiscal year 1995, women owned firms achieved their highest level ever of the federal market share: 2.2 percent of prime contracts and an estimated 2.8 percent of subcontracts—about \$3.6 billion and \$1.2 billion, respectively.

- More than 220,000

new Hispanic American owned and 100,000 African American owned businesses have been created since 1992.

President Clinton has also:

- created nine Economic Empowerment Zones* and more than 100 Enterprise Communities which use block grants and tax incentives to stimulate business development and job creation in economically distressed communities;

- issued Executive Order 12928, to promote federal procurement with SDBs, Historically Black Colleges and Universities, and other minority institutions;

- ordered a review of the government's affirmative action programs which concluded that affirmative action is still a necessary and effective tool to expand educational, employment and contracting opportunities for minorities and women; and

- issued Executive Order 13005, "Empowerment Contracting," to encourage federal contractors to locate in economically distressed communities and/or hire residents living there.

A little more than a year ago, President Clinton delivered one of his most eloquent speeches in defense of affirmative action, in which he called on the federal government to "mend it, don't end it." Since then, President Clinton has been criticized both for his support of minority and women owned business programs, and for what some say is less than aggressive implementation of his "mend

*Empowerment Zone Locations: Atlanta, Georgia; Chicago, Illinois; Kentucky Highlands (Kentucky); Baltimore, Maryland; Detroit, Michigan; Mississippi (Mid Delta); Harlem and Bronx, New York; Philadelphia, Pennsylvania and Camden, New Jersey; and Texas (Rio Grande Valley).

it, don't end it" policy.

Actions such as the Defense Department's suspension of the Rule of Two and its failure to promulgate new regulations to effectively replace it [see *MBE magazine* November/December 1995, "Rule of None" and January/February 1996, "Missing the Target"], along with timidity from government procurement officials reluctant to fully utilize existing minority and women procurement programs since *Adarand*, were exacerbated by an article last March in the *New York Times* reporting that the administration planned a "three-year" moratorium on set aside contracts. Although the *Times* article was untrue, it caused serious concern and a brief but appreciable decline in federal contract awards to women and minorities.

Both supporters and detractors of President Clinton's stand on affirmative action are critical of the Department of Justice's (DoJ) recent proposal to reform contracting programs for minorities and women.

Issued this past May, DoJ's proposal recommends the establishment of "benchmarks" for participation in federal contracting. It would create new bureaucratic mechanisms to determine which minority and women owned businesses would be eligible to participate and whether race-conscious contracting methods would be permitted.

According to Justice officials, more than 1,000 comments were submitted to DoJ on the proposal. Critics contend that the "benchmarking" system would be too cumbersome, would take too long to implement and would not fulfill the objective of streamlining, as established by the National Performance Review led by Vice President Al Gore.

Republican leaders in Congress, apparently recognizing a lack of support from the American public for their attacks on pro-minority and pro-women programs, have slowly retreated from seeking total elimination of all affirmative action programs. Unfortunately, they are still seeking to eliminate minority and women business development programs, as Congressman Charles Canady (R-Florida) is proposing in "compromise" language to modify a bill he co-authored with former Senator and Republican presidential nominee Bob Dole. Most recently, retiring Congresswoman Jan Meyers (R-Kansas) has introduced a bill that would eliminate the 8(a) program.

President Clinton has vowed to veto any anti-minority business legislation, should Congress pass it. He reiterated his position when I met with him on August 1 in the Oval Office, following a White House Rose Garden press conference, in which the President reported the latest statistics about the surging U.S. economy.

During our visit, I spoke with the President about the progress his administration has made, and his

thoughts on the future of federal minority and women owned business procurement programs. We were joined by Alexis Herman, Assistant to the President for Public Liaison.

Here is what the President had to say.

LATHAM: *What can the federal government do to assist minority and women owned companies beyond federal programs like the SBA's 8(a) program and the Defense Department's Small Disadvantaged Business program, to develop more companies that can continue to prosper after they "graduate" from the programs?*

PRESIDENT CLINTON: We have to broaden the focus and range of minority business activities. One thing we can do is to include more minorities and women in our export efforts and the trade missions to Africa and other global markets. We also need to get into new substantive areas. We need to look at where economic opportunities are going to grow and that's where we need to direct more minority businesses. One example is in the environmental area. There will be enormous business opportunities in environmental restoration. It will become an engine of economic growth for us, a "mother lode" of economic opportunities in doing the right thing for our children's environment.

LATHAM: *Such as the Brownfields initiative?**

PRESIDENT CLINTON: The Brownfields initiative is certainly a good example. There are literally hundreds of thousands of old, neglected industrial sites, called "brownfields," that can be redeveloped, as Baltimore Mayor Kurt Schmoke is doing, that is, using abandoned, environmentally problematic inner-city sites for new development projects. But we need to make sure that the minority business community is educated as to what kind of environment-related work needs to be done, and to have them work closely with mayors across the country to identify private sector endeavors which actually promote growth while cleaning up the environment.

Another area of opportunity which I think is important relates to NASA, which has an extremely effective minority business program.

A third area, is telecommunications. The passage of the Telecommunications Reform Act of 1996, which requires fairness for small businesses and under-served areas, presents numerous opportunities in the next few years. Not just for mega-companies that are in great positions to do something, but

*Brownfields are abandoned, idled, or under-used industrial and commercial facilities, usually located in the inner city, where expansion or redevelopment is complicated by existing or potential environmental contamination.

"We need to look at where economic opportunities are going to grow," says President Clinton, "and that's where we need to direct more minority businesses."

it also will give rise to an explosion of new, innovative small businesses. Everywhere I go, I meet someone who is hooking into this telecommunications revolution in different ways, ways that we haven't even imagined before in that exploding market. We really need a clear strategy to help minority and women owned businesses to take advantage of these opportunities.

LATHAM: *You received praise from the minority and women business communities for the policies in your affirmative action address last July. Since then, several minority trade associations have criticized your administration's implementation of your "mend it, don't end it" policy, most notably the Department of Defense suspension of the Rule of Two mechanism for awarding prime contracts to small disadvantaged businesses. What actions would you take, should you be elected to a second term, to better foster minority business programs?*

PRESIDENT CLINTON: There are three things that I would like to do. First of all, it is important to keep the 8(a) program and the SDB procurement programs working in a manner that complies with the Supreme Court's *Adarand* decision and the goals I laid out in my speech last July. In the aggregate, federal procurements for minority and women owned businesses are actually up, notwithstanding the problems with the suspension of the "Rule of Two" and any uncertainty that might have resulted from the Justice Department's *Adarand* review.

One of the things that I have done is try to make sure that my support for affirmative action procurement is done right and the minority business policies announced in the Oval Office will actually be carried out throughout the government. We recently had all federal departments' general counsels, chiefs of staff and senior procurement officials come to the White House to reinforce my commitment to minority and female procurement. We asked them to prepare brief plans on how they intended to spread the word throughout their



Tracy Ailee Photography

respective agencies and meet their contracting goals. Making sure what we've got works, is important.

Another thing we need to do, is to appoint more people in the critical decision-making roles below the Cabinet level who are really committed to my policies in this arena. For example, Rodney Slater at the Federal Highway Administration, has done a very good job of bringing in more minority contractors, and he has done it in a way that has generated little criticism. Minority and women owned business procurement is always a priority for him. Just

like it was a priority when Erskine [Bowles, former SBA administrator] was at SBA, we need to make sure that when we appoint people to key positions in the sub-cabinet, that they are appointees who think about this issue the way that Ron Brown thought about it. We must have people in these positions for whom this is a priority. That probably doesn't sound like a program or policy, but in some ways it is the most important thing of all.

LATHAM: *As you know, the SBA's 8(a) program is a business development program, open to all socially and economically disadvantaged individuals, of any race, ethnicity or gender, who can prove their disadvantaged status. How do you respond to the proposal by House Small Business Committee Chair Jan Meyers to eliminate the 8(a) program and her comment that 30 years of affirmative action for minorities is enough?*

PRESIDENT CLINTON: I do not believe that the Congress will enact Ms. Meyers' anti-minority business proposal, but should the Congress pass a bill that would eliminate the 8(a) program, I would not hesitate to veto it. The Small Business Administration has worked very hard to strengthen and improve the effectiveness of this important program, and the Justice Department has argued in federal court that the program meets the constitutional test set by the Supreme Court in *Adarand*. I believe that

**"Abolishing these programs
across the board would
turn back the clock on the
federal government's historic,
bipartisan commitment to
equal opportunity."**

business development programs such as this are one way to ensure that all Americans participate in the growth and development of the larger economy.

LATHAM: Vice President Al Gore, who directed the Reinventing Government Initiative, has been hailed for creating real streamlining in the federal government. One criticism of the National Performance Review is that it weakens or eliminates mandates to utilize minority and women owned businesses as federal prime or subcontractors. For instance, "bundling" a number of contracts, including existing small, minority and women-owned business contracts, into a single, much larger contract, with no equivalent opportunities for these small firms. What actions will you and the Vice President pursue to protect small, minority and female procurement opportunities?

PRESIDENT CLINTON: Under Vice President Gore's leadership, the National Performance Review has been quite successful in identifying ways to make the government work better and cost less. For example, by leveraging the federal government's purchasing power, the General Services Administration estimates they have saved the government more than \$1 billion over the 11-year period in which express [next day] small-package delivery services have been procured on a consolidated basis.

Small and small disadvantaged businesses have demonstrated their ability to be competitive in areas such as technical and engineering services, information technology services, software development, research and development, and advisory and assistance services. We are aggressively looking at how agencies can structure their solicitations to ensure the government is able to benefit from stronger small business participation.

LATHAM: The Republican nominee for president, Bob Dole, co-introduced the Dole/Canady bill to end all federal affirmative action programs for both minorities and women. If this bill were passed by Congress, what action would you take?

PRESIDENT CLINTON: There is no question if this legislation were presented to me, I would be compelled to veto it. Abolishing these programs across the board would turn back the clock on the federal government's historic, bipartisan commitment to equal opportunity. I believe the steps we have taken to mend affirmative action programs are on the right

track, and the vast majority of Americans want us to continue working to ensure equal opportunity.

LATHAM: Congressman Canady has recently proposed a so-called "compromise," that the Republican members of Congress would retreat from efforts to end all affirmative action but only if federal minority and women owned business programs are completely eliminated. What are your thoughts on this proposal and would you support such a compromise?

PRESIDENT CLINTON: No, I could not support such a proposal and I have directed my staff to make my position clear to Mr. Canady and the leadership, that I would certainly veto any such so-called compromise legislation, if passed by the Congress.

LATHAM: Of the reforms that you have initiated, which do you believe have been the most successful in increasing opportunities for minorities and women, and what actions would you pursue in a second term to continue these efforts?

PRESIDENT CLINTON: I strongly feel that we should substantially increase the Empowerment Zone program. Especially if we want welfare reform to work, we should link them together. Something we often forget is that there are an awful lot of minority business people in rural America, especially in the South. If we want to revive these areas, then we have to make it attractive for people to invest their capital in such under-invested parts of the country.

Let me give you just one example. The most important thing in my view that could come from welfare reform would be for every single state to adopt a policy that I have pleaded with the governors in every state to adopt since 1994, when Oregon came up with it. Under this policy, states would take their pool of welfare funds and instead of sending a welfare check to people who can work, the funds would instead be offered to private employers to help subsidize the wages for a period of months for former recipients they hire.

If you had more Empowerment Zones with additional incentives for minority businesses to invest in minority communities, and link that to welfare reform that says, for example, if you go into this neighborhood or this city, set up a small business, and if you hire three people from the welfare rolls and commit to training them and keep them on

"I have been a very strong supporter of the NASA missions and continue to be because...space exploration is an important part of our advances here on Earth."

ployed for at least nine months, the government will cut your wage costs by 30 or 40 percent. Since the government would provide as a wage subsidy what used to be welfare checks, the business would be able to pay the former recipients more than their prior welfare payment. Thus, the former recipient comes out ahead and it would still be much cheaper for you to start a business due to the lower labor costs. That benefit, plus the tax incentive going in, would change the whole economics of actually starting businesses in distressed areas. Then all these former welfare recipients currently receiving tax money would suddenly become working Americans and consumers with real income. They would have incomes higher than they did on welfare and we could literally create a new urban America with hundreds of thousands of jobs and boost the economic growth of America overall.

People who are either unemployed or welfare recipients are neither workers nor consumers, and they are not building the economy. So I am considering merging our Empowerment Zone initiative with the welfare reform in a way that creates more jobs and increases business profits. This is something that can make a huge difference, if we do it right.

LATHAM: Mr. President, under-capitalization is one of the most significant problems for minority businesses, and with respect to some of the programs you just mentioned, many of the minority and women owned firms I represent in my practice, and those who are MBE magazine readers, have insufficient revenues to relocate or invest in those distressed communities. I represent a number of high-tech companies—they have to be close to where their customers are, whether their customer is a federal agency or private industry. They also have a tough job recruiting talented, skilled employees, and must offer compensation packages that compete with those of IBM, Xerox and every other high-tech company. Locations in depressed areas are usually far from the customer, and from locations where the talent pool resides or from where they are willing to work.

Have you given any thought to how the government

can begin to provide these companies with greater access to capital so they can achieve a level of success that will enable them to invest in depressed areas and participate in these programs? Something that will be beyond the levels of current SBA programs?

PRESIDENT CLINTON: One of the things that we might consider doing is substantially increasing the size of SBA loans. We should now think about what kinds of additional incentives can be developed to encourage the private sector to take a greater role in providing funds to minority and women owned businesses needing assistance.

I am sure there are other things we can do, but I would also like to invite the members of the minority business community to come back to me with some suggestions about what we can do.

For example, I believe that a lot of our initiatives dealing with community development financial institutions that are just recently being implemented are going to make a real difference, but they probably will make a real difference only to start-ups and fairly small businesses.

We really don't have a program now that would provide the capital needed for mid-sized companies, and we have not had enough experience yet to know whether the tax incentives in the Empowerment Zones are sufficient encouragement to make traditional banks more willing to make loans at attractive interest rates.

In the most aggressive communities, Detroit for example, which received a massive commitment of capital to invest in the city's Empowerment Zone—this approach has worked extraordinarily well. We helped Mayor Dennis Archer, but he provided the leadership, he did it, and his city now has the best organized Empowerment Zone so far. But I think that even he would admit we don't have enough experience to know whether the Empowerment Zone alone has made it more attractive for banks to give traditional financing to mid-sized companies than otherwise would have been available.



Tracey Atee Photography

"I believe...the vast majority of Americans want us to continue working to ensure equal opportunity."

If I am re-elected and Congress cooperates with me, we will really push to leverage the traditional SBA-type actions with these community development financial institutions throughout the country, even getting some businesses that are smaller than normal involved.

We can ask for SBA assistance for mid-sized companies, many of which are successful minority businesses, but I think there is a gap there. The only thing that might make it work for mid-sized companies is what I previously stated, but it would only be offered in distressed areas, which represent only a small part of the country. We obviously need to give some thought to that, and I invite your readers to submit their ideas to us.

LATHAM: Mr. President, one thing you might consider is creating a new



Tracey Atlee Photography

Minority Business Commission with a very short-term mission, whereby you name both major corporate executives and successful minority entrepreneurs to study the problem and provide you with a comprehensive series of recommendations that you can take to the Congress.

THE PRESIDENT: That's a good idea. Define the mission, provide us with some suggestions of who should be involved and give us some specific goals. ♦

Special thanks to Michael R. Hatcher, Esq., Shaw Pittman Potts & Trowbridge; and to Richard Hayes, White House Office of Public Liaison, for their invaluable assistance with this article.

Weldon H. Latham is a senior partner at the national law firm Shaw Pittman Potts & Trowbridge, in Washington, D.C. He is an expert in federal procurement laws and landmark litigation such as the Supreme Court's *Adarand* case. Mr. Latham has a distinguished record of public service as assistant general counsel, White House Office of Management and Budget during the Ford administration; and as general deputy assistant secretary, Department of Housing and Urban Development, in the Carter administration. He also served in the Air Force Secretary's General Counsel Honors Program at the Pentagon. More recently, he served on a Bush administration DoD Advisory Committee, SBA's National Advisory Council, and as civilian aide to the Secretary of the Army. Mr. Latham holds a Juris Doctor degree from Georgetown University and a B.A. in Business Administration from Howard University.

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Minority Business Entrepreneur magazine.*

THE PRESIDENT HAS SEEN
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POLITICS & POLICY

Democrats Attack Republicans on Education Policies

By DANA MILBANK

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — The Democrats wheeled out a new—and potentially powerful—campaign tool this week. Her name is Linda Rigsby.

Ms. Rigsby, a mother of three school-age children from Gaithersburg, Md., was one of several parents and teachers who made the case for Democrats' education policies this week at a corny "Back to School Night" event on Capitol Hill staged by Democratic leaders Thomas Daschle and Richard Gephardt and Education Secretary Richard Riley. A parent-teacher association leader and a registered independent, Ms. Rigsby will vote Democratic in November because of a "fear that the Republicans are going to come in and take the ax to education."

Democrats think they can ride that fear to majorities in Capitol Hill and a second term in the White House. Ms. Rigsby's event was but the warm-up act for a legislative campaign this month calculated to embarrass the Republicans on education, one of the issues where polls show they are most vulnerable. Mr. Daschle, the Senate minority leader, vows to make education the "showcase debate" before Congress adjourns at month's end. "This is the highest priority we have," he says.

On the floor of the Senate, Democrats hope to highlight Republican plans to reduce by about \$2.1 billion President Clinton's request for education spending in fiscal year 1997 (though the Senate GOP would actually increase education spending overall). Led by Sen. Edward M. Kennedy of Massachusetts, who forced through the minimum-wage increase this summer, the Democrats will seek to restore funding for a raft of popular programs, from student loans to school-technology programs.

Media Events Planned

Accompanying the legislative tactics will be a barrage of media events designed to highlight the parties' differences on education. The AFL-CIO last week switched the emphasis of its multimillion-dollar advertising campaign to education. In addition to the Back to School Night, senators held Internet chats with schools in their home states yesterday and conference calls with editors of college newspapers. Today, Senate Democrats will announce plans to attach to the next available legislation an amendment adding \$2.8 billion in education funding to the amount the House set aside.

President Clinton and Vice President Gore have picked up on the education theme this week as well. On Monday, Mr. Clinton's campaign issued a statement deriding Bob Dole for his support of eliminating the Department of Education. The campaign also contended Mr. Dole would cut education funding by 40%, a charge the Dole campaign denied. Mr. Gore charged on Wednesday that Republicans' version of the ABCs are to "abolish, bash and cut" the Education Department and its programs. For his part, Mr. Clinton visited a California elementary school yesterday and has been complaining about "very ill-advised" GOP reductions in planned

education spending.

Mr. Dole, meanwhile, continues to tout his plan for a "school-choice" voucher program to help low- and middle-income families send their children to private and parochial schools. Attacking teachers unions has become a mainstay of his campaign, one of the most consistent themes of his speeches and his "Listening to America" question-and-answer forums.

"We've got to take education away from the bureaucrats and the labor leaders in Washington, D.C., and give it back to the teachers and back to the parents," Mr. Dole said yesterday at a rally at Georgetown College, a Baptist-affiliated institution in Georgetown, Ky.

Scholarship Programs

Mr. Dole's scholarship program would provide scholarships, to be matched by states, of as much as \$1,500 a student a year. The federal government would spend \$2.5 billion annually on the program, he says, which would come from cuts in other government programs.

The reason for the Democrats' classroom campaign is simple: Education is one of the last unexploited themes that clearly benefit them. "If you look at all the issues that the Democrats can use in their arsenal in 1996, the two best issues are environment and education," says Peter Hart, a Democratic pollster. "It makes all kinds of good sense to try and pick up a new issue, and education is the right area."

Unlike the environment and other past themes such as Medicare, school lunches, the government shutdown and the minimum wage, the education theme hasn't yet been exhausted. The issue is as sure a bet as the Democrats have: Mr. Hart notes that voters in his polls favor Mr. Clinton over Mr. Dole on education issues by a margin of 47% to 28%.

The legislative pretext for the Democrats' campaign is a bit flimsy. The key is the education component of the Labor/Health and Human Services appropriations bill. The House would cut only about \$50 million from the \$23.3 billion education budget, and the Senate version would add \$520 million. And though Democrats plan to raise a ruckus in the Senate, they confide that they won't do something drastic—like shutting the government down—if Republicans hold their ground. Most likely, the Labor/HHS bill will be swallowed by an omnibus spending bill.

Restores Goals 2000

The Senate bill deflates part of the Democratic argument by restoring many of the House cuts, including President Clinton's pet program of national standards, Goals 2000. It restores House cuts to the Safe and Drug-Free schools program and appropriates \$15 million more than Mr. Clinton requested. But both versions would provide less than the president requested for Pell Grants, Perkins Loans, gifted and talented education, Star Schools technology links and various other programs.

Whatever the merits, the Democrats' education campaign is already good politics. And the AFL-CIO, which is financing an ad campaign against its foes in Congress, has launched a new spot focusing on

Education Arithmetic

A sampling of federal education spending, in millions of dollars

PROGRAM	FISCAL YEAR 1996 ACTUAL	FISCAL YEAR 1997		
		CLINTON REQUEST	HOUSE BILL	SENATE BILL
Title I grants	\$6,730	\$7,165	\$6,751	\$6,730
College Work Study	617	679	685	617
Safe and Drug Free Schools	466	540	441	556
Goals 2000	340	491	0	340
Bilingual/Immigrant Education	188	262	167	185
Perkins Loans	93	158	0	68
Star Schools	23	25	0	23
Gifted and Talented	3	10	3	3

Sources: U.S. Department of Education; Senate Appropriations Committee

education. It will run in 26 states for 10 days at a cost of more than \$1 million. The ad, complete with footage of a classroom and children on a playground, accuses congressmen of voting to cut college loans and education funding, and suggests a warning: "Don't write off our children's future."

Labor likes the education issue so much that it chose it over worker-safety and other more typical labor issues funded in the same appropriations bill. "Like Medicare, it was an issue the Republicans thought they could take on the role of

government, and they made a mistake," says Peggy Taylor, legislative director for the AFL-CIO.

The Dole campaign, already on the defensive on education, has insisted that its proposed tax cuts would be paid for by saving only 6% of discretionary, nondefense spending. But that's not good enough for a voter like Ms. Rigsby, the PTA leader who distrusts the Republicans on education. "No one has shown me how they're going to cut this tax without taking away from these education programs," she says. "I don't see how they can avoid it."

Author: Jim Bradshaw at WDCB01
Date: 9/13/96 4:45 PM
Priority: Urgent
TO: David Frank at WDCB02
CC: Tom Lyon
Subject: AP story/press conference

----- Message Contents -----

David,

FYI, here's an AP story on this morning's press conference with Secretary Riley that just moved.

Jim

AP a0680 rw ----- Making Them Squirm, Bjt,720

09-13 4:24p

Democratic Drive on Social Issues Hinders GOP Effort to Adjourn
By ALAN FRAM
Associated Press Writer

WASHINGTON (AP) - A late-session Democratic offensive to embarrass Republicans on education, health and other social issues has boxed in the GOP, which now can't adjourn the 104th Congress quickly without striking a deal with President Clinton.

Refusing to let Republicans quietly finish the coming year's remaining spending bills so lawmakers can go home and campaign, Senate Democrats this week launched one amendment after another - all designed to slow the process and put the GOP on the defensive. The amendments dealt with everything from barring felons from owning firearms to lifting restrictions on what doctors in managed-care plans may tell patients about treatment options.

With just 18 calendar days until the start of fiscal 1997, there are more amendments to come. Joined by Education Secretary Richard Riley, top Senate Democrats unveiled a proposal Friday that would boost education and job training programs for next year by \$3.1 billion above levels approved by the Republican-dominated Senate Appropriations Committee.

"This Congress will not leave until we've restored Draconian cuts the Republican leadership continues to insist we pass," Senate Minority Leader Tom Daschle, D-S.D., warned on Friday.

And administration officials, speaking on condition of anonymity, said they would soon be demanding at least \$3.5 billion more for environmental programs, law enforcement, and efforts against terrorism and drugs. All of this will be discussed when White House chief of staff Leon Panetta meets on Capitol Hill with leaders of Congress' appropriations committees, perhaps on Monday.

"We're very serious about the president's requests in these key priority areas, and we want to make sure Republicans understand how resolute we are," said John Hilley, the White House's chief lobbyist on Capitol Hill.

All of this means that unfinished spending bills - and there could be about seven - will have to be packaged into a huge omnibus measure that ultimately will be shaped by closed-door negotiations between Panetta and Congress.

House leaders say their version of such a bill will be debated in their chamber next week. The new fiscal year begins Oct. 1, and so far Congress has completed just four of the 13 annual spending measures.

As Democratic amendments mounted Thursday, Senate Majority Leader Trent Lott, R-Miss., yanked one slow-moving spending bill from the Senate floor and began debate on another in the forlorn hope that progress would be made.

"We're getting to the point where it's going to take a little time to complete our work," an increasingly frustrated Lott conceded earlier that day.

Democrats are pressing the confrontations even though for many 1997 programs, majority Republicans provided about as much money as this year - or more - in hopes of avoiding an election-season confrontation with the White House.

Many Republicans are willing to go even further. Several GOP

senators met privately Friday to discuss an education amendment of their own.

"There's a strong feeling among Republicans that we need more money in education," said moderate Sen. Arlen Specter, R-Pa.

Jittery over GOP presidential candidate Bob Dole's lackluster campaign and its effect on their ability to retain congressional control in the Nov. 5 elections, Republican leaders want to let lawmakers go home and campaign as soon as possible. And they want to complete their legislative work without replaying their bitter standoff with Clinton that produced two federal shutdowns last year.

But there are so many disputes over spending for defense, health, education, technology and other issues that there seems no way for this to happen smoothly.

Democrats think they win politically by pushing for more money for education, environment and other programs.

"This is a defining issue," Sen. Edward Kennedy, D-Mass., said of the Democratic effort to boost education spending. "The American people will know at the end of the game who is standing with working families on education, and who isn't."

Mark Mellman, a pollster who advises Democratic congressional leaders, agrees. He said 85 percent of Americans favor his party's position on the issues.

"They're speaking for very few people in the country," Mellman said of Republicans.

MARC P. STORCH, M. D.

156 KINGS HIGHWAY N.

WESTPORT, CONN. 06880

TELEPHONE (203) 226-1243

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9/5/96

Betty,

Please pass this on
to the President. I feel
I can be of help.

Marc Storch

9/16/96

Send to Denmark
for reply?

Yes ☒

No ☐

C

MARC P. STORCH, M.D., F.A.C.O.G., F.A.C.S.
GYNECOLOGY & OBSTETRICS OF WILTON-WESTPORT, P. C.

156 KINGS HIGHWAY N.
WESTPORT, CONNECTICUT 06880
TELEPHONE (203) 226-1243

239 DANBURY ROAD
WILTON, CONNECTICUT 06897
TELEPHONE (203) 762-5599

9/9/96

Dear Mr. President,

I would be most interested to participate on your Managed Care Commission. As a solo OB-Gyn who participates on the board of our local IPA, I can bring a feel of the doc out in practice dealing with managed care issues. We have met several times: during the Connecticut Primary; at the first mixer in New York 2/96, in New Haven, and at your Birthday Party. I continue to be a big supporter and feel I can give something back by helping on this issue. I hope I will be considered.

Sincerely,
Marc Storch

MARC P. STORCH, M.D., F.A.C.O.G., F.A.C.S.
GYNECOLOGY & OBSTETRICS OF WILTON-WESTPORT, P. C.
156 KINGS HIGHWAY N.
WESTPORT, CONNECTICUT 06880



Ms. Betty Lury.
The White House
1600 Pens. Ave.
A.P.

Mr. Joseph Califano
Center for Alcohol and
Substance Abuse
152 West 57th Street
12th Floor
New York, New York 10019

Sign for

Joe Califano and

Send him the pen
you use.

B

Get remarks
from August 23
tobacco event

to Betty Currie

10 Joe Califano
with appreciation
for your long good fight

Bill Clinton

REMARKS BY THE PRESIDENT
DURING THE ANNOUNCEMENT OF FOOD AND DRUG
ADMINISTRATION RULE ON CHILDREN AND TOBACCO
The Rose Garden
August 23, 1996

Thank you very much. Thank you, Linda, for your courage and your commitment to carry on Victor's legacy and your own crusade. Thank you, Mr. Vice President, Secretary Shalala, General McCaffrey. I'd like to say a special word of thanks to Commissioner Kessler and to Phil Lee, the Assistant Secretary of HHS. In different ways they have a great triumph today. Thank you, Dick Durbin, for being the first member of Congress ever to talk to me about this issue. Thank you, Marty Meehan. Thank you to my former colleagues, the Attorneys General. Mr. Kelly, I know you're retiring this year as the Senior Attorney General of America, and we served together back in the dark ages and I can't imagine a more fitting capstone to your career than the fact that you've been a part of this and we thank you. Thank you, Mark Green.

I thank all the medical professionals who are here. I thank all the young people who are here, including Anna Santiago and Neal Stewart McSpadden, who came out here with us. I want to say a special word of thanks to three members of Congress who are not here, but who deserve to be because of their work on this issue -- Senator Lautenberg of New Jersey, Senator Wellstone of Minnesota, and Congressman Henry Waxman of California. Thank you, Joe Califano, for beating on me about these issues all these years we've been friends and long before I ever became President. Thank you, sir.

Thank you, Dr. Koop, for everything you have done to try to bring some sanity into the health policy of this country. This has been a great week for you -- we had the Kassebaum-Kennedy bill a couple of days ago and this today. Maybe you can design an encore for us over the next month or two. But you have been a great force for good in this country and we're grateful to you.

If I might, I'd like to say just a couple of personal words to some people who really deserve an enormous amount of credit for this decision. The Vice President was altogether too modest and too restrained, but the first time we began to discuss this was about the time the FDA opened their inquiry. And he looked at me and I looked at him and I said, "Well, you know what this might lead to? And he said, I certainly hope so." And I said -- I shouldn't say this, this is our private conversation -- I said, "It really isn't an accident that nobody else has ever tried to do this. It's not an accident. This is not going to be one of those freebies, you know."

And he began to talk about his sister who died of lung cancer, and how much he loved his sister. We've had so many conversations about his sister that -- not just about this, but about her life, the fact that she was one of the very first Peace Corps volunteers -- that I feel almost that I know her personally. And I could see in his eyes this determination to redeem the promise of her wonderful life. And I would also like to thank Nancy Gore Hunger's husband, Frank Hunger, who now serves as our Assistant Attorney General for the civil division. Thank you for being here, Frank. I know this is a great day for you.

I'd like to thank my wife, who has been talking to me about this issue for 20 years; and my wonderful daughter, who convinced my mother to quit smoking on her eighth birthday -- something I was never able to do.

So each of us has a personal journey that has brought us here to this point. But today we are here as a nation, to try to help our parents do a better job in raising their children to be strong and healthy and good citizens, and to do our duty in that regard. We've tried to do a lot of things to help our kids over the last four years, and to help parents raise their children. We've worked hard on cultural issues, supporting things like the V-chip and educational television.

We had a big increase in support for anti-drug programs in our schools and for drug treatment. And we vetoed efforts to reduce those, although we should be investing more. We have a zero tolerance policy to keep guns out of school; we're requiring our states to enforce anti-drinking and driving laws; we defended drug testing cases involving student athletes; we've worked to bring order and discipline into our children's lives by encouraging and giving support to communities that try things like community-based curfews and school uniforms and tougher enforcement of truancy laws.

We know, however, that in spite of all the things that are going right in this country -- with the economy up and more jobs, with the crime rate down, with fewer people on welfare and food stamps, dramatically higher percentage of our young children immunized -- that we have continued to see substantial rises in tobacco and drug use among our young people. We know that while the scientific evidence is clearly unclear, children who do smoke cigarettes are much more likely to engage in other risky behavior, including the use of marijuana and cocaine.

So we have to keep pressing forward to deal with these challenges, every one of them. And I want to thank General McCaffrey for being willing to give up his four stars and magnificent campaign to take on the drug fight for America's children and America's future. I thank you, sir.

Today we are taking direct action to protect our children from tobacco and especially the advertising that hooks children on a product. I hear from time to time politicians say that they don't really think advertising has much to do with it. And whenever I hear one say that, I say, well, how come we're all spending so much money advertising when we run for office then? If it's immaterial, let's just pull it all off and see what happens to us.

Cigarette smoking is the most significant public health problem facing our people. More Americans die every year from smoking related diseases than from AIDS, car accidents, murders, suicides and fires combined. The human cost doesn't begin to calculate the economic costs -- the thing that galvanized the legal claims of the Attorneys General, the absolutely staggering burdens on the American health care system and on our economy in general.

But make no mistake about it, the human cost is by far the most important issue. For every day, even though it's illegal, 3,000 of our young people start smoking, and 1,000 of them will die earlier than they would otherwise die as a result. The vast majority of people who smoke in America today started when they were teenagers. If they don't start smoking when they're on a schoolyard, it's very likely they never will.

This epidemic is no accident. Children are bombarded daily by massive marketing campaigns that play on their vulnerabilities, their insecurities, their longings to be something in the world. Joe Camel promises that smoking will make you cool. Virginia Slims' models whisper that smoking will help you stay thin. T-shirts and sports sponsorships send the message that healthy and vigorous people smoke and that smoking is fun.

A year ago this month, we launched a comprehensive strategy to kick tobacco out of the lives of our children. We proposed strong restrictions on advertising, marketing and sales of cigarettes to children. In the year that followed, the FDA received a torrent of comments from the public -- more than 700,000 -- by far the largest outpouring of public response in the FDA's history. The FDA has heard from doctors, scientists, tobacco companies and tens of thousands of children. We have carefully considered the evidence. It is clear that the action being taken today is the right thing to do, scientifically, legally, and morally.

So today we are acting. First, young people will have to prove their age with an ID to buy cigarettes. Second, cigarette vending machines will be banned from anywhere children and teenagers can go. Third, children will be free of tobacco advertising on billboards near their schools and playgrounds, and billboards in other locations will be restricted to black and white, text-only messages. Fourth, if a tobacco ad is in a publication children and teenagers are likely

to read, it also has to be black and white with no pictures. Fifth, companies will no longer be permitted to target young people with marketing gimmicks like T-shirts and gym bags. Sixth, cigarette companies may no longer use brand names to sponsor tennis tournaments, auto races and other sporting events.

Finally, the FDA will soon take steps to require the tobacco industry to educate our children about the real dangers of smoking. There is abundant evidence of both these troubling trends that a lot of young people simply don't believe there's any risks to their health.

With this historic action we are taking today, Joe Camel and the Marlboro Man will be out of our children's reach forever.

I want to be clear -- we've said it before, let's say it again -- cigarettes are a legal product for adults. They have a perfect right to decide whether to smoke. There are many, many good people who have been farming, growing tobacco for generations in their families. They have a right to make a living for themselves and their families, and they will continue to do so. But let's be honest: We hope that over the long run, if we can dramatically reduce rates of smoking among children, the overall consumption of cigarettes will decline. If that happens, these good people who farmed the land and worked hard should not be left behind. And all of us who have sought this course have a responsibility to help them if they face difficulties.

The cigarette companies still have a right to market their products to adults. But today we are drawing the line on children, fulfilling our obligation as adults to protect them from influences that too often are stronger than they are.

As I said before, I want to say again, this action is a tribute to so many of you who are here today. To the parents, the teachers, the doctors, the public officials. Dr. Bristow, I particularly want to commend the AMA for its writings in its journal, its relentless efforts to educate the American people through the physicians of this country. But I'd like to pay special tribute to the children of America who have joined this crusade, who have organized and led a massive grass-roots movement throughout America to educate and inform people about the dangers of tobacco smoking for children.

They've staged teach-ins and "Kick Butts" days all across the country. They have used positive peer pressure on people who could care less what a lot of us old fogies think, to teach their fellow students that smoking is not cool. So I want to thank these children for the work they have done to save their generation.

A lot of the work we do around here we know will only be fully manifest in people's lives in the future. We know we can't guarantee the success of any individual or family, but we have to guarantee them the tools and conditions that will enable them to make the most

of their own lives. Today we take a real step to make sure that they have those lives in full measure. We have today met our responsibility to help our country protect its values, protect its children, and ensure its future.

Thank you all for what you've done.

Pen to be sent w/document

THE PRESIDENT HAS SEEN

9-16-96

W. H. H. H.

SECTION AA, RALEIGH, N.C.

THE NEWS & OBSERVER

FRIDAY, SEPTEMBER 13, 1996

HURRICANE FRAN



A Week to Remember

By JOBY WARRICK
STAFF WRITER

More than anything, people remember the sounds: The howl of the wind, the pounding rain, the hundreds of unidentifiable bumps, crashes and bangs on one of the longest, blackest nights in memory.

It was nightfall on Sept. 5 when Hurricane Fran's jagged eye crossed the southern coast, and it was not quite dawn when its remnants blew into Virginia. Somewhere in between, millions of North Carolinians had a close encounter with one of the most awesome forces in nature. And all they could do was hunker down in darkened houses to wait, pray — and listen.

"We could hear the trees crashing in every direction — whomp, whomp,

SEE REMEMBER, PAGE 2AA



Surf City, Friday: Along the southern coast, the storm turned many oceanfront houses into piles of rubble.

STAFF PHOTO
BY ROBERT WILLET

Durham, Monday: Kevin Farley mourns his friend, Bahama volunteer firefighter Ricky Dorsey, killed by a falling tree.

PHOTO BY
JULIAN HARRISON



Raleigh, Friday: Heavy rains sent rising water into low-lying areas. Houses off Lassiter Mill Road look like islands in a muddy stream.

STAFF PHOTO BY JIM BOUNDS

HURRICANE FRAN

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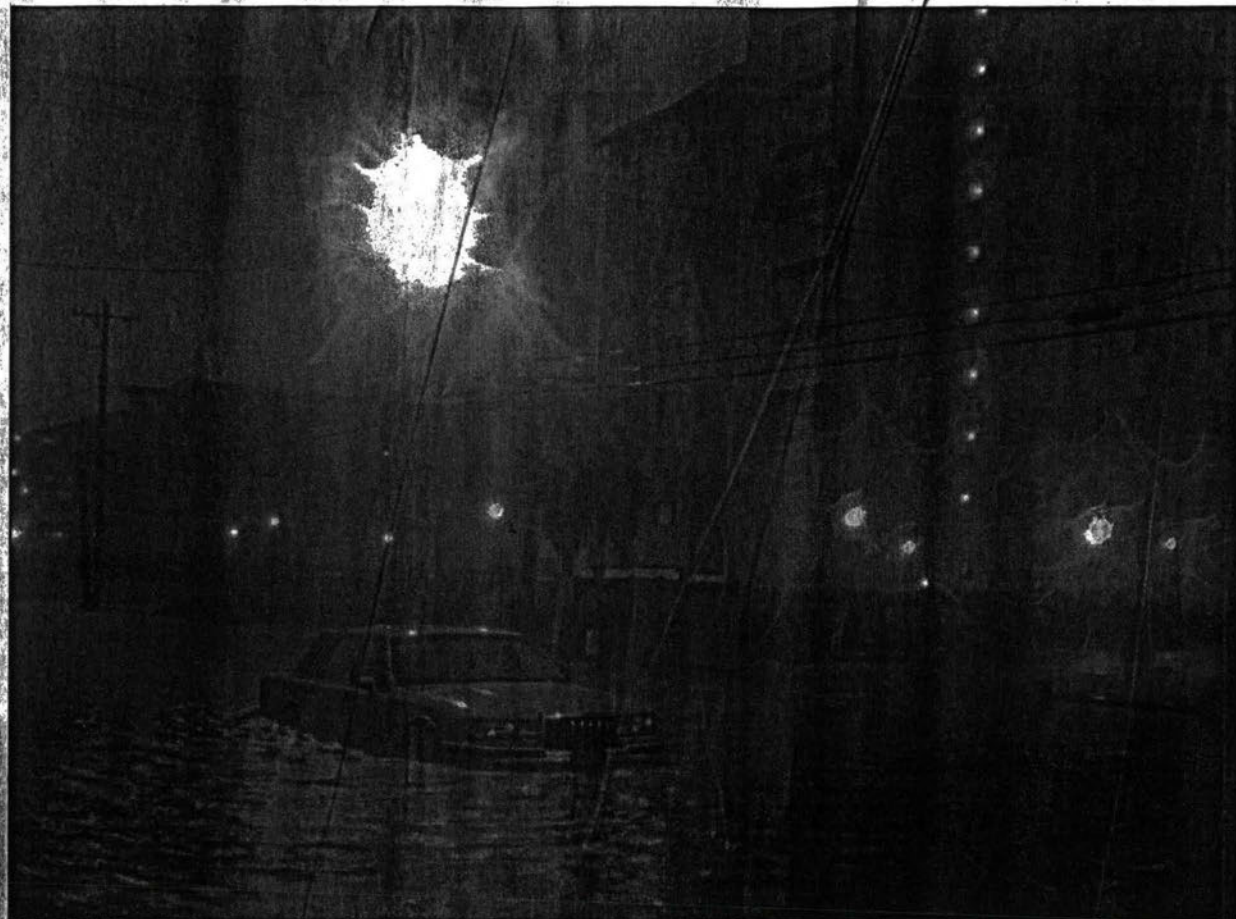
The facts on Hurricane Fran

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Indelible images

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North Myrtle Beach, S.C., Thursday, Sept. 5: Fran originally was heading straight for the South Carolina coast when it veered toward North Carolina. Before the storm turned, however, it dumped heavy rains that caused widespread flooding along northern S.C. resort communities. A motorist sat stranded amid rising water and strong winds on Ocean Boulevard as Fran approached.

STAFF PHOTO BY CHUCK LIDDY



Staff

This special section was built on work by The News & Observer's reporters, editors, photographers, page designers, researchers and graphics artists during the past week.

All of The N&O's employees have contributed to the coverage of Hurricane Fran a id to producing and distributing the newspaper during and after the storm.

Special section contributors:

Photography by staff of The News & Observer and by free-lancers Julian Harrison, Anthony Rocco, Justin Carlson and Ryan Jones.

Reporting by staff writers and correspondents in the Triangle and on the coast.

Stories compiled by Sarah Avery, A. Sherrod Blakely, Amanda Garrett, Scott Huler, Bill Krueger, Tinker Ready, Anne Saker, Pamela Tandy and Joby Warrick.

Picture editing by John Hansen, Gene Furr and Robert Miller. Image handling by Alex Marsh, Justin Carlson, Ryan Jones, Steve Egan and Leonard Vaughan.

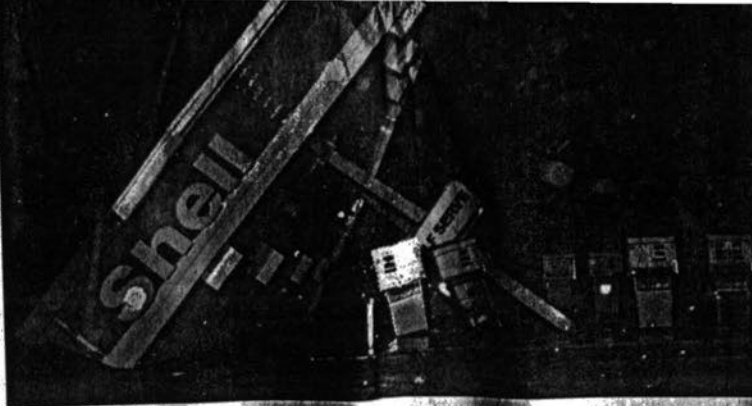
Story editing by Felicia Gressette, Roy Greene and Melanie Sill.

Graphic by Charles Apple and Nam Nguyen.

Design by J. Damon Cain and David Pickel.

For more information on Fran and the recovery effort, check out The News & Observer's online coverage at:
<http://www.nando.net/nao/hurricane/>

THE
NEWS
&
OBSERVER



Wrightsville Beach, Thursday: Winds near 100 mph battered the coast as Fran made landfall. A gas station's canopy, left, and some of its tanks buckled under the strain. Fearing damage to his boat earlier in the day, Calvin McGowan, above, tried to protect the vessel by placing a fender between the dock and boat at the Wrightsville Beach marina.

STAFF PHOTOS BY ROBERT WILLET

REMEMBER

CONTINUED FROM PAGE 1AA

whomp," said Dr. Orrin Pilkey, a Duke University geology professor and coastal specialist whose closest brush with a big storm came early Friday in his own bedroom. "The ones that hit the house were like an explosion."

Those sounds are now part of the collective memory of millions of North Carolinians who survived Fran, the most devastating hurricane to strike the state in decades. For 11 hours Thursday and early Friday, the storm thrashed the state with winds clocked at 115 mph at the coast and up to 79 mph at Raleigh-Durham International Airport. With a destructive force that defies human comprehension, Fran snapped century-old oaks, toppled church steeples and mobile homes and heaved a 10-foot wall of seawater onto the state's southern beaches.

But by the time dawn finally broke Friday, it was clear that the storm had done more than rearrange the scenery. In one terrifying night, Hurricane Fran had become the new Hazel, the benchmark by which future storms would be measured.

Litany of misery, damage

Twenty-two North Carolinians died during the storm and its aftermath. Coastal towns and entire beaches were all but destroyed. Farmers throughout the Coastal Plain suffered devastating losses. The days that followed the storm brought even more rain, more flooding and more misery.

In the urban centers of the Piedmont, Fran made a mockery of the technology

that gives the Triangle its gritty reputation. Widespread and prolonged power outages turned battery-powered laptop computers into expensive flashlights. Candles and charcoal replaced track lighting and microwaves.

But Fran brought light as well as darkness. There were innumerable acts of heroism and sacrifice as neighbors in every city and town rolled up their sleeves to help others cope with the storm.

There also was a renewed sense of community in the aftermath of a disaster unlike previous ones, touched virtual every home. The shared hardships irritations brought people closer together, removed barriers and turned suburbs into villages — at least temporarily.

"Mr. Nature or God or whatever Unive Force one believes in loudly asserts supremacy," wrote Sarah Winnaleigh in an electronic mail message recounting her own experience the storm. "Neither wealth nor station nor piety had ensured our safety. Of course, most of us knew this. We just managed not to think it until Hurricane Fran rubbed noses in it."

ward's scrawny sister

Timot the storm people expected to be

A five days before Fran hit, a difficult hurricane had coastal communities dither. The larger, more powerful, which skulked along the East Coast before veering north into the

Meanwhile, seemed to be spinning in the mid-Atlantic. By

Aug. 30, it wasn't even a hurricane anymore.

When Fran finally turned toward the United States, it took aim first at Florida and then at Georgia. Not until Sept. 4 did forecasters predict a likely landfall near the North Carolina coast, and by then, Fran was no longer Edouard's scrawny sister.

The hurricane's sustained winds had strengthened to 115 mph by the evening of Sept. 3, and suddenly every TV newscast led with satellite images of Fran's swirling blob. The next morning, a visibly distressed Gov. Jim Hunt warned North Carolinians to prepare for the worst.

"I don't want to sound like a prophet of doom," Hunt said, "but this thing could be a lot worse than anything you've ever dealt with before."

He was right. A shift in direction brought Fran's powerful eye wall directly over Bald Head Island at 9 p.m., the first stop in a 200-mile demolition derby that spanned the width of the state and encompassed some of its largest cities and richest resorts.

The destruction wrought in the next 11 hours was still being assessed a week later, but some of the scenes to which North Carolinians awakened early Friday made memories that will last a lifetime.

In historic Wilmington, scores of buildings were destroyed and more than a quarter of the city's houses sustained major damage. Among the casualties was the First Baptist Church, whose 127-year-old steeple was once one of the nation's tallest man-made structures.

A powerful sea surge turned Top-

sail Island into a chain of islands, carving new channels through what were once popular beaches. About 80 percent of the buildings in Surf City were destroyed or heavily damaged, and an entire row of beach houses disappeared.

In Kure Beach and Carolina Beach, buildings already weakened by Hurricane Bertha a month earlier were toppled by Fran's 120-mph gusts. Mobile homes and cars were swept away in floodwaters that reached from 6 to 8 feet.

As much as 10 inches of rain drowned cotton and soybean crops in the eastern farm belt, inflicting hundreds of millions of dollars in damage. High winds sheared ripe tobacco leaves from their stalks and left hog and poultry farms flooded and without power.

In the Triangle, a direct hit from a still-powerful Fran felled thousands of trees and triggered extensive flooding. Statewide, more than a million homes and businesses lost electricity.

Deaths were scattered and random. In Durham, a Bahama firefighter was killed when a falling tree struck his truck. A Marine Corps lance corporal died at Topsail Beach when he became lost in the storm and wandered across a flooded bridge. In Johnston County, a large tree crashed into a bedroom where an elderly couple lay sleeping, killing the man and injuring his wife.

"This thing has been so massive, so large, involving so many counties and so many municipalities that it is hard to even get a handle on the scope," an exasperated Billy Ray Cameron, director of the state Emergency Management Center, said Wednesday. "There

FRIDAY, SEPTEMBER 13, 1996

A WEEK TO REMEMBER

THE NEWS & OBSERVER 3AA

HURRICANE FRAN



Raleigh, Friday: Dawn brought many shocks and sorrows when people ventured outside to get the first glimpse of the chaos around them. Dana Jones, left and her neighbor, Joyce Carlough, at least had the benefit of their morning coffee — a luxury while so many people lacked power — to provide a small lift as they stood in the rain and assessed the damage. A 200-year-old tree fell in Carlough's yard.

STAFF PHOTO BY COREY LOWENSTEIN



Raleigh, Friday: The storm brought nature into people's lives in a very personal and frightening way. Etienne Volat removed broken plaster from a bedroom in his home on Kenmore Drive after a large oak tree smashed through the roof.

STAFF PHOTO BY SCOTT SHARPE

VOICES

"It's just gone. I had an oceanfront home, and now I can't find it."

Glenn Sasser

Topsail Island year-round resident

♦ ♦ ♦

"Topsail Island may not be one island anymore. It may be three islands."

Marian Kleinman

Onslow County spokesman

♦ ♦ ♦

"We don't have a dog pen... We don't have a tree house... We don't have a trampoline anymore — it got nailed by the wind."

Hawkins Shearin, 9, Wendell

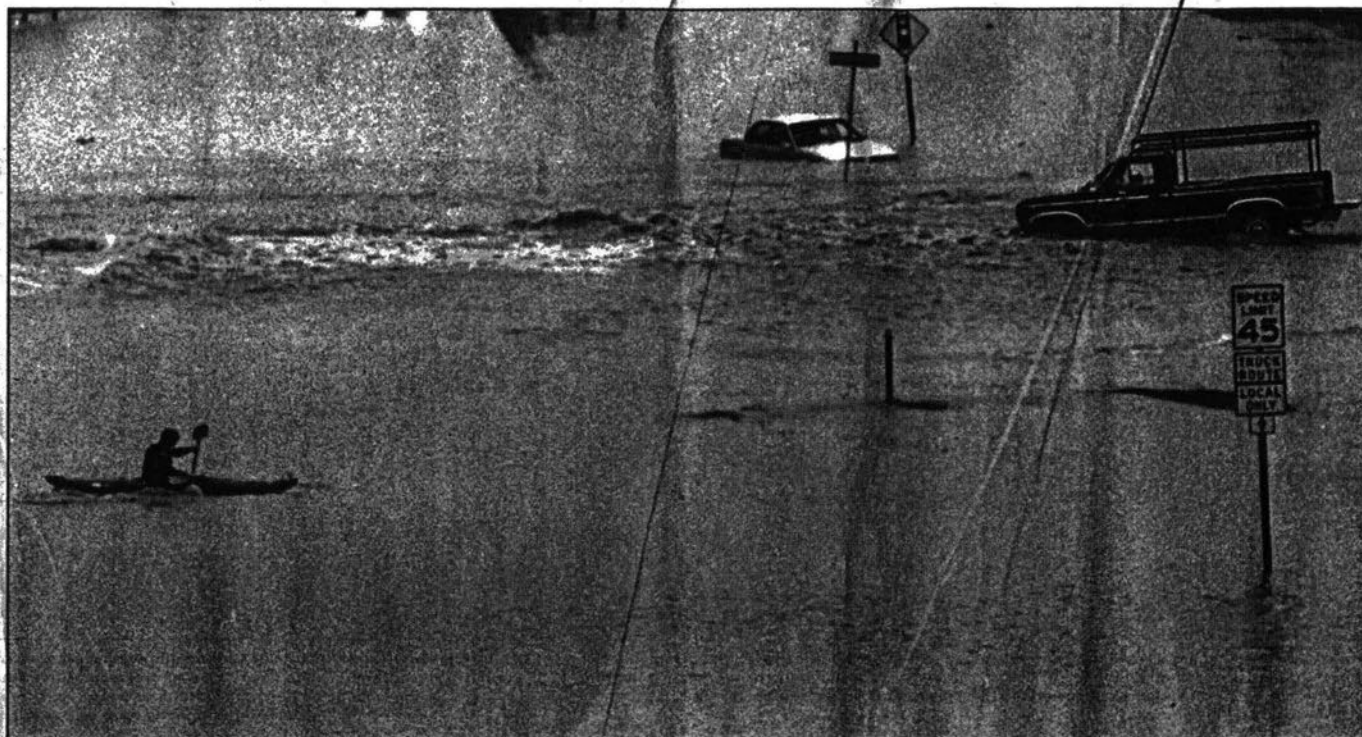
♦ ♦ ♦



A WEEK TO REMEMBER

FRIDAY, SEPTEMBER 13, 1996

FLOODS



Raleigh, Friday: Heavy rains turned city streets into lakes. People turned to kayaks and canoes to navigate the flood.

STAFF PHOTO BY JIM BOUNDS



♦ ♦ ♦
 "How are we going to shuffle, and how are we going to juggle, and where are we going to shower and who's going to get ice next?"

Kathy Boyd, Wake Forest

♦ ♦ ♦
 "It will take months and maybe even years to really get over it."

Billy Ray Cameron
 state emergency management director

♦ ♦ ♦
 "The worst: Those people who chose to ignore their neighbors in distress, washing cars or boats instead, ignoring the plea for water conservation. The very worst: Those people who overcharged the victims of Fran."

Bonnie Kuhr, Raleigh

are water disruptions and debris everywhere. We have hospitals without power, farmers without crops, lagoons flooding. And it's not over. It's still going on."

'How'd you survive?'

Hurricane Fran wasn't as powerful as Hazel, which followed a similar path when it hit North Carolina in 1954. But it wasn't the severity of the damage so much as its breadth that seemed to make the biggest impression.

From the Virginia border to the coast, barely a home weathered the storm unscathed. And those people who were spared serious property damage had to cope with blackouts, water shortages and countless other inconveniences in the hours and days that followed.

Everywhere, the question, "How'd you survive the storm?" replaced the usual greetings. Some of the replies have been truly remarkable.

Since last Friday, scores of these stories have trickled into The News & Observer in letters, phone calls and electronic mail. Some are fearful tales of survival, of floodwaters that rose perilously or tree branches that crashed through roofs, landing in beds where children had slept moments earlier. Others describe wild adventures amid the storm, like that of the expectant mother and husband who were driven across a soggy tobacco field in a police cruiser on their way to the hospital to give birth to a daughter.

But most of the stories described the kind and selfless acts, before and after the storm, that piled up as rapidly as the tree branches on suburban curbsides. They were the stories of the thousands of neighbors, business owners, utility work-



Raleigh, Friday: Fran sent floodwaters into people's homes across the Triangle. Song Qian waded knee-deep through his Kensington Park apartment trying to figure whose pots and pans floated into his living room.

STAFF PHOTO BY SCOTT SHARPE

ers and even complete strangers who cut trees, repaired roofs, cooked food, shared water or worked back-to-back shifts to help others in need.

To K.W. Stolte of Raleigh, these were the real heroes of Hurricane Fran — the

"countless other N.C. residents who performed numerous other deeds and services to pull all of us through this."

"While there were many individual heroes, the state of North Carolina as a whole showed the nation that we care

about each other and that we pulled together when the going got tough," Stolte said.

Future storms

The challenge, a week into the cleanup, was to keep spirits high as the acute cri-

sis gives way to the difficult, long-term recovery that may last months or even years. Meanwhile, there will be other storms — possibly even bigger ones, possibly quite soon.

Just this week, a group of researchers from Colorado State University declared that a 25-year lull in hurricane activity in the Atlantic had come to an end. Because of climate changes, the scientists said, residents of coastal states should expect more hurricanes with winds higher than 111 mph to strike the Caribbean and eastern United States in the coming decades.

Local researchers concurred, and warned citizens and their governments to prepare. As bad as Fran may have seemed, future storms could do far worse.

"This was not the 'Big One,'" said Rick Leutlich, a physical oceanographer at UNC-Chapel Hill's marine sciences center in Morehead City. "Fran and Bertha were both average hurricanes in intensity. Fran's track took it over inland areas that were not prepared for a hurricane — which is what made it catastrophic. But in the next few years, we can look forward to five to 10 named storms, each year. It's a crapshoot as to how many of those storms will hit the coast."

But for now, with mountains of work remaining to be done, relief workers were focused on the present, barely pausing to acknowledge each new stride toward recovery before taking up the next task.

"I think the everlasting impression of the storm will be the people who were helped," said Cameron, the emergency management director. "And we hope to help many more before we're through."



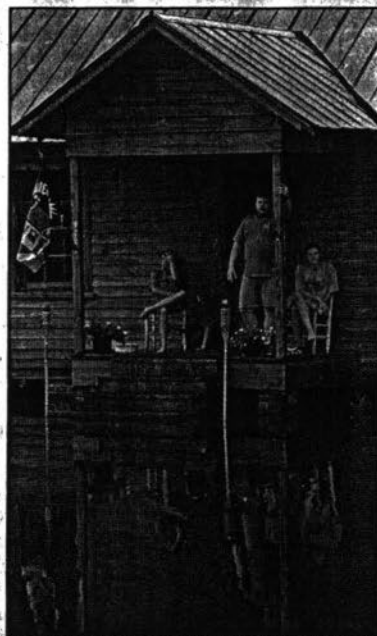
Raleigh, Friday: Some addresses got a double whammy from Hurricane Fran. Trees crushed this home on Ridge Road and the car parked there.

PHOTO BY ANTHONY ROCCO

Durham, Friday: Hotels, where many fled for safety, also fell victim to Fran. Innkeeper Motel manager Pat Bryan, right, got a hug from guest Patti Robinson, with husband John Robinson, after Bryan helped secure belongings when the motel flooded.

STAFF PHOTO BY HARRY LYNCH

Treading water



Pender County, Tuesday: Floodwaters came calling on Jim Martin's home, but they didn't come in. Martin, center, and daughters warily eyed the water.

STAFF PHOTO BY ROBERT WILLEY

The rain started hours before Hurricane Fran arrived and intensified as the storm roared through. And what a rainfall. Fran poured 9.44 inches of water on the Triangle during the 24 hours ending at 8 a.m. Sept. 6. That's the most rain the region has ever seen in a single day — the previous record was 6.66 inches in 1929.

Floods washed out roads and houses throughout the Triangle and Eastern North Carolina. Stormwaters climbed the banks of every stream and river — the Eno, the Roanoke, the Neuse — and blew out dams at several small lakes. Crabtree Creek's flooding turned Raleigh's Crabtree Valley mall into an island. Falls Lake, the drinking water reservoir, rose to a record level. To keep the dam from overflowing, engineers released 40 times the normal amount of water into the Neuse — flooding communities downstream.



Raleigh, Friday: Crabtree Creek in Raleigh overflowed its banks, flooding the first level of nearby Crabtree Valley mall, top, and surrounding areas. It was the worst flooding at the mall since 1973.

STAFF PHOTO BY JIM BOUNDS

VOICES

"I can't stand to watch it and I can't stand not to. This is my brand new house."

Jamie Knight,
resident of Perry Creek
subdivision, Wake County,
released from Falls Lake dam

"Folks don't understand why we have to put out so much water now. The reason is there is another hurricane brewing. ... If another one comes, it would be a whole lot worse. It would be awful."

**Eric Farr, U.S. Army Corps
of Engineers, on why officials
were releasing record amounts
of water from Falls Lake**

"I decided to get my cats to safety on the roof, but by the time I got a ladder up there, the water was up to my waist."

**Jason Ferriss, resident
of flooded Forest Acres
subdivision
in Raleigh**

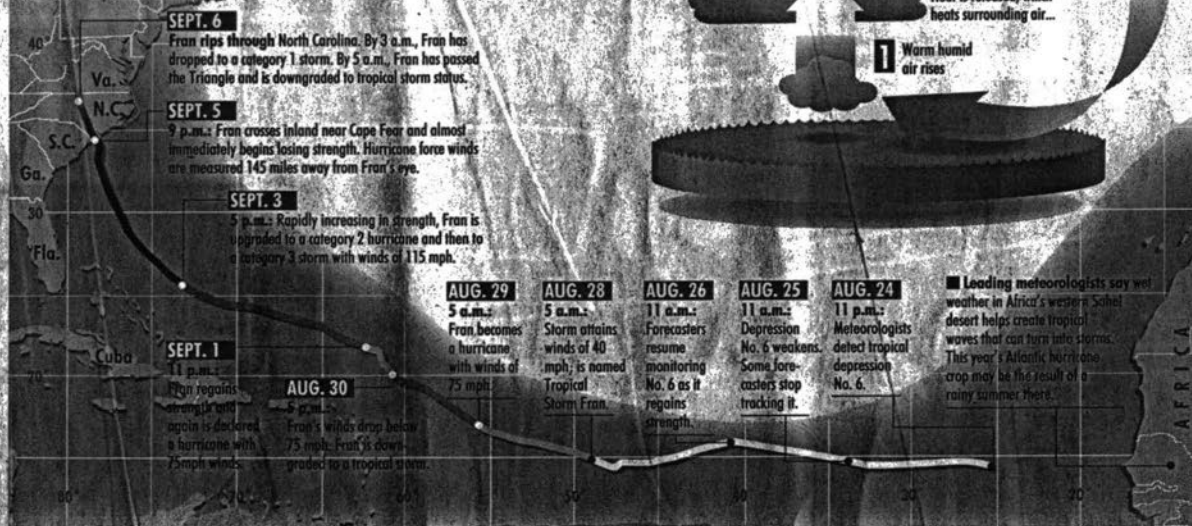
"At seven o'clock in the morning, it's not the best way to start the day off. Especially when you've already had a cold shower."

**Hart Palmer, Chatham County
resident commuting
from flooded house by canoe**

FRAN'S PATH OF DESTRUCTION

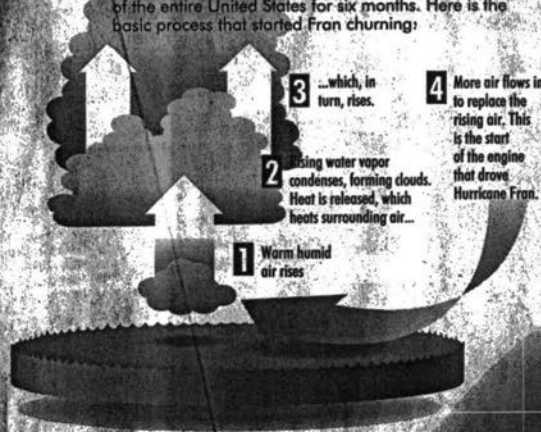
THE
OF LIFE
FRAN

Throughout the Labor Day weekend, North Carolinians anxiously watched the approaching Hurricane Edouard. Coastal areas were evacuated, hurting a resort industry still reeling from Hurricane Bertha. Then, suddenly, Edouard turned and headed away. But lurking in its shadow was Fran, which was preparing to cut loose across North Carolina with the most powerful tropical punch the state has received since 1954:



BIRTH

A hurricane the size of Fran can release enough energy in one day to supply all the electrical needs of the entire United States for six months. Here is the basic process that started Fran churning:



DEVASTATION

- Percent of structures in North Topsail Beach destroyed by the storm: 90.
- Number of homes destroyed by Fran, according to American Red Cross estimates: 1,774.
- Number of homes damaged by the storm: 29,463.
- Estimated economic impact of government aid and insurance proceeds on a five-county coastal region hit by Hurricane Fran, according to estimates from the University of North Carolina at Wilmington: \$13 billion in the next 12 months.

INSURANCE

- Number of claims filed with seven of the top 10 insurance carriers in the state in the six days after the storm: 196,000.
- Amount of claims: \$723 million for damage to personal property.
- Amount of claims filed during same period after Hurricane Hugo in 1989: \$645 million.
- Number of claims adjusters assessing damage throughout the state: 4,200.

POWER

- Number of electric customers without power at the worst of the storm: 730,000 served by Carolina Power & Light, 762,725 served by Duke Power.
- Number of states that sent work crews to help repair lines: 18 to aid CP&L, five for Duke Power.
- Number of out-of-state utility repair workers in the state: 1,000 joined 1,800 Duke Power employees, 5,800 joined 1,500 CP&L employees.
- Total number of destroyed power poles: 5,000.
- Miles of downed CP&L power lines: 1,000.
- Miles of replacement cables and electrical wire needed: 3,200.

MATURITY

A hurricane like Fran consists of storm winds that are organized in bands that spiral around a center of rotation. The warm, humid air speeds up as it approaches the eye. Each band is practically a storm of its own, containing high winds, rain and thunder.

Winds rotating in Fran's rain bands brought bad weather to inland areas hours before the eye made landfall.

Spiraling winds in Fran's eye wall had the greatest velocity.

Fran's storm cap of cirrostratus clouds, which represented the exhaust of the giant engine at Fran's center, reached a height of about 10 miles.

Fran's eye contained gently descending air. By the time it made landfall, Fran's eye had become distorted from its original circular shape.



Surf City, Saturday: Few things on the coast were the same after Fran. This forlorn-looking cottage was swept up in the pounding surf and dumped into a marsh.

ANITA C. FRAZIER FOR THE N&O

GROWTH

The strength of a Hurricane is measured on the Saffir-Simpson scale. Fran was a category 3 hurricane when it slammed into the North Carolina coast last week. Bertha, which struck the state earlier this year, also was a category 3 storm. By contrast, Hugo, which devastated Charleston in 1989; Andrew, which hit Miami in 1992; and Hazel, which made landfall near Calabash and affected the Triangle in 1954; were all category 4 storms.

THE SAFFIR-SIMPSON SCALE

CATEGORY 1



Winds: 74 to 95 mph
Storm surge: 4 to 5 ft.
Damage: Minimal; signs, tree branches, power lines blown down.

CATEGORY 2



Winds: 96 to 110 mph
Storm surge: 6 to 8 ft.
Damage: Moderate; larger signs, tree branches blown down.

HURRICANE FRAN

CATEGORY 3



Winds: 111 to 130 mph
Storm surge: 9 to 12 ft.
Damage: Extensive; minor damage to buildings, trees blown down.

CATEGORY 4



Winds: 131 to 155 mph
Storm surge: 13 to 18 ft.
Damage: Extreme; almost total destruction of doors, windows.

CATEGORY 5



Winds: More than 155 mph
Storm surge: Over 18 ft.
Damage: Catastrophic; buildings, roots, structures destroyed.

LANDFALL

NORTH CAROLINA DEATH TOLL: 22 IN THE TRIANGLE

■ Widespread disruption to power and phone service. Thousands of customers still without electricity a week after the storm.
■ Water systems knocked out in Orange and Warren counties.
■ Nearly 10 inches of rain caused heavy flooding in several areas, most notably Crabtree Creek in Raleigh. High water at Falls Lake caused officials there to release water into the Neuse River. Tuesday flooding tore property.
■ Many roads and neighborhood streets blocked by trees. Thousands of trees down in Raleigh, the City of Oaks and surrounding Triangle.

EASTERN N.C.

■ Massive damage to crops and farms.
■ Thousands of customers were still without power days after the storm. Residents in some outlying areas were not expected to regain electricity until three weeks after Fran made landfall.

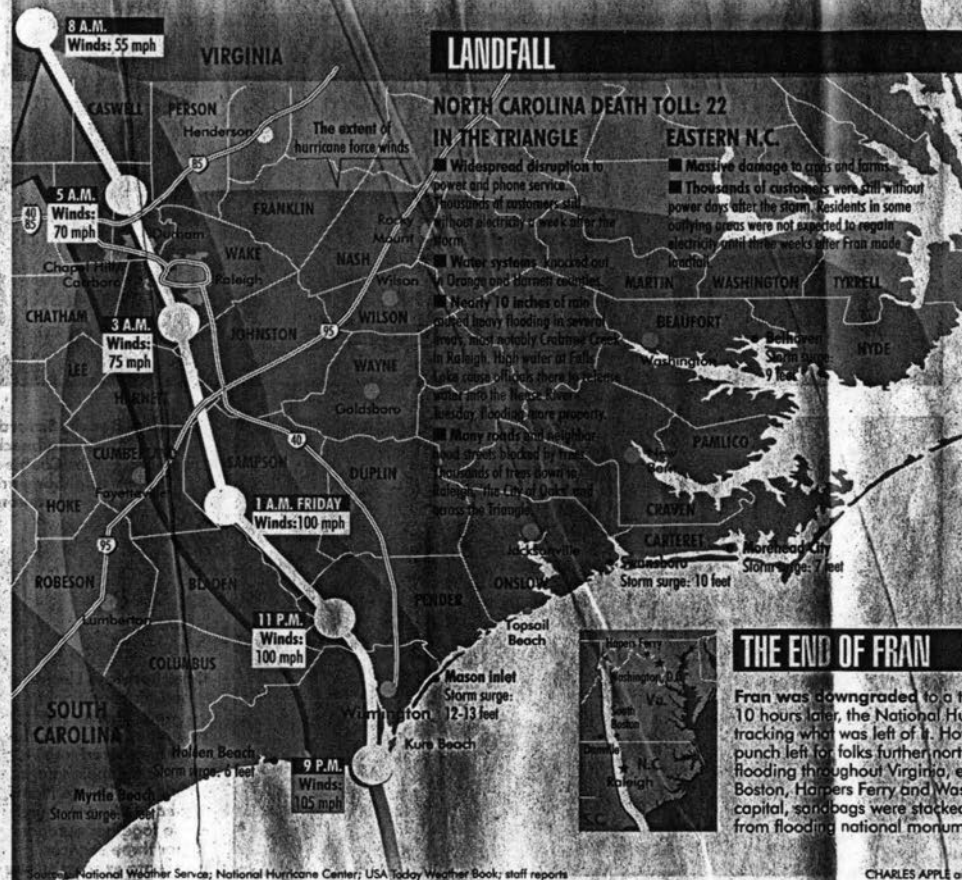
ON THE COAST

■ Topsail Island cut into three pieces. Virtually all beachfront homes and many second-row homes were destroyed.
■ Residents in some coastal communities were not allowed to return to their homes for days.
■ Major structural damage on the south end of Kure Beach, near where Fran made landfall. Oceanfront condominiums were hit hard.
■ Storm-induced floodwaters damaged buildings and floated cars at Carolina Beach. Damage was not quite so extensive at Wrightsville Beach, just a few miles north.
■ Downtown New Bern was flooded. The U.S. 17 bridge was damaged and closed to traffic.
■ About three-quarters of Washington's city streets were underwater at the height of the storm.

THE END OF FRAN

Fran was downgraded to a tropical storm at 5 a.m., and 10 hours later, the National Hurricane Center stopped tracking what was left of it. However, Fran still had some punch left for folks further north. The storm triggered flooding throughout Virginia, especially in Danville, South Boston, Harpers Ferry and Washington, D.C. In the nation's capital, sandbags were stacked to keep the Potomac River from flooding national monuments downtown.

CHARLES APPLE and NAM NGUYEN / The News & Observer



Source: National Weather Service; National Hurricane Center; USA Today Weather Book; staff reports

425,000 BellSouth customers; 112,000 of 1.4 million Carolina Telephone customers in N.C. and Virginia and 16,500 of 165,000 GTE customers in Durham and RTP.
■ Out-of-state phone workers: 211 Sprint employees from 8 states, GTE workers from four states and 250 out-of-state BellSouth workers.
■ Total phone workers on repair duty: 3,200.
■ Number of Carolina Telephone poles down: 968.

RELIEF

■ Number of North Carolina counties declared federal disaster areas: 43, with a combined population of 3.5 million.
■ Red Cross shelters opened during worst of the storm: 142.
■ Number remaining open Thursday: 13.
■ Number of people served by the shelters by Thursday: 18,902.
■ Number of storm victims registered for support from Federal Emergency Management Agency as of Thursday: 12,500.

DEBRIS REMOVAL AND SECURITY

■ Number from N.C. National Guard deployed for debris removal, generator and water support, security and search and rescue: 3,300.
■ Number of Department of Transportation dump trucks and crews shifted from the mountains to the coastal plain: 500.
■ Department of Transportation workers assigned to tree removal: 3,900.
■ Forest Resources employees working to clear trees: 400 or two-thirds of the division.
■ Prison inmates assigned to clear debris: 2,000.
■ Marine Fisheries officers assigned for security detail at beach communities: 55.
■ N.C. Highway Patrol officers used in emergency response during Fran's onslaught: 650.

RAINFALL AT RDU AIRPORT

■ Inches of rain that fell over a 24-hour period during the hurricane: 9.44, breaking the previous one-day record set in 1929.
■ Inches of rainfall in September: 12.34.
■ Average inches of rainfall for September: 1.4 inches.
■ Region's rainfall record: 12.94 inches in 1945.

FOOD

■ Pounds of food distributed by the Food Bank of North Carolina in the week following Fran — 500,000.
■ Pounds of food distributed in a typical week: 100,000.
■ Number of meals served at the shelters by Thursday: 285,785.
■ Pounds of ice brought into North Carolina by FEMA (as of Wednesday): 1 million.

ETC.

■ Number of traffic lights in city of Durham: 300.
■ Number working on the morning after Fran hit: 5.
■ Number working by Monday: 200.
■ Trees destroyed at N.C. State University: 250.
■ Number of D-cell batteries usually sold by Batteries Plus store in North Raleigh in a five-day period: 50.
■ Number sold in the five days after Fran: 5,000.

COMPILED FROM N&O STAFF AND WIRE REPORTS

6AA THE NEWS & OBSERVER, FRIDAY, SEPTEMBER 13, 1996

A WEEK TO
INDELIBLE



Flooding in city streets surprised motorists and safety workers alike. Driver Wayne Smith was stranded for an hour in downtown Raleigh until Engine Company 2 arrived to pluck him to safety.



Raleigh, Monday: With power out, ice quickly became a precious commodity. Hundreds lined up at Millbrook High School for free ice, supplied by First Union and distributed by the Red Cross, one of many such efforts.

STAFF PHOTO BY CHRIS SEWARD



Carolina Beach, Saturday: People back into beach after power outage. Paula Cauble, 40, is seen in her neighbor's home after the power outage.

STAFF PHOTO



Cary, Sunday: Electricity and air conditioning were absent, but congregations across the state gathered to give thanks for their safety. Members of White Plains United Methodist church came together outdoors for three services.

STAFF PHOTO BY SCOTT SHARP

READERS' STORIES

Trees falling
all around us

Victor and Treva McKay bought their Depression-era house on Wilmington's Market Street three years ago because they believed it was so well-built it could weather any storm. Then Fran hit.

"We were all sitting here in the living room. Six of us. The whole family. We heard this big crash. We just leaped, all of us, to get out of here. We retreated to the basement after that," Victor said.

"His mother has arthritis in her knees," Treva added. "But when that tree went through the front door, she was the first one out of here. She was moving."

"You could hear the trees falling all around us. There was this sickening sound — a pop — and then the slightest pause before the crash. You had that split second to wonder where it was going to fall."

Young Fran fan
sees the light

Writes Nicky Neulist of Raleigh: "Let me admit one thing as an overzealous teenager: Until about 7 o'clock Friday morning, I was Fran's biggest fan. I even put up with the 'eyewall' between 1:30 and 3:30 in the morning and still liked her. Once I got to assessing the damages in my Brentwood area, though, it was a rude awakening. I am still without power and phones, but my family was lucky. ... A 'leisurely stroll' around my block, unlike my house, showed some of the worst of Fran's fury. A red convertible was totaled under a tree; I could barely see the fender. ... Huge red clay craters lay where great oaks stood hours earlier. Power and phone lines sagged or were broken. The power lines were live; if you hit the end of one with an acorn thrown, the acorn would explode."

"From writing little F's on my tracking map to Fran's devastating assault to the aftermath, Fran has been one of the most memorable experiences in my 13-year life."

Bouncing back
from knockdown

Raleigh, Thursday: At first, the hurricane seemed like fun to Nicky Neulist, 13. But once she saw the damage in her neighborhood, Nicky considered the storm serious business.

STAFF PHOTO BY MEL NATHANSON

The kindness
of strangers

The 100-year-old oak trees groaned around James Sprague's Cole Mill Road home as they fought to stand in Fran's gusts.

"We lit the kerosene lights at 11:20 p.m. when the power went out. The wind was blowing so hard, the acorns sounded like bullets hitting our windows. I heard two of the trees fall. When we went out in the morning, it was pretty bad. We had 10 to 12 oak trees down. ..."

"Not long after we started working, we saw this couple drive up the driveway."

Several telephone calls produced names: Mark and Pam Marion of Oak Grove. When Sprague called to thank them again, Mark Marion asked what other help they might need.

"That next day, at 7 a.m., Mark was out at my father-in-law's cutting down a tree out there. But this time, we weren't letting him get away. My father-in-law said he had to take something, at least to buy a new blade for the saw he needed."

"Mark took the money, but he ended up donating it to someone who needed some clothes. They were so very, very nice. All of this has seemed unreal."

Clearing the way
for a new life

would take days. Then I looked over the top and saw a yellow hard hat. A guy yells, 'Where's the pregnant woman?' I told him. Then he yells, 'Where's your driveway?' I said, 'Under this pile.'

"They started cutting and winching logs out of the way as fast as they could. Even the neighbors were pitching in."

Somehow, the Nymans' pastor, who lived nearby, had reached the Wake Forest chief of police, also a congregation member. "The chief called the fire department. If it weren't for them, we'd still be behind that pile of wood."

"And if anyone asks — no. We are not naming the baby Fran."

Says Denise: "Oh no, definitely not. Her name's going to be Kristen. We don't want a little hurricane running around

ter beans. It's gone now. "Like I say, it's a mess. But we're gonna lick it."

Have you seen
my beach house?

Jackie Brown of Durham is still looking for her beach home on Topsail Island under all the white sand.

"It looks like it snowed down there. It's as if something came along, scooped it up and took it away. I don't think we'll ever be at peace with this until we find our house."

The day before Hurricane Fran hit, the family had just finished repairing damage from Hurricane Bertha, which cost about \$2,000.

"And we got the check in the mail Thursday. But we've only got enough coverage for about half of what it'll cost to put the house back up. There's nothing that'll replace the little things, like my mother-in-law's dining room set, and things like that."

"If I could just find the house, to have something from it. Naturally, we want our house back. But if we could just get a little something, that would mean so much."

Selfless helpers
are saluted

"I wanted to tell you about Sonny and Debbie Sherrill," said Ruth Compton of Raleigh. "He's administrator of a school that was just founded this year, North Raleigh Christian Academy. They have a large staff, a board of governors and nearly 400 students. His power was restored about 2 p.m. Friday, and he began calling his staff and board members. He gave up his bed. His wife prepared meals for about 20 people Saturday and Sunday. They offered showers, washing machines. They completely gave up their home for others."

Into battle with a
hand saw

In the Duplin County town of Albertson, Jackie Stroud tells of the visit she and her grandson Stuart Parker paid Saturday to an elderly neighbor, Alma Davis: "She had all the buckets I

empty a large plastic box full of rain." Cyril said. "At 2:25 a.m., I was coming back from stairs above a living room toward the second tree crashed on the garage roof. I was knocked down, a 10-inch-thick branch came through the roof and landed one foot from me. I sped down. I could not talk, but I was giving a clear message, 'Huui! Huui!' to my wife that I was alive."

The Cachas' son Roman, 3 1/2, observed that they now live in a tree house. "That's what he calls houses that have trees on them," his mother said.

"By Sunday, our yard was so neat, we got everything cleaned up but those big stumps. I said if we did not have two trees on the roof and one branch through the wall, nobody could tell that we had a hurricane here."

Petey the dog stays afloat

Skip Crayton of New Bern owns Al's Auto Salvage. Guarding the shop is a junkyard dog who stands about 10 inches tall. The white dog has a ring around an eye like the mascot of the "Little Rascals," movies, so Skip calls him Petey.

Friday night, after Fran came through, Crayton's auto salvage building flooded to 16 inches. When Crayton arrived at the building Saturday, he opened the door, and out with the tide came Petey.

The terrified dog hit dry ground and ran, hiding under a junked car. When Petey finally came out, Crayton saw that the dog was covered with black oil and mud — except his head.

"The dog swam for six to eight hours to stay alive," Crayton said. "After we cleaned him up, he wouldn't eat or drink. We were really worried. We put him in his bed under a desk, and he slept for two days."

Pecan tree rights itself

Loretta Merston, a librarian at N.C. State University, and her husband, Don, a State psychology professor, heard that sickening thud. A neighbor's 150-foot pecan tree had fallen on their roof.

Unlike scores of other fallen trees, the pecan righted itself during the night. "It made a couple of holes in the roof and scratched the bark, but by morning it was standing with a few roots in the ground," Merston said.

This week, with the fresh rains, the soil beneath the tree loosened further. And the tree's owners had fled to Washington, D.C., he said.

"Next time, it might come all the way through the roof."

the hours passed, there was little small talk over the roaring saws. When the group paused for cold beer and sandwiches, the couple said they had recently moved to Durham from their home in Mount Airy after Mark accepted a job with a mechanical contractor.

"I was still resting when he got up and said, 'I think I'm going to go over here and get started again.' And off he went, back to work," Sprague said. "They wouldn't take a dime, nothing from us, so we had to find out who these good people were. We did a little sneaking around."

Denise had already experienced three hours of false labor. All during the night, trees hit the house. By morning, the tree count on the house came to six, Victor said. "Our garage was cut in two and so was our car. I climbed out to the road and looked back up the 250-foot drive. Tree trunks were stacked 30 feet high. Basically, I was really scared. I was afraid we were going to have that baby in the house." Luckily, a family member who had arrived had two chain saws but, "When we got 75 feet in, I realized that this

come and gone." McArthur, director of community relations at Dorothea Dix Hospital in Raleigh, said a large oak tree hit the roof of her house on Beechridge Road, causing extensive damage. Her husband, Paul, an architect for the state, estimated the tree's weight at 80 tons. "Then we heard a click and knew a large pine had fallen across our pond. We had about 15 koi back there. You know what those are? Big goldfish. You know, koi are huge. Between 16 and 24 inches long."

"The next morning, we ventured out to look at the damage. People were walking all around. Two little boys said, 'Oh you want to see the biggest goldfish you ever saw?'"

McArthur followed the boys across Glenwood Avenue. "It was one of mine. My Israeli koi. In a little puddle in the street. It must have flown 100 feet from my backyard, over the roof, across Glenwood."

"Let's just say I have two small koi left. I've got water coming from the hole in the roof. It's going into the small bedroom. Down the hardwood hallway and might get into the den."

"It's not about the power being off... the damage to the house. It's about life's little tragedies. My friend's dog was blown into her swimming pool. That is what brought it home to me. That we are in serious trouble."

'We're gonna lick' this mess

Water poured into the Durham house of Miranda and Mickey Ellis the night of the storm. Then on Sunday, Miranda's emphysema forced her to go to the hospital.

"We've got my son, his daughter and their three children with us — 4, 2, and 1," says Mickey, 63. "My mother lives in another part of the house. We took her out to live with one of her daughters on Guess Road."

"We pulling up all the carpet out of the house, washing all the clothes that got messed up. The doors are swollen so much, you can't shut 'em. It's a mess. But we'll be fine."

"They're going to give [his wife] an oxygen tank and let her come home, so we're trying to get her room cleaned up, dried up for her."

"I miss my work. I work for Triangle Coatings in Morrisville. It's a painting company. We didn't have any bank account. We live from week to week on my paycheck. [Miranda] was working at the first of the year, but her emphysema got so bad, she had to quit."

"Got our power back Monday. Have to give Duke Power a hand for that. They did a good job. But we lost most of the stuff in the refrigerator and freezer. Had a garden with corn, okra, tomatoes, but-

"She told him that tree was too large, especially with a hand saw. He seemed to take it as a challenge. He sawed and sawed and would stop only to catch his breath."

For nearly an hour, as mosquitoes bit him, Stuart worked away. Finally, the tree gave way, and he dragged it to the side so that Davis could get her car out.

"I told him how proud I was," Stroud said. "This is something that he will always be able to remember about Hurricane Fran."

Feeding the masses

"Sunday is for going to church, that's right," said Gwen Stirling of Dunn. She and her husband Ernie operate Ernie's Buffet, normally closed on Sundays.

"But we got up at 3:30 Saturday morning and fed 163 people, then we fed 117 people at dinner. They're mostly repair workers, and they're here to take care of the community. They're all here working. We opened for them, because we knew they were hungry."

"Next day, we came in and made breakfast again, but not dinner. After Saturday, we were exhausted."

"No, we never did make it to church on Sunday. We go to Northside Pentecostal Holiness Church in Fayetteville. But we talked to our pastor, and he told us we were doing the right thing."

Neighbors make Good Christians

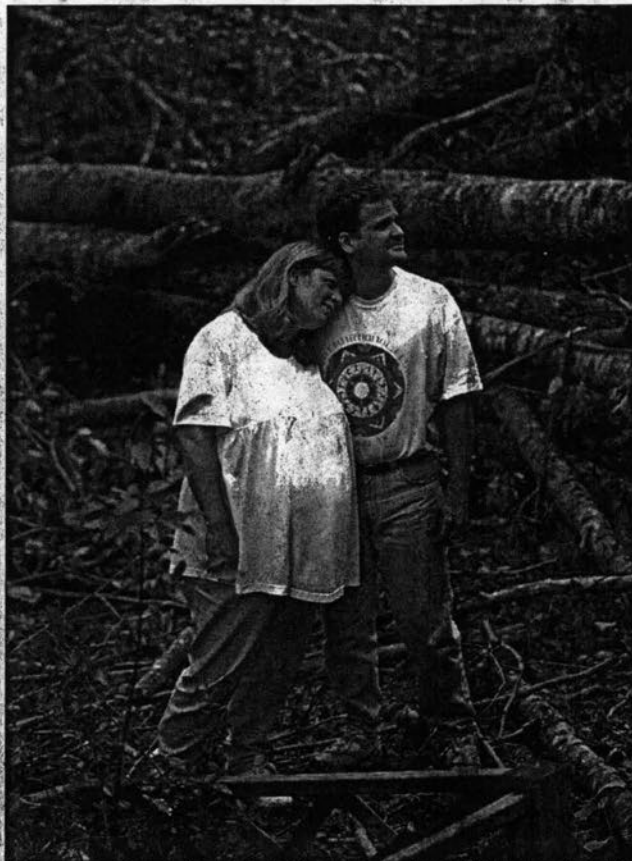
In the days before Rosh Hashana, which begins at sundown today, Jay Silverman of Raleigh writes:

"Frequently, I have heard the term 'Good Christian' when referring to someone. I always wonder what it means. Does it merely signify one who is a faithful follower of the faith? Hurricane Fran has taught me, in large measure, the true meaning of 'Good Christian.' These are neighbors who have helped their Jewish neighbors living among them."

"My wife and I found it difficult managing for ourselves. These neighbors provided us with cooked meals, bags of ice and cleared some of the debris, enabling us to get out of the house! (Sunday morning, we were awakened to hot scrambled eggs, buttered toast and coffee.) Above all, they sustained our morale."

"If this is some part of being a Good Christian, then let their tribe increase."

Compiled by Michelle Aurlio, A. Sherrod Blakey, Amanda Garrett, Allison Hampton, Scott Huler, Pamela Tandy and Anne Saker.



Wake Forest, Thursday: Denise and Victor Nyman were afraid they'd be unable to get to the hospital because falling trees had blocked their driveway. Neighbors and strangers helped them out. As it turned out, their baby wasn't in a hurry.

STAFF PHOTO BY MEL NATHANSON

FRIDAY, SEPTEMBER 13, 1996

A WEEK TO REMEMBER

THE NEWS & OBSERVER 9AA

CHAOS AND CLEAN-UP

Wilmington, Sunday: Few places were spared the storm's effects. E.T. Townsend cut wood the old-fashioned way at the Wilmington National Cemetery, in hopes of righting the fallen headstone.

STAFF PHOTO BY CHUCK LIDDY



On every street, a helping hand



Raleigh, Friday: Flooding in the city was surprising — and dangerous. An unidentified rescuer offered a boat ride to Terence Chandler, center, caught in rising water in the parking lot of his employer, Al Smith Mazda, as Johnny Selph assisted Chandler to safety.

STAFF PHOTO BY GARY ALLEN

VOICES



Durham, Wednesday: Utility crews, facing a massive job, worked 12-hour shifts for days after the storm. Duke Power lineman Marty Jacobs, one of more than 30 Durham-based crews, anchored a damaged pole to a new one at Roxboro Street.

STAFF PHOTO BY HARRY LYNCH

Hurricane Fran knocked out power to more than 1 million households and businesses throughout the Piedmont and Eastern North Carolina. Daily life took a step back in time as people cooked, cleaned and coped without electricity, telephones, ice and bank machines. Fallen trees and power lines blocked streets and sidewalks and closed public parks.

Help came from everywhere. Thousands of utility workers from several states. Hundreds of tree crews. Ice trucks from out of town. Firefighters, police officers, street crews, rescue squads and relief workers. And with them, people from just up the street or around the corner.

Strangers pitched in to help cut up trees and clear yards. Neighbors joined together for candle-lit cookouts of perishable food. Grocery stores gave out free bags of ice and hotels opened their rooms for hot showers.



Raleigh, Saturday: Chain saws weren't much good unless they were working. Meredith Blackwood waited for repairs at Wilson's Outdoor Equipment, with more than 50 others.

STAFF PHOTO BY COREY LOWENSTEIN



Raleigh, Sunday: National Guardsmen Michael Wadel and Eric Roten dismantled a fallen tree at Governor Morehead School for the Blind, which lost half of the big, old trees on campus.

STAFF PHOTO BY RYAN JONES



Wrightsville Beach, Tuesday: Volunteer firefighters from across the state trekked to the devastated coast to help. An exhausted James Hawkins, who came from Stoney Point, caught a nap in the bay of the Wrightsville fire department.

STAFF PHOTO
BY CHUCK LIDDY

just went ahead."

**Norma Christopher
of Raleigh about her
fallen pear tree**

♦ ♦ ♦

"They were like angels on Sunday afternoon."

**John W. Wardlaw, Jr.,
after St. Mary's students Hannah
Whitfield and Suzanne
Page found him struggling
to remove a tree from a
crushed car**

♦ ♦ ♦

"It was like camping and bonding with the neighbors. I had always wondered what it was like when I saw hurricane victims on TV. Now I know."

Liza Shaw of Raleigh

♦ ♦ ♦

"That bakery was a lifeline for people without electricity in Durham."

**John Valentine of Hillsborough
on Frank Ferrell, who opened
his Ninth Street Bakery right
after the storm**

♦ ♦ ♦

"I don't want them to stay at home and rest. I want them to stay home and work."

**Gov. Jim Hunt, in giving
nonessential state employees
time off to repair their homes**

SO MANY TREES



Knightdale, Tuesday: An all-too familiar sight across the Triangle during the past week — large trees uprooted and blown across houses. In this case, in the Planter's Walk subdivision off U.S. 64 east, a tree cut through the center of the house like a big knife through a giant birthday cake.

STAFF PHOTO BY CHRIS SEWARD

A fallen forest

of old friends

VOICES

"Landscaping by Fran."

Sign spotted by Nora Cambler of Raleigh outside a Medfield Road house with significant outside damage

♦ ♦ ♦

"I like the flashlights, and we climb on the big tree."

Damian Craig, Durham kindergarten

♦ ♦ ♦

"When you think of all the trees that fell, it's amazing that more of them didn't fall on houses — or people."

Sandy Heard, Durham.

♦ ♦ ♦

"We've had a lot of injuries already, related to people using chain saws. People are being attacked by wood on various parts of their bodies."

Janice Frohman, Wake Medical Center

♦ ♦ ♦

"We've got a lot more sun back there. I guess we can start a vegetable garden."

Jeff Evans, Raleigh, on loss of trees in neighborhood.

♦ ♦ ♦

"This isn't the worst storm we've ever had, but it's not that far from it."

Tom Williams, Duke Power spokesman

When dawn broke Friday, the first sight for many was trees uprooted by Hurricane Fran. Thousands of tall, majestic trees that had weathered hundreds of storms were toppled like dominos, smashing houses and cars, tearing down power lines and blocking roadways.

The buzz of chain saws became the music of neighborhoods along Fran's path, and curbsides disappeared under piles of tree trunks and limbs. The amount of debris was staggering: for instance, an estimated 135,000 tons in Raleigh is equal to a normal year-and-a-half worth of garbage.



Raleigh, Sunday: Vehicles took a beating from Fran. Here Andrew Alexander, top, owner of the station wagon, commiserated over the losses with Tensha Ford, center and her father, Lawrence Ford.

STAFF PHOTO BY JUSTIN CARLSON



Cary, Sunday: The big storm prompted a massive cleanup effort, both public and private. Gary Guido hauls chunks of a fallen pine at a friend's house.

STAFF PHOTO BY CHRIS SEWARD



Wendell, Friday: People who owned chain saws (and knew how to use them) became heroes as they made short work of fallen timber. Victor Boykin makes his blade sing as he tackles a tangle of big pines.

STAFF PHOTO BY CHRIS SEWARD

THE LIVES LOST

TRIANGLE DEATHS



■ Jackson Edward Griffin, 17, of Raleigh, presumed drowned in Crabtree Creek.

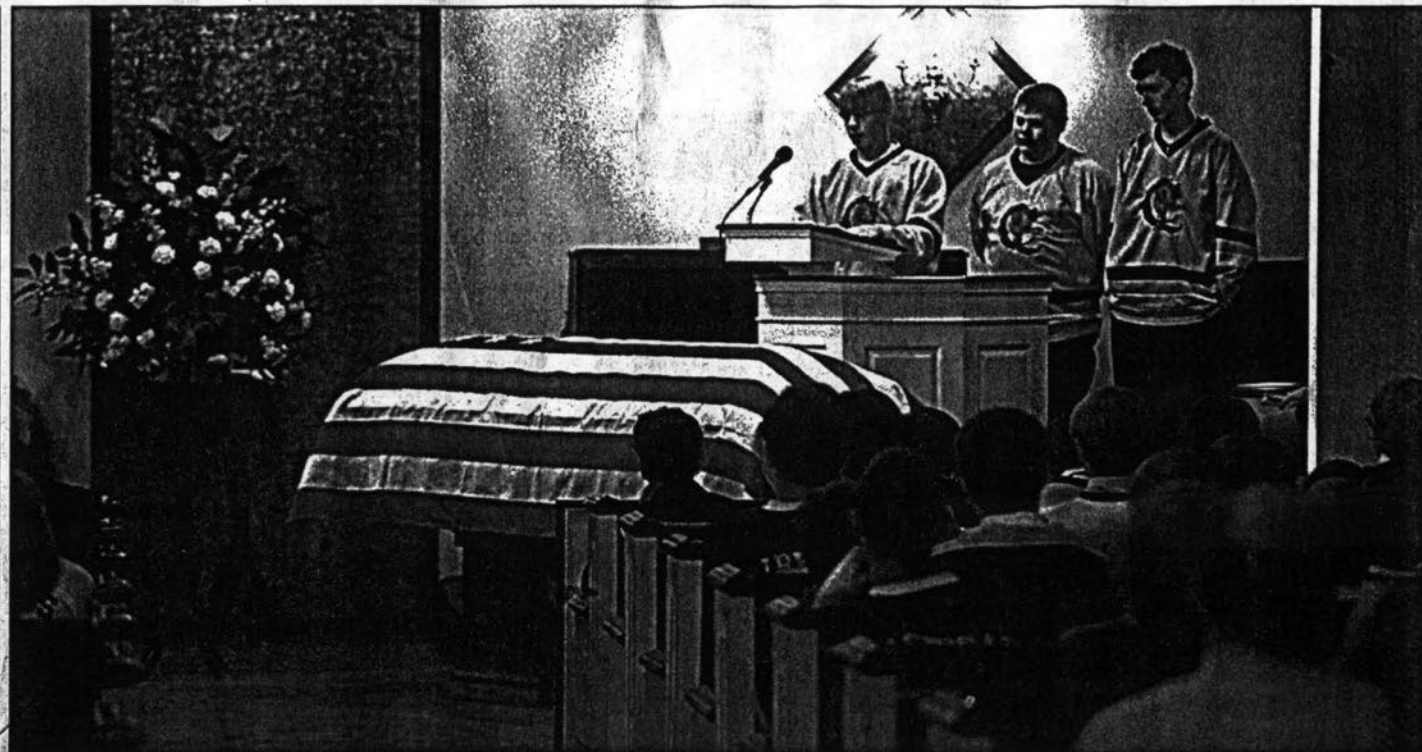


■ Ricky Dorsey, 19, Bahama, volunteer firefighter killed on the job.



■ Walt DeYoung, 42, youth hockey coach from Zebulon, died from injuries suffered in cleanup.

■ Richard A.



Knightdale, Tuesday: The storm changed some young lives forever. At the funeral for their coach, Walt DeYoung, who died in an accident after the storm, three members of the Carolina Youth Hockey team stood to talk about what he had meant to them.

STAFF PHOTO BY JOHN ROTTET

A time to mourn

Some died trying to flee Hurricane Fran, while others died trying to clean up what Fran had left. While there is no official count, it appears that Fran claimed 22 lives



Durham
 ■ Donald Davis,
 in his 70s, Johnston
 County

■ Mary Bland
 Reaves, 67, Raleigh

ELSEWHERE IN NC

■ Ronald Lee
 Bogg, 40, Sanford

■ Barbara H.
 Collins, 53,
 Maysville

■ Francis Cormi-
 er, 78, Bladenboro

■ Wade Thomas
 Daniels III, 28, died
 in Robeson County

■ Stadler Lee Day,
 42, Roxboro

■ John Dederick,
 55, Belhaven

■ Cristina Marie
 Foust, 18, Onslow
 County

■ Georgia
 Greene, Surf City

■ Raymond Har-
 rell, 42, Jackson

■ David Jessup
 Jr., Greensboro

■ James Roberts,
 22, Dudley

■ Nancy Zachary
 Rose, 67, Belhaven

■ Marion Rouse,
 in her 90s, Rose Hill

■ Lance Cpl.
 Steve A. Sears, 19,
 Shirley, Ark., died in
 Onslow County

■ Curtis Wayne
 Warren, an eighth
 grader, Alamance
 County



Raleigh, Sunday: Crabtree Creek claimed a life when flood waters engorged it. Canoeists searched for Jackson Edward Griffin, 17, who disappeared in the rushing waters of the creek after the storm.

STAFF PHOTO BY JOHN ROTTET

student was pulled
 under the roiling water
 of Crabtree Creek
 while he was floating
 over an impromptu
 waterfall with friends.

A beloved youth hockey coach bled to death after a tree fell on his leg during the cleanup. A 67-year-old Raleigh woman died when a giant tree toppled onto her trailer. A 19-year-old firefighter died when a tree fell on the truck he was driving while responding to an emergency call.

Storm survivors grieved together for those loved ones Fran took away. They held close to them the precious memories that even Fran, for all its fury, could not destroy.



Durham, Monday: In saying goodbye, mourners find common ground in their memories and their grief. Firefighters comfort one another at the funeral for Ricky Dorsey, a 19-year-old Bahama volunteer who was killed by a falling tree on his way to a wreck during the storm.

PHOTO BY JULIAN HARRISON



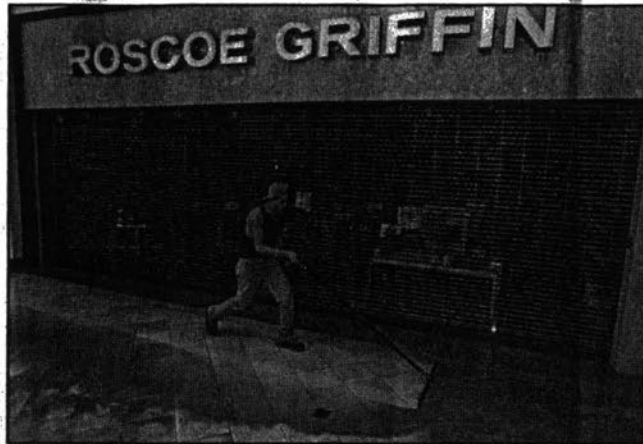
Raleigh, Friday: Falling trees caused several deaths. Neighborhood children came to see a mobile home where Mary Bland Reaves was killed in the storm.

STAFF PHOTO BY GARY ALLEN

THE COST TO PROPERTY

Raleigh, Saturday: Indoors and out, people were mopping up over the weekend. Gabriel Moreano clears away some of the 4 inches of water that flooded the lower level of Crabtree Valley mall.

STAFF PHOTO BY SCOTT SHARPE

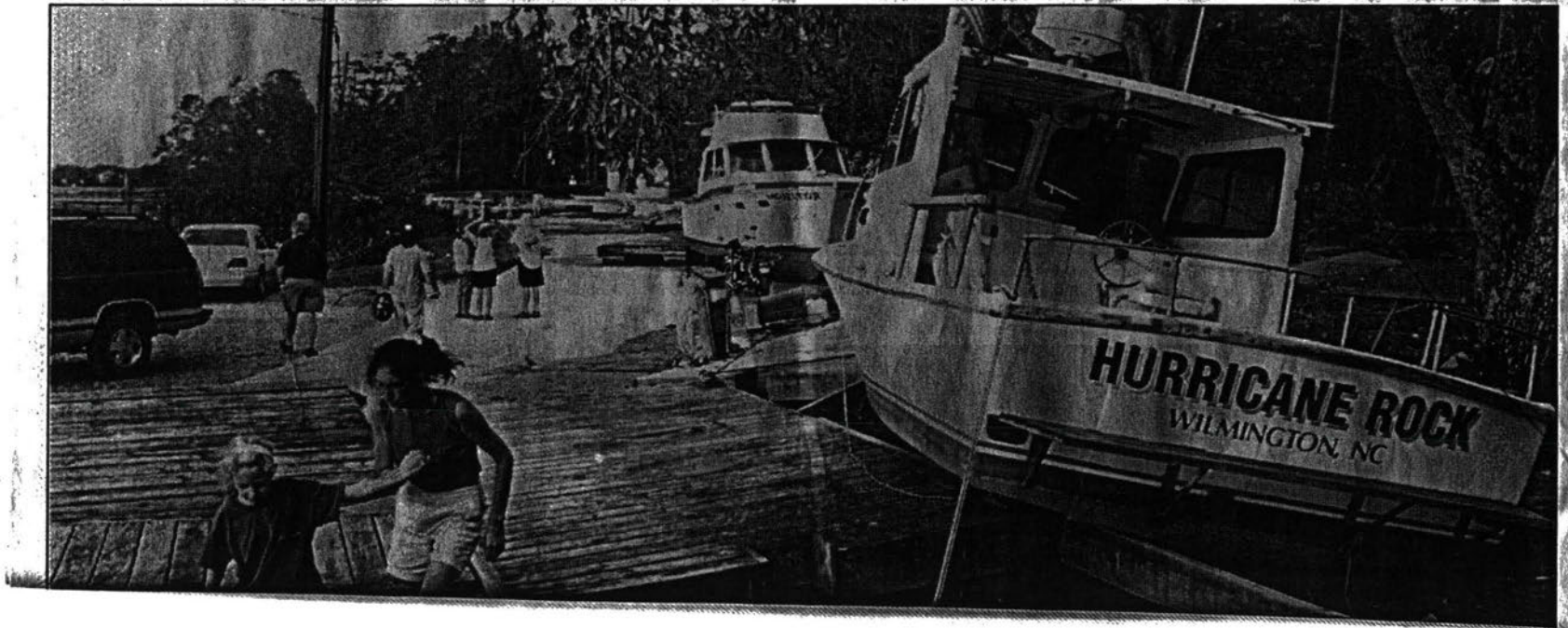


Worldly goods, gone

Entire rows of oceanfront homes were lost at some beaches, while others washed out to sea when the sand eroded from under them. Boats were submerged, and fishing piers were destroyed.

As the storm moved inland, it destroyed thousands of acres of crops. Corn and tobacco farmers took the hardest hits, both in their fields and in their barns.

Wherever it went, Fran tossed trees onto cars and houses. The storm caused flooding that washed out basements, soaked personal possessions and tore up roads. But some found a bright side: with fewer trees, they said, their gardens might thrive. And the weekend forecast called for some sunshine.



Wrightsville Beach, Friday: Along the coast, the storm left boats on high ground, houses in shambles, trees in splinters. The next morning, curious residents checked out the scene along the Intracoastal Waterway and found boats and docks washed onto the road.

STAFF PHOTO BY ROBERT WILLET



Topsail Beach, Monday: Fran hit Topsail Beach at full force, washing new ocean inlets through the island. Resident Becky Lenker raised her coffee cup in a salute to utility workers from the porch of her demolished home.

STAFF PHOTO BY CHUCK LIDDY



Durham, Monday: After Fran was gone, hard-hit Carolinians turned their energy to salvage. Pauline Richmond tried to separate the wet pages of her family Bible, after the Eno River caused flooding in her neighborhood.

STAFF PHOTO BY HARRY LYNCH

New Bern, Friday: For tobacco farmers, the storm meant massive losses. Plants in the fields were destroyed by wind and water, and, as Douglass Smith discovered at his neighbor's farm, tobacco in curing barns was ruined when the power failed.

STAFF PHOTO BY MEL NATHANSON

