

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	From Ambassador Tim Chorba (2 pages)	11/22/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 8119

FOLDER TITLE:

Chron Files: Wednesday, November 27, 1996

2019-0774-S

rs3340

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

CHRON

—

~~you got that this~~
~~Don't like Clinton~~

THE PRESIDENT HAS SEEN

11-27-96

Tony Bove ~~the boy~~ ~~Be~~ Aug. 31, 1996

Chron
copy

I got to shake the President's hand. I also got to see Mrs. Clinton and their daughter Chelsy. I think Chelsy is a nice lady. I gave her a shirt as a gift. I like our President. I like him because he fly's all over the world trying to find famous people and have lunch with them. Sometimes I like President Clinton's speeches and sometimes I think they are boring. That is all I would like to say. But one more thing I have a good feeling he will be our next President.

12-2-96

Todd -
After you have
seen, we will
send to Dorskind -

JIM DORSKIND:
Please Coordinate
the reply.

From Tony Bove, Age 9

1801-D Fox Blvd.
Honolulu HI 96818

Withdrawal/Redaction Sheet

Clinton Library

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Lake ✓

Quinn ✓

Klein ✓

ENCRYPTION

11-27-97
VPital Fx-BK
THE PRESIDENT HAS SEEN

BIG BREAKTHROUGH —OR BIG BROTHER?

Washington may like key recovery, but privacy hawks don't

For the Royal Dutch/Shell Group, the electronic messages zipping among its 120 far-flung companies "represent the glue that holds the corporation together," says Shell encryption expert Nick Mansfield. But the messages must be kept from prying eyes. In the Dark Ages before computers, Shell sent sensitive telexes in code. And now, as the Netherlands-based oil and chemical giant launches a global network for its internal communications, piggybacked on the Internet, it is counting on sophisticated encryption technology to keep its secrets safe.

Shell is one of hundreds of companies that understand how critical cryptography is to a wired world. Without it, "we won't have real electronic commerce or electronic banking," says Kawika Daguio, technology maven at the American Bankers Assn. But Shell's new web isn't just on the cutting edge of the Information Age. It also offers hope that industry and government are finally finding a solution to a raging policy debate that pits the needs of law enforcement against the right to privacy.

The central question is what type and level of encryption U.S. companies are allowed to export. In recent years, encryption technology has become so sophisticated that a personal computer can apply codes that government experts can't crack. FBI officials and the code-breaking spooks at the National Security Agency fear that such unbreakable cryptography will be used by terrorists, child pornographers, and other nasty characters. As a result, the U.S. government has long tried to limit the spread of the technology around the world with strict export controls. It used the export restrictions to encourage domestic use of technologies that would give the government—in criminal investigations, for example—keys to decipher the code.

CUI BONO? In 1993, the Clinton Administration pushed a government-developed chip dubbed Clipper that gave law enforcers the key to a secret "backdoor," allowing them to read any coded message. Industry, fearing government intrusion, violently rejected it. The Administration made a series of small compromises, but they, too, were rejected. Finally, in Oc-

tober, the Clintonites decreed that firms could export even the strongest cryptography. The main condition was that companies maintain access to their own keys and agree to hand them over in response to warrants or court orders. "Two years ago, imagining that the government would allow exports of cryptography of unlimited strength was like imagining during the Cold War that the Berlin Wall would fall," says Stephen T. Walker, CEO of Trusted Information Systems (TIS) in Glenwood, Md.

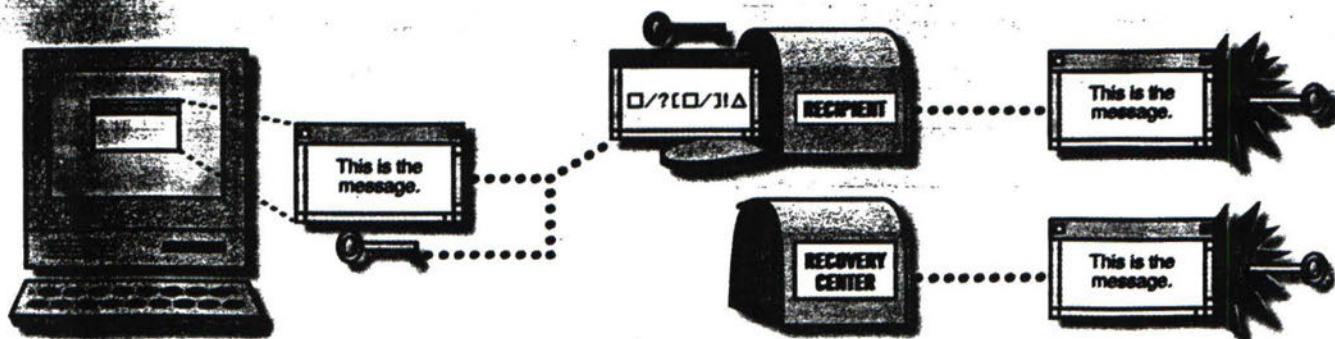
Nevertheless, the new policy raised the hackles of everyone from right-wing conservatives and privacy advocates to some software executives. Republican representative Sonny Bono of California doesn't want the FBI to have access to keys because "I absolutely don't trust them," he says. And software execs argue they're losing foreign sales to overseas competitors who aren't bound by the restrictions.

Some of this opposition will never fade. Philip Zimmermann, creator of a legendary cryptography program called Pretty Good Privacy, would like to "roll back the clock to a time when every conversation was private." But many experts predict industry will eventually go along. Much of the current criticism, they contend, represents a simple lack of understanding of the companies' own need to access or "recover" encoding keys.

Most firms are only now beginning to think about how to ensure security as they hook up to public networks, says James Hurley, cryptography expert at the Aberdeen Group, a Boston consulting and research firm. They haven't yet gotten to the next stage of deciding

HOW KEY RECOVERY WORKS

This is the way a company can retain the ability to read encrypted messages if employees lose their keys.



1 ENCRYPTION An employee creates a message that is encrypted with a "session key" generated by the system.

2 TRANSMISSION The key is also encrypted. The message and key are sent to the recipient. The recovery center also has the ability to unlock the key.

3 RETRIEVAL The recipient decrypts the key and uses it to read the message. If the company needs to read the message, it does the same.

how they are going to manage cipher keys. "When I talk to end users about this, they don't know key recovery from a hole in the wall," he says.

In contrast, savvy customers are realizing the importance of key-recovery technology. For Shell execs to maintain control of their vast empire, "they must be able to look at any of the messages that flow around the group of companies," explains Mansfield. "With encryption, that requires central control of keys."

Meanwhile, to meet the anticipated demand, computer suppliers are launching new products that offer key access.

Hewlett-Packard, for example, is about to announce a hardware system that allows customers to use whatever type of encryption or key management will fit their needs—and their government's policies. "We believe this solves the problem," says H-P Vice President Rick Sevcik.

ESCROW SCHEME. Today, most encryption schemes use so-called public-key cryptography. Complicated math allows

senders to use one key, which is made public, to garble a message. But only the recipient with the corresponding private key can decipher it.

But what happens when employees lose their private keys or leave the company? How can companies gain access to their files? One method is to simply keep copies of every private key in escrow.

For instance, each time Nortel Secure Networks' "Entrust" encryption product generates a new public and private key pair for a user, "the private key is backed up and put in the server," explains Brad Ross, director of business development for Nortel.

But this so-called key-escrow scheme isn't ideal. For one thing, the backup keys must be kept under tight security—and there are unanswered questions about liability if the security is breached. In addition, law enforcers who use a search warrant to obtain a private key would then have access to everything encoded by the key, not just a few relevant documents or messages.

TIS's Walker thought there must be a better way. So he came up with the notion not to save messages or private keys—but simply to give companies the ability to recover the keys used to encrypt messages. A company can then decrypt the key and decode just the relevant message. But the sender's key remains private, safe from both company execs and federal agents.

There are still practical hurdles before the technology can become widespread. Communications software must be adapted, and legislation will be needed to clarify the liability issues for key-recovery centers. The Administration is currently working on a draft bill. And whether key recovery becomes a global solution depends on whether other governments sign on to the idea.

But a trend is beginning to emerge. Administration critic James Bidzos, CEO of RSA Data Security Inc. in Redwood City, Calif., concedes, "we are seeing the market move to emergency access [of keys]. If the government wants to say 'we were right,' let them." No doubt the fight over cryptography will continue. But ultimately, today's battles may seem as distant as the Cold War.

By John Carey in Glenwood, Md.

Can backup keys be kept secure enough? Who would be liable in the event of a breach?

search: sports fan + rabid

Looking for something? Excite on Sun.

Sun, one of the biggest, smartest powers behind the Internet, is now the power behind one of the biggest, smartest search engines on the Web—Excite. PC World was so impressed they gave them an A+ and said, "Quite simply, Excite delivered what we were looking for better than any other engine." All we can say is way to go team. **THE NETWORK IS THE COMPUTER™**



chron

THE PRESIDENT HAS SEEN

11-27-96

November 21, 1996

NOTE TO: THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*

I thought you might like to have this memento of Cardinal Bernardin's funeral services.
He carried this prayer with him everyday.

Thank you very much -
BC

Century, First Annual Report on Implementation of the
Recommendations of the 1995 WH Conference on Small Business,
which was sent to 18,000 participants.

Chrom

Baer has original report

THE WHITE HOUSE
WASHINGTON

September 4, 1996

THE PRESIDENT HAS SEEN
11-27-96

To Baer

Dear Friend:

I am pleased to provide you with the First Annual Report on Implementation of the Recommendations of the 1995 White House Conference on Small Business. This document highlights my Administration's efforts to respond to the concerns and suggestions you and others helped to raise through the White House Conference process.

Let me also take this opportunity to thank you again for your participation. We are making real progress in addressing the needs of the small business community, and the Conference was a good example of democracy at its best -- citizens working with the government to find solutions to America's problems.

Be assured that I remain committed to addressing the remaining small business agenda and look forward to your continued counsel and involvement.

Sincerely,

Bill Clinton

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U.S. Small Business Administration

Championing America's Entrepreneurs

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*First Annual Report
on Implementation of the Recommendations of the
1995 White House Conference on Small Business*

Washington, D.C.:
U.S. Small Business Administration
1996



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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

November 25, 1996

Copy to Solicitor
Leon

MEMORANDUM FOR: The President

THROUGH: Leon Panetta, Chief of Staff

FROM: Henry G. Cisneros

SUBJECT: Federal Response to the Civil Disturbances
in St. Petersburg, FL

On Monday, November 18, Mayor David Fischer met with Chief of Staff Leon Panetta to request federal involvement in a redevelopment effort for St. Petersburg. The Chief of Staff asked me to coordinate the federal response and my first step has been to visit St. Petersburg over the last weekend. During that time, I met with municipal leaders, civil rights leaders, neighborhood associations, public housing residents, clergy, law enforcement officials, youth representatives and potential employers (see attached itinerary which includes a partial listing of meeting participants).

It became clear from these discussions that there are long-simmering tensions which have characterized the history of race relations in St. Petersburg. The clearest evidence of continuing disaffection is the virtually unanimous view of the African-American community of mistreatment at the hands of the St. Petersburg Police Department. African-Americans of all income and professional groups describe personal encounters with the police and harbor resentments which lead me to conclude that all other redevelopment efforts will be in vain unless substantial progress is made in redefining police and community relationships.

Beyond the police issues, the community strongly advocates the creation of economic opportunities and the inclusion of African-Americans in every aspect of redevelopment. Job creation, training, educational opportunities, and housing were the focal points of the community's recommendations.

The White House staff facilitated the participation in St. Petersburg this weekend of seven Federal Departments (HUD, DOL, DOC, SBA, EPA, DOJ and ED: a list of the taskforce members is attached) and the result was the drafting of a plan for federal cooperation. The elements of that plan are described below with recommendations for how to coordinate federal efforts with local leaders and how to staff the effort in the weeks and months ahead.

The Federal Task Force plans to reconvene in St. Petersburg for follow-up actions in mid-December.

I. RECOMMENDED FEDERAL ACTIONS

The Federal Task Force recommends the following agency actions to address the problems of St. Petersburg.

SMALL BUSINESS ADMINISTRATION (SBA)

-- **Declaration of Disaster.** SBA will present findings from its recent survey that indicates that a declaration of disaster is warranted for the affected areas. It is expected that SBA Administrator Phil Lader will sign the declaration today and SBA will have a field office in operation tomorrow to provide disaster assistance and loans to homeowners, renters and small businesses.

-- **Local Presence.** SBA will enhance its local presence to develop short and long-term plans to assist locally-owned minority small businesses with financial, management, technical and procurement assistance, as well as counseling on starting and operating a small business. Initiatives include: minority small business pre-qualification loans; small business capital needs forum; a micro-loan program for loans of \$10,000 or less; and identification of minority business procurement opportunities in the private and public sector, as well as franchising opportunities.

SBA will also assist with regional economic development to encourage business expansion, job creation and relocation.

DEPARTMENT OF LABOR (DOL)

-- **Job Center.** On November 4th, the Florida Department of Labor and Employment Security (FDLES) committed \$100,000 to set up a job placement and referral center in the affected areas (located at the Enoch Davis Community Center). To date, FDLES has screened and referred 150 applicants from the area.

Within the next two weeks, the FDLES will move out of Enoch Davis and expand operations into a temporary Employment and Training Business Development Center. Two staff will be dedicated to provide comprehensive direct placement assistance, job training and referral, and business and entrepreneurial development services.

-- **Economic Planning.** FDLES will assist the community in planning to recover from the recent disturbances.

-- **Work Opportunity Tax Credit.** FDLES will market the "work opportunity tax credit" and the DOL-sponsored federal bonding program for the employment of ex-offenders.

-- **Youthbuild.** DOL will commit funds through various grant sources to sustain Youthbuild. DOL will seek to expand the program through its School-to-Work initiative.

-- **The Chronic Unemployed.** DOL will expedite consideration of the FDLES's National Reserve Activities proposal to assist the long-term unemployed in the affected area, with additional resources from FDLES Title III grants.

-- **Job Training.** DOL will assist the Pinellas County Workforce Development Board in exchange and exploration programs with other model programs. FDLES will provide customized recruitment and job readiness training for businesses in the affected area.

ENVIRONMENTAL PROTECTION AGENCY (EPA)

-- **Brownfields.** EPA will commit to award a Brownfields Redevelopment grant for about \$200,000 to the City to provide funds for site assessment, environmental cleanup and economic redevelopment activities.

-- **Job Training.** EPA will commit to award a Job Training grant for about \$200,000 to a local community college or university to train city residents to do environmental assessment and cleanup, lead abatement and asbestos removal. This training will be coordinated with the Departments of Labor, Education and HHS.

-- **Toxic Clean Up.** EPA will conduct targeted site assessment and emergency response support to the city of St. Petersburg in areas where known or suspected hazardous substances contamination has been identified. This represents about \$100,000 in EPA funds.

-- **Urban Environmental Initiative.** EPA will consider designating the city of St. Petersburg as one of four pilot cities for its "Urban Environment Initiative," where EPA will work to remove regulatory impediments to redevelopment, focus on multi-media (air, water, solid waste, etc.) environmental problems, and find innovative solutions to urban environmental problems.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

-- **Public Housing.** HUD will make available approximately \$5 million towards the revitalization of the Jordan Park public housing development. \$2.5 million will be redirected from Laurel Park unused replacement funds. Another \$2.5 million will come from unreleased proceeds from the sale of public housing units (previously sold by the Housing Authority).

These funds will be made available to facilitate a new plan that is responsive to resident and community concerns for preventing displacement of current residents, generating local jobs and providing other economic opportunities.

Using at least \$250,000 from the Economic Development and Supportive Services program, HUD will also create a Campus of Learners at a public housing development. This will be linked to the National Cities in Schools program, local business employers, and supportive services to assist public housing welfare recipients entering the workforce.

-- **Affordable Housing.** HUD will partner with Habitat For Humanity to build new affordable housing in the distressed areas.

-- **Economic Development.** HUD will "fast track" any applications for Section 108 loan assistance (St. Petersburg is eligible for up to \$12 million) for economic development (e.g. commercial rehabilitation, small business loans), building neighborhood public facilities, and constructing or rebuilding housing. These first loans will be focused on bringing a vehicle restoration facility and a retail shopping complex into the neighborhood.

-- **Technical Assistance.** HUD will provide technical assistance: a) to assess public safety and community policing needs within public housing areas; b) to the Housing Authority to educate them on the resubmission of their HOPE VI public housing application; and c) to the city and neighborhood non-profits to expand or create more affordable housing.

DEPARTMENT OF COMMERCE (DOC)

-- **Declaration of Economic Distress.** DOC'S Economic Development Administration has designated the city of St. Petersburg as eligible for assistance as a community experiencing "sudden and severe economic distress." Under this declaration, the city is eligible for grants in public works, technical assistance, economic adjustment, planning, and funding for revolving loans. Additional assistance may be possible through the Minority Business Development Agency.

DEPARTMENT OF EDUCATION (ED)

-- **Racial Reconciliation.** ED will select St. Petersburg as one of four communities nationwide that will receive training for teachers, parents and school administrators to learn how to prevent and cope with hate violence and promote tolerance among youth. This assistance will be integrated with existing school programs. ED will have representative and technical assistance personnel in St. Petersburg in December.

DEPARTMENT OF JUSTICE (DOJ)

Given the significance of the police-community relations problems, the Justice Department has a special role to play in St. Petersburg.

-- **Community Relations Assistance.** DOJ will provide technical assistance and training to strengthen community-police relations.

-- **Weed and Seed.** DOJ will step-up current work with city and community leaders to prepare a "Weed and Seed" application (grant funds can be used for a wide range of law enforcement and community revitalization efforts) and will then expedite application review.

-- **Community Relations Review.** DOJ will work with the St. Petersburg Police Department to conduct a review of police operations and procedures as well as an overall review of the Department's ongoing relationship with the community at the appropriate time. It is recommended that this review be coordinated with inquiries presently being conducted by the U.S. Civil Rights Commission and the U.S. Attorney.

II. OVERSIGHT OF THE FEDERAL EFFORT

We recommend creating a local advisory board to assist the Federal Task Force. The local advisory board should have the power to approve or veto the recommendations of the Task Force and provide guidance concerning the use of federal funds and assistance targeted to the recovery of St. Petersburg.

The advisory board will help ensure broad-based community input and will be composed of eleven members. Membership will be composed of: five representatives of the Coalition of African-American Leadership; three persons selected by the St. Petersburg Chamber of Commerce; and three selected by the Mayor. It will be co-chaired by one of the five representatives selected by the Coalition and a person designated by the Mayor from among the other six persons selected.

A federal official will be designated to serve as the federal coordinator to ensure the implementation of the Task Force's recommendations and to work with the community and local officials in the coming year. Reginald Turner, the White House Fellow at HUD, will serve as the principal point of contact in the interim period until the federal coordinator assumes the post in St. Petersburg.

Approval of these recommendations will set in motion the following course of action:

A) Follow-up actions to confirm each agency's proposals, and direction to begin implementing them in St. Petersburg.

direction to begin implementing them in St. Petersburg.

B) Notice to St. Petersburg officials that the preliminary recommendations the Federal Task Force made are on track and that the local advisory board should be constituted.

C) I would recommend, Mr. President, that you announce this package of actions by satellite hook-up and direct the Federal departments to proceed. This could be done Wednesday, Friday, Saturday, or next week. An audience of community leaders can be assembled in St. Petersburg to hear the President's message.

Attachments

cc: Kitty Higgins
Marcia Hale
Alexis Herman

APPENDIX: ITINERARY OF SECRETARY CISNEROS AND FEDERAL TASK FORCE
IN ST. PETERSBURG, FL

Saturday, November 23, 1996

- 3:30 Meeting with Youth Representatives
- 4:00 Meeting with the Coalition of African-American
Leadership
Sevell Brown, Chairman, SCLC
- 6:00 Tour of Jordan Park public housing
Meeting with resident leaders
- 7:30 Dinner with ministers

Sunday, November 24, 1996

- 9:00 Meeting with the St. Petersburg City Council
- 11:00 Church services
- 1:30 Meeting of the Federal Task Force
- 4:30 Meeting with Neighborhood Association leaders
- 5:00 Meetings with potential employment sources

Retraining Industries and Skills Enhancement
(Jeep rehabilitation)

Hunter Douglas Inc.
(Manufacturer of small home appliances)

Kennedy Frost Investments
- 7:00 Meeting with Chief of Police, Daryl Stephens
- 7:30 Meeting of the Federal Task Force

Monday, November 25, 1996

- 8:30 Meeting with Joe Waller, Leader of the National
People's Democratic Uhuru Movement
- 9:30 Presentation of Federal Task Force findings
and recommendations to city and community leaders.

FEDERAL INTERAGENCY TASK FORCE ON ST. PETERSBURG

Department of Housing and Urban Development

451 7th Street, SW, Washington, DC 20410

		<u>Office Number</u>	<u>FAX Number</u>
Secretary Henry G. Cisneros	Task Force Chair	202-708-0417	202-708-2476
Gloria J. Cousar	Deputy Assistant Secretary for CRI Room 4126	202-619-8201	202-708-0690
Reginald M. Turner	Special Assistant to the Secretary Room 10224	202-708-1781	202-708-4087
Kenneth Williams	CPD Deputy Assistant Secretary Room 7214	202-401-6367	202-401-8939

Department of Commerce

William Day	EDA, Regional Director 401 W. Peachtree St., NW, Room 1820 Atlanta, GA 30308	404-730-3002	404-730-3025
Wilbur F. Hawkins	EDA, Deputy Assistant Secretary 14th & Constitution, NW, Room 7804 Washington, DC 20230-0002	202-482-4067	202-273-4781

Department of Education

400 Maryland Avenue, SW, Washington, DC 20202

Michele Cavataio	Chief of Staff to the Deputy Secretary	202-401-1000	202-401-3093
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Department of Justice

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Office Number**FAX Number**

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Deputy Asst. Attorney General

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Environmental Protection Agency

Timothy Fields, Jr.

Deputy Assistant Administrator
401 M Street, SW, Washington, DC 20460

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Richard D. Green

Acting Director
Region IV Waste Management Division
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Atlanta, GA 30303

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Small Business Administration

Office Number

FAX Number

Charles Anderson	District Director 1320 South Dixie Highway, Suite 301 Coral Gables, FL 33146	305-536-5533	305-536-5058
Travis Brown	Disaster Assistance Coordinator (Atlanta)	404-347-3771	404-347-4183
Darryl Dennis	Counselor to the Administrator 409 3rd Street, SW, 8th floor Washington, DC 20416	202-205-6459	202-205-7652
Billy Paul	Regional Administrator (Atlanta)	404-347-4999	

CISNEROS WALKS, TALKS, SOOTHES

■ The U.S. housing secretary begins a three-day visit to St. Petersburg by meeting with city officials and African-American leaders and touring the Jordan Park community.



Times photo — KATHLEEN CABBLE

Housing Secretary Henry Cisneros, tours Jordan Park flanked by, from left, Sevell Brown of the Housing Authority; Delores Fletcher, vice president of the Jordan Park residents' group; and Shirley Blake, the group's president.

By KELLY RYAN
Times Staff Writer

ST. PETERSBURG — U.S. Housing Secretary Henry Cisneros met Saturday with Mayor David Fischer and residents, answering pointed questions, jotting down notes and listening intently.

He did not promise federal funding, job training or immediate restoration. But some leaders agreed that Cisneros' presence was a turning point for a city trying to recuperate from two nights of

violence, strained racial tensions and a lingering distrust of city officials.

A scheduled 30-minute private meeting between Cisneros and members of the Coalition of African-American Leadership stretched to two hours before he joined the group for an evening walking tour of the Jordan Park community and another private meeting with church leaders.

"For the first time in the history of this city, we have a different feeling that finally we're listened to," said Sev-

ell Brown, the coalition's chairman. "The best thing city officials could do is take notes from the secretary. We hope this is the bridge to the future."

Saturday was the first of three days Cisneros will spend in St. Petersburg assessing its problems and potential solutions, particularly in areas damaged during the two disturbances.

Cisneros, who announced his resignation from President Clinton's Cabinet last week, is heading a federal task

Please see **CISNEROS 6B**

Cisneros from 1B

force, considering the city's request for millions of dollars in federal help for revitalization. Cisneros' successor at the Department of Housing and Urban Development will inherit St. Petersburg's problems.

The task force is expected to release its preliminary findings at 9:30 a.m. Monday at City Hall.

"It's just the first day," Fischer said. "I think we're getting some good starts. I hope we can build on it."

Today, Cisneros will eat breakfast with City Council members and attend services at Bethel Metropolitan Baptist Church. He also planned to meet with neighborhood association leaders and members of the business community.

Cisneros said the incident that began the nights of violence — the shooting of a black motorist by a white police officer — was tragic. However, he said, the ensuing disturbance was the reaction to an isolated incident.

"What we're dealing with here is the long-term plan of redeveloping a community," Cisneros told residents and reporters. "It's an attempt to redress deep and long-standing problems."

At a news conference after the meeting in Campbell Park, Cisneros said he heard from 20 speakers who touched on police tactics, Jordan Park and creating economic opportunities.

Reading from a prepared statement, Brown said black residents feel disenfranchised. The coalition's wish list includes encouraging business development and job opportunities.

After nightfall and several hours behind schedule, Cisneros walked the brick sidewalks of Jordan Park, the largest and oldest public housing community in St. Petersburg. Children ran around him, jumping in front of television cameras, but Cisneros' expression was serious as he asked a battery of questions.

He grilled residents about safety and the ongoing debate about whether some buildings should be razed and rebuilt as single-family homes. The Housing Authority is studying

plans to change all or most of Jordan Park. The authority will discuss the plan again next month.

The residents' association vehemently opposes the plan, fearing the community will be wiped out without residents' input.

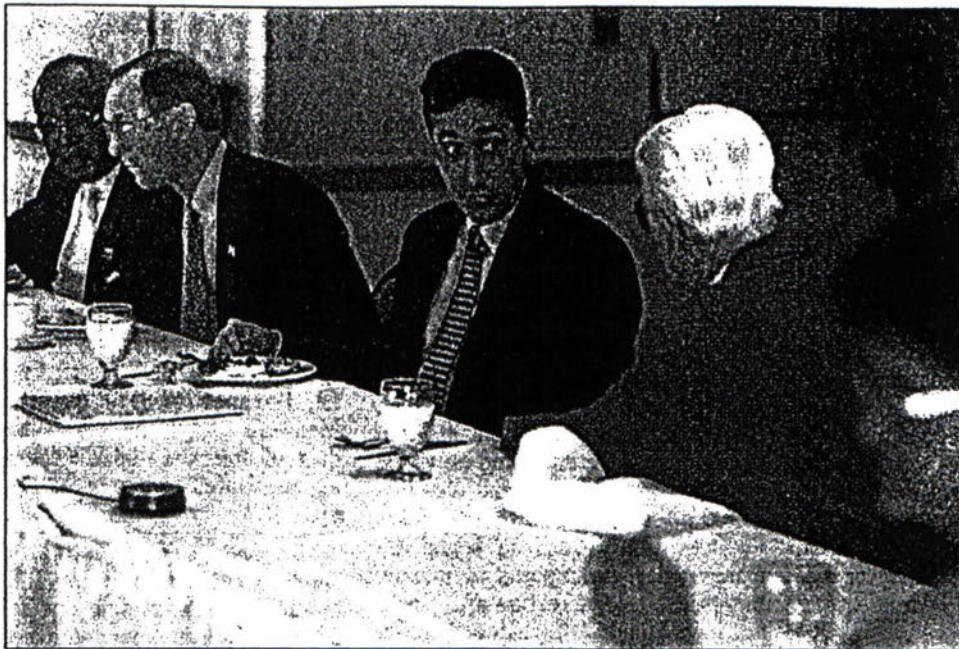
"If this goes, this is it for our culture and our children," said Delores Fletcher, vice president of the residents' group.

Cisneros assured residents that the community would not be demolished without a plan to replace it. He encouraged them to work with the authority and to accept that renovations will improve the community.

"We're not going to roll over the community," he said. "What was appropriate in 1937 may not be appropriate in 1997. I just want you to keep an open mind."

Marva Dennard, a Jordan Park resident, said Cisneros' visit gave everyone a chance to vent about the need to be included in the city's economic development.

"He said, 'Talk to me,'" she said of Cisneros. "He seems to be very sensitive to what was — is — going on in this city."



HUD Secretary Henry Cisneros, center, speaks with St. Petersburg City Council Chairman Edward Cole at a breakfast at The Pier Sunday. On the far left are Councilman David Welch and Mayor David Fischer.

FRED FOX/Tribune photo

Cisneros addresses St. Pete leaders

SUMMARY: U.S. Housing Secretary Henry Cisneros lends a sympathetic ear and the promise of federal aid as he tours St. Petersburg's south side.

By SEAN LENGELL
of The Tampa Tribune

ST. PETERSBURG — Before constructive change occurs, civic leaders first must build a bridge to those who feel disenfranchised on the city's south side, federal Housing Secretary Henry Cisneros told city and neighborhood leaders Sunday.

Addressing the city council during a breakfast meeting at The Pier in downtown St. Petersburg, Cisneros said he perceives that black residents believe they are treated unfairly by the police and city officials.

"Many in the African-American community, including professionals and some of the most prominent people in the city, feel that they have been very harshly treated by the St. Petersburg Police Department," Cisneros said.

"You're not going to get very far unless this question is addressed."

Cisneros met with civic, religious, neighborhood and business leaders while assessing ways to help the city recover from recent disturbances after the shooting death of a black motorist by a white police officer. The secretary also spoke during Sunday morning service at Bethel Metropolitan Baptist Church on the city's south side, preaching racial harmony.

A federal task force including representatives from U.S. departments of Labor, Education, Justice, and Commerce, as well as the Environmental Protection Agency and the Small Business Administration, have joined Cisneros for his three-day visit to St. Petersburg.

The secretary suggested the city seek the input of black groups outside the mainstream.

"You may have to let some people into the room

See CISNEROS, Page 3 ►

◀ From Page 1

that, during calmer times, you would not," Cisneros said. "You must redefine who is brought to the table."

Cisneros suggested city leaders listen to Joe Waller, also known as Omali Yeshitela, founding leader of the National People's Democratic Uhuru Movement — a black group at the forefront of the racial disturbances in St. Petersburg.

After touring the Jordan Park housing complex Saturday, Cisneros suggested the city refrain from massive demolition of the decades-old housing development.

"I think this issue of widespread demolition is going to be a problem," Cisneros said. "[Jordan Park residents] feel the purpose of the demolition would be for moving them out."

A consultant recommended to the city last week that 60 percent to 100 percent of the Jordan Park public housing project, the city's largest, be demolished.

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Members of several neighborhood organizations from across the city met with Cisneros for about an hour Sunday afternoon. Many who represented black communities expressed frustration.

One black leader complained the only software for the computer at his community center plays games but offers no word processing.

Miscommunication between the races was highlighted when a woman representing a white neighborhood told Cisneros she was not aware of possible police misconduct in black communities until the disturbances following Lewis' death.

"You're living in fantasy world," shouted a black man in the audience to the woman.

Despite announcing his resignation last week as head of the U.S. Department of Housing and Urban Development, Cisneros promised the White House was committed to helping rebuild St. Petersburg's south side.

Just how much help the city receives, however, has not been decided.

Frustration runs deep, Cisneros says

■ The housing secretary tells St. Petersburg officials that problems will not be solved until the city reacts to black residents' perceptions of racism.

By ADAM C. SMITH
Times Staff Writer

ST. PETERSBURG — U.S. Housing Secretary Henry Cisneros on Sunday offered city leaders a grim picture of a St. Petersburg where countless black residents perceive widespread and continuing racism by police.

The federal task force he is heading to help St. Petersburg will likely lead to job training programs and perhaps help some employers expand or set up shop in the inner city. But the tension and frustration he sensed in parts of St. Petersburg are not the sort of troubles cured by federal programs.

"You just need to know that many in the African-American community, including professionals and some of the most honorable people you have in the community, feel that they have been very harshly treated by the St. Petersburg Police Department," the White House Cabinet member told a somber gathering of City Council members.

"I'm not going to get into it (with the task force), but you need to think about what the black community legitimately feels. . . . You're probably not going to get real far in dealing with some of these other problems until this is addressed in some real way."



Cisneros

residents of the Jordan Park housing complex and a gathering of black ministers.

Also Sunday, Cisneros said city leaders should at least temporarily shelve any demolition plans for Jordan Park.

"This is the time for some temperance and prudence," he said, adding that the public opposition probably would doom any application to the Department of Housing and Urban Development, anyway. "The suspicion, the mistrust, is so deep that . . . the leaders of the residents think the demolition is principally about making the land available for some

The comments came Sunday morning, after he spent most of Saturday afternoon and night listening to members of the African-American Coalition, resi-

Please see **CISNEROS** B8

Cisneros from 1B

other purpose."

Cisneros, the former mayor of San Antonio, Texas, is scheduled to meet with City Council members this morning to report on the task force's preliminary findings. He said he expects to return to St. Petersburg at least once before he leaves the White House in January.

The task force is assessing how the federal government can help St. Petersburg in the wake of the violent disturbances that followed the fatal police shooting of 18-year-old TyRon Lewis after a traffic stop. Cisneros said the outline of a plan should be in place by the time he steps down.

He spent Sunday meeting with city officials, attending Bethel Metropolitan Baptist Church and talking with neighborhood association leaders. He also held a closed-door meeting with investors in the Skyway Business Center and officials with Hunter Douglas Fabrication Inc. about ways the task force might assist them in creating jobs for residents of the troubled neighborhoods.

His blunt comments about residents' perceptions of police appeared to have an impact.

Council member David Welch, who previously had avoided strong criticism of the Police Department, spoke of the foundation of the city's problems being "injustice, mistrust and harassment by the Police Department."

Mayor David Fischer left one meeting saying, "We need to change the way we do business in this city."

Fischer is pulling together a task force to brainstorm ways to deal with some of the city's tensions, and Cisneros offered some advice on that, too. Include a wide range of voices, he urged, including some that might be disturbing. "You may have to let some people into the room that in other calmer times you might not have."

He specifically mentioned Omali Yeshitela, founder of the National People's Democratic Uhuru Movement. The group has drawn strong criticism, particularly for declaring city officials guilty of murder.

"That's a person who touches lives in a serious way. I found him a thoughtful person who had some important things to say," he said of Yeshitela.

The theme of questionable police relations continued into an afternoon meeting of neighborhood leaders. Spectators groaned when Council of Neighborhood Associations president Karen Mullins, whose husband is a police officer, said she had never heard stories of police brutality until recent weeks. "You're living in a fantasy world," someone shouted.

Bernice Darling, president of the Lake Maggiore Shores neighborhood association, said some people seem to be misinterpreting the concerns about police behavior in mostly black neighborhoods.

"A lot of people tend to think that we want to be lawless. All we want is to have it fairly distributed and administered," Darling said. "If five black children are on the street and that's a problem, then the five white children talking on the street is a problem, too."



Times photo — CHERIE DIEZ

U.S. Housing Secretary Henry Cisneros hugs 7-year-old Quatisha Sales as she and Shareda Duckworth, 10, left, and Sherina Duckworth, 12, greet him Sunday. He was on his way to the Frank Pierce Center for a meeting with neighborhood representatives.

HUD chief visits St. Pete

SUMMARY: Henry Cisneros meets with the city's black leaders to hear about problems that contributed to two bouts of violence.

By PETER E. HOWARD
of The Tampa Tribune

1-N-W

ST. PETERSBURG — A coalition of black leaders struggling for recognition by its own local government received its strongest endorsement Saturday evening from Housing Secretary Henry Cisneros, who met with the group behind closed doors for two hours.

Cisneros, in town to assess St. Petersburg's needs following two bouts of racial unrest, said the Coalition of African American Leadership represents a broad segment of the community that articulates concerns succinctly.

"This was not just one or two leaders or fringe groups," Cisneros said. "This was a mainstream African American leadership speaking with one voice about problems as they see them. It was a very impressive group and a very impressive leadership."

Even Mayor David Fischer, who has been reluctant to embrace the leadership, said following the meeting that the group has broader representation than he had thought.

"As the coalition grows and you start seeing familiar names and fac-



Cisneros

es, it gains in stature," Fischer said. "They want the same thing — economic opportunity — and they want a say in that."

The support not only makes the coalition a major player in future discussions about changes and programs proposed for the city's south side black neighborhoods, it also provides an avenue of expression for a black militant group some city officials say fueled the violence.

Omalie Yeshitela, leader of the National People's Democratic Uhuru Movement, is part of the coalition leadership. He and several Uhuru members were among the more than 50 people who filled the auditorium at the Campbell Park Community Center for the meeting with Cisneros.

Since the fatal shooting of a

See CISNEROS, Page 15 ▶

black motorist by a white police officer Oct. 24, Yeshitela's organization has called for the arrest and execution of Fischer, Police Chief Darrel Stephens and the two police officers involved in the incident.

Cisneros did not refer to the Uhurus or those statements.

The people talked about jobs, respect for blacks, concern over the future of Jordan Park — the city's largest public housing complex — and they talked about police brutality in the black neighborhoods.

"It's the poor people who rose up, and that's who we represent," Yeshitela said later. "Now when the Uhuru sit down at the table, the poorest and most oppressed African American is on the agenda."

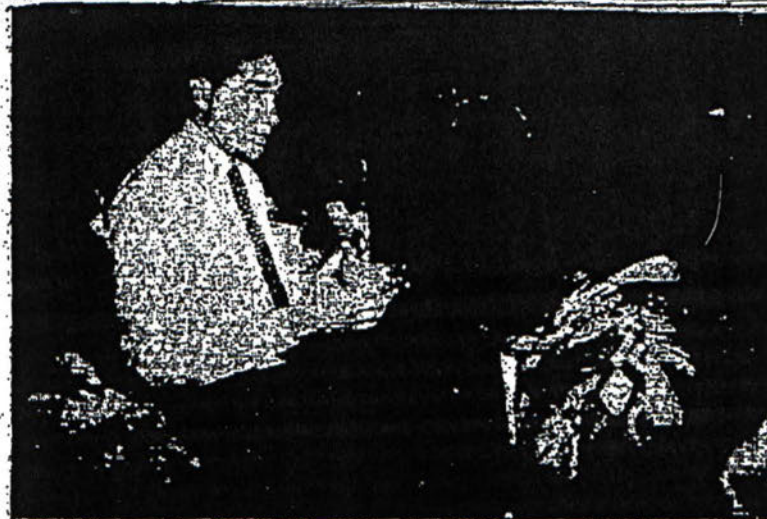
Sevell Brown, who helped found the coalition shortly after the unrest and is now its chairman, said he was satisfied with the meeting.

"We left there with a sense of comfort that [Cisneros] will do the right thing and that he is dead on target," said Brown, who is head of the local chapter of the Southern Christian Leadership Conference. "The mayor listened attentively. He understands more now than before this meeting."

The city's worst civil disturbance in history erupted Oct. 24 after Officer James Knight fatally shot TyRon Lewis, 18, following a traffic stop. The violence injured more than a dozen and caused \$5 million in damages.

A second round of rioting was sparked Nov. 13 after a predominantly white grand jury cleared Knight of any wrongdoing.

Fischer went to the White



FRED FOX/Tribune photo

HUD Secretary Henry Cisneros speaks with Jordan Park residents during a tour of the housing area Saturday.

House after the rioting to seek federal aid for programs to increase job training, employment and economic opportunity in the city's poorest neighborhoods.

Cisneros' visit is part of a review of the area by a federal task force that includes representatives from several federal departments, including the Small Business Administration, Labor and Education. The task force is expected to release its findings to the city council Monday morning.

"Hopefully," Cisneros said, "we'll have some ability to begin to forge the kind of working partnership that it's going to take to not only build back from the damage of the disturbances, but to put this community on a solid track toward real progress for everybody."

Saturday night Cisneros held a

private meeting with black ministers. Today, he has a breakfast meeting with the council and will meet with representatives of several neighborhood associations and potential employers. He was scheduled to attend services at Bethel Metropolitan Baptist Church at 11 a.m.

Following the meeting with the coalition, Cisneros made a brief tour of Jordan Park. Surrounded by some residents, chased by media and illuminated by television camera lights, the outgoing secretary tried to allay concerns that the housing complex is about to be razed.

The St. Petersburg Housing Authority had applied to the Department of Housing and Urban Development to demolish up to 60 percent of the 65-building complex, which is spread out over 25 acres.

The agency did not receive the \$15 million it requested, but it is expected to resubmit the application in January.

Some residents, along with the leadership coalition, oppose any demolition.

"I have heard you loud and clear," said Cisneros, who is resigning his Cabinet post in January. "If you have a strong objection, we are going to listen to the community. I would say that no one in Washington has a plan to hurt the community by massive demolition."

Cisneros Visits Rioting Scene

■ Secretary of Housing and Urban Development Henry Cisneros has recommended that President Clinton approve a \$20 million package of federal initiatives in response to two nights of rioting that rocked St. Petersburg, Fla., after a police officer fatally shot a motorist last month.

Cisneros led federal officials who visited the Gulf Coast city last weekend to assess the problems underlying the rioting. Their recommendations include \$12 million in economic development loans, federal job placement help, grants for environmental clean up and training, an accelerated schedule to replace public housing units slated for demolition and plans to have the Justice Department lead a police community relations effort.

In a conference call with reporters, Cisneros said the package was an effort to confront long-standing problems.

Last month, rioting broke out after a white police officer during a traffic stop shot and killed a black motorist who was wanted on several warrants. Earlier this month, mobs returned to the streets, wounding two police officers and burning more than two dozen buildings, after a grand jury cleared the police officer involved in the shooting. The incident is under federal investigation.

From news services and staff reports

THE NATION

\$20M in aid proposed after Fla. rioting

By Deborah Sharp
USA TODAY

A \$20 million package of federal job training, education and other programs was proposed Monday to aid recovery in riot-torn St. Petersburg, Fla.

But Housing and Urban Development Secretary Henry Cisneros said tensions between police and St. Petersburg's black community must be addressed as well. "Almost nothing else we do will succeed if it

is consistently offset by that flashpoint."

Two nights of arson and looting erupted in October. The first riot was sparked by the killing of a black motorist by police during a traffic stop. The second came after a grand jury cleared the white officer pulled the trigger. Damage totaled at least \$6 million.

Cisneros heads a task force assigned by President Clinton to find solutions to urban frustrations. The report he deliv-

ered Monday outlines broad responses:

► Federal loans to rebuild businesses and homes damaged by looting and arson.

► Job-training programs.

► Education grants for public schools to teach racial tolerance to students.

► Diversity and sensitivity training for St. Petersburg's police force.

"What he recommended really jump-started the healing process," said City Councilman

David Welch, one of two African-Americans on the eight-member board.

"St. Petersburg cannot do it alone. I don't think any city in the U.S. could. It's a big job."

Cisneros said criticism that the federal response could be interpreted as a reward for the rioters is unfair.

"As in Los Angeles, and in other instances ... when the community is willing to act, it is appropriate for the federal government to be a partner."

The police shooting and larger police-community relations are among issues being investigated by a Justice Department inquiry. Also, the U.S. Civil Rights Commission holds hearings in St. Petersburg next week on city race relations.

There was a sense of optimism Monday among city leaders who were given a preview of the plan. Others, however, say deep-seated racism and social problems can't be solved by spending money.

Handwritten:
Haley
to Room of the
BSC
to Room of the

THE WHITE HOUSE
WASHINGTON

November 27, 1996

Handwritten:
To: TL President
FYI
Hatched

THE PRESIDENT HAS SEEN
11-27-96

MEMORANDUM FOR HAROLD ICKES AND STEPHANNIE STREETT

'96 NOV 27 PM 12:41

FROM: Carol Rasco

Handwritten: CDR

SUBJECT: World AIDS Day

In each of the last three years, the President has participated in the observance of World AIDS Day. In 1993, he gave an address on AIDS at Georgetown University; in 1994, he met with a group of young people with HIV in the Oval Office; and last year he participated in the White House Conference on HIV and AIDS.

My recommendations for potential activities this year, in order of preference, are listed below. Given the time constraints, and the Vice President's interest in participating in an event, I recommend that we schedule an event for Tuesday, December 3, or later. However, we should make a decision as soon as possible so we can say this Sunday, World AIDS Day, how he will commemorate the day.

✓ (1) **Briefing from NIH.** Dr. Varmus and Office of AIDS Research Director William Paul (I would also add Dr. Anthony Fauci, as the most visible AIDS researcher at NIH) could brief the President on the state of the research effort, with special emphasis on vaccine development. We have seen important developments in the last year on treatments (approval of the new protease inhibitors) and microbicides (Secretary Shalala announced a four-year \$100 million initiative). The one area that has not received the same level of attention is vaccine development. There is significant interest on the part of the Presidential Advisory Council on HIV/AIDS to see more direct involvement from the President or Vice President on this aspect of research; NIH is about to announce a new coordinated approach to vaccine development. (The one down side to this emphasis is that NIH is preparing to appoint Dr. David Baltimore as the chief person overseeing vaccine work; he is a Nobel laureate, well respected in the scientific community and the AIDS community -- but he has had major run ins with John Dingell. However, Dr. Baltimore will not have been announced by Tuesday.)

✓ (2) **Meet with people living with HIV/AIDS.** In conjunction with some of the local AIDS service organizations, we could invite five or six people living with HIV to meet with the President. The focus would be on the new, promising treatments, by inviting those who are on protease inhibitors and have benefited from them: this could reinforce the message of hope that so many people feel and would be an opportunity to remind people that we have tripled funding for the AIDS Drug Assistance Program over the last year to assure improved access to these treatments. It's also a chance to reemphasize our commitment to protecting Medicaid.

At this time, I am not recommending release of the National AIDS Strategy next week. I will provide a more detailed memorandum early next week recommending next steps regarding the Strategy. I will not be requesting the President's time.

11-27-96

Refused to
Mett Mulliken
association, inc

HONORARY PARTICIPATION REQUEST

Please return to Room 457

Today's Date: November 26, 1996

Date of Request: 8/13/96

Request for: POTUS/FLOTUS

'96 NOV 27 PM4:48

Type of Request: Honorary Chairs

Requestor Name: Ms. Elizabeth R. Cooke

Title: President

Organization: Bide-A-Wee Home Association, Inc.
410 East 38th Street
New York, New York 10016

Contact Tel. #: 212/532-6395

Event Date: 2/5/97

Event Description: 1997 Annual Have-A-Heart Dinner Dance

Notes: This annual event at the Plaza Hotel in New York,
raises money to house and care for abandoned cats and
dogs.

The President and First Lady should REGRET.

Recommendations:

MW _____ TS h EL _____
(Unless otherwise noted, a yes answer
will automatically generate a message).

Comments:



DEC 8/26/96
bide·a·wee home association, inc.

410 EAST 38TH STREET • NEW YORK, NEW YORK 10018

HOME: (516) 325-1883

BUS: (212) 532-6395

FAX: (212) 532-4210

BRING LOVE INTO YOUR HOME
ADOPT A PET!

ELIZABETH R. COOKE
PRESIDENT

August 13, 1996

President Bill Clinton
First Lady Hillary Rodham Clinton
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President and Mrs. Clinton:

I am writing as President of the Board of the Bide-A-Wee Home Association and Gala Chairman of its 1997 Annual Have-A-Heart Dinner Dance. The Gala will be held on Wednesday, February 5th, 1997, at the Plaza Hotel in New York.

I hope you will lend your name as an Honorary Chairman of the event, and, if your schedule permits, join us for a wonderful evening. Cocktails begin at 7:00 p.m. and dinner follows at 8:00 p.m. in the Grand Ballroom. The Dinner Dance will be devoted to celebrating Bide-A-Wee's French heritage in music, decor and menu as many of our French and American friends are in attendance.

The evening's theme will be "The French Inspiration" celebrating Bide-A-Wee's roots in France. In 1902 Flora d'Aubey Jenkins Kibbe became aware of the humane work of a dog refuge in Gennevilliers. So touched was she that she determined to establish Bide-A-Wee Home in 1903 in New York on her return from France.

Bide-A-Wee is a not-for-profit humane organization that does not destroy unwanted or abandoned pets. Bide-A-Wee shelters and cares for cats and dogs until we can find responsible new homes for them. Since its founding, Bide-A-Wee's adoption service has placed more than 1.5 million cats and dogs with caring families and individuals.

We receive no government support or taxpayers monies, but, thanks to the contributions of individuals and foundation, Bide-A-Wee provides a wide range of services for both pets and owners including: animal shelters, adoptions, veterinary clinics, memorial parks, bereavement counseling, pet assisted therapy and humane education. We operate facilities in Manhattan, and on Long Island, New York, in Wantagh and Westhampton.

It would mean so much to all of us at Bide-A-Wee and to our international guests to have your name as an Honorary Chairman. If you have any questions, please call our benefit office, Lorelei Enterprises, at 212-838-2660.

I look forward to hearing from you.

Sincerely,

Elizabeth R. Cooke

Elizabeth R. Cooke

P.S. It would be wonderful if we could honor Socks as well!

11-27-96
returned to
Matt Milliken

HONORARY PARTICIPATION REQUEST

Please return to Room 457

Today's Date: November 26, 1996

'96 NOV 27 PM 4:48

Date of Request: 9/6/96
Request for: POTUS
Type of Request: Honorary Co-Chair
Requestor Name: Mr. Seymour D. Reich
Title: President
Organization: American Zionist Movement
110 East 59th Street
New York, New York 10022
Contact Tel. #: 212/318-6100
Event Date: 1/1/97
Event Description: American Zionist Movement's Centennial Committee
Notes: The President is being asked to Co-Chair this year-long celebration with Israeli President Ezer Weizman, who already has accepted. Jay Footlik recommends that the President accept this request. Richard LeBaron, NSC, advises that the President should not accept any honorary chair requests, including this one, that could impact the Middle East peace process by giving the impression that the Administration favors one Middle East community over another. LeBaron advised that it is okay to send a message.

The President should REGRET the request but send a MESSAGE.

Recommendations:

TS NO EL _____
(Unless otherwise noted, a yes answer will automatically generate a message).

Comments:

message
OK

AMERICAN ZIONIST MOVEMENT

September 6, 1996

President Bill Clinton
The White House
Washington, D.C. 20500

Dear President Clinton,

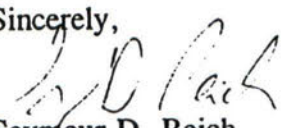
The Zionist movement will mark its 100th anniversary in 1997. The longstanding relationship between the United States and Israel, and the role played by so many Americans in the establishment of the State of Israel will endow these celebrations with special significance in the United States.

The American Zionist Movement is establishing a Centennial Committee chaired by Ruth Popkin, past president of Hadassah, and co-chaired by Leon Levy, Conference of Presidents of Major American Jewish Organizations; Maynard Wishner, Council of Jewish Federations; Shoshana Cardin, United Israel Appeal; and Richard Wexler, United Jewish Appeal. As such it will represent and involve the major elements of the American Jewish community today.

We would like to invite you to serve as Honorary Chair of the Centennial Committee, together with President Ezer Weizman of the State of Israel who has just accepted.

I look forward to hearing from you soon.

Sincerely,


Seymour D. Reich

THE WHITE HOUSE
WASHINGTON

Handwritten notes: "Kend", "Sept 13", "gmm"

12 September 1996

MEMORANDUM FOR JIM DORSKIND

FROM: JAY K. FOOTLIK *JFK*
RE: AMERICAN ZIONIST MOVEMENT

Attached is a request from the American Zionist Movement (AZM) for President Clinton to serve as an Honorary Chair of their Centennial Committee which is being established to help AZM celebrate its 100th anniversary in 1997. The Committee will consist of many of the major organizations and leaders in the American Jewish community. President Ezer Weizman of Israel has already accepted to serve as Co-Chair.

It is my recommendation that the President accept this request. I would appreciate your assistance in this matter. It would be very beneficial if we could "move" this as quickly as possible.

Please let me know if you have any questions or need any additional information.

Thanks.

AMERICAN ZIONIST MOVEMENT

התנועה הציונית האמריקאית

November 27, 1996

Seymour D. Reich
President

Ruth B. Hurwitz
Chair, National Board

Daisy Berman
Vice President

Laurence Kaufman
Vice President

Phyllis Sutker
Vice President

Rabbi Michael Greenbaum
Secretary

W. James Schiller
Treasurer

Karen J. Rubinstein
Executive Director

TO: MATT MILLIKIN

FROM: KAREN RUBINSTEIN

Further to our conversation of November 25, 1996, the Zionism Centennial will be celebrated by communities, Jewish organizations and institutions, schools and summer camps throughout the 1997 year in a variety of ways. The Centennial Committee will seek to encourage celebrations, serve as facilitator, a clearing-house for ideas, and provide an overall "look and message" to the celebrations in the United States. As part of its activities, the Centennial Committee is considering sponsorship of three centerpiece programs and events. They are:

I. National Programs and Events

"Kickoff" Event in Washington D.C.

This event is being planned with the Conference of Presidents and will take place in late winter or early spring of 1997. The essence of the program will be ceremonial and we will seek to involve some Supreme Court justices, among others, in recognition of two great American Zionist leaders who served on the U.S. Supreme Court -- Louis Brandeis and Felix Frankfurter.

We hope that President Ezer Weizman, co-chair of the Centennial Committee, will participate. In addition, we will seek the participation of members of the Administration at the highest level.

Model Youth Zionist Congress

Tentatively scheduled for the late summer or fall of 1997, the model youth Zionist Congress will be a central event for Jewish high school students. The Congress will be an educational program to teach the values of nationhood, pluralism, democracy and the basic Jewish tenets which have guided the Jewish people throughout the centuries and which ultimately led to the establishment of the State of Israel.

The Congress will examine the issues facing the Jewish people in 1897, and challenges facing Jews -- and other minorities -- today. Congress participants will explore problems of oppression, discrimination, assimilation, identity, etc.

110 EAST 59TH STREET, NEW YORK, NY 10022 • 212-318-6100 • FAX 212-935-3578

Generations: An American Zionist Chronicle

The last major project is that of Generations: An American Zionist Chronicle (a working title). What makes this different is that it is not an event, but rather a two-year project that will reach out to individuals and families to tell the story of the American contribution to the establishment and development of the State of Israel.

Working through organizations, schools, synagogues, Jewish Centers, and Federations, as well as direct outreach to individuals, Americans will be invited to participate in the creation of an chronicle of American involvement in the establishment and upbuilding of the State of Israel. Families and communities will be encouraged to research their past, to identify how relatives and friends may have played a role in the early years of the Zionist movement. Using the theme, Generations, we will encourage people to think about the contemporary ways people have continued to provide support to the State of Israel, and even to look forward, to make a commitment toward their future relationship and contribution.

The collection will be deposited in the Zionist Archives on Mt. Herzl in Jerusalem, and funds permitting, will be published in a creative and aesthetic way to tell a living and ongoing story of American Zionism.

II. Committee Members

President Ezer Weizman has agreed to serve as a co-chair of the American Zionist Centennial Committee. Attached is a list of the committee in formation.

Also attached is a partial list of prominent people who may be approached to serve in an advisory capacity.

I hope that this answers your questions. We look forward to hearing from you shortly.

Zionism Centennial Committee

President Ezer Weizman, Honorary Chair
Ruth Popkin, Chair

Co-Chairs

Shoshana Cardin
Leon Levy
Richard Wexler
Maynard Wishner

Efrat Abrams
Caryn Adelman
Arlene Agus
Edith Agus
Renee Albert
Ilana Artman
Gavri Bargil
Arthur Berger
Jack Berkowitz
Daisy Berman
Sam Bloch
Shirley Blumberg
Rebecca Boim
Marc Brandriss
Rhoda Breverman
Joan Bronk
Roy Clements
Jesse Cogan
Sarraf Crane
Batya Dashefsky
Caryn Dorazio
Miki Droni
Richard Dukas
Moshe Dworkin
Betty Ehrenberg
Edith Everett
Henry Everett
Sondra H. Fisch
Robert Freeman
Monte Friedkin
Anne Goldman
Betty Golomb
Rabbi Robert Golub
Calvin Greenbaum
Andrew Griffel
Steven Grossman
Beni Hager
Linda Harth
Susan Heller
Malcolm Hoenlein
Devorah Horowitz
Ruth B. Hurwitz
Charlotte Jacobson
Jeff Kahn
Nat Kameny
Henry Katz

Ann Kaufman
Paul Kaye
Gershon Kekst
Joyce Kitey
Bobi Klotz
Murray Koppelman
Talia Lador-Fresher
Joe Landow
Esther Lederman
Dr. Barry S. Lever
Aaron Liebman
Mark Mendelson
Rabbi Israel Miller
Bernard Moscovitz
Al Nudelman
Raymond Patt
Samuel S. Perelson
Josh Perlman
Isaac Pulvermacher
David Raz
Seymour Reich
Seymour D. Reich
Diane Romirowsky
Judith Rosen
Leonard Rubin
Professor Alvin Schiff
Jack Serber
Edwin Shuker
Edie Silberstein
Mel Sobell
Eliot Spack
Ann Stamler
Arlene Stempler
Kalman Sultanik
Peggy Tishman
Jacques Torczyner
Sharon Tzur
Salomon Vaz Dias
Susan Weikers-Volchok

committee in formation

Centennial of Zionism
Proposed honorary committee

Alan Dershowitz
E. L. Doctorow
Stuart Eizenstat
Max Fisher
Ruth Bader Ginsberg
David Grissman
Donna Karan
Ronald Lauder
Ralph Lauren
Judith Lieber
Daniel Patrick Moynihan
Bess Myerson
Marty Payson
Martin Peretz
Itzhak Perlman
Letty Cottin Pogrebin
Chaim Potok
Jay Pritzker
Yehuda Reinhardt
Anne Roiphe
A. M. Rosenthal
Beverly Sills
Steven Spielberg
Isaac Stern
Barbra Streisand
Les Wexner
Elie Wiesel
Ruth Wisse
Herman Wouk

HONORARY PARTICIPATION REQUEST

Please return to Room 457

Today's Date: November 26, 1996

Date of Request: 10/28/96

Request for: POTUS

Type of Request: Member of the Honorary Presidential Committee 50 NOV 27 PM 2:56

Requestor Name: Mr. Albert J. Beveridge III

Title: President and Chief Executive Officer

Organization: George C. Marshall Foundation
Post Office Drawer 1600
Lexington, Virginia 24450-1600

Contact Tel. #: 540/463-7103

Event Date: 6/5/97 [Print deadline: 12/2/96]

Event Description: 50th Anniversary of the Marshall Plan

Notes:

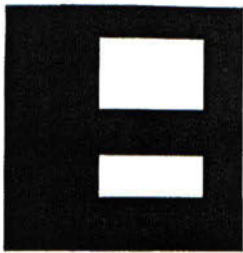
The President is being asked to serve on an Honorary Presidential Committee with the the four living former Presidents, all whom already have accepted. The group also requests the use of the President's name on its Gala letterhead. Counsel's Office has traditionally advised against the use of the President's name on letterhead because such stationery may be used for fundraising. If the President accepts as a member of the committee, we advise that his name not appear on the Gala letterhead. Instead, we would inform the group that it may mention the President's honorary role in the text of its letters and that we must review such letters in accordance with the conditions we set out for all such acceptances. The group is planning to invite the heads of state of the sixteen Marshall Plan countries. Sandy Vershbow, NSC, recommends that the President accept the position on the Honorary Presidential Committee.

Take to
B.V. Luehrman
p13.

The President should ACCEPT.

Recommendations:

TS OK EL _____
(Unless otherwise noted, a yes answer
will automatically generate a message).



LANSDALE
ASSOCIATES

October 28, 1996
Sent by hand

The Honorable Kitty Higgins
Assistant to the President
Secretary to the Cabinet
The White House
Washington, D.C. 20500

Dear Kitty:

Fully expecting a positive outcome on November 5, I am rushing a copy of this letter over hoping to catch you in the relative quiet before the storm. It's a letter of invitation to President Clinton to be listed as a member of the Honorary Presidential Committee for the Gala Celebration in Washington commemorating the 50th Anniversary of the Marshall Plan on June 5, 1997. It's going to be a major historic event with heads of state, etc. as described in great detail in the letter itself, which I have attached.

Naturally, ultimately we would like the Clintons to attend, but in the meantime, the immediate request is that President Clinton be listed on the stationery, invitation, etc. as being on the Honorary Presidential Committee. We would list the President's name at the top of the list of the Committee made up of the current and former living presidents. All former presidents have accepted and we expect most to be with us.

After the election and a bit later in the year, we would return to the issue of the President's attendance, possibly involving Tony Lake or Sandy Berger at the NSC, whatever is the most appropriate approach. I'm sure The President's schedule for that timeframe is still somewhat tentative, though if you know of any hard and fast commitments on June 5, 1997, we'd love knowing about them.

Kitty, we look forward to see you soon and hope all is well and happy. I'll call your office later this week. Any help you can give will be much appreciated.

With fond regards,

Kitty S. Lansdale
President, Lansdale Associates
Consultant, George C. Marshall Foundation

Enclosure: October 22 letter to President Clinton re: 50th Anniversary of Marshall Plan

1211 Connecticut Avenue, N.W.
Suite 304
Washington, D.C. 20036
(202) 467-6500
(202) 467-6501 fax



*Preserving and
promoting in
American
Society the
ideals and
values of
disciplined
selfless service,
hard work,
integrity and
compassion of
George Catlett
Marshall.*

October 22, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

ANDREW J. GOODPASTER
Chairman of the Board of Trustees

ALBERT J. BEVERIDGE, III
President

The 50th Anniversary of the most successful American foreign policy initiative of this century, The Marshall Plan, will be celebrated at an historic international gala sponsored by the George C. Marshall Foundation in Washington, D.C. on June 5, 1997. Though numerous worldwide activities celebrating this landmark event in history are being planned, we expect the American celebration to be the major focal point and culmination of the tribute to this great American statesman's vision and legacy of public service. We hope that you will lend your support and name by serving as a member of the Honorary Presidential Committee, comprised of all living U.S. presidents. Former Presidents George Bush, Jimmy Carter, Gerald Ford, and Ronald Reagan have all accepted.

We expect a distinguished international audience to attend the gala, representing all countries that participated in The Marshall Plan. Lord Callaghan, President Giscard d'Estang and President Gerald Ford already have agreed to join us on June 5th and we are inviting the current heads of state of all sixteen Marshall Plan countries to attend. All living U.S. secretaries of state and defense have been invited to serve on the Honorary Tribute Committee, most of whom have accepted, including Secretary Warren Christopher. George C. Marshall Foundation Trustee Colin Powell has agreed to serve as the master of ceremonies. Attached is a previous letter which I sent to you on March 21, 1996, with additional information about the gala.

In his historic speech at Harvard University outlining the Marshall Plan, General Marshall spoke of his vision of an economic assistance plan that would not be directed "against any country or doctrine but against hunger, poverty, desperation and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of

The President
October 22, 1996
Page Two

political and social conditions in which free institutions can exist." As one of the country's greatest accomplishments, we think the Marshall Plan should be recognized as a foreign policy initiative which proved to be of decisive importance in the establishment and strengthening of free and democratic societies.

We realize how busy your schedule is at this particular time and that you are unable to commit to attending this early. However, we hope that you will agree to be included on the Honorary Presidential Committee, with your name most prominently listed. We will contact your office about listing your name and keep your staff advised as anniversary plans develop.

Sincerely,



Albert J. Beveridge, III
President and CEO

**HEADS OF STATE
of the 16 Marshall Plan Countries
invited to the 50th Anniversary Gala
June 5, 1997**

**Chancellor Franz Vranitsky
Austria**

**Prime Minister Jean-Luc Dehaene
Belgium**

**Prime Minister Poul Nyrup Rasmussen
Denmark**

**Prime Minister Alain Juppe
French Republic**

**Federal Chancellor Dr. Helmut Kohl
Federal Democratic Republic of Germany**

**Prime Minister John Major
Great Britain**

**President Constantine Stephanopoulos
Greece**

**Prime Minister David Oddson
Republic of Iceland**

**President Mary Robinson
Ireland**

**Prime Minister Dr. Romano Prodi
Italy**

**Prime Minister Jean-Claude Juncker
Luxembourg**

Prime Minister W. Cok

The Netherlands

Prime Minister Gro Harlem Brundtland

Norway

Prime Minister Antonio Manuel de Oliveira Guterres

Portugal

Prime Minister Goran Persson

Sweden

President Shuleyman Demirel

Republic of Turkey

★10200★ **GEORGE C. MARSHALL FOUNDATION (GCMF)**

Drawer 1600

Lexington, VA 24450

Albert J. Beveridge III, Pres.

PH: (540)463-7103

FX: (703)464-5229

Founded: 1953. Formed to honor General George Catlett Marshall (1880-1959) through preservation of documents and memorabilia bearing on his 50 years of public service. (General Marshall was chief of staff of the U.S. Army in World War II, envoy to China in 1946, U.S. Secretary of State from 1947-49, President of the Red Cross from 1949-50, and Secretary of Defense from 1950-51. Under President Harry S. Truman's direction, he proposed what became the Marshall Plan for postwar aid to Europe and in 1953 he was awarded the Nobel Peace Prize.) The Foundation's building, completed in 1964, is situated between Virginia Military Institute, where Marshall was a cadet and First Captain graduating in the class of 1901, and Washington and Lee University. The museum section, open to the public, includes Marshall's personal possessions, photographs, cartoons, clippings, flags, an electric map of allied progress in World War II, and various exhibits. Leading a project to edit the papers of George Catlett Marshall is an ongoing special project. Sponsors special exhibits. **Libraries:** Type: reference. Holdings: 25,000; books, periodicals, audio recordings, archival material. Subjects: twentieth-century U.S. military, political, and diplomatic history; papers of General Marshall. **Awards:** Type: scholarship. Recipient: for undergraduates.

Publications: *The Authorized Biography of George C. Marshall*. Book. Four volume work. Price: \$45.80 soft cover ● *The Edited Papers of George Catlett Marshall*. Book. Three volume work. ● *George C. Marshall Foundation*, biennial. Report. Price: free. Circulation: 400. Advertising: not accepted ● *George C. Marshall Foundation—Topics*, quarterly. Newsletter. Price: free. Circulation: 9,000. Advertising: not accepted ● *George C. Marshall ROTC Award Seminar Report*, annual. Contains texts of speeches and roundtables presented during the annual three-day seminar for outstanding ROTC cadets. Price: free. Circulation: 3,500. Advertising: not accepted ● Pamphlets. **Conventions/Meetings:** quarterly Marshall Lecture Seminar ● annual ROTC Award Seminar - convention, covers the national security of the U.S.; winners of the George C. Marshall Army ROTC Award (College Seniors) - always spring. Lexington, VA.

GEORGE C. MARSHALL & THE MARSHALL PLAN:

After graduating from Virginia Military Institute in 1901, George Catlett Marshall began his career as one of the United States' greatest soldier-statesmen. His lifelong service to the United States began as lieutenant in the Army in 1902; he went on to become United States Army Chief of Staff, Ambassador to China, Secretary of State, President of the American Red Cross and Secretary of Defense. For his role as architect and advocate of the Marshall Plan, General Marshall was awarded the Nobel Peace Prize in 1953.

The Marshall Plan, proposed as the European Recovery Program in General Marshall's address at Harvard University on June 5, 1947, became one of the United States' greatest foreign policy initiatives, proving to be of decisive importance in the establishment and strengthening of free and democratic societies after World War II. General Marshall was responsible for winning public and congressional support to enact legislation which brought the program into effect in 1948. An assistance program to sixteen war-torn countries, the Marshall Plan provided \$4 billion worth of economic aid to western Europe, Turkey and Greece.

THE GEORGE C. MARSHALL FOUNDATION:

The George C. Marshall Foundation has carried on the great legacy of General George C. Marshall for more than 40 years, with education programs as well as a museum, library and research center in Lexington, Virginia, preserving and promoting in society the ideals of disciplined selfless service, hard work, integrity and compassion exemplified by General Marshall.

Proceeds from the Gala will help fund the programs of the Marshall Foundation, including:

The George C. Marshall Institute for Public Service Leadership, a series of programs designed to develop leaders in the public sector using General Marshall as the role model for principled, ethical leadership.

George C. Marshall ROTC Award Seminar, an annual program for college seniors in the Army ROTC presented for excellence in academic accomplishments, demonstrated leadership skills and physical fitness. A three day seminar held annually for Marshall Award Winners on the National Security of the United States with the most senior uniformed and civilian leadership of the Army.

Program for Senior Level Presidential Appointees. The focus of the program will be to assist new appointees in their transition from the private to the public sector to help them gain an understanding of the many complexities of government so they can become effective public servants.

Marshall Exchange Program: A reciprocal summer public service exchange program for high school age students from the nations of the Atlantic Alliance. The goal is to study public policy issues and encourage public service in the Marshall tradition.

GEORGE C.
MARSHALL
FOUNDATION
Andrew J. Goodpaster, Chairman, Board of Trustees
Albert J. Beveridge, III, President
Post Office Drawer 1600,
Lexington, Virginia 24450
540 463 7103 [ext. 227] ♦ Fax 540 464 5229
E-mail: mainilm@vmi.edu

For more information please call:
Lansdale Associates at 202 467 6500

THE PRESIDENT HAS SEEN
11-27-96

THE WHITE HOUSE
WASHINGTON

November 26, 1996

MEMORANDUM TO THE PRESIDENT

'96 NOV 26 PM 7:54

From: STEPHANIE STREETT & ANNE HAWLEY AH
Subject: SCHEDULING DECISIONS
cc: EVELYN LIEBERMAN

ACCEPT

Date of Event:

Description of Event:

12/2/96	Award the Congressional Space Medal of Honor
12/3/96	DSCC Fundraiser, Washington, DC
12/4/96	"Booknotes" Interview on C-SPAN This interview will be devoted to the issues raised in your book. It will also give you the opportunity to share with viewers your devotion to reading and the types of books you enjoy.
12/5/96	Meeting / Photo With President Menem
12/5/96	Menorah Lighting For Hanukkah, Oval Office
12/5/96	Announce Directive to Facilitate and Encourage Adoption and Permanent Placement For Children in Foster Care
	Note: The First Lady will participate in this event.
12/6/96	Malcolm Baldrige Awards Ceremony, Washington, DC
12/12/96	Second Meeting of the President's Council on Counter Narcotics

12/13/96

Interview With *People Magazine*

This year end issue will feature the 25 most intriguing people of the past year.

12/23/96

Interview With Ron Brownstein of the *La Times*

Brownstein will have a syndicated column in January. His premier column would feature his interview with you.

Dec. / Jan. tbd

Goal

→ Award the Navy Silver Star to Congressman Frank Tejeda

Feb. tbd

Speech to the Business Enterprise Trust, New York City

PENDING

Date of Event:

Description of Event:

12/2/96 - 12/6/96

Meeting With Cabinet Secretaries and Agency Heads to Discuss HIV/AIDS in Conjunction With World Aids Day

12/3/96 - 12/16/96

Working Visit With Prime Minister Netanyahu

12/3/96 - 12/16/96

Working Visit With President Mubarak

12/5/96 - 12/6/96

Phone Call to the Texas African-American Leadership

The purpose of this call is to encourage voter turnout in the Texas run-offs.

12/7/96

*I met it with
Sat after Thanksgiving*

Army/Navy Football Game, Philadelphia, PA.

This request is supported by Leon Panetta, Tony Lake, Bob Lyford, Walter Caye and Mayor Rendell of Philadelphia. White House Senior Staff think that this would be a great event for you to attend.

2/2/94 - 2/4/96

Address the Microcredit Summit, Washington, DC

The Summit will be the first step of a decade-long campaign which seeks to ensure that 100 million of the world's poorest families, especially the women of those families are receiving credit for self-help employment and other financial and business services by the year 2005. The First Lady is Co-Chair of this Summit.

REGRET

Date of Event:

1/21/96

Description of Event:

Remarks to the National Abortion Reproduction
Rights Action League Lunch (NARAL)

This event falls the day after the Inaugural. It has
been sent over to the VP's office for consideration.

November 1996

*Presidential Calendar

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3 Event, Tampa Event, West Palm Beach, FL Event, Union Township, NJ Event, Springfield, MA Event, Bangor, Maine RON Bangor, Maine	4 Event, Manchester, NH Event, Cleveland, OH Event, Lexington, KY Event, Cedar Rapids, IA Event, Sioux Falls, SD	5 ELECTION DAY RON Little Rock	6 Return to DC (afternoon) WH Event Supporters Event, DC RON DC	7 Announcement Day & Evening Off	8 Budget Meetings (2 hours) Cabinet Meeting Tape Radio Address VP Meeting	9 Day & Evening Off																																																																																				
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10 Day & Evening Off HOLD (per SS)	11 Veterans' Breakfast, White House Veterans' Events, Arlington Cemetery Evening Off Veteran's Day	12 Parks Bill Signing Bi-Partisan Congressional Leadership Mtg Budget Meetings	13 Foreign Leader Phone Calls	14 Intern Photo VP Lunch Foreign Policy Team Meeting Military Departure Photos	15 Statement Tape Radio Address Video Taping Depart en Route Hawaii	16																																																																																				
17	18 Depart en route Australia	19 Sydney, Australia RON Sydney, Australia	20 Official Visit, Canberra, Australia RON Sydney, Australia	21 Depart Sydney, Australia Arrive Cairns, Australia RON Cairns, Australia	22 Cairns, Australia Tape Radio Address RON Cairns, Australia	23 Depart Cairns, Australia (pm) RON Manila																																																																																				
24 Bilateral Meetings, Manila APEC Dinner, Manila RON Manila	25 APEC Meeting, Subic Bay Depart Subic Bay (pm) RON Bangkok, Thailand	26 State Visit, Thailand Depart Bangkok, Thailand (pm)	27 Arrive DC (am) Accept Thanksgiving Turkey, WH Hold 1 Hour	28 Thanksgiving	29 Tape Radio Address	30																																																																																				
Hold For Camp David																																																																																										

December 1996

*Presidential Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																										
1 Hold For Camp David World Aids Day	2 Award Congressional Space Medal of Honor	3 Office Photos Hold 1 Hour (LP) Scheduling Meeting Fundraiser, Off Complex Evening Off	4 Interview w/ C-SPAN PPD & Military Departure Photos Congressional Ball Hold For Meeting (1hour)	5 Mtg/Photo with President Menem Hanukkah Photo, Oval Office VP Lunch Adoption Event (T) Pageant of Peace First Night of Hanukkah	6 Malcolm Baldrige Awards, D.C. Videos Tape Radio Address Hold 1 Hour (MM)	7 Day and Evening Off																																										
8 Kennedy Center Honors Reception Kennedy Center	9 Hold For Message Event (T) Reception (a) Reception (b)	10 Office Photos Mtg/Photo Chinese Defense Minister Reception (a) Reception (b) Texas Run-Off Election	11 DLC Lunch/Speech Drop by DLC Reception Evening Off Hold For Meeting (1hour)	12 Counter Narcotics Meeting (1hr) VP Lunch Holiday Dinner Last Night of Hanukkah	13 Interview w/ People Magazine (T) Hold 1 Hour (MM) Holiday Dinner	14 Live Radio Address Holiday Reception Holiday Reception																																										
15 Christmas in Washington, Natl. Building Museum Social Aide Photo	16 USEU Meeting (3 hours) Budget Meetings (2 hours) Reception	17 Office Photos Budget Meetings (2 hours) Press Reception (a) Press Reception (b)	18 Budget Meetings (2 hours) Press Reception (c) Press Reception (d) Hold For Meeting (1hour)	19 Hold Morning For Family Time TV Ratings Briefing/Event Budget Meetings (2 hours) VP Lunch	20 Tape Radio Address Budget Meetings (2 hours) Children's Event Hold 1 Hour (MM) Residence Party	21 Holiday Dinner																																										
22 Holiday Party Evening Off	23 Interview w/ Ron Brownstein (T) Evening Off	24 Day & Evening Off	25 Christmas Day	26	27 Tape Radio Address	28																																										
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29	30	31 New Year's Eve	November 96 <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td>1</td><td>2</td></tr> <tr><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td></tr> <tr><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td></tr> <tr><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td></tr> <tr><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> </table>				S	M	T	W	T	F	S						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
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January 1997
*Presidential Calendar

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5	6 Ecumenical Breakfast WH Dinner	7	8 Hold For Meeting (1 hour)	9 WH Arts & Humanities Ceremony & Dinner	10 Hold For Cabinet Meetings (T)	11 Hold For Cabinet Meetings (T)																																																																																				
12 Hold For Cabinet Meetings (T)	13 WH Medal of Honor Ceremony	14	15 Hold For Meeting (1 hour)	16	17	18																																																																																				
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26	27	28 HOLD	29 HOLD Hold For Meeting (1 hour)	30	31																																																																																					

February 1997

*Presidential Calendar

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2 NGA Dinner, WH (T)	3 NGA Meeting at WH (T) DGA Dinner, off complex President's Budget Due Submit Budget to Congress	4	5	6	7	8
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16	17	18	19	20	21	22
23	24	25	26 Chilean State Visit	27	28	

November 1996

Hillary Rodham Clinton*

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3 Corvallis, OR LaCrosse, WI	4 Cedar Rapids, IA Cleveland, OH Lexington, KY Sioux Falls, SD RON: Little Rock, AR [W/POTUS]	5 Election Day RON: Little Rock, AR [W/POTUS]	6 Little Rock, AR Welcome Home Rally Supporters Rally RON: DC Little Rock, AR	7 Down	8	9 Down																																																																																				
10 Down	11 Veteran's Day Satellite Interviews	12	13	14	15 Hawaii	16 Hawaii																																																																																				
17 Hawaii	18 Sydney, Australia	19 Sydney, Australia	20 Canberra RON: Sydney	21 Cairns Sydney RON: Port Douglas	22 Port Douglas RON: Port Douglas	23 Port Douglas RON: Manilla																																																																																				
24 Manilla, Phil Chiang Mai, Thailand Chiang Rai, Thailand RON: Chiang Mai	25 Bangkok, Thailand RON: Bangkok	26 Bangkok RON: AF1	27 DC RON: DC	28 Thanksgiving	29	30 Scoop's Wedding New York																																																																																				

November 1996
VP BLOCK: FOR DISTRIBUTION

Sunday

Monday

Tuesday

Wednesday

Thursday

Friday

Saturday

October						
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1
HRC KCMO, Brownvl, San An
POTUS StaBrb, ElPaso,
LasCrus, SanAn
Ventnor (Atlantic City) -
Boston - Manchester -
Portland - Des Moines RON

2
Cummings (Des Moines) -
Collinsville (Scott AFB) IL -
Rock Island (Quad Cities) -
Sacramento - Red Eye
POTUS SanAn, LRAR,
NOLA, FL

NJ / MA / NH / ME / IA

IA / IL / CA

3
MEG Sioux Falls, Manketo MN
POTUS/HRC FL, NJ, NH
Red Eye - Detroit - Denver -
Milwaukee RON

4
Milwaukee - Cleveland -
Knoxville - Nashville -
Chattanooga - Memphis -
Nashville RON Carthage

5
ELECTION DAY
Tennessee morning / vote -
Little Rock RON

6
4:00 pm Arrival Event South
Lawn
6:00 pm NAVOBS reception
(5:30 call)
8:00 + pm Reception

7
2-3 pm Meeting w/ McGinty
2:00 PM Into office
MEG WLF NAVOBS 3pm
Staff reception 7:00 Cap Brew

8
30 min phone calls
Fld Ops Recep-Bldg Museum
Meeting w/ POTUS
POTUS press conference
Sec Christopher

9
WH: State Dir Meetings

MI / CO / WI

WI / OH / TN

TN / Arkansas

10

11
1 hour meeting time (KS)
1 hour phone call time
Amb Harriman mtg
POTUS Arlington events
Veteran's Day

12
1 hour meeting time (KS)
1 hour phone call time
EKamarck Aviation Plan mtg
Greg Simon meeting
Parks Bill Signing
POTUS budget mtg

13
1 hour meeting time (KS)
1 hour phone call time
Cleofields meeting
EKamarck REGO plan mtg
Jesse Jackson Meeting
NSYG Solana meeting NSA

14
1 hour meeting time (KS)
1 hour phone call time
Foreign Policy Team meeting
Lake Mtg-Shanghai Mayor(T)
Lunch with POTUS
Note: House Freshman to DC
Video time

15
1 hour meeting time (KS)
1 hour phone call time
Gibson planning meeting
Mtg: Hundt, Hoagland,
Gibbons, Archbishop Tutu
Note: Partisan Ldrshp mts
POTUS dep for HI

16

17

18
Chinese Finance Minister mtg
McCaffrey meeting
Meeting w/ Eli Segal
Meeting with Amb. Bagley
Meeting with Dick Swett
Note: House D Ldrshp elects
Voies staff time

19
1 hour briefing Gore Com
1 hour Skelton calls / 1 hr mts
Leon Fuerth planning meeting
New Dem Ccs Membs recep
Note: 19-21 Dem Caucus mts

20
Cardinal Bernardin's funeral
Gore Com: Families 8:00 am
Note: Hs GOP Ldrsh elections

Chicago, IL

21
1 Hr KS Calls // Amb Gardner
Amb. Gardner dinner
Fuerth staff time
Interns 20 minutes
Mayors' Mtg // Mayor Seattle
Nobel Prize winners event
Secretary Senate mtg

22
Beaumont / Houston
GOTV / FMLA

Texas

23

POTUS Australia

POTUS Australia

24

25
1 Hr KS meetings
Departure photos
Law Enforce Officers event
Monk Comp Kennedy Ctr
Thelonious Monk Reception
Working Women mtg drop by

26
1 Hr KS meetings
Video time

27
POTUS Official Turkey event
POTUS returns 8:00 am

28
Thanksgiving

29

30

POTUS APEC Philippines / Thailand

December 1996
VP BLOCK: . . . DISTRIBUTION

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Depart for Lisbon Note: Lisbon briefing on plane World Aids Day	2 OSCE Conference VP Lisbon, Portugal	3 Ford Foundation Dinner 8:30 New Senators' Dinner 6:30 Prtnrsh Strong Fams Reception - Indian Treaty drop-by	4 Briefing for Gore Com. 1 hr WH Congressional Ball 7:30p	5 Bolivia briefing 90 minutes First night of Hanukkah Gore Commission 3 hr Lunch w/ POTUS Pageant of Peace Tech Corps Recep 6:30	6 AscStDemChrs Tucson Depart for Bolivia Red Eye First night of Hanukkah Tucson Hanukkah	7 Note: Ken Cen Honors dinner State Bolivia Sust. Dvp.
8 Ken Center Honors Reception @WH/Gala Kennedy Center NAFTA Anniversary	9 Crown Prince of Morocco mtg DGA Reception 4:30 pm	10 30 minute brief for Space Sym Liberal Party Dinner NYC Note: TX Cong Run-off New York City	11 Congressional calls 45m DLC Gala & Ball Space Symposium 2 1/2 hours	12 Congressional calls 45m Lunch w/ POTUS WH Holiday Reception all 4	13 Congressional calls 45m Nancy Hoit planning time WH Holiday Reception all 4	14 2 Tiered Holiday Reception
Hanukkah						
15 2 Tiered Holiday Reception Christmas in Washington - Ntl Building Museum	16 AFL/CIO Exec Board Mtg DC Holiday Reception NAVOBS POTUS USEU 3 hr mtg	17 Holiday Reception NAVOBS	18 1 hr Fam Conf plan mtg (T) Holiday Reception NAVOBS	19 Lunch w/ POTUS V Chip Announcement (T)	20 Holiday Reception NAVOBS	21 WH Holiday Reception all 4
22	23	24	25 Christmas	26 Sen. Gore's B-Day	27	28
29	30	31 New Year's Eve				

November 96

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January 97

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Jorge L. Bolaños

5870 S.W. 8 Street, Suite 7 • Miami, Florida 33144
Phone (305) 262-0080 • Fax (305) 262-8802

11.27.96 chron

Tomy/Saunder
C. M. McBrigh
Fm - BC

November 6, 1996

Hon. William Jefferson Clinton
President of the United States
The White House
Washington DCDear Bill:
President Clinton:**"35% del voto cubano fue para clinton"**

You just accomplished the impossible in our community. Your victory is even more remarkable when you take in consideration that you had to overcome:

1. The policy failures of previous Democratic administrations, specially the dialogue initiatives of Bob Pastor under President Carter, and President Kennedy's Bay of Pig fiasco and the misguided recommendations of Mr. Halperin and Nuccio.
2. The misinformed perception of our community by few but visible members of congress and "liberal democrats", who romanticize Castro.
3. And finally the relentless campaign by the republicans that you are not sincere in your commitment to remove Castro and to bring democracy to Cuba.

To bring about a peaceful transition to democracy in Cuba you will, in a short time, be required to make sensitive policy adjustments to accommodate our allies and stimulate their involvement. If we make the small effort necessary to inform the need of your actions, the Cuban American community will stand next to you and prove to be your best partner.

As shown by yesterday's vote, our community is not the right wing, aristocratic mongooses being pictured in the press or projected by few regressive individuals. Cuban Americans are progressive and socially conscious and their desire is not to "return and rule" but to help bring about the removal of Fidel Castro from power, open the doors for a democratically elected government and support the economic reconstruction of Cuba.

During the last four years you took great leaps of faith by trusting and supporting our community. You have no idea how happy we are that we did not fail you and how much we look forward that you will soon be the President to bring democracy to Cuba.

Un fuerte abrazo de tus amigos de Miami

Jorge L. Bolaños

Wilfredo Braceras

November 8, 1996

MEMORANDUM TO BETTY CURRIE
FROM SUZANNA VALDEZ
SUBJECT LETTERS FROM MR. FANJUL AND MR. BOLANOS

Alfy Fanjul and Jorge Bolanos are members of the President's "Core Group" in Miami. They have both sent congratulatory notes to the President, which I am forwarding to you.

Please advise on how we should proceed with regard to an acknowledgement.

Thank you.

11.27.96

Jorge L. Bolaños5870 S.W. 8 Street, Suite 7 • Miami, Florida 33144
Phone (305) 262-0080 • Fax (305) 262-8802Turn/sawed
C. N. M. Wright
FYM - BC

November 6, 1996

Hon. William Jefferson Clinton
President of the United States
The White House
Washington DC*Dear Bill:*
President Clinton:**"35% del voto cubano fue para clinton"**

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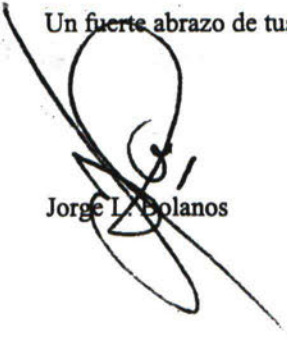
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Thank you.

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Ambassador Madeleine Albright

Fax Number: 736-7551

Phone Number: 736-7555

FROM: Todd Stern

SUBJECT: Presidential Note

DATE: December 2, 1996

NUMBER OF PAGES (including cover sheet): 4

MESSAGE:

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

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THE WHITE HOUSE
WASHINGTON

DATE: 12/2/96

NOTE FOR: AMBASSADOR MADELEINE ALBRIGHT

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:

THE WHITE HOUSE
WASHINGTON

DATE: 12/2/96

NOTE FOR: AMBASSADOR MADELEINE ALBRIGHT

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:

MESSAGE CONFIRMATION

DEC-02-96 09:11

FAX NUMBER : 2024562215

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11-27-97
THE PRESIDENT HAS SEEN

BIG BREAKTHROUGH —OR BIG BROTHER?

Washington may like key recovery, but privacy hawks don't

For the Royal Dutch/Shell Group, the electronic messages zipping among its 120 far-flung companies "represent the glue that holds the corporation together," says Shell encryption expert Nick Mansfield. But the messages must be kept from prying eyes. In the Dark Ages before computers, Shell sent sensitive telexes in code. And now, as the Netherlands-based oil and chemical giant launches a global network for its internal communications, piggybacked on the Internet, it is counting on sophisticated encryption technology to keep its secrets safe.

Shell is one of hundreds of companies that understand how critical cryptography is to a wired world. Without it, "we won't have real electronic commerce or electronic banking," says Kawika Daguio, technology maven at the American Bankers Assn. But Shell's new web isn't just on the cutting edge of the Information Age. It also offers hope that industry and government are finally finding a solution to a raging policy debate that pits the needs of law enforcement against the right to privacy.

The central question is what type and level of encryption U.S. companies are allowed to export. In recent years, encryption technology has become so sophisticated that a personal computer can apply codes that government experts can't crack. FBI officials and the code-breaking spooks at the National Security Agency fear that such unbreakable cryptography will be used by terrorists, child pornographers, and other nasty characters. As a result, the U.S. government has long tried to limit the spread of the technology around the world with strict export controls. It used the export restrictions to encourage domestic use of technologies that would give the government—in criminal investigations, for example—keys to decipher the code.

CUI BONO? In 1993, the Clinton Administration pushed a government-developed chip dubbed Clipper that gave law enforcers the key to a secret "backdoor," allowing them to read any coded message. Industry, fearing government intrusion, violently rejected it. The Administration made a series of small compromises, but they, too, were rejected. Finally, in Oc-

tober, the Clintonites decreed that firms could export even the strongest cryptography. The main condition was that companies maintain access to their own keys and agree to hand them over in response to warrants or court orders. "Two years ago, imagining that the government would allow exports of cryptography of unlimited strength was like imagining during the Cold War that the Berlin Wall would fall," says Stephen T. Walker, CEO of Trusted Information Systems (TIS) in Glenwood, Md.

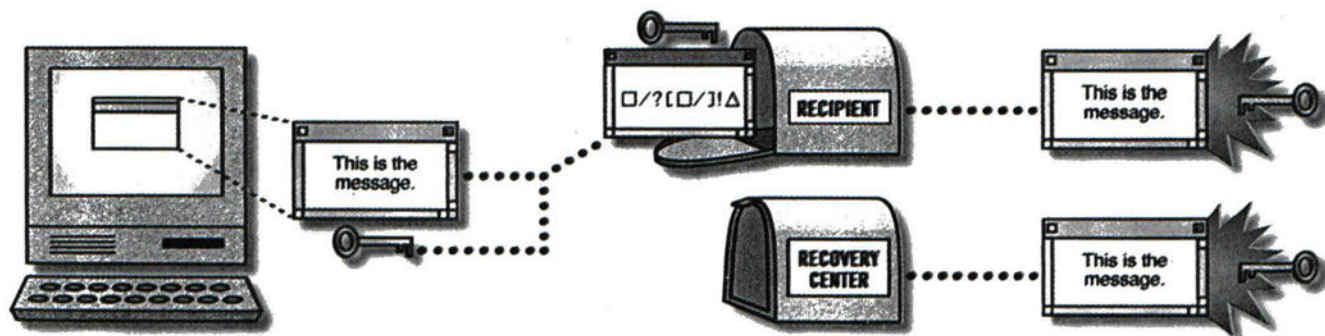
Nevertheless, the new policy raised the hackles of everyone from right-wing conservatives and privacy advocates to some software executives. Republican representative Sonny Bono of California doesn't want the FBI to have access to keys because "I absolutely don't trust them," he says. And software execs argue they're losing foreign sales to overseas competitors who aren't bound by the restrictions.

Some of this opposition will never fade. Philip Zimmermann, creator of a legendary cryptography program called Pretty Good Privacy, would like to "roll back the clock to a time when every conversation was private." But many experts predict industry will eventually go along. Much of the current criticism, they contend, represents a simple lack of understanding of the companies' own need to access or "recover" encoding keys.

Most firms are only now beginning to think about how to ensure security as they hook up to public networks, says James Hurley, cryptography expert at the Aberdeen Group, a Boston consulting and research firm. They haven't yet gotten to the next stage of deciding

HOW KEY RECOVERY WORKS

This is the way a company can retain the ability to read encrypted messages if employees lose their keys:



1 ENCRYPTION An employee creates a message that is encrypted with a "session key" generated by the system.

2 TRANSMISSION The key is also encrypted. The message and key are sent to the recipient. The recovery center also has the ability to unlock the key.

3 RETRIEVAL The recipient decrypts the key and uses it to read the message. If the company needs to read the message, it does the same.

how they are going to manage cipher keys. "When I talk to end users about this, they don't know key recovery from a hole in the wall," he says.

In contrast, savvy customers are realizing the importance of key-recovery technology. For Shell execs to maintain control of their vast empire, "they must be able to look at any of the messages that flow around the group of companies," explains Mansfield. "With encryption, that requires central control of keys."

Meanwhile, to meet the anticipated demand, computer suppliers are launching new products that offer key access.

Hewlett-Packard, for example, is about to announce a hardware system that allows customers to use whatever type of encryption or key management will fit their needs—and their government's policies. "We believe this solves the problem," says H-P Vice President Rick Sevcik.

ESCROW SCHEME. Today, most encryption schemes use so-called public-key cryptography. Complicated math allows

senders to use one key, which is made public, to garble a message. But only the recipient with the corresponding private key can decipher it.

But what happens when employees lose their private keys or leave the company? How can companies gain access to their files? One method is to simply keep copies of every private key in escrow.

For instance, each time Nortel Secure Networks' "Entrust" encryption product generates a new public and private key pair for a user, "the private key is backed up and put in the server," explains Brad Ross, director of business development for Nortel.

But this so-called key-escrow scheme isn't ideal. For one thing, the backup keys must be kept under tight security—and there are unanswered questions about liability if the security is breached. In addition, law enforcers who use a search warrant to obtain a private key would then have access to everything encoded by the key, not just a few relevant documents or messages.

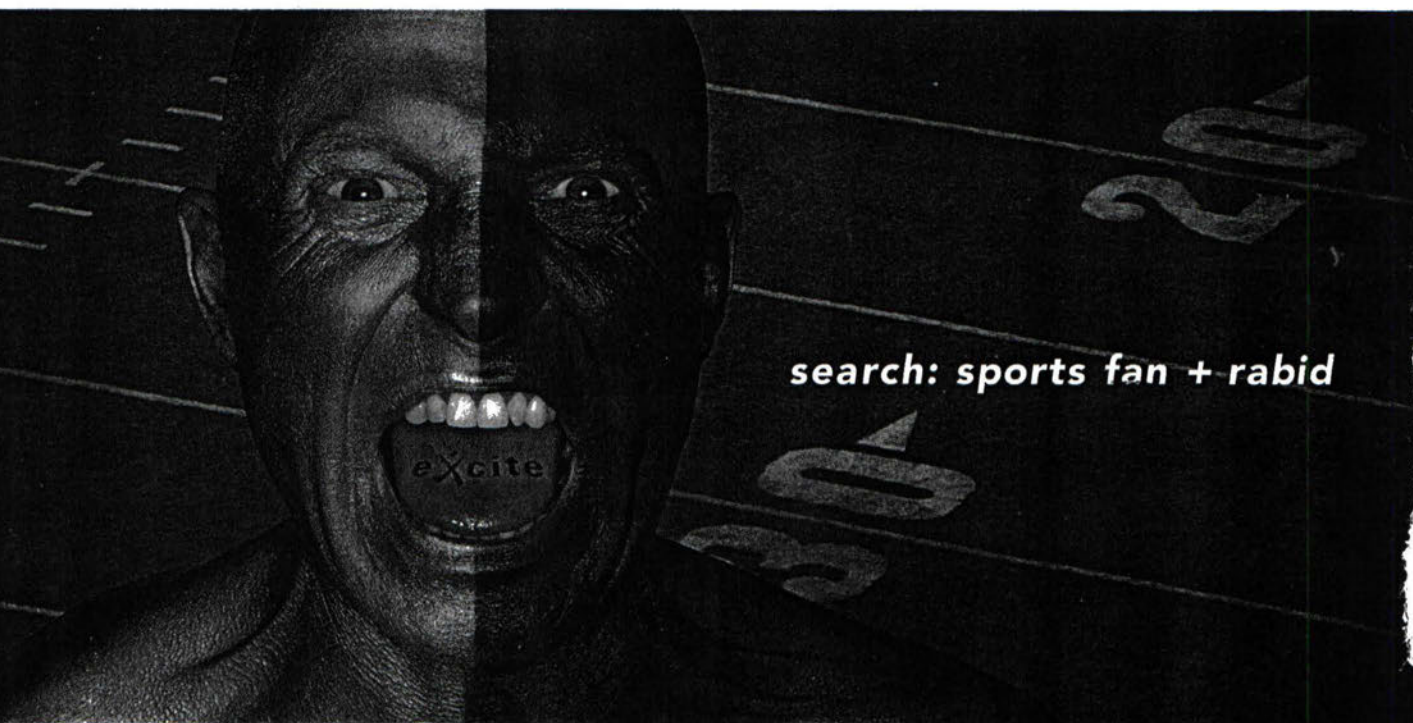
TIS's Walker thought there must be a better way. So he came up with the notion not to save messages or private keys—but simply to give companies the ability to recover the keys used to encrypt messages. A company can then decrypt the key and decode just the relevant message. But the sender's key remains private, safe from both company execs and federal agents.

There are still practical hurdles before the technology can become widespread. Communications software must be adapted, and legislation will be needed to clarify the liability issues for key-recovery centers. The Administration is currently working on a draft bill. And whether key recovery becomes a global solution depends on whether other governments sign on to the idea.

But a trend is beginning to emerge. Administration critic James Bidzos, CEO of RSA Data Security Inc. in Redwood City, Calif., concedes, "we are seeing the market move to emergency access [of keys]. If the government wants to say 'we were right,' let them." No doubt the fight over cryptography will continue. But ultimately, today's battles may seem as distant as the Cold War.

By John Carey in Glenwood, Md.

Can backup keys be kept secure enough? Who would be liable in the event of a breach?



search: sports fan + rabid

Looking for something? Excite on Sun.

Sun, one of the biggest, smartest powers behind the Internet, is now the power behind one of the biggest, smartest search engines on the Web—Excite. PC World was so impressed they gave them an A+ and said, "Quite simply, Excite delivered what we were looking for better than any other engine." All we can say is way to go team. **THE NETWORK IS THE COMPUTER™**



THE PRESIDENT HAS SEEN

11-27-96

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

THROUGH:

Leon Panetta

FROM:

Sally Katon and Dan Tarullo

RE:

EPA's Proposed Ozone and Particulate Matter Air Standards

*you know we won't
go there for in the end -
it's doesn't help. both sides
it? - Jim Conner*

BC

This memorandum is to advise you that, after much debate, we are authorizing EPA to place in the Federal Register on Friday, November 29th, a notice proposing new rules under the Clean Air Act that would: (1) create a new, more stringent air quality standard for particulate matter (PM); and (2) improve and tighten the existing ozone air quality standard. The action-forcing event is a court-ordered deadline of this Friday for a review of the particulate matter standard. The American Lung Association and the Sierra Club have threatened to bring lawsuits to obtain a deadline for issuing the ozone proposal if it is not issued at the same time as the PM standard. Both proposals will be highly controversial.

Background

The PM proposal would create a new standard for fine particles (those measuring 2.5 microns or less; the width of a human hair is 100 microns). This decision reflects a consensus among EPA's science advisory committee that these small particles cause harm by lodging deep in human lung tissue. The current standard for larger particles (those measuring up to 10 microns) would remain in place. For ozone, the proposed rule expands the monitoring period from one to eight hours and lowers the allowable concentrations. The health effects of ozone are considerably less severe than those from small particles: while the PM proposal would reduce premature mortality, the ozone proposal is intended to address temporary (and reversible) reductions in lung function, and marginally reduce hospital admissions among sensitive populations.

The statutory standard under the Clean Air Act is to protect human health with "an adequate margin of safety." The courts have held that EPA is not to consider costs in setting the standard. But the costs of these proposals will be greater than any other EPA regulation issued during your first or second term. The annual compliance costs for the PM standard will be approximately \$6 billion per year; and for the ozone air standard, \$.6-\$2.5 billion, or more, per year.

AMERICA'S WORLD

Don't say it's
worth reading
BC

Good intentions THE PRESIDENT HAS SEEN

11-27-96

Bill Clinton has another four years to set the world to rights—if only he can keep his concentration

"IN AN increasingly interdependent world Americans have a growing stake in how other countries govern, or misgovern, themselves. The larger and more close-knit the community of nations that choose democratic forms of government, the safer and more prosperous Americans will be, since democracies are demonstrably more likely to maintain their international commitments, less likely to engage in terrorism or wreak environmental damage, and less likely to make war on each other."

Those fine, even provocative, words come from Strobe Talbott, deputy secretary of state (and President Clinton's chief adviser on Russia), in the latest issue of *Foreign Affairs*. But will they define a "Clinton doctrine" by which the rest of the world will temper its behaviour over the next few years? Or will they be soon forgotten, as a second-term presidency continues the ad hoc habits ("photo-op foreign policy" and "foreign policy as social work" are among the biting, if facile, criticisms) of the past four years?

The questions matter because America is so obviously the world's leader—its biggest economy, its most powerful warrior and, thanks to the demise of the Soviet Union (President Reagan's "evil empire")—its only remaining superpower. Whatever the crisis, America, it seems, must play the decisive role. In the past year it has brokered a sort of peace in the Balkans; kept Arabs talking with Israel; and sent its navy to support Taiwan against the bluster of China. Even France, whose Gaullist tradition presumes more than a *souçon* of anti-Americanism, acknowledges if not America's leadership at least the need for its help: this month's offer of French troops for Zaire was contingent on the presence of Americans, too.

The difficulty is to be sure of the answer. Just as foreigners are ambivalent about

rest of the world.

Indeed, historically, America's attitude has always been one of deliberate distance. It should, said Thomas Jefferson, seek honest friendship with all nations, but "entangling alliances with none". Hence, before the second world war, America's every entrance on the the global stage was followed, sooner or later, by its withdrawal. For all the 1960s' talk of American imperialism,



Overseas ordeal

fostered by covert action round the world and overt war in Vietnam, the truth is that America has had no territorial ambitions since the end of the 19th century. Only Latin America, "Uncle Sam's backyard", has real cause to see the United States as a menacing quasi-imperialist, meddling either to protect its trade or to repel the alleged threat of communism.

Seen against that background America's role in Bosnia conforms to a pattern begun in the French Revolution and continued in the 19th century: America's role in the world was to protect its trade and to repel the alleged threat of communism.

for help—and has to wait. The difference is that the pattern is now interwoven with so many others. Count the value of America's proliferating foreign investment, or the ethnic links of its citizens to other countries, or its obligations under various international treaties: the truth, *pace* Jefferson, is that America's isolationist instincts must henceforth be limited; for better or worse, the country is permanently entangled. In which case, can non-Americans hope for the better from a second-term Bill Clinton?

Backyard blues

Start with America's backyard. For decades its complaint was that the United States interfered too much in affairs south of the border (witness the downfall of Salvador Allende in Chile or Manuel Noriega in Panama). Now the grouse is the opposite: not only do Latin Americans feel misunderstood, they also feel ignored.

They have a point. Two years ago in Miami, Mr Clinton, still reasonably fresh from winning approval of the North American Free Trade Agreement (NAFTA), played host to the first "hemispheric" summit with all the region's leaders bar Cuba's Fidel Castro (a perennial pariah). They set the goal of a hemispheric free trade agreement by 2005; and Mr Clinton agreed to support a broader NAFTA, together with the spread of similar accords to the Caribbean and Central America.

So much for good intentions. The first disappointment stemmed from the Mexican currency crash of 1994. Though Mr Clinton braved domestic opposition to put together a financial rescue package, he was unable to win approval from a protectionist-inclined Congress for more trade deals.

The second setback was the hijacking of the administration's Latin American policy (such as it was) by Mr Clinton's need to get re-elected. He approved the Helms-Burton law, which imposes sanctions against foreign companies "trafficking" (ie, investing) in Cuban assets seized by Castro from American citizens, in order to win votes in Florida, and sought to neutralise criticism that he was "soft" on drugs by hounding Colombia's President Ernesto Samper, who was alleged to have received election money from the Cali cocaine cartel. Mr Samper's American visa was cancelled and the administration refused the necessary visa to qualify for American aid, that Colombia was co-

But why did it fail?

*Don't say it's a free world
BC*

Good intentions

THE PRESIDENT HAS SEEN

11-27-96

Bill Clinton has another four years to set the world to rights—if only he can keep his concentration

IN AN increasingly interdependent world Americans have a growing stake in how other countries govern, or misgovern, themselves. The larger and more close-knit the community of nations that choose democratic forms of government, the safer and more prosperous Americans will be, since democracies are demonstrably more likely to maintain their international commitments, less likely to engage in terrorism or wreak environmental damage, and less likely to make war on each other.

Those fine, even provocative, words come from Strobe Talbott, deputy secretary of state (and President Clinton's chief adviser on Russia), in the latest issue of *Foreign Affairs*. But will they define a "Clinton doctrine" by which the rest of the world will temper its behaviour over the next few years? Or will they be soon forgotten, as a second-term presidency continues the ad hoc habits ("photo-op foreign policy" and "foreign policy as social work" are among the biting, if facile, criticisms) of the past four years?

The questions matter because America is so obviously the world's leader—its biggest economy, its most powerful warrior and, thanks to the demise of the Soviet Union (President Reagan's "evil empire")—its only remaining superpower. Whatever the crisis, America, it seems, must play the decisive role. In the past year it has brokered a sort of peace in the Balkans; kept Arabs talking with Israelis; and sent its navy to support Taiwan against the bluster of China. Even France, whose Gaullist tradition presumes more than a *souçon* of anti-Americanism, acknowledges if not America's leadership at least the need for its help: this month's offer of French troops for Zaire was contingent on the presence of Americans, too.

The difficulty is to be sure of the answer. Just as foreigners are ambivalent about America, often relying on its power while also resenting it, so is America about the

rest of the world.

Indeed, historically, America's attitude has always been one of deliberate distance. It should, said Thomas Jefferson, seek honest friendship with all nations, but "entangling alliances with none". Hence, before the second world war, America's every entrance on the the global stage was followed, sooner or later, by its withdrawal. For all the 1960s' talk of American imperialism,



Overseas ordeal

fostered by covert action round the world and overt war in Vietnam, the truth is that America has had no territorial ambitions since the end of the 19th century. Only Latin America, "Uncle Sam's backyard", has real cause to see the United States as a menacing quasi-imperialist, meddling either to protect its trade or to repel the alleged threat of communism.

Seen against that background America's role in Bosnia conforms to a pattern begun in the French Revolution and continued in the first and second world wars: Europe in a crisis looks to the United States

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But why did it fail anyway?

operating in the war against narcotics. How sad for Colombia. All America's vendetta has really achieved is to destabilise Colombia's central authority to the benefit of narcotics-linked guerrillas.

But, putting their complaints aside, what do the Latin Americans really want from Uncle Sam? The less-than-simple answer is some positive understanding: let America adopt a policy of "constructive engagement" towards Cuba, encouraging the foreign investment that would ensure economic liberalisation, and with it political reform. Similarly, in terms of the drugs war, let America recognise that the problem is a shared one, with the consumers as guilty as the suppliers. Most of all, let Mr Clinton seek "fast track" approval from Congress to extend NAFTA to Chile and to negotiate a Free Trade Agreement of the Americas for 34 countries in the hemisphere. Not everyone in the region wants such a deal; but "fast track" would signal America's involvement, and help stop the inclination of Mercosur, the trade-group led by Brazil, to go down a protectionist route.

Perhaps the Latin wish-list will come true. But the optimists are few. After all, in his first term of office Mr Clinton travelled the globe—and never once set foot in Latin America (belatedly, a visit to the region is now scheduled for next year).

Misleading Asia

To neglect Asia, with three-fifths of the world's people and several of its potential nuclear flashpoints (think of North and South Korea, India and Pakistan, China and India or Russia and China), would clearly be a mistake of a much greater order.

Couple security concerns with America's trading relationships with both Japan and China, and it is hardly surprising that Mr Clinton began his presidency by emphasising Asia with a fervour that alarmed America's hitherto complacent al-

lies in Europe. The Seattle meeting of the Asia-Pacific Economic Co-operation forum (APEC) in November 1993 was upgraded, at Mr Clinton's prompting, into a summit of heads of state; and the following May China was informed that its most-favoured-nation trade status would no longer be held hostage to its human-rights record.

But where, Asia wonders, was the follow-up? America's secretary of state, Warren Christopher, quickly became obsessed with the Middle East (critics note his visit to Beijing this week was his first for two years), and the crucial relationships with Japan and China were soon soured by trade rows, with America aggressively insisting on greater market access. The low point came in November last year, when Mr Clinton cancelled his trip to the APEC summit in Osaka. Admittedly Mr Clinton had a good excuse—a budget crisis had shut down his government—but Asia's leaders were beginning to ask how much they could rely on an apparently inconsistent America.

Mr Clinton, of course, says their reliance can be absolute. This week, while visiting Australia, he used his first big foreign-policy speech since the election to promise the continued presence of American troops in the region. Moreover, he had reassuring words for China: "The United States has no interest in containing China. That is a negative strategy. What the United States wants is to sustain an engagement with China... in a way that will increase the chances that there will be more liberty and more prosperity."

But Mr Clinton's latest message to China only serves to highlight the prob-



Not always welcome

lems of his Asia policy. Earlier this year, mixed messages from America about wanting to engage, not contain, China played their part in the China-Taiwan crisis. Miffed by Taiwan's determination to hold its first fully democratic presidential election, and led to believe, from all the talk of engagement, that America would turn a blind eye, China set out to intimidate Taiwan, even firing missiles close to its busy shipping lanes.

To its credit, America's response, orchestrated from the Pentagon, not the State Department, was swift: two aircraft-carrier battle groups sent to "observe" China's actions and to ensure that Taiwan came to no harm. Shortly thereafter, America and Japan agreed to reinforce their bilateral security treaty.

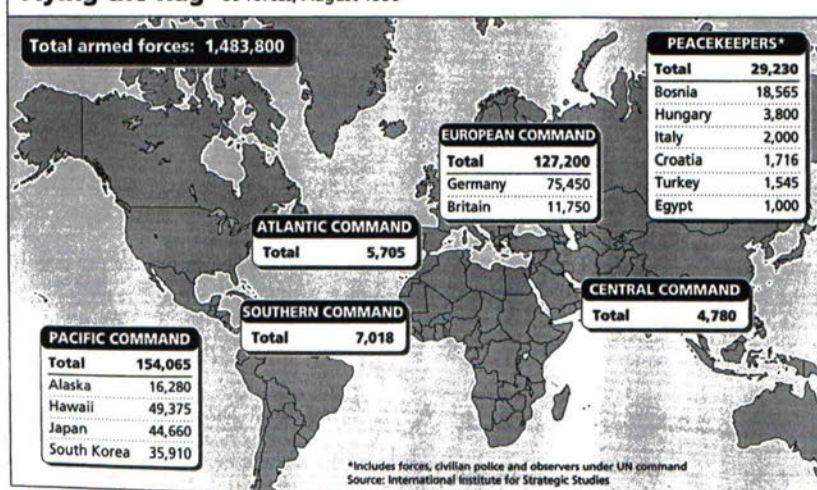
Though neither America nor Japan says it publicly, one of the future "risks" facing East Asia is precisely that a more muscular China will continue to refuse to play by the rules. Like it or not, America's role in constraining China will be crucial.

In which case, the administration might consider a change of tone. The Clinton team came to power saying America's economic interests would be at the centre of its foreign policy. The result was to advance the Commerce Department at the expense of the State Department—and to allow trade-dispute brinkmanship to endanger carefully balanced security relations. When he goes to Manila for next week's APEC summit, Mr Clinton will need to promise consistency as well as friendship if he is to reassure his Asian counterparts.

Old faithfuls

Ironically, given Mr Clinton's initial preference for the transpacific rather than the transatlantic, Europe now needs little reassurance. In part this is a "better the devil you know" reaction; in part it is because most European governments reckon Mr

Flying the flag US forces, August 1996



Clinton has improved over time. Clinton has improved the expansion of NATO and the relationship of the West with Russia.

But it is also because Europeans have had to recognise their own failings: the Dayton accords on Bosnia, for example, would not have happened without Mr Clinton's special envoy, the bullying Richard Holbrooke. It was the same Mr Holbrooke, bluntly accusing the Europeans of literally sleeping through the night at a time of crisis, who this summer defused a dispute over some rocks in the Aegean that threatened to propel Greece and Turkey—NATO "allies"—into armed conflict. Whatever the European Union's ambitions for a common foreign and security policy, in the meantime it clearly benefits from having America on hand—and an America that supports the idea of European integration.

That idea means different things to different people, and affects the way they view America's support. France has always tended to think of an integrated Europe as a counterweight to America. Indeed, its government spokesman, Alain Lamassoure, greeted Mr Clinton's victory with the comment: "It makes progress toward European unity more necessary than ever, so as not to leave American power alone like some kind of gendarme or judge over the affairs of the world." Hence France's determination to secure a European role in the Middle East peace process, or in the re-ordering of Africa. Yet at the same time France is deeply nervous at the idea of an American withdrawal from the world. President Chirac was not simply flattering his audience when he told Congress in February: "Today, as yesterday, the world needs the United States."

Germany has no such contradictory feelings: European integration and the transatlantic alliance are mutually reinforcing in Chancellor Kohl's mind. Indeed, he puts Germany's rapport with America almost on a par with the Franco-German alliance.

By contrast, feelings in Britain, obsessed by its internal debate over Europe, are confused: Eurosceptics, hankering hopelessly for the old "special relationship", see the EU as the enemy of transatlantic friendship—to which the Europhiles reply by pointing out that Britain alone, without Europe, is no longer worthy of America's attention.

Designing the architecture

In the end, be it in trade or security, America and Europe are mutually dependent, and the task is to ensure the relationship has as few irritations as possible. At the moment there are several: the Helms-Burton legislation; the squabble over Boutros Boutros-Ghali's tenure as UN secretary-general; differing views on how to deal with Iraq; the flagging momentum of the Middle East peace process; and so on.

The true challenge will be to manage two much bigger, and interconnected, is-

ing Germany a buffer between it and the old enemy, Russia) and to reward Central and Eastern Europeans for their rejection of communism. Putting notion into practice, however, will not be easy—and the European Union is not impressed by the idea that difficult cases such as the Baltic states (militarily indefensible) could find an alternative home in the EU. Why, mutter some southern Europeans, provoke Russia with ill-judged measures, be they for NATO or the EU?

The Americans have been similarly deft in ensuring approval for the notion that NATO must expand its membership both to promote Europe's security (not least by giv-



Let's sort things out

One plausible answer is that Russia, at least for the time being an incapacitated country, no longer needs to be handled with kid gloves. Indeed, cynics say that all Russia really wants from America is large amounts of money with no strings attached.

That may be true, but America's agenda with a Russia that has nuclear arms and unstable borders can hardly be dismissed so lightly. The original agreement after the collapse of the Soviet Union was that all its nuclear warheads should be repatriated to Russia. So far Kazakhstan has obliged, as has Ukraine. By contrast, Belarus has not—and its present political unrest could end

with it rejoining Russia. That would not be a tragedy unless Russia used it as a precedent for recovering Ukraine, a country which if threatened should definitely receive America's support.

Mr Clinton's real priority in Russian policy, fortified by last year's extension of the Nuclear Non-Proliferation Treaty and the near-global agreement this year on the Comprehensive Test-Ban Treaty, is to push on with arms control.

The American-funded programme for the dismantling and safe storage of Russia's nuclear weapons needs to be accelerated—possibly by a president-to-president prod. So, too, the effort to eliminate Russia's chemical warfare stocks and its (illegal) biological weapons programme. To show good faith, however, America's Senate had first better approve the Chemical Weapons Convention. Meanwhile, to encourage the Russian Duma finally to ratify the START II agreement on reducing strategic weapons, perhaps America might dangle the carrot of a START III—one in which the Americans humour the Russians by scrapping good weapons while the Russians junk bad ones.

Towards engagement

Assume all of the above happens, from Latin America to the Far East; assume, too, an American-inspired breakthrough in the Middle East; imagine, improbably, that America will allow its trade rows to be solved through the World Trade Organisation rather than by threats of unilateral retaliation. That will still, for some critics, not add up to a consistent and comprehensive foreign policy.

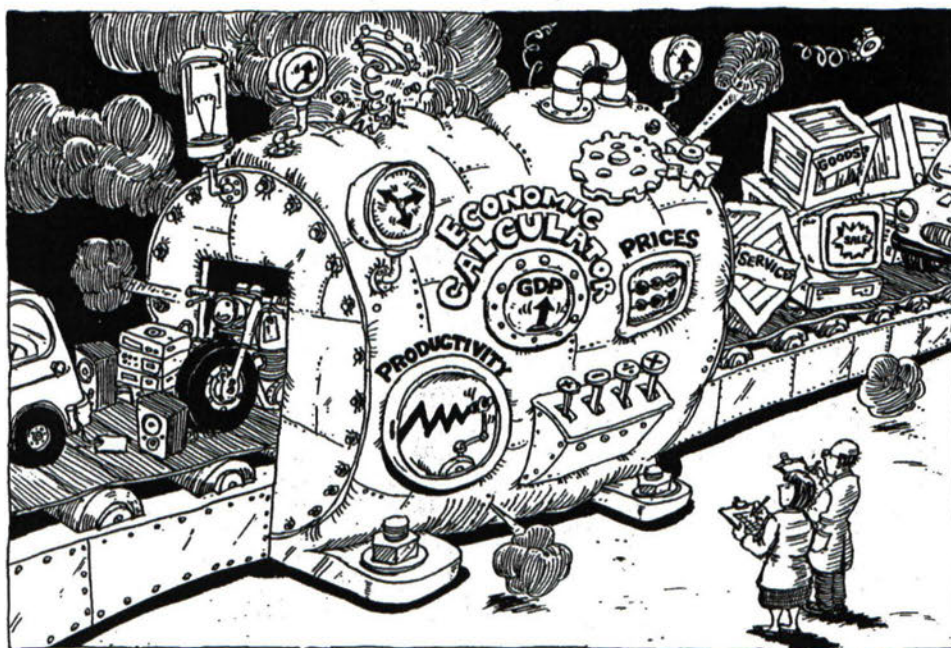
Perhaps they are right. But they should remember that America's foreign-affairs budget has halved in real terms since 1984, and is unlikely to increase with the penny-pinching and unegoistic Mr Helms back in his place as head of the Senate Foreign Relations Committee. Maybe that is why some Clintonites like to stress "transnational" issues, where America has a role because no other country will take the lead: not just arms control but also the environment; or terrorism; or international crime, from drugs to computer-fraud.

Indeed, the most important quality America brings to the world scene is its sheer capacity to get things done. Americans might often wish to be respected for moral fervour in foreign policy; but recent history has shown that, as in Somalia, moral impulses are dangerous if not accompanied by a sense of pragmatic self-interest. Besides, a capacity to make things happen—to bang heads together, convene summits, apply pressure, provide a forum for enemies to shake hands—should not be underestimated. If America only engages, there is no limit to what it might get done. Engagement is all.

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11-27-96

THE PRESIDENT HAS SEEN



The unmeasurable lightness of being

Economic statistics can cause governments to lose elections or wipe billions off share prices. Unfortunately, many of the numbers are wrong.

"THERE are three kinds of economists: those who can count and those who can't." That old joke gets a good laugh at economics conferences, yet it cuts dangerously close to the bone. Economists spend much time churning statistics through computer models or using them to justify policy, but few worry about the reliability of those numbers. They ought to: traditional measures of economic performance are becoming increasingly dodgy.

Number-crunching is not just an academic issue. Important questions, such as why all the billions of dollars invested in computers have failed to boost productivity growth, rest upon the accuracy of official statistics. Faulty figures distort people's vision. America's economic debate, for example, has been shaped partly by official numbers showing that productivity growth has slowed—from an annual rate of 2.6% in 1960-73 to 0.9% in 1980-95—and that real wages have stagnated. Calculate those figures correctly, however, and America's true rate of productivity growth in the 1990s could be almost as high as in the 1960s,

while real wages could be rising at a respectable pace (see chart on next page).

The question of the reliability of official statistics will get a public airing in America early next month, when a commission headed by Michael Boskin, an economist, issues a report to the Senate Finance Committee on the consumer-price index (CPI). It is expected to conclude that the CPI has overstated annual inflation in recent years by 1-2 percentage points. This, in turn, implies that real growth in GDP and productivity has been understated, since a variant of the CPI is used to create inflation-adjusted figures. This is no small matter: if the CPI overstates inflation, the budget deficit swells because of the over-indexation of welfare benefits, government pensions and income-tax brackets. If America's inflation rate is overstated by just one percentage point a year, then after ten years this would add an estimated \$140 billion to its federal budget deficit.

In recent years, governments have made big efforts to improve the accuracy, timeliness and integrity of the statistics

they collect. But are the numbers they collect relevant? Far too many statisticians are still trying to measure the output of the 19th century rather than the wizardry of the 21st. Three powerful forces pose special challenges to traditional statistics:

- **Globalisation.** A growing proportion of trade and investment reflects internal decisions made by multinational corporations. This makes it harder to define national economic performance. Is Germany's economy measured best by including Volkswagen's production abroad, but excluding Ford's output in Germany? Some economists would argue that it is. But this would change the economic picture dramatically—and would instantly give America a trade surplus instead of a chronic deficit.

- **Invisibility.** Conventional statistics were originally devised for tracking the production of physical goods. But a growing slice of output consists not of material things, but the production and manipulation of ideas. Output has become less visible, and hence less measurable. The number-crunchers have failed to keep pace. They still churn out masses of figures on the lamb population, steel output or sales of "rubber and miscellaneous plastic products". Yet fast-growing sectors such as software, telecommunications, entertainment, health care and financial services are barely tracked. In fields such as education and finance, government statistics often assume that output simply rises in line with the number of hours worked. Thus, by definition, productivity never rises.

- **Technology.** New goods, shorter product cycles and rapid quality improvements make it harder to measure changes in output and prices over time. Isn't it great that faster recovery times from operations mean patients spend less time in hospital? Not from a statistician's point of view: if measured by occupancy of hospital beds, output would show a decline. A road-haulage firm might improve its service by using computer navigation to run its lorries more efficiently. But productivity as measured by tonne-miles would drop if lorries reach their destinations more directly.

The problem here is insoluble. To measure the increase in real output over time, it is necessary to define a unit of production. This is easy for basic goods, such as tonnes of steel, but for a growing slice of the economy the concept of a unit of output is be-

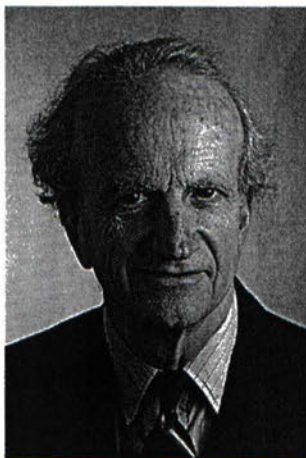
BY GARY S. BECKER

THE PRESIDENT HAS SEEN THE PRESIDENT HAS SEEN

11-27-96

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PUBLIC SCHOOLS NEED A LITTLE PEER PRESSURE



COMPETE:
Vouchers
would force
public schools
to improve—or
risk losing
students to
private schools

During the just-concluded Presidential campaign, Bill Clinton and Bob Dole agreed that the public school system is failing to meet the education needs of poorer and middle-class children. But while the former senator believes the solution lies in vouchers or scholarships for students to attend private schools, President Clinton accepts the claim made by opponents of vouchers that greater competition to public schools would greatly weaken public education.

I believe that competition from private schools will make most public schools better, not worse. Opponents argue that vouchers and scholarships will enable private schools to get the "cream of the crop," that the better and more ambitious students would leave public schools to attend private schools. As a result, public education would be stuck mainly with students who are unruly, uninterested in learning, or mentally handicapped. However, this scenario assumes that public school performance will not improve when faced with competition from private schools.

ENCOURAGEMENT. So far, private schools have competed with one hand tied behind their back because of the subsidy from taxpayers to public schools. A voucher system would expand private schools, increase the competitive pressure on the public school system, and thus promote change.

The root cause of poor performance of public schools is not insufficient funding, since real expenditures per public-school student have more than doubled during the past 30 years. Nationally, expenditures per student come to \$5,000 and in many cities, it is \$9,000 to \$11,000. The bad record of many public schools is usually because of a poor curriculum, lack of personal safety, and weak discipline of disruptive students that discourage kids who want to learn. The private-education sector would attract students by offering a program, including homework, discipline, and parental involvement, that is more appealing to students and their families than what has been available to them.

Since the vast majority of public school teachers and administrators are dedicated to teaching, they will try to reform the public school system if there is clear evidence that competing private schools are attracting the better students with vouchers. Moreover, public schools that are slow to change and continue to lose students will be under growing

political pressure to respond to the competition. School boards and voters will cut budgets and remove principals and school administrators unless they compete for students.

RESPONSIVE. Federal Express and United Parcel Service greatly improved postal-system delivery of letters and packages by introducing speedy and reliable service. Although the U.S. Post Office lost out in the competition to deliver most packages because private companies are so much better at that, it greatly improved its delivery of Priority Mail in response to pressure from private companies.

Economist Caroline Minter Hoxby of Harvard University finds that competition from Catholic private schools and even other public schools in nearby school districts improves public school academic performance. Students from all backgrounds do better, and she does not find any evidence of cream-skimming by private schools.

Many foreign students travel long distances to attend American colleges and universities because they make up the best system of higher education. The competition among several thousand colleges and universities for students and faculty keeps all of them on their toes.

The first G.I. Bill offered scholarships to World War II veterans, giving many of them an opportunity to attend colleges they otherwise would not have been able to attend. This program also helped improve the quality of American higher education by sharply increasing competition for students. Veterans could use their scholarships to pay tuition at any college, private as well as public, that accepted them. The funds provided by the bill offset state subsidies to public institutions and forced these schools to improve in order to compete for students against private colleges on a more level playing field.

Vouchers and scholarships directed toward inner-city and other children from poorer families would help them the way the G.I. Bill helped military veterans. They would then have greater choice and would no longer have to accept a mediocre education offered by an uncompetitive public system.

Even with school vouchers many students, including good ones, would remain in the public system if these schools got better. And they will become better when faced with stiffer competition for students from the private sector.

Gary S. Becker, the 1992 Nobel laureate, teaches at the University of Chicago and is a Fellow of the Hoover Institution

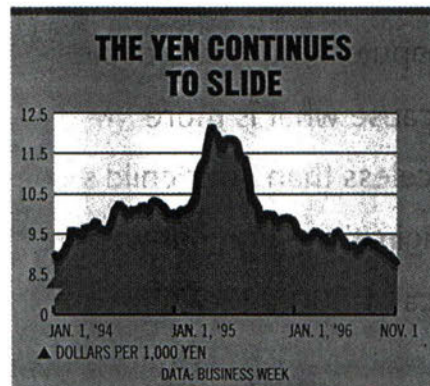
BY GENE KORETZ

LOW YEN, HIGH ANXIETY

Japan's rivals fear an unfair edge

It wasn't too long ago that global economy watchers were mesmerized by the unstoppable Japanese yen, which moved ever higher even as Japan's nominal trade surplus seemed to defy economic reality by continuing to grow. Now it's the yen's relentless slide in the wake of a falling surplus that is attracting attention—and stirring anxiety.

Not only is the yen down some 11% against the dollar since the start of the year but it recently touched a 42-month low that brought it 30% below its peak



value last April (chart). The big fear in many nations is that the yen's dramatic turnaround is putting Japanese companies in a position to win back share in global markets and reverse the progress made in cutting Japan's huge trade imbalance down to size.

Economist Joseph P. Quinlan of Dean Witter Reynolds Inc. points out that Japanese companies have restructured their operations to be profitable at an exchange rate of 95 to 100 yen to the dollar. With the yen currently trading about 14% below that range, "they have tremendous flexibility to employ aggressive pricing tactics in both the U.S. and Asia," he warns.

Among the potential casualties are U.S. auto makers, which have begun sounding off to government officials about the apparent efforts by Japanese authorities to weaken the yen (BW-Nov. 11). Aided by price cuts, imports of motor vehicles from Japan have been picking up steam, while exports of U.S.-made cars to Japan have stalled after rising rapidly in 1994 and 1995. Also at risk are U.S. computer companies, which

are facing a wave of cut-rate new models and products from Japan this year.

The yen's decline may have already exacted a heavy penalty on Asian exporters of electronic goods, computers, steel, and other products. In past years, the strong yen gave a big leg up to such producers by undercutting Japanese competitiveness. But now that advantage is fast evaporating. "Developing Asia's sharp slowdown in export growth this year is due in large part to a weaker yen," says Quinlan.

The ultimate danger is that a weak yen could undermine Japan's commitment to continue to pursue deregulation and widespread structural reforms. And it could inspire Japanese manufacturers to cut back on their foreign direct-investment programs—which have been a key ingredient in the economic emergence of developing Asia over the past decade.

"If that were to happen and Japan's trade surplus took off again," warns Quinlan, "we would be back to square one—bitter wrangling with the Japanese over trade policy and threats of retaliation, not only by the U.S. but by Japan's other trading partners."

At least one economist, Robert J. Barbera of Hoenig & Co., thinks such risks are exaggerated because "currency-market vigilantes would quickly push the yen higher if Japan's trade surplus began to grow again." He may well be right. But until the yen stabilizes and regains some ground, a lot of Japan's competitors and trading partners will be suffering some sleepless nights.

A BOOZE BLAST AT ANY COST

College demand defies price hikes

Economists have long found that demand for alcohol among both youths and adults is relatively price-elastic—that is, a rise in the price of booze will cause close to an equivalent decline in consumption. College students are apparently a glaring exception to this rule, though, reports the current issue of *Contemporary Economic Policy*.

In a study based on a 1993 survey of students at 140 U.S. colleges, Frank J. Chaloupka of the University of Illinois and Henry Wechsler of Harvard University found that prices had no significant effect on male students' consumption. And while prices did have a statistically significant effect on women's drinking, it was relatively small.

The researchers estimate, for example, that doubling of the price of booze would cut alcohol intake among co-eds by just 3%, to 17%. And it would reduce episodes of binge drinking—downing at least four drinks at a time—by only 22% to 25%.

Social pressures may explain college students' insensitivity to price—and the fact that they are significantly more likely to engage in excessive drinking than their noncollege peers. One notable finding of the study was that living on-campus and/or participating in a fraternity or sorority were positively correlated with alcohol abuse.

CHILE BOOSTS SOCIAL OUTLAYS

It's investing in human capital

Market-oriented macroeconomic policies and structural reforms may have produced Chile's economic "miracle," but that doesn't mean the nation has stinted on social spending. As a recent International Monetary Fund report notes, "a commitment to ameliorate social conditions has complemented broad-based economic progress."

According to the IMF, social spending increased from 55% of public expenditures in 1990 to 61% in 1995, even as overall public spending was cut from 23.3% of gross domestic product to 20.9%. While much of the higher social outlays went for health, education, and housing, the government also increased transfers to the poor through family allowances and minimum pensions.

The upshot is that the poverty rate was cut by 30% in just four years (chart). Illiteracy has been reduced to less than 5%, and primary education has become virtually universal.

Recognizing the key role of human capital in achieving its economic and social goals, Chile's latest gambit is sweeping educational reform. Recently passed legislation calls for a rise in school hours, curriculum updating, increased training, higher pay for teachers, and a major school-construction program to relieve overcrowding and double shifts.

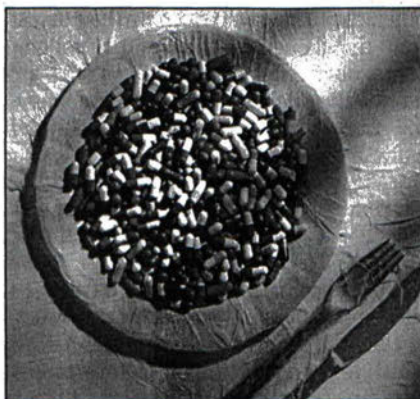


ponderous speeches about the horrors of hunger. The summit was enjoyed by the hundreds of burly, machine-gun-toting security men hired to guard them. It was enjoyed by the thousands of delegates, each of whom was given a natty conference satchel. But will it make fewer people hungry?

Unlikely. Hunger is largely the result of poverty, which is in turn mostly the result of bad policies (see box). And these policies are difficult to change. Not all is lost, however: there is mounting evidence that some of the worst effects of malnutrition can be cured with a few cheap technological fixes.

Over the past decade scientists have become increasingly aware of the importance of micronutrients such as vitamin A, iron and iodine. These are components of food which, unlike the protein, carbohydrate, fat and fibre that compose most of it, the human body needs in minute quantities—and which it cannot manufacture for itself.

Vitamin A, for example, is vital both for healthy eyesight and for the operation of the body's immune system. It is found in fruit and vegetables, and also in liver. Yet millions throughout Asia and sub-Saharan Africa do not get enough of it. Lack of iron leads to anaemia, an illness that affects almost 2 billion people. In poor countries mothers and young children are particularly likely to die as a result. And lack of iodine—a substance found particularly in



The missing ingredient

seafood—can cause the brain-damage and other abnormalities known collectively as cretinism.

According to a recent World Bank estimate, for every 50m people in South Asia, micronutrient deficiencies cause 20,000 deaths a year. They result in 11,000 children being born as cretins or going blind at an early age. And the loss of labour due to severe disability or lethargy is equivalent (says the Bank) to 1.3m people failing to turn up to work each year.

Yet the solutions are both simple and cheap. Doses of vitamin A and iron can easily be given in capsules. (Studies of vitamin-A programmes in Indonesia and the Philip-

pinas showed that a supply of capsules cost 50 cents per person per year.) And a whole range of foods—including salt, bread, sugar, water and rice—can be fortified with micronutrients before they are distributed. Nor is it always necessary to add the micronutrients directly to people's food. In parts of Mali, for example, iodine deficiency has been reduced by lacing the local wells with cylinders which release the element.

None of this is particularly surprising. The fortification of foods in rich countries helped wipe out a host of diseases long ago. Early this century, for example, margarine enriched with vitamin D eliminated rickets from much of Europe. In America, flour with added iron led to steep falls in anaemia.

The World Bank reckons that poor countries today could wipe out micronutrient deficiencies at a cost of 0.3% of their GDP. It would be a good bargain—the cost of illnesses caused by these deficiencies is estimated at 5% of GDP. The trouble is that governments in many countries are still not fully aware of the importance of micronutrients. And others, who are aware, prefer to spend their money on things like food subsidies, which benefit wealthy people as well as the hungry. Even the cheapest technological fixes will fix nothing without a bit of political will.

Small farms, big portions

BETTER use of modern farming technologies, such as fertilisers and genetically-engineered crops, would go some way to reducing hunger. But it is the misappliance of a science (the dismal one of economics), rather than a lack of technology, that has done most to victimise the world's 800m hungry people.

A growing body of evidence suggests that governments in many developing countries, often egged on by "experts" from the rich world, have discriminated against their farmers, with disastrous results. A five-volume World Bank study* of 18 developing countries during 1960-85, for example, found that farmers had been penalised in a host of ways.

Their ability to trade had been harmed by overvalued exchange rates and export quotas. They had been forced to sell produce to state-run food monopolies at artificially low prices. Protection of domestic manufacturers, meanwhile, forced up the price paid by farmers for various necessities and reduced their purchasing power as consumers. The net effect of such policies was a huge transfer of income out of agriculture—equivalent to 46% of the countries' agricultural GDP

each year, according to the study.

These policies seemed sensible at the time. Often encouraged by western and Soviet experts in the 1950s and 1960s, governments in developing countries attempted to force the pace of industrialisation by taxing agriculture—which was thought to be unresponsive to price changes—and using the proceeds to subsidise manufacturing. The idea was that the rural poor would migrate to the cities, providing cheap labour for industry, while a small number of large, mechanised farms would grow the food. This notion was politically convenient. Urban elites were happy that food prices were artificially low. And rich, influential farmers benefited most from the subsidies that were paid for new-fangled farming technologies, such as irrigation and fertilisers.

But economically, such policies were flawed. Farmers, it turns out, are very responsive to price changes. Large, mechanised farms are not necessarily more efficient. Given the right incentives, small farms using family labour can be as pro-

ductive as large ones. In China, whose farm sector has grown by 6% each year for over a decade, the average farm is a mere half a hectare in size. The World Bank study found that the less countries discriminated against agriculture, the higher their rates of growth, both in agriculture and across the economy as a whole.

Some aid experts today would accept that conclusion, but still argue that something special needs to be done for the 800m poorest. The reason, they claim, is that pro-growth policies encourage only cash-based market systems to develop and hence leave behind subsistence peasants who are outside the cash economy.

But if the World Bank is right, reducing the bias against agriculture is also the best way to attack the problems of the hungry poor. Higher returns on agriculture should lead to more rural jobs, which puts money in the pockets of the hungry. Moreover, farmers often invest their agricultural surplus in craft industries in the countryside, providing jobs for the landless. It is no coincidence that the number of undernourished people has fallen fastest over the past 20 years in East Asia, the part of the world that has most consistently pursued such pro-growth policies. If only the "experts" had known then what they know now.

* "The Political Economy of Agricultural Pricing Policy". Johns Hopkins University Press, 1992.

Retirement revolution

Many countries are banking on private pension plans to raise savings rates and spur economic growth. Does Chile's reform show the way?

SANTIAGO, the capital of Chile, may seem an unlikely place of pilgrimage, but for economists it has become something of a Mecca. Fifteen years ago, Chile privatised its pension system. Many argue that this pioneering reform underpinned the country's subsequent economic success, especially the spectacular rise in its national savings rate, from 8.2% of GDP in 1981 to 27.6% in 1995.

Small wonder, then, that other Latin American countries, including Argentina, Colombia and Peru, have already adopted watered-down versions of the Chilean reform. Several Eastern European countries are considering similar systems. Their hope is that privatising pensions will lead to higher savings which will, in turn, boost investment and lead to faster growth. But is that really the lesson of Chile?

The purpose of Chile's reform was to replace a near-bankrupt public pension system with one based on individual retirement accounts. Workers were required to provide for their own retirement by putting at least 10% of their salaries into privately managed (but heavily regulated) pension funds. A worker's pension will depend on how much he pays into his fund and the returns the fund earns—not on what the government promises. This makes it a "defined contribution" system. Most public pension schemes, in contrast, are "defined benefit" systems, in which the state guarantees a particular pension regardless of how much a worker has paid in. In Chile the state guarantees only a minimum benefit as a safety-net.

In theory, the shift to a fully funded, private pension system yields several benefits (quite apart from preventing governments penalising future generations through their generosity to current ones). The first is that savings rates may rise if, for instance, the minimum contribution a worker must make to his pension fund is more than he would voluntarily save, or if the higher returns earned by these funds prompt him to save more. Second, the financial sector may benefit as competition between pension funds creates more efficient capital markets. And third, labour-market distortions may also be reduced: whereas a pay-as-you-go system encourages employers to hire "informal" or unregistered workers to avoid paying the payroll tax, a private system gives

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workers an incentive to work on the books so they can contribute to their own retirement accounts.

Each of these effects seems to be occurring in Chile. The national savings rate has almost quadrupled and is now easily the highest in Latin America. Today's stockmarket capitalisation is over 100% of GDP, up from 24% in 1986. Chile is the only country in the region with an active long-term corporate-bond market. Employment in legally registered jobs has in-

Delayed effect

Contribution of pension reform to Chile's domestic savings, as % of GDP



Source: Robert Holzmann

creased sharply.

But correlation does not prove causation. Many other reforms, such as trade liberalisation and privatisation, were also taking place in Chile. So how much was pension reform responsible for the transformation?

Right means, wrong reasons

The answer, suggests Robert Holzmann, an economist at the University of the Saarland, in Germany, is that the pension reform deserves only part of the credit. In a recent paper*, he notes that private pensions have been good for Chile—but not for the reasons many of their more avid enthusiasts claim.

The growth of pension funds has been extraordinarily positive for Chile's financial markets. The stockmarket index, for instance, began a sharp rise in 1985, the first year that pension funds were allowed to invest in equities. Trading in stocks and bonds has grown in line with pension-fund assets, suggesting that the funds are a big source of market liquidity,

* "Pension Reform, Financial Market Development, and Economic Growth: Preliminary Evidence from Chile." IMF Working Paper WP/96/94. August 1996

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even if they account for only a small proportion of total shareholdings.

The reform's impact on savings, however, has been mixed. Mr Holzmann calculated how much private saving the new funds directly generated by adding up the flow of money into pension funds and the returns they reaped. Then he subtracted the direct loss of savings due to reform. This includes the public spending involved in providing pensions to people who retired under the old system, as the government no longer receives new contributions from current workers to pay pensioners. It also includes the cost of compensating workers who switched to private funds for the payments they had previously made into the old system. Subtract these lost savings from the new savings directly generated by the pension funds, and the overall direct impact of pension funds on saving was actually negative between 1981 and 1988 (see chart). Surprisingly, Chile's national savings rate rose in that time despite, rather than because of, the new pension scheme. Only after pension reform had been in effect for eight years did it cause the savings rate to rise.

But looking at the direct effect alone is misleading, Mr Holzmann says. The reform had two big indirect—and positive—effects on saving. The first was through fiscal policy. Chile financed most of the transition costs to a new retirement system by cutting expenditure elsewhere. This raised the savings rate directly because the public sector's surplus or deficit is a big part of national saving.

The other indirect link was via the boost private pensions gave to financial and labour markets. Deeper, more liquid capital markets, for instance, almost certainly helped boost Chile's growth by increasing the efficiency with which savings were used. And higher growth, in turn, can itself lead to higher savings. Chile's savings rate started to rise in the mid-1980s, just as its growth rate took off.

So, three cheers for pension reform? Wait, Mr Holzmann says. While it was straightening out Chile's pension mess, the government was also busy tightening its budget belt. This increase in government saving, Mr Holzmann argues, underlies much of Chile's economic advance. That is important for countries seeking to replicate Chile's success. Chilean-style pension reform is an excellent idea, but the switch to private pension funds alone will not boost savings quickly. That requires sound fiscal policy.

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Citizen Gates

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Microsoft has made a fortune from software. Why is it so keen to risk much of it in the media business?

EVERY few years, the titans of technology seem to fall under a strange spell. No matter how successful their own businesses may be, they begin to lust after the media market, driven by the vague notion that "content is king". In the late 1980s the spell lured Japanese consumer-electronics firms to Hollywood. In the mid 1990s America's telephone firms were bewitched into investing in television. All emerged poorer and wiser. Now it is the turn of Microsoft, the giant of the software industry.

This year Microsoft will spend some \$400m on media projects, ranging from Web sites on the Internet to a cable-television news channel and a film studio. Its founder and boss, Bill Gates, has said he is prepared to lose \$1 billion on such investments in the next few years. Microsoft will remain a software firm but with a big media sideline. As he often remarks, media firms, such as Disney, have built themselves into some of the greatest brands in modern history.

On the face of it, this ambition seems strange. Last year Microsoft made profits of \$2.2 billion on revenues of \$8.6 billion. That dwarfs the profits of even the best media companies. The biggest of them, the Disney empire, earned \$1.4 billion last year, while Rupert Murdoch's fearsome News Corp made just under \$1 billion. Even the richest newspaper empires make less than half that. At best, media firms achieve margins of less than 12% and enjoy 15% annual growth; most live with single digits for both. By comparison, Microsoft has been growing by over 30% a year, and consistently enjoys net margins of over 25%.

So why would Microsoft taint its balance sheet with something as sluggish as media? The simplest answer: because it can. Microsoft has an astounding \$7 billion in cash looking for a home. Rather than return the money to its

shareholders, the company is entrusting it to the vision of Mr Gates. He reckons that one way or another software and content will merge: Microsoft's best bet is to hurry it along.

Anyway, he argues, the sort of media Microsoft is investing in are, for the most part, not the stodgy stuff of paper and film. Mr Gates is investing in "interactive content": as he puts it, CD-ROMs, Web sites, Internet services and the like. Such things are booming, at least in terms of the number of on-line readers and offerings, both of which are doubling each year (though no big Web publishing venture is making money yet and even *Wired*, the cybernaut's bible, is losing a fortune). Moreover, Microsoft knows a bit about this market, having executed a remarkable turnaround in the past year to become one of the leaders in Internet software.

Mr Gates reckons that there are more similarities than differences between the software business his firm is good at and the new media it is developing. Both are driven by technology in which Microsoft excels. Both are brand-name businesses. And both share the economies of scale of digital reproduction and distribution. All sound familiar? Exactly: Japanese electronics firms said much the same things when they were throwing money around Hollywood.

Subscriptions, not synergies

In fact, Microsoft's real financial justification for diving into media is not to search for synergies. Instead, it wants to take advantage of the new commercial opportunities the Internet opens up. And there it sees a chance to gain the main economic advantage that the media business has over software: subscriptions. Microsoft makes its money when consumers buy a new PC (which comes with a Microsoft operating system already installed); when they buy a box containing Microsoft programs (be it a word processor or an educational CD-ROM); or when they upgrade a program with a newer version.

This limits Microsoft in two ways. First, it is hard—and getting harder—to win repeat sales. Computer programs are like tools: bought once and used many times. Microsoft has to persuade customers to keep throwing old tools away. But customers are becoming fed up with what they call "bloatware"—unnecessary features added to encourage them to upgrade. Increasingly, they are sticking with the tools they already have.

Second, traditional software ties Microsoft's growth to the fortunes of the PC industry. Since the company already dominates most of the biggest software markets, growth will tend to come not from new markets but new PC owners. Their numbers will rise by only 16% or so this year. To keep its shareholders happy, Microsoft needs to grow twice as fast.

Subscriptions—or "recurring revenues"—are one way to do that, by continuously milking existing PC users for more money, rather than simply waiting for new customers to come along. Microsoft is already selling some of its office software on subscription, with an annual fee guaranteeing support and upgrades. It offers subscriptions to some of its CD-ROM titles. But most software buyers, who are not



Media mania: Microsoft's projects

Activities

CD-ROM	Sells Encarta, the world's best-selling encyclopedia. Other titles have been less successful.
On-line services	Has relaunched MSN, which has 1.8m subscribers, as an Internet-based on-line service. Runs several Web sites such as Slate, a magazine. Expedia, a travel agency, and Sidewalk, a local listings service.

Main partnerships

NBC	Will spend at least \$420m over five years on MSNBC, a 24-hour news service on cable TV and the Internet.
DreamWorks	Owens a small stake in DreamWorks SKG, a film studio run by a former Disney boss. Has a \$30m joint venture with DreamWorks to develop games.

used to working this way, have been unimpressed.

So Microsoft is looking for more subscription businesses, and the natural choice is media. News changes constantly, and entertainment usually has a shelf life of days. This sort of business can generate a steady flow of cash. Microsoft is prepared to blanket the market with offerings in its search for gold.

Its efforts range from *Slate*, a political magazine available in both on-line and paper versions, to *UnderWire*, a Web site aimed at women. With NBC, an American television network, it runs MSNBC, a 24-hour news service, available both as a cable TV station and as a Web site (see table). The Web sites and on-line services are aimed at Microsoft's existing market of PC owners. But the hope is that MSNBC and Microsoft's investment in DreamWorks SKG, a new film studio, will reach a new—and potentially bigger—audience. And Microsoft reckons that the more compelling the media products it can put on the Web, the

more people will want to buy PCs to get them, boosting all its businesses.

Seen as a loss-leader, new media may look a reasonable bet. But as a business in its own right, it is far riskier. Like most other new-media pioneers, Microsoft has no idea where, or when, it might make money from its on-line ventures. Take MSNBC: its cable-TV part works just like a normal cable-TV station, taking subscriptions and advertising. Its Web site, however, has a harder task: viewers on-line are reluctant to pay for subscriptions when so many other sites are free, and paying advertisers are still sceptical about the Web.

At least MSNBC can tap into traditional media markets. *Slate* has a harder task. It too has many rivals on the Web, most of which are free. For *Slate* to earn enough advertising revenue to pay its way, Microsoft insiders reckon that the cerebral weekly will need a regular readership of 400,000. That is about ten times as many as the *Wall Street Journal* has managed to draw with its massive daily on-line offerings. And charging for *Slate* (which Microsoft intends to do next February) is liable to chase away most of its readers. That, at any rate, has been the experience of other Web magazines.

But, unlike its rivals, Microsoft has two big advantages in this new market. The first is its \$7-billion war chest—and the fact that its boss is prepared to put a great deal of this on the line. *Slate*, MSNBC and their siblings can afford to lose money for years. No rival can claim as much.

The second is that Microsoft can market its services through its ubiquitous Windows operating system. An icon on new computer screens already puts most users a single click away from MSN. In its next ver-

sion of Windows, Microsoft plans to make the link even tighter, weaving Web content—anything from news to advertising—into the PC “desktop”. Already it has divided MSN into “channels” along such themes as entertainment, cars and travel. Ultimately, it hopes to take the broadcast analogy further, delivering a television-like stream of Microsoft content to PC screens.

Plenty of other firms aim to dazzle consumers the same way, although they may not have the same technological edge. Firms such as Pointcast created a market for such Internet “broadcasting” and are sure to adopt Microsoft's new technologies nearly as fast as it does. Others, such as C/NET and HotWired, are creating channels of their own, and even sometimes producing cable-television programmes to show on them. Microsoft is launching Web sites for local information (starting with listings of entertainment)—but so are two competitors called CitySearch and Yahoo, while local newspapers are moving in too.

Ultimately, the new media market will not be won by technology. Just as magazines distinguish themselves by the quality of writing rather than the speed of their printing presses, so the media victors will be those with the most creativity and talent. If these are qualities that can be bought, then Microsoft's greatest advantage will be its bank account. If not, Mr Gates's media ambitions may eventually join yesterday's newspapers in the bin.



No Mickey Mouse business

THE media business is full of glamorous companies, but there is only one real star: Walt Disney. Last year, Disney made a profit of \$1.4 billion on revenues of \$12 billion, far outshining other entertainment firms. One of its biggest fans is none other than Bill Gates, the boss of Microsoft, the world's biggest independent computer-software firm.

So it is ironic that Microsoft may soon come head-to-head with Disney on what Microsoft might consider its own turf: cyberspace. On November 19th Disney launched a Web-based shop selling hundreds of bits of Disney paraphernalia from Winnie-the-Pooh pyjamas to 101 Dalmatians watches.

The shop is not Disney's first foray on

to the World Wide Web: the company has launched several Web sites tacked on to its various businesses, such as one for “Toy Story”, an animated film, and another for Disneyland, an amusement park. Last autumn, it set up a new division to develop products for the Internet. And in two weeks' time, it launches family.com, an advertiser-supported Web site aimed at families.

But the biggest clash may be yet to come. According to C/NET, a trade magazine, Disney will launch its own on-line service early next year, to offer access to the Internet as well as to feature its own content and characters.

That should frighten America Online, CompuServe and MSN, Microsoft's newly

relaunched network. These online services make much of their suitability for children (MSN even has an area dedicated to the youngest surfers). Disney, with its strength in home entertainment and warm, furry family values, looks an ideal partner to help children (and their parents) through the hazards of the Internet.

Many of Disney's other electronic ventures have succeeded. A couple of years ago it started selling educational software. In the first half of this year, four of the top six PC educational programs were produced by Disney, according to PC Data, a research firm in Virginia. Disney now holds more than 10% of a fragmented market. If Disney can do as well on-line (and it probably will), Mr Gates may wish that Donald, Mickey and their friends were not quite the impressive characters he so admires.

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A foreign policy for America

ONCE upon a time, the world viewed from Washington seemed a simple place: there were good guys, and bad guys, and the rest. The good guys were America's friends, the bad guys were communists, and the rest were unimportant. Then, after the Berlin Wall came down, the world looked even simpler. Suddenly, there was only one superpower, which, freed of all constraints, was now able to set about creating a "new world order", swatting flies like Iraq as it did so. The illusion lasted only a moment, but it was replaced neither by a new, more complex view of the world nor by any sense of urgency about the need to find one. For the past four years, America has juggled a variety of different (and sometimes inconsistent) foreign policies, each reflecting a different (and sometimes inconsistent) view of the world. Fortunately, the price paid has not been great. But in his second term, Bill Clinton may not be so lucky.

Fortune has smiled on Mr Clinton partly because the world remains relatively quiet. The American troops now preparing for a stint in Bosnia or central Africa may question that. Yet relatively quiet it is, despite the ethnic squabbles that afflict the Balkans and many parts of Africa besides Rwanda, Burundi and Zaire. Some of these disputes, and others from Chechnya to Sri Lanka, are a consequence of the triumph of democracy. Where communists once sat on national aspirations, people now feel free to burst forth. Where tribes and nations long resented colonial borders or dominance by other groups, they can now assert their independence, invoking as they do so the tenets of self-determination.

Attend and co-operate

These rows will not go away for a while. They will need to be managed, and managed better than Yugoslavia was during Mr Clinton's first 1,000 days. But the record of the past year in Bosnia shows that, when the administration gives its full attention to a foreign-policy question, and works with its allies, not against them, it can produce results.

That has been apparent from the outset with the most immediate set of issues arising out of communism's collapse: how to ease the transition to democracy and market economies in Eastern Europe and, most importantly, in Russia. Here the policy has been coherent: offer conditional financial help to governments anxious to reform their economies, and security help—at first through NATO's Partnerships for Peace—to those who fear their neighbours; meanwhile, cajole and subsidise to control arms, especially nuclear arms. The administration has done this well. But note that luck, too, has played a part: Russia today might well look frightening had Boris Yeltsin not managed, against most expectations six months ear-



lier, to win re-election last July.

America's policy towards Asia has shown less coherence: the administration sees the region variously as trading opportunity, trading threat, security worry and human-rights abuser. At the Asia-Pacific Economic Co-operation forum in the Philippines next week, Mr Clinton will, if he is wise, be publicly talking trade and privately reassuring nervous Asians that America will stay around in their region—so long as they are welcoming. Meanwhile, in Beijing this week, his outgoing secretary of state, Warren Christopher, has been trying to tell China that America wishes to engage it economically, without uncritically

backing its bid to join the World Trade Organisation. The Chinese, however, well know that at the start of his term Mr Clinton wanted to link China's most-favoured-nation trade status to human rights. Though the link was eventually abandoned, they remain mistrustful, all the more so in the light of America's subsequent friendliness towards Taiwan: first the granting of a visa to its president, then the show of naval force in March during China's attempts to force Taiwan to toe the one-China line.

Other problems inevitably absorb the energies of America's policymakers. The Middle East still soaks up a lot of diplomatic effort. Iran and international terror remain a worry. So does North Korea, Iraq and other states that may be acquiring weapons of mass destruction. Haiti and Cuba, thanks to proximity and electoral pressure, loom large in the view from Capitol Hill, if not from Foggy Bottom. Still, most of these places remain low on the list of Washington priorities until a crisis—a threat, a bomb, an invasion—puts them on the front pages. Then, panic past, they are allowed to slip away again.

This approach to foreign policy is unlikely to be adequate for long. The world is still in an unnatural post-cold-war condition. America remains the only superpower but, despite the boys in Bosnia and the battleships in the Taiwan Strait, suspicions remain that it is gun-shy. Soon the challenges will come not from Somali warlords but from full-fledged countries, growing in economic might and maybe military bravado.

It is safe to assume, for instance, that Russia's external ambitions are not satisfied, merely temporarily suppressed. Other countries will surely try to secure the gamut of weapons Saddam Hussein had failed to acquire when he snatched Kuwait. In many places, Islam seems to offer the only ideology to challenge the new orthodoxies of liberal politics and economics. And it is far from clear whether an ever-richer China will be a benign or a belligerent actor on the world stage.

So the new foreign-policy team in Washington—and it had better be a team, not a group of rivals—needs to keep Russia, proliferation, Islam and China constantly in mind. On

none of these issues does it need a radical change of policy. On Russia, the elements are all in place, so long as NATO enlargement goes ahead sensitively but firmly. On proliferation, the problem is to keep up the pressure on would-be renegades and others tempted to help them. Islam requires coolness, not panic, a readiness to see that the religion in itself poses no threat and that different Islamists therefore need to be treated discriminatingly. And on China, perhaps the most difficult issue, America at last seems to have discovered the right mix of engagement and containment. But the Chinese should be left in no doubt that America will not tolerate aggression.

Invest in allies

Rather than design new policies, America needs now to apply its existing ones consistently and in concert with others. Consistency is needed because oscillations suggest weakness (China) and undermine allies (Bosnia). Co-operation is needed because America cannot always act alone, even if it sometimes thinks it wants to, and it certainly does not want

to pay alone. In fact, though allies can be awkward, it is very much in America's interests to put alliances in place to deal with difficulties when they crop up, as they will. That is why Mr Clinton is foolish to waste so much goodwill by pursuing a vendetta against the current UN secretary-general and by persisting with the Helms-Burton law on trade with Cuba.

Where is America to find its allies? Where it can, of course, among democracies old and new, especially in Asia, where Chinese expansionism is already being felt. But the friendship likeliest to prove useful is the old one with Europe, often tested but always liable to be taken for granted. Four times this century—in two world wars, Korea and the Gulf—America has fought alongside Europeans. They know that undeterred aggression means war and, if they stop to think, that deterred aggression means peace: the big war they did not fight was the nuclear one with Russia. If the next 50 years are to be as relatively unbloody as the past 50, America will have to be just as resolute as it was with Soviet communism. And it will need every bit as much help from its friends.

Damned lies

Economic statistics are in a bad way

IF ONLY there were a way to reduce inflation, raise the rate of productivity and real-wage growth, and cut budget deficits. There is: governments could produce better statistics. Official figures in most countries almost certainly understate growth and overstate inflation, and by an increasing margin (see page 95). Collect the right numbers and—abracadabra—your economy would look in better shape, and many of those worries about stagnant productivity and living standards would just disappear. Unfortunately, finding the right numbers is much harder than you might think.

The fault, dear Brutus, lies not in ourselves, but in our stars, that they are undermining us. Globalisation, rapid technological change and the shifting nature of economic activity are making some standard statistical measures irrelevant. Figures on the production of corn, coal and clothes abound, but more useful data about today's fastest growing industries—computing, telecommunications, business services and finance—are much harder to come by. Many of these activities cannot be seen and cannot be numbered.

An inexact science

Yet just as the traditional measures become less reliable, policymakers and financial institutions are placing more weight on them. The Maastricht treaty, for example, obliges would-be members of Europe's monetary union to meet limits on budget deficits measured as a percentage of GDP. Central banks judge inflation and set interest rates in response to small changes in economic indicators. It matters if the figures are fuzzy. What can be done about it?

By training and temperament, official number-crunchers are ultra-cautious. They emphasise continuity and comparability, and hate to change their definitions (as the saying goes, statisticians are people who are good with numbers but find accountancy too exciting). They need to show a bit more

imagination. When economies are changing fast, with new and better products forever popping up, statistical tools need to be adapted quickly. At the moment, the world is on the wrong side of an awkward trade-off: the more comparable today's statistics are with yesterday's, the less likely they are to tell us anything useful about today.

Number-gatherers point out that better data cost money. This is true. Governments should stop making severe cuts in statistical agencies' budgets: it is a false economy. But the agencies should also make better use of the resources they already have. It is odd that in America, for example, three times as much is spent gathering agricultural statistics as on measuring GDP. Many countries, including America, lack a central statistical agency: statisticians are scattered hither and yon. A single agency would make it easier to keep resources on the trail of economic change.

All this would help to improve the numbers. But even if twice as much were spent on statistics, they would still be far from perfect. The fact is that economies are becoming increasingly unmeasurable, at least in precise ways. The world must learn to live with it.

To set interest rates, central banks do not strictly need data on inflation or real growth; the growth in money spending, which is much easier to measure, should suffice. Greater modesty is also required in the application of statistical exactitude. Policymakers should not set targets that are over-precise—that is, more precise than the underlying data can support. It then falls to other users of statistics, from voters to headline-writers, to recognise that most statistics are approximations, and to resist the temptation to abuse them. As for statisticians themselves, still seeking perfect measures of 19th-century industrial output, they might take a tip from Keynes: "It is better to be roughly right than precisely wrong."



Ban the bug bomb

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New horrors are certain if the convention on biological weapons is not strengthened

FROM the invention of gunpowder to the splitting of the atom, the world's warrior classes have put many a scientific discovery to fiendish use. This century, which has outdone all others in inventing weapons that can destroy on a truly massive scale, is ending in a flurry of arms control. The treaty to stop the spread of nuclear weapons was extended indefinitely last year and nuclear controls are now being tightened. Virtually the whole world, bar India, has agreed to end nuclear-weapons tests. The convention banning production and use of chemical weapons has now gathered enough ratifications to come into force next spring. But if the next century is to be spared worse military horrors, more effort needs to go into banning another gruesome product of military sorcery: biological weapons.

Use of these appalling weapons, which can bring death and disease to people, animals or crops, was banned in 1925. More than 130 countries have also ratified the 1972 Biological and Toxins Weapons Convention (BTWC), which prohibits development and production. But the convention has no built-in checks. Some were supposed to have been worked out before the convention's next review conference, which opens next week. But governments are still quibbling over principles. They have yet to get to the fine print. Without a big political push, talks could drag on for years yet.

Since the BTWC has survived this long without checks, why the rush? One reason is that, unless the ban can be enforced, the convention will fall into disrepute. Some 20 countries are thought to have, or have had, military research programmes and some have built weapons. In 1992 Russia, one of the convention's three sponsoring powers, admitted that it had illegally produced (and probably also stockpiled) biological weapons. President Yeltsin says the programme has been stopped, but outsiders have yet to be convinced. And although there were strong suspicions before the Gulf war that Iraq had been doing some biological dabbling, United Na-

tions inspectors were stunned at the scale of the secret weapons programme they eventually uncovered—including missiles fitted with biological warheads, ready for use.

As controls on other weapons bite, biological weapons, which are easier to make than nuclear ones and, with recent advances in biotechnology and genetics, can spread destruction more efficiently than their chemical cousins, may become the terror weapons of choice for outlaw regimes or terrorists. The Japanese sect that released deadly nerve gas on the Tokyo underground last year was experimenting with them.

The will, then the way

Iraq's ability to hide its biological mischief for so long also shows how difficult it will be to enforce a ban. As with chemical weapons, the equipment and materials often have legitimate civilian uses. Yet the quantities needed by biological warriors are tiny by comparison, making detection all the trickier. One simple test of a new biological-weapons regime is whether it could have made Saddam Hussein's life harder. It is a stiff test, but not an impossible one.

No arms-control rules are 100% bug-proof. But driving up the costs and risks of rule-breaking can deter all but the most determined cheat. That means strict reporting of biological activities, clear export controls on equipment and materials, and laws to make rule-breaking a criminal offence (many countries have none). Tracking easier-to-hide biological weapons will need fewer of the routine industrial inspections used in the chemicals industry, and more speedy "challenge inspections" that let inspectors swoop on any discrepancy in declarations or suspect activity within hours, rather than days. There would also need to be prompt investigation of outbreaks of disease. And tough treatment of offenders.

All this could sharply increase the chances of catching cheats. Non-signers could be more easily, and legally, isolated. What is needed is the will. To delay could be deadly.



A case of the DTs

Privatisation in Europe will fail to live up to its promise unless it is done right

WHO would have thought it? Fifteen years ago, the rest of Europe regarded privatisation as a weird British experiment. Now the record for Europe's biggest disposal of state assets has passed to Germany, guardian of the region's social-democratic conscience, and for the sale of a politically sensitive utility, no less. The privatisation of Deutsche Telekom marks an astonishing ideological victory, well worth celebrating. Yet the rejoicing on the floor of the Frankfurt bourse as nearly a quarter of the company changed hands for DM20 billion (\$13 billion) on November 18th obscures a re-

grettable fact. This sale may mark the high-point of privatisation in Europe, rather than the long-overdue beginning of a vigorous new shareholder-capitalism.

Already, there are hints of trouble to come. On November 14th the French government postponed the sale of CIC, a group of regional banks. Under political pressure, the Italian government has put back the sale of Stet, a state-controlled telecoms group, until next autumn. Across Europe, privatisation is running into difficulty now that the easy bits have been done. The \$250 billion or so of saleable assets still left in



state hands includes a good deal of dross. Politicians balk at privatising railways, airlines and half-bankrupt insurers for fear of the cost in jobs and strikes at a time when unemployment in Europe remains stubbornly high.

The generally poor image of privatisation in Europe—the euphoria surrounding Deutsche Telekom notwithstanding—makes the remaining job of selling the state harder. For that politicians have only themselves to blame. They have often bungled the awkward mechanics of privatisation. Often, they have asked too high a price, earning privatisation a reputation for fleecing investors, who will think twice before subscribing to later offerings. This may help explain why the share prices of privatised firms have, on the whole, underperformed their local stockmarkets in Europe. Sometimes, governments have offered shares too cheaply, leaving privatisation open to the charge that greedy capitalists have robbed the *citoyens*. Either way, what was supposed to be a recipe for popular capitalism has too often turned into a bitter lesson in the risks of investing.

Yet such public-relations disappointments are as nothing compared with politicians' meddling in the real benefits of privatisation. Those benefits flow from letting managers do their job properly. The cash raised by privatisation will soon be forgotten. But better managers, encouraged by competition and held accountable for their successes and failures, will create lasting increases in productivity, year after year.

There are no better examples than Britain's former corporate basket-cases. The transformation of British Airways, British Aerospace and British Steel into world-class firms bears witness to the power of privatisation. Before privatisation, it

cost each taxpayer £300 a year to prop up loss-making state firms. Privatised companies now pay taxes on some £2.5 billion in profits. That works out at £100 a year per taxpayer.

In some countries, such as Sweden and Holland, privatisation seems to be having the same salutary effect. Elsewhere, however—and especially in France, Italy and Spain—politicians have failed to expose managers of privatised firms to competition. Sometimes protection has been created by *noyaux durs*, "hard cores" of shareholders, put together by governments, which protect managers from hostile bids. In France, which is Europe's biggest privatiser after Britain, the same corporate names crop up in one *noyau* after another, creating webs of cross-shareholdings. This perpetuates the elitism and conservatism of large French firms.

On other occasions—and Deutsche Telekom might turn out to be one of them—utilities have been privatised without the deregulation needed to give fledgling competitors a chance. Rigging the market is a glaring fault. Often the pressure is more subtle: an official word here, a hint there. Politicians do not have to go the lengths of Spain, which replaced the bosses of some supposedly privatised firms earlier this year, to let managers know where their real interests lie.

Europe's privatisation programme must not be subverted just because its remaining firms are sick. That would be like arguing a man is too ill to see his doctor. On the contrary, because gains in productivity tend to persist, privatisation matters more than ever when Europe is hobbled by the dead weight of failing state firms. Anyone who doubts as much need only compare commercially minded British Telecom with the new kid on the Frankfurt bourse.

Polls to nowhere

Elections in Africa are being overtaken by more profound political changes

DEMOCRACY, at least of the conventional kind, is not working in Africa. Five years ago Africa's one-party states were giving way to multi-party systems, and tyrants were being bundled out of office. Zambia provided a famous example: in 1991 Kenneth Kaunda, in power for more than 25 years (most of them one-party), was obliged to hold an election, which he lost. In came Frederick Chiluba, a more modest man—but not much of a democrat, it turns out. Mr Chiluba has become increasingly tolerant of corruption and intolerant of opposition. In this week's election, his predecessor was banned from standing against him.

Unfortunately, this has become par for the African course. African elections are now seldom genuine tests of popular opinion. Except in one or two places, notably South Africa, democratic travesty is the pattern. All power tends to be concentrated in one person, the president. The government fixes the election; the opposition boycotts it or rejects the result; the government ignores the opposition.

The problem is that the tyrants have learnt how to control the voting. Boundaries, the media, the economy and the voters' roll are all manipulated. Opponents are squashed. Soldiers have also learnt how to play the game. Half the countries of west and central Africa are ruled by "elected" ex-soldiers,

among them the bosses of the Gambia and Niger, both voted into office after recently overthrowing democratically elected governments. General Sani Abacha may try the same trick in Nigeria in the ballot he promises for 1998.

The ways in which all this is done are rarely picked up by foreign monitors, who often arrive only to observe the actual polling. Cynics call it "donor democracy": just enough to keep the aid-givers happy. Among outsiders, the talk is increasingly of giving up on democracy and simply bowing to the realities of despotism. Some speak of bringing back one-party systems, or redrawing boundaries to create more "natural" countries. Others mutter about imposing outside rule through UN trusteeship or some other device.

Forward with Zaire!

Few of these remedies are possible, none is desirable. Beneath the surface of African politics, a deeper transformation is going on. State power is diminishing. New centres of civilian power are growing up outside the state. Some are regional, some commercial; others are ethnically based or emerging from influential bodies such as the churches. With increasing privatisation, usually promoted by outsiders, governments are losing crucial sources of patronage. Presidents may win




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THE PRESIDENT HAS SEEN
11-27-96

President Bill Clinton

THE PRESIDENT HAS SEEN

11-27-96

MALACAÑAN PALACE

MANILA

23 November 1996

Dear Governor Rosello,

In behalf of the Filipino People and the Philippine Government, I would like to express my deepest sympathies to the people of Puerto Rico, particularly the families and friends of the victims of the explosion that hit a commercial building in San Juan district on Friday, 22 November which has so far resulted in 20 fatalities.

The catastrophe is a dire reminder on the need for high standards and regular inspections of the centralized gas system and of the general engineering of buildings and structures, especially those situated in dense urban areas.

We offer our prayers to the bereaved families and their friends that they be given the moral strength and courage to recover from this terrible tragedy.

Accept the assurances of my highest consideration.



The Honorable
Pedro Rosello
Governor of Puerto Rico

(Copy to Pres B. M. Clinton)

THE PHILIPPINE STAR

WORLD NEWS

Editor: BINKY C. YATCO

Saturday, November 23

ilian mass er gets terms

) — A judge jailed laughing gunman
day for killing 35 people in a shooting
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settlement.

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than the 72 charges which arose from
Port Arthur — site of Australia's most

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e and every reason to fear that he will
rbed and insensitive as he was when
ne crimes of which he now stands
ining why Bryant would never be

Teresa

20 killed, 80 injured in Puerto Rico explosion

SAN JUAN, Puerto Rico
(Reuter) — Emergency workers
used heavy equipment early
yesterday to shore up the
remains of a blasted-out building
before they could resume the
search for any survivors of an
explosion that killed at least 20.

At least 11 people were
missing and believed trapped
within the chunks of twisted
metal and concrete, according to
police and government officials.

Some 80 people, many
pedestrians on the busy street of
the working-class neighborhood,
were treated for injuries and
head wounds following the
Thursday morning explosion.

The building was reduced to
an empty shell when five floors
of apartments and offices

collapsed on a shoe store on the
ground floor of the building in
the busy Rio Piedras commercial
district of San Juan.

Emergency workers were
forced to halt their search for
survivors on Thursday evening,
fearing for their own safety until
the building could be shored up
with steel beams. Faint voices
had been heard by some
bystanders soon after the
explosion, but were not heard
later in the day.

Trained search dogs and
sophisticated equipment
including fiberoptic cameras and
listening devices were flown into
San Juan by a team of rescue
workers from Miami's Metro-
Dade fire department. Officials
hoped to resume the search for

possible survivors by dawn.

"Everybody is just waiting for
the street to get cleared," said
Angel Delafuente, a member of
the Miami fire department.

Investigators from the
National Transportation Safety
Board, which probes US airline
accidents, were also dispatched
to assist the Puerto Rican
government with its
investigation into the cause of
the accident.

Early indications, and reports
that residents had complained of
a foul smell prior to the accident,
pointed to a possible natural gas
leak.

"The owners of the place
were complaining that there was
a smell for the past two weeks
but they (the gas company)

hadn't done anything. Today
they came and when they were
probing, the explosion
occurred," police superinten-
dent Pedro Toledo said.

"It is a very unfortunate event
that has caused a lot of grief and
suffering for families," said Gov.
Pedro Rossello. "Our efforts must
now be directed to attending to
the injured and helping the
families of those who died," he
said.

Rossello toured the site late
on Thursday night. He also
thanked a group of black-habited
nuns at a Catholic church across
the street for their lifesaving
efforts. The nuns were among
the people who rushed to the
scene and pulled the injured and
dead from the rubble.

Yeltsin dischar from hospita

MOSCOW, RUSSIA
President Boris
continuing his st-
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surgery, moved fro-
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yesterday.

NTV commere
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Interfax news,
a doctor at th-
Alexander Nikola-
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"entirely satisfie-
with the gravity of
he has undergone

His blood p-
normal and his pu-
Nikolayev, who a-
Yeltsin before bus-



Tens of thousands of Rwandan refugees on 'brink of death'

BUKAVU, Zaire (AFP) — Tens
of thousands of Rwandan
refugees are on the brink of

Zaire, many of them around 200
kilometers west of Bukavu, the
capital of Zaire's South Kivu



PEACE CORPS

DIRECTOR

Chron
THE PRESIDENT HAS BEEN
11-27-96

November 4, 1996

MEMORANDUM FOR THE PRESIDENT

'96 NOV 16 PM2:09

FROM: Mark D. Gearan *mg*
Peace Corps Director

SUBJECT: Peace Corps Programs in the Philippines and Thailand

In anticipation of your upcoming trip to the Philippines and Thailand, I am providing you with a brief overview of the Peace Corps programs in those countries.

THAILAND

More than 5,000 Peace Corps Volunteers have served in Thailand since 1962. Traditionally among the larger programs (a peak of 400 Volunteers in the 1960s), the Thai program is being downsized from 90 to 30 Volunteers over the next two years. The Royal Thai Government recently reiterated its strong support for the Peace Corps and expressed a desire that the Peace Corps would remain in Thailand despite the budget constraints that had spurred the downsizing.

Beginning next year, Volunteers' work will be re-directed to primary schools in poor, rural areas, where the benefits of Thailand's rapid economic growth and development have not yet been realized. Volunteers currently work in the following fields.

Health: Volunteers work closely with village health workers to develop and deliver health-care programs to eradicate malnutrition and prevent the spread of HIV/AIDS.

Environment/Agriculture: Volunteers work with villagers and farmers to encourage sustainable use of natural resources. They carry out needs assessments, provide technical assistance, and assist in developing educational programs and wildlife research projects.

Education: Last year, Volunteers assigned to small, rural schools taught English to more than 5,400 students and trained 135 Thai teachers of English. They also participated in community-based projects relating to health and environmental education.



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November 4, 1996

page 2

PHILIPPINES

More than 8,500 Volunteers have served in the Philippines since the program was established in 1961. Though the program was suspended from 1990-92 following the kidnapping of a Volunteer and heightened safety concerns, the current 100-Volunteer program enjoys strong governmental and public support. Volunteers work in the following fields.



Small Islands Development: Volunteers are helping address the immense challenge of providing services for the nine million people living on approximately 5,000 small islands, where transportation, infrastructure, and resources are in short supply. In nine island provinces, Volunteers work in agriculture, coastal resources management, water and sanitation, and health.

Integrated Protected Areas System: Volunteers are assisting in a Philippine Government initiative to develop a system of national parks and protected areas to conserve unique natural resources. Volunteers catalogue flora and fauna and help with park design and management. They also work with surrounding populations to identify income-generating alternatives to practices such as fishing with dynamite or cyanide.

Education: Volunteers are involved in teacher training, curriculum development, distance learning programs, and resource material development.

Recent Events: Recently, a group of about 40 returned Philippines Volunteers made a special trip back to the Philippines to commemorate the Peace Corps' 35th anniversary in that country. The group also met privately with President Ramos, who thanked them for the Peace Corps' contributions to the Philippines' development.

Our long-standing programs in Thailand and the Philippines have generated significant mutual goodwill between Americans and the Thai and Filipino people, respectively. The Volunteers who have served, and are serving, in these countries represent the finest traditions of American society and Americans' ongoing commitment to help people improve the conditions of their lives.

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November 4, 1996

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MAC K McLARTY

THE PRESIDENT FOR LIFE
11-27-96

Chon

November 14, 1996

'96 NOV 16 PM12:19

Mr President:

I thought you would find the first paragraph
of Frank's letter particularly interesting.

Post

Mac
Thanks!
BS

FRANK L. WHITBECK

P.O. Box 3437

Chester Street and LaHarpe Blvd.

Little Rock, Arkansas 72203-3437

(501) 372-5512

November 11, 1996

Thomas Frank McLarty, III, Esquire
The White House
1600 Pennsylvania Avenue, N.W.
Washington D.C. 20500-2000

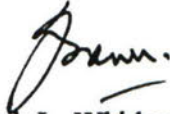
Dear Mack:

Congratulations to you and all the others for making President Bill's second term a reality. Since you are in the midst of high-placed personnel, I have some suggestions:

- (1) Forget Colin Powell, except on a downstream bi-partisan commission of some sort. I listened to him for an hour at the Washington Hilton (at an international insurance executives meeting) on October 28th while he made two speeches: one very clever and well received account of his rise from ashes to glory: the second a diatribe belittling Arkansas and the president and blaming the Democrats for all of our ills. In the first speech he praised America for giving underdogs a chance to succeed; in the second he bitterly scolded everyone because of our pitiful responses to inner-city poverty. Two days later four bright minds from NEWSWEEK MAGAZINE set the record straight: they had no good to say of Colin Powell except the President wisely distanced himself from the General over Bosnia. Powell is probably due to be called a "hero", but he took credit for winning "Desert Storm" as he operated safely in his office at the Pentagon, while expecting 10% casualties among the 500,000 troops and 750 planes he 'courageously' committed. He wanted to do the same smash job in Bosnia. So please don't get fooled on this one.
- (2) Bill Bowen: Would make a great Attorney General or member of the Supreme Court.
- (3) Maurice Mitchell. Do something big for him—some board, some title; he deserves it.
- (4) Don't overlook a little gray hair here and there.

(5) I am 100% for your centrist posture and your very deep thoughts about history. The President has a chance to become one of the greatest leaders in World History at the close of this very awesome century.

Most cordially,



Frank L. Whitbeck

*It was great to be
with you as Secretary
business at Rotary.
you are both winners
and double ace left!*



The New England Journal of Medicine

THE PRESIDENT HAS SEEN

11-27-96

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VOLUME 335

AUGUST 1, 1996

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THE MARCH OF AIDS THROUGH ASIA

IN this issue of the *Journal*, Nelson and colleagues¹ describe a modest victory in what had been a losing battle in northern Thailand to control the most rapid epidemic of sexually transmitted human immunodeficiency virus (HIV) infection ever documented.² Studying large cohorts of randomly selected conscripts in the Royal Thai Army, they report a significant downturn in the prevalence of HIV infection, from a peak of about 13 percent to less than 7 percent, which is also reflected in national trends.³ Although the rate of infection remains serious, this encouraging sign reflects the effect of an enlightened effort in many sectors of society to control the epidemic in Thailand, whose unfortunate experience has presaged that of many neighboring countries.

A decade ago, some health officials believed Asia was immune to HIV and AIDS, safe behind a cultural — if not genetic — Maginot line. The region, along with North Africa and Oceania, was classified epidemiologically in a miscellaneous category known as “pattern III,” meaning that few cases had occurred there.⁴ In reality, chance events had not yet introduced seed virus into the Asian population.

By the late 1980s, HIV type 1 (HIV-1) began invading one Asian country after another, exploiting traditional behavioral patterns and secular trends to spread widely. In 1995 alone, there were an estimated 2.5 million new infections in southeastern Asia (ranging from India through the Indonesian and Philippine archipelagoes), surpassing the combined incidence in sub-Saharan Africa (1.9 million) and the rest of the world (0.3 million).⁵

The beachhead for the AIDS pandemic in Asia was Thailand, where improved disease-control training and infrastructure^{6,7} produced exemplary systems of epidemiologic surveillance to record the arrival and dissemination of HIV-1. In Bangkok the prevalence among injection-drug users rose from 1 percent in late 1987 to over 30 percent eight months later.⁸ Beginning in 1989, routine semiannual province-level surveys tracked steady increases in rates of HIV infection. By mid-1993, the prevalence reached 35 percent among injection-drug users, 29 percent among female sex workers in brothels, 8 percent among male patients with sexually transmitted disease, 4 percent among military conscripts, and 1 percent among pregnant women.⁹ In 1993, six years after the epidemic exploded, roughly three quarters of a million Thais were infected,¹⁰ about as many as in the United States, which has a

population four times as large and an epidemic that has lasted twice as long.

Several other Asian nations are in various stages of this “pattern IV” sequence of explosive increase in HIV-1 infection among injection-drug users and female sex workers, who pass the virus to their male clients, who in turn infect their wives and thus newborns.^{8,11} As early as 1990, prevalence rates greater than 60 percent had been found among injection-drug users in some sites in Myanmar (Burma), India, and China. By 1993, the rates among injection-drug users exceeded 30 percent in parts of Malaysia and Vietnam. Surveys of sex workers between 1992 and 1994–1995 showed rates rising from 40 percent to 51 percent in Bombay, India; from 9 percent to 38 percent in Vietnam; from 4 percent to 18 percent in Myanmar; and from 2 percent to 10 percent in Cambodia. In Thailand, Bombay, Myanmar, and Cambodia over 2 percent of pregnant women are now infected with HIV.

The principal determinant driving the Asian epidemics is a traditional double standard in sexual behavior.^{8,11} Substantial proportions of Asian men engage in sex with a relatively small population of female sex workers, whereas most women are abstinent before marriage and monogamous afterward. Because of their numerous encounters, sex workers quickly acquire HIV and other sexually transmitted diseases from infected clients, raising the statistical probability of exposure to HIV among uninfected clients. Mathematical modeling¹² explains how an epidemic can be accelerated by such a small core group of sex workers, in comparison with larger proportions of women who participate in premarital and extramarital sex, as in the pattern II countries⁴ of sub-Saharan Africa and the Caribbean. In Asia, homosexual men represent a very small proportion of cases, in contrast with the pattern I countries of the Americas, Western Europe, and Australia, where they are the predominant group.

Some secular trends in Asia also contribute to the pandemic. Increasingly effective suppression of the narcotics trade that originates in the Golden Triangle, where Laos, Myanmar, and Thailand meet, has caused opiate refineries to move closer to the remote poppy fields to avoid detection. More and more, drug users inject the heroin that is now available along smuggling routes, instead of smoking opium. Widespread industrialization is attracting young men and women from rural areas to work in factory towns, delaying marriage and increasing the rate of premarital sex away from the normative influences of family and village. Economic liberalization in China, Vietnam, and Cambodia has revived an entrepreneurial capitalism in which commercial sex is flourishing, along with sexually transmitted diseases, after being suppressed for decades under communism.

An enigma in the Asian pandemic is that rapid

sexual transmission has not occurred in some places, confounding predictions, even though the virus has been there for several years and commercial sex is common — for example, in Bangladesh, Indonesia, and the Philippines. One contributing reason may be the high proportion of men in these Muslim and Catholic societies who are circumcised, a factor that has been shown elsewhere to reduce the rate of female-to-male transmission.¹³ In most Asian areas with rapid sexual spread of HIV-1, circumcision is rare.

One surprise was the discovery that two distinct strains of HIV-1 were circulating in segregated patterns in Thailand, where 75 percent of injection-drug users had subtype B of the *env* gene, whereas over 90 percent of sexually infected persons had subtype E,¹⁴ invalidating a presumption that the former were the source of virus for the latter. In India, moreover, subtype C predominates. These findings might result from genetic founder effects, but preliminary data from Thailand also suggest biologic differences between HIV-1 subtypes in transmissibility and immune impairment. Some have postulated from in vitro work that subtypes E and C are transmitted with greater efficiency through heterosexual sex than other subtypes, thereby accounting for the rapid spread of the epidemic in Asia.¹⁵ But there is as yet no epidemiologic evidence that such differences between strains would outweigh other factors contributing to rapid transmission, such as frequent sexual relations, the involvement of core groups, the presence of other sexually transmitted diseases, and the absence of circumcision. In fact, subtype B, which is predominant in the Americas and Europe, has caused serious epidemics of heterosexually transmitted infection in Honduras and elsewhere in the Caribbean.

Nelson et al.¹ attribute the decline in the prevalence of HIV among young men in Thailand to the innovative "100 percent condom campaign" that encourages brothel owners and sex workers to insist that clients use condoms. But theirs was not a controlled study of this intervention; other potential influences on sexual behavior included efforts in the broadcast media, school curriculums, the workplace, and health centers to educate people about AIDS and build personal decision-making skills. By the mid-1990s, when large numbers of HIV-infected persons finally became ill, the men in the study may also have been affected by knowing sick or dying relatives or acquaintances. In contrast, in the early 1990s, when the epidemic was young, conscripts knew a lot about AIDS, but few knew anyone with the disease.¹⁶ Because of this, they may have been slow to acquire the perception of risk that is essential for behavior to change.

Two key elements underlie the reduction in risky sexual behavior achieved in Thailand. One is the rec-

ognition, after initial complacency and denial,¹⁷ that AIDS threatens the nation and that studying the extent of the epidemic and publishing the information help marshal resources and target defenses against it. The other is the acknowledgment that prostitution cannot be eradicated and that it is necessary to work with those involved in an overt, nonjudgmental way to reduce the role of commercial sex in HIV transmission. With infection in China still limited mostly to injection-drug users, sex workers, and their sexual partners in rural border regions of Yunnan province, the next battleground of the pandemic will be the vast population of the Middle Kingdom. The wisdom 2500 years ago of Sun-tzu, the great Chinese military strategist, applies to the challenge presented by AIDS today:

If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.

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To 25c | business | business | 50c

Page BC

COMMENTARY

By Aaron Bernstein

THE PRESIDENT HAS SEEN

11-27-96

BIGGER PAYCHECKS, YES. BETTER PAY, NO

Anual incomes finally rose last year after six flat years. Wage hikes periodically spook the bond market. And President Clinton announces every chance he gets that the economy has turned the corner. It's all true, and many Americans are doing better since job growth finally picked up in the past year or so. But don't celebrate yet: There's strong evidence that the two-decade trend of wage stagnation continues unabated.

It's easy to get a misleading picture, since the government conducts a half-dozen wage surveys that all tell different stories. The monthly series that bond hawks watch, which shows pay outpacing inflation, is so erratic that most labor economists dismiss it. The better assessment comes from a once-a-year snapshot taken each March as part of the Bureau of Labor Statistics' survey of labor costs. The 1996 figure, released in mid-October, shows that compensation growth still trails consumer prices. These numbers "are the best measure of the income of average American workers over the long term," says BLS Commissioner Katharine G. Abraham. And while the figures don't include the past seven months, there's little reason to suspect a sharp turn off the long-term course.

DETROIT SWAP. So how can incomes be rising if wages aren't? Simple. Strong job growth lets people work more hours, so households have more to spend. But that doesn't mean employees are earning more per hour. In other words, paychecks are up because Americans are working harder and longer, not because the long-term trends holding down wages—the shift to services, globalization, weak unions, and so on—have been checked. "All the long-term wage problems haven't gone away," says Marvin H. Kosters, an economist at the American Enterprise Institute, a conservative think tank in Washington.

To see why he's right, look at the BLS Employment Cost series. The data come in two versions. The more



closely watched one, a quarterly index, tries to measure the same type of labor year to year. It assumes that the proportion of every type of worker in the economy—factory, service, professional, blue-collar—doesn't change. The second version, the so-called compensation-level survey done each March, includes occupational, industry, and other shifts. It shows that compensation has trailed inflation by six percentage points since the bureau began keeping track in 1987, while pay and benefits as gauged by the quarterly index have outpaced consumer prices (chart).

While the index offers the best picture of what employers pay for labor, the so-called level is better for gauging what employees earn, says Kosters and other labor economists. The two aren't the same. Take Detroit auto makers. They recently granted above-inflation raises to union workers, whose pay and benefits run \$43 an hour. But in recent years, the Big Three have outsourced jobs to suppliers that often pay only \$20 an hour. If suppliers also raise pay above inflation, the index would register real compensation gains. But in reality, thousands of high-wage jobs were swapped for lower-paid ones, reducing average wages. This only shows up in the level survey. Indeed,

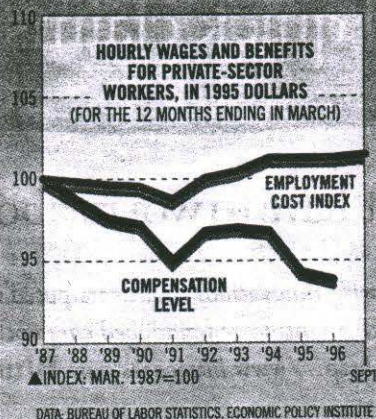
auto workers battled Detroit over outsourcing in their just-concluded contracts precisely because the practice lowers wages in the industry. **TEMP TIDE.** Similarly, because the level method accounts for the shifting mix of job types, it's the only one that factors in such trends as the spread of lower-wage jobs. And these trends have been big in recent years. For instance, employment in the temporary help industry has soared by 70% since 1990, to 2.2 million. This pulls down average wages, because temp jobs pay \$8.79 an hour, vs. \$11.44 for full-time ones, according to the BLS.

The same holds true when service jobs, which average \$15 an hour, proliferate, replacing factory ones that pay \$20, according to the Economic Policy Institute, a liberal think tank in Washington. Since 1989, 1 million factory jobs have vanished while service jobs have soared by 10 million, EPI figures show. "The shift to low-wage industries continues to pull down wages," says EPI Chief Economist Larry Mishel.

Americans are doing better in a healthier job market, true enough. But don't mistake the good news for the whole story. Plenty of evidence still weighs wages down.

Bernstein watches workplace trends from Washington.

WAGES: STILL GOING NOWHERE



See page 4.

Tony Sandy
FGR BY

Asian values 005780

Chuan

MEDIA AND SOCIETY IN ASIA

KEYNOTE SPEECH BY ANWAR IBRAHIM
DEPUTY PRIME MINISTER OF MALAYSIA
AT THE ASIAN PRESS FORUM
HONG KONG, DECEMBER 2, 1994

THE PRESIDENT HAS SEEN
11-27-96

We have now entered a more meaningful stage of engagement between Asia and the West through the current debate on Asian values. Ironically, the debate seems to be more actively pursued in the Western international Press rather than in the Asian national media. Perhaps the latter have been lulled into a state of complacency on account of the so-called "miracle" of East Asian economies. Asian values, by themselves, warrant the critical examination of our society vis-a-vis humanitarian ideals such as freedom, justice and virtue. Yet the growing self-confidence of Asians, the greater assertiveness of their identity, has not yielded a proportionate awareness of the severe limitations and shortcomings of their societies. In much of Asia, signs of moral entropy, corruption and nepotism and other excesses abound which the elite, for reasons best known to themselves, choose to gloss over.

At the same time, from the outside, Asia has certainly awakened from the slumber of centuries, as it were. If only looked upon as a vast market to be exploited, the rush towards Asia will certainly go on in greater intensity in decades to come. For a price, of course, North America and also Europe will continue to supply Asia with the much-needed capital and technology. However

the new emerging mutual consciousness of each other's presence must extend beyond the realm of market and capital. It must be an encounter between equals, between cherished ideals and values that will serve to challenge our pride and end our prejudices. For although in the domain of trade and economics it would appear that the West fully recognizes Asia's position, there is a discernible reluctance to accord a similar recognition to Asia's cultural and civilizational aspirations.

Even if the debate on Asian values continues at cross purposes this confrontation has its inherent logic. As history has shown, this encounter will inevitably lead to the transformation of both sides, consciously or otherwise. Thus we cannot help but notice the changing perceptions of the West towards Asia, slowly yet radically; as *terra incognita* in the fifteenth century, as the yellow peril during the Cold War and finally in our times as economic dragons and tigers of the East. There will be Kiplings reincarnated with a new war cry -- with a democratizing rather than a civilizing mission -- and there will be pioneers of new orders. For the last 500 years, the West have been on the forefront of so many discoveries, inventions and innovations that making a new beginning with Asia is not altogether a departure from the Western spirit.

To a very large extent the affairs in the economic domain will be the decisive and even defining factor in Asia's ongoing

engagement with the West. Asia, with its seemingly limitless economic potential, its huge markets for industrial products, its mass of hungry consumers of cultural output, its tantalizing contracts for mammoth infrastructural works, will continue to be sought after. We are convinced that Asia will continue to prosper under the regime of free trade and we must accept a gradual process to achieve a level playing field. Nonetheless, we must always guard against the insidious practitioners of double standards, who advocate the opening of international markets while pandering to the gallery of protectionist lobby back home. Thus the ideal of partnership among equals has still to be realized.

It would be less complicated if there were nothing but economic issues. Non-economic matters, however, have lately become bones of contention. We do appreciate that the West, apart from its enormous interest in Asia economically, cannot help but have a perception of Asia on matters dear to its civilization, such as the question of individual liberty, freedom of expression which includes press freedom, democratic polity, the rule of law and other humanitarian ideals. The West has often been accused of being hypocritical, for those ideals are more often than not largely ignored than lived by. It was George Bernard Shaw who pointed out the irony that the West conquered half the globe, making millions subjects and slaves, all in the name of freedom and democracy. But notwithstanding this, these ideals are very much cherished in the West. No doubt they have to struggle to remove the contradiction

among themselves and put an end to their patronizing and condescending posture in their dealings with weaker communities.

If we in Asia want to speak credibly of Asian values, we too must be prepared to champion those ideals which are universal and which belong to humanity as a whole. It is altogether shameful, if ingenious, to cite Asian values as an excuse for autocratic practices and denial of basic rights and civil liberties. To say that freedom is western or unAsian is to offend our own traditions as well as our forefathers who gave their lives in the struggle against tyranny and injustices. It is true that Asians lay great emphasis on order and societal stability. But it is certainly wrong to regard society as a kind of false god upon altar the individual must constantly be sacrificed. No Asian tradition can be cited to support the proposition that in Asia the individual must melt into the faceless community. If Confucianism is cited as an exception, Professor Tu Wei-ming, a contemporary Confucian scholar and thinker, would certainly resent that. He asserted the primacy of the self, the individual and the community as a necessary vehicle for human flourishing. According to him: " The Confucian insistence on learning for the sake of the self is predicated on the conviction that self-cultivation is an end in itself rather than a mean to an end. Although we are obligated to assume social responsibility and participate in political affairs, it is self-cultivation, as the root, securely ground us in our lifeworld that enable us to participate in society and politics as independent

moral agents rather than pawns in a game of power relationship." We can equally cite other Asian thinkers, Muslims, Hindus or others, expressing a similar position.

It has been argued that like oil from water, economic issues must be kept apart from non-economic ones. Neither politics nor morality must disrupt the peaceful clamour of the marketplace. This argument is again another gross misrepresentation of what Asian traditions have always stood for. The major Asian traditions stand for a holistic vision of life and society encompassing economic, social and political dimensions as opposed to partialistic and fragmentary approaches to development. If we want to lay claim to a unique Asian way, such a way is none other than the articulation of that vision in unequivocal terms. Central to this vision is the philosophy that economic development must proceed coterminously with cultural enrichment. The pursuit of prosperity must not be at the expense of environmental degradation. The quest for growth must always be balanced by a profound concern for social justice and equity.

One of the greatest challenges facing Asia is to nurture the growth of civil society. In all honesty, we must admit that we are still struggling to eradicate the vestiges of the so-called "Oriental despotism." They will remain unless we vigorously develop and fortify the institutions of civil society, enhance the workings of truly representative participatory governments, promote the rule

of laws rather than of men, and foster the cultivation of a free and responsible Press.

Perhaps it is no exaggeration to say that the propositions we have outlined earlier cannot be brought to fruition without the pivotal role of the media. Historically, Asian journals and newspapers have been catalysts that lit the sparks which ignited the flames of anti-colonialism, leading to emancipation for millions across the continent. In the post-independence era, they have been preoccupied with the all-encompassing task of nation-building. By and large, they have succeeded. However, in facing the new realities of our time, the media in Asian societies have to redefine their role. In so doing, they will, I am sure, comprehend the complexities inherent in the social and cultural environment in which they operate. I believe the Press of Asia have to find a middle ground between the Western paradigm of unconstrained freedom, including the freedom to incite hatred, and carrying developmental journalism to its extreme, so much so that even mild criticism of the ruling elite and a critical attitude is viewed with fear, suspicion and sometimes contempt.

In conclusion, Asia will continue to modernize, even at an accelerated pace, but it does not necessarily mean that she will have to compromise her values and forsake her ideals. However, she needs to be able to give a better account of herself. This conference might just be the perfect forum. As in Hamlet, we say to

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our friends: "Sit down awhile, and let us once again assail your ears, that are so fortified against our story."

Thank you.

AUSTRALIAN HIGH COMMISSION

KUALA LUMPUR

Minute

May 18, 1995

FROM FILE

TO FILE

TO. HC

CC. Ms O'Grady

THROUGH. DHC

FM. Jane Hardy Second Secretary Political/Economic Section

ms. cc. to Sec & PAS, Kupa.

Precis of Anwar Ibrahim's speeches on East and West

1. You asked me to provide excerpts from Malaysian Deputy Prime Minister Anwar Ibrahim's speeches on the theme of the meeting and mutuality of Eastern and Western cultures and societies. Comments below are based on 5 speeches Anwar has given in the past year (copies of which are attached):

- . Address to the International Seminar on Islam and Confucianism in Kuala Lumpur, March 1995
- . "Media and Society in Asia" at the Asian Press Forum in Hong Kong, December 1994
- . "Democracy and the Challenges to Civil Society" to the Institute of Policy Studies, (Thailand) in Bangkok, September 1994
- . "China and Southeast Asia in the Twenty-First Century" to the conference organised by the Institute for Peace and Development (China) and the Institute for Policy Research (Malaysia) in Beijing, August 1994
- . "Economic and Non-economic Dimensions of the Rise of EastAsia" at the Asia Society's conference in Singapore, May 1994

2. One of the recurring themes in these speeches is that we are now entering a new and more meaningful state of engagement between Asia and the west. Anwar stresses that, just as Asians demand more understanding from the west, so must they continue to critically analyse their own assumptions about eastern and western cultures (see, in particular, the Hong Kong speech p 1-2; Singapore speech p 7):

"We have now entered a more meaningful stage of engagement between Asia and the West through the current debate on Asian values. Ironically, the debate seems to be more actively pursued in the Western international press rather than in the Asian national media. Perhaps the latter have been lulled into a state of complacency on account of the so-called 'miracle' of East Asian economies." (Hong Kong speech, p 1)

"Even if the debate on Asian values continues at cross purposes this confrontation has its inherent logic. As history has shown, this encounter will inevitably lead to the

have been on the forefront of so many discoveries, inventions and innovations that making a new beginning with Asia is not altogether a departure from the Western spirit." (Hong Kong speech, p 2)

"None of us can honestly claim that the civilization of the West has not left an indelible mark on us. Even the current surge of interest towards things and ideas non-Western, more specifically Asian, is being facilitated by certain intellectual currents in the West, namely the collapse of Modernity as the dominant perspective..." (Kuala Lumpur speech, p 2)

3. In speeches delivered in other Asian countries, Anwar asserts that Asians must analyse their assumptions, not only because it is intrinsically a good thing to do, but because they have much to gain culturally and economically by doing so. He argues, further, that if Asian societies do not understand the symbiotic nature of the ties between east and west, they could do damage to their own potential development.

"It has become somewhat a fashion among some to scorn the West. Such an attitude is easily understandable and the criticisms are often not without foundation considering the suffering of non-western societies under imperialism. But we need to be honest to ourselves and to do justice to the West where it is due. By virtue of its cumulative wealth and multi-dimensional strength the prominence of the Atlantic societies will remain in the foreseeable future. Even the prosperity of some countries in our region would not have been possible without western capital markets and technology. True, this situation of dependency is unhealthy and must be reduced, yet its positive effects must not be dismissed. More importantly Western civilisation, like the Chinese, Indian and Islamic, is one of the crowning achievements of humanity." (Beijing speech, p 5)

4. Anwar cautions against indulging in "chest beating jingoism" (Beijing speech, p 5) and "triumphalism" (Singapore, p 7) because of the current rapid economic advancements in Asian societies, and that growing Asian self confidence must be balanced by an awareness of their own societies' shortcomings.

"We have to admit it, in all humility, that the so-called East Asian miracle is far from the ideal. Complacency on our part would be disastrous." (Singapore speech, pp 3-4)

5. He says that Asians must think of their development beyond economic and trade matters, and must include cultural enrichment and quality of life issues such as prevention of environmental degradation. He argues that Asians themselves must understand the diversity within their own cultures, just as they criticise the west for not understanding or seeking to understand eastern cultures (Hong Kong speech p 2; Singapore, p 6). He also challenges the stereotype of eastern culture as championing society's needs over the needs of the individual, citing Confucian scholar Tu Wei-ming who "asserted the primacy of the self, the individual and the community as a necessary vehicle for human flourishing". Anwar says that other Asian thinkers, Muslim, Hindus and others, could similarly be cited. (Hong Kong speech p 4, Singapore, p 5)

6. He argues that "one of the greatest challenges facing Asia is to nurture the growth of a civil society. In all honesty we are still struggling to eradicate the vestiges of so-called 'Oriental despotism'. They will remain unless we vigorously develop and fortify the institutions of civil society....and foster the cultivation of a free and responsible press." (Hong Kong speech, pp 4-5)



Jane Hardy
Second Secretary

THE WHITE HOUSE
WASHINGTON

November 15, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
November 8 - November 14, 1996

*Just a few
Comments*

DEPARTMENT OF TREASURY

- **Japan Deregulation:** On November 12, Japan announced a financial reform package designed to make Japan's financial market free, fair, and global by 2001. Areas mentioned for deregulation include: brokerage commissions, foreign exchange controls, and the tax, accounting, and legal systems. The package also calls for more competition between and within the banking and securities industries, together with stronger disclosure requirements. In the past, the Japanese have not given specifics and follow-through has often not matched the initial promise of Japanese proposals for deregulation. Treasury welcomed the proposals and noted the U.S.'s support for the broad objectives of deregulation and transparency in Japan's financial market.
- **U.S.-China Economic Meeting:** On November 18-19, the U.S.-China Joint Economic Committee (JEC) will meet in Washington, D.C., to discuss economic issues between the two countries. The JEC will include meetings between Secretary Rubin and Chinese Finance Minister Liu Zhongli, as well as meetings between other high-level Treasury and Chinese Finance Ministry officials. Following the meeting, Secretary Rubin will hold a press conference.
- **Interagency Law Enforcement Agreement:** State, Justice, and Treasury are in the final stages of concluding an agreement on law enforcement agents' overseas activities. A proposed MOU, soon to be signed by Secretary Christopher, Secretary Rubin, and Attorney General Reno, will provide guidelines and principles for coordination of U.S. law enforcement activities abroad.

- **Electronic Tax Payment:** On October 28, Treasury's Electronic Federal Tax Payment System became operational, and the first tax payments have been received through the new system. In the past seven days, over \$1 million was collected. Collections are expected to rise dramatically over the next several weeks as taxpayers become more familiar with the system.

Russian Anti-Money Laundering Mission: On October 31-November 1, Treasury officials participated in a mission to Russia to encourage senior Russian officials to establish stronger money laundering laws and regulations. Recently, money laundering was criminalized for the first time under the Russian penal code. Broader legislation is needed for Russia to have a money laundering regime comparable to those in other major commercial nations.

- **Tokyo Firearms Conference:** From November 12-14, Treasury officials led a delegation from Justice and State to the P-8 conference on firearms in Tokyo, Japan. ATF and Customs officials demonstrated firearms tracking computer applications and discussed practical ways that nations can help each other in tracking illegal weapons.
- **GA Militia Case:** On November 6, a federal jury in GA returned guilty verdicts on two of five counts against three members of the GA Militia who were arrested just prior to the Olympic Games in Atlanta. The defendants were found guilty of conspiracy to use a destructive device in a violent act and possession of a destructive device and face 17 to 22 years imprisonment.
- **District of Columbia Financing:** During the week of November 18, Treasury officials will meet with D.C. officials to discuss future financing needs. It is likely that D.C. will request an additional loan from Treasury in mid-December. While the city has regained access to private market financing, the supply may not be sufficient to meet short-term capital needs.
- **Secretary's Schedule:** The Secretary will participate in the following events this week:
 - November 15 - Address the Bretton Woods Committee.
 - November 18 - Address the Council on Competitiveness.
 - November 18-19 - Attend meetings of the U.S.-China Joint Economic Committee.
Participate in a press conference regarding the U.S.-China Joint Economic Committee meetings.
 - November 20 - Meet with Secretary Cisneros regarding Low Income Housing Tax Credits.

DEPARTMENT OF JUSTICE

- **Wetlands Restoration and Creation:** This week, in U.S. v. Maine Department of Transportation (D. Me.), the U.S. and ME will enter a consent decree settling this Clean Water Act enforcement action. The case arose when the ME DOT and its contractors illegally filled 10 acres of wetlands on Sears Island.
- **U.S. v. Quaker State Corp.:** This week, in U.S. v. Quaker State Corp. (N.D. W.Va), the U.S. will lodge a consent decree that obliges Quaker State to pay a civil penalty of \$1.75 million and perform a number of Supplemental Environmental Projects valued at more than \$750,000. This case arose from Clean Air Act and Resource Conservation and Recovery Act violations at Quaker State's refinery in Newell, WV, where the company produces motor oil and other products.
- **Wilderness Designation:** Last week, in UT v. Babbitt (D. Utah), the state of UT, the UT School Trust Lands Administration, and the Association of Counties have filed an action challenging BLM's re-inventory of areas in UT for possible wilderness designation. Plaintiffs argue that the process is illegal because authority for wilderness review ended in 1991 and because Secretary Babbitt changed the criteria for determining whether an area has wilderness characteristics. Plaintiffs are seeking a temporary restraining order and preliminary injunction stopping the re-inventory process.
- **FL Disadvantaged Business Contract:** On October 25, in Asphalt Pavers, Inc. v. Watts (N.D. Fla.), the court granted a preliminary injunction prohibiting the FL DOT from awarding a federally-funded highway construction contract under a federal program that requires recipients of such funds to establish goals for the participation of disadvantaged business enterprises (DBEs). Under the program, minorities and women are presumed to be DBEs. The plaintiff is arguing that the program is unconstitutional in light of Adarand, and asserts that it was not the low bidder on the project because it had to meet a 10 percent DBE subcontracting goal that raised the costs of its bid, while the eventual low bidder, who is itself a DBE, did not have to meet that goal. The U.S. DOT was not named as a defendant in the suit, but the court has informed Attorney General Reno that the constitutionality of the federal program has been challenged. DOJ is deciding whether to intervene in the case.
- **Colombian First Oral Trial:** During the week of October 28, the first oral trial under Colombia's new accusatorial system took place in Nieva. For the first time, the attorney general's office indicted a defendant through the presentation of "minimal" evidence to a judge, and the evidence was presented in open oral proceedings. This marks a dramatic change from Colombia's traditional trial practice where prosecutors had to submit their entire case on paper to a judge, who later made a decision based on the written submission of the prosecutor and defense counsel response.

- **OR Three Strikes:** The first "three strikes" life sentence notice has been filed in the District of OR. The defendant has been indicted for nine counts of armed bank robbery. The robberies began five days after his release from federal custody on a previous conviction. The defendant's qualifying convictions include rape, kidnapping, and two separate armed robbery convictions.
- **Newly-Naturalized Citizens:** On November 5, in further response to a request of the House Government Oversight Committee Subcommittee on National Security, International Affairs and Criminal Justice, the FBI provided redacted copies of approximately 7,600 files of newly-naturalized U.S. citizens. The files are the further product of a match between FBI databases and names submitted by INS from its list of newly-naturalized citizens and follows production of 50,962 records from similar databases in October. INS continues to review the files of naturalized citizens who had FBI records to ascertain whether they were properly naturalized.
- **Terrorism Investigations:** On November 25, the Terrorism, Technology and Government Information Subcommittee of the Senate Judiciary Committee will hold an oversight hearing on the Ruby Ridge incident and the FBI's conduct of the investigation of the bombing at the 1996 Olympic Games. FBI Director Freeh is scheduled to testify.
- **Attorney General's Schedule:** Attorney General Reno will attend the following events:
November 18 - Address State Attorneys' Conference in Marco Island, FL.
November 20 - Address INS Annual Conference in San Antonio, TX.
- **Media Inquiries:** *Time* is working on a feature story about Attorney General Reno. *U.S. News and World Report* is preparing a story on DOJ in the Administration's second term.
- **FOIA Request:** The Criminal Division received a request from Stephanie Lambidakis of *CBS News* for a copy of any audio or video recordings or transcripts of all interviews between DOJ or other governmental law enforcement officials clearing Atlanta, GA, bombing suspect Richard Jewell.

DEPARTMENT OF COMMERCE

- **The following economic indicators will be released during the next two weeks:**

Manufacturing and Trade: Inventories and Sales (September)	November 15
Housing Starts and Building Permits (October)	November 19
U.S. International trade in Goods and Services (September)	November 20
Gross Domestic Product (3rd Q, preliminary)	November 27
Corporate Profits (3rd Q, preliminary)	November 27
Advance Report on Durable Goods, Manufacturer's Shipments and Orders (October)	November 27
Personal Income and Outlays (October)	November 29
- **South Korea's Australia Group Membership:** BXA has drafted an amendment to the Export Administration Regulations in response to the Australia Group's (AG) recent decision to admit South Korea to its membership. South Korea will join the list of countries eligible to receive the export licensing benefits accorded other AG member countries. The rule eliminates the validated license requirements for exports to South Korea of chemical precursors, chemical weapons software, and chemical weapons technology. The rule also clarifies the sample shipment exemption for chemical precursors contained on the Commerce Control List. BXA will next circulate the draft rule for review by the interagency community.
- **FOIA Request:** On November 1, the *Wall Street Journal* requested lists of foreign companies visited by Secretaries Brown and Kantor or chief executives of foreign companies that Secretaries Brown and Kantor met with during trips. The *Wall Street Journal* also requested names of companies traveling on trade missions with Secretary Brown and Secretary Kantor.

DEPARTMENT OF LABOR

- **Town Hall Meeting:** On November 13, Secretary Reich hosted a Town Hall meeting for agency employees. The forum was held in D.C. and was broadcast to the regional offices for the regional agency employees. Several hundred employees attended the meeting, which focused on DOL's accomplishments and its strategy for continued success in the future. DOL's union partners recognized Secretary Reich for his achievements over the last four years.

- **Steelworkers:** On November 13, the Wheeling-Pittsburgh Steel Corporation workers of OH, PA, and WV held a mass demonstration at the company's headquarters in Wheeling, WV. The strike entered its seventh week with no apparent movement toward a settlement. On October 1, some 4,500 workers represented by the United Steelworkers left their jobs after negotiations failed to produce agreement on a new contract. The parties have been communicating through public statements, but no negotiations have been reported since the strike began.

DEPARTMENT OF TRANSPORTATION

- **U.S.-Spain Forum:** On November 15, Secretary Peña led a delegation of government, business, and academic leaders to the second U.S.-Spain Forum in Madrid and Toledo, Spain. Participants discussed joint economic, foreign policy, and cultural issues. The Secretary will also travel to Paris for meetings with transportation officials on aviation issues.

CA Airport Revenue Diversion: DOT and FAA are preparing a letter to the city of Los Angeles informing the city that it must return the \$31.1 million it recently received from the Los Angeles Department of Airports. The letter is based on a legal conclusion that actions by the Los Angeles City Council and the Airports Department in 1975-77 effectively nullified the city's current claims for reimbursement of past contributions it made to the Airports Department. There is significant congressional interest in this issue.

ValuJet Crash Hearing: On November 18, NTSB will hold a public hearing into the crash of ValuJet Flight 592, which occurred in the FL Everglades on May 11. The hearing will be held in Miami, FL, and is expected to last the entire week. FAA and Research and Special Projects Administration have been asked to testify. NTSB is planning to release graphic voice data recorder transcripts and videos.

- **Alameda Corridor:** This week, the ports of Los Angeles and Long Beach, CA, will release \$5.5 million to Alameda Corridor Transportation Authority (ACTA), in light of the CA Court of Appeals ruling in favor of the existing governance structure of ACTA. This action will relieve the cash flow problems that had threatened to delay significant portions of the project.
- **Drug Interdiction:** On November 7, an apparent airdrop of drugs occurred near the British Virgin Islands. The Coast Guard and local authorities found 330 lbs. of cocaine on an abandoned boat near Mosquito Island. On November 10, the Coast Guard recovered 1,140 lbs. of cocaine from a boat southeast of Puerto Rico.

- **India Mid-Air Collision:** On November 12, two commercial jet aircraft collided 40 miles northwest of New Delhi, India. A Saudi Airways Boeing 747 had just taken off from New Delhi and collided with a Russian-made TU-154 airliner from Kazakhstan which was inbound to New Delhi. The U.S. has been in contact with the Indian government and is awaiting an invitation to participate in the investigation.
- **OR Light Rail:** On November 5, OR voters rejected a measure to provide \$375 million of state lottery funds for a proposed light rail line between Clackamas Town Center and Vancouver, WA. The measure would have provided another \$375 million for a variety of transportation improvements around the state.
- **WA Transit Referendum:** On November 5, a referendum passed to fund \$3.9 billion of regional transit system improvements in the Seattle-Tacoma transit system over the next 10 years. Funding will come from increases in sales and motor vehicle excise taxes in the metropolitan area.

UNITED STATES TRADE REPRESENTATIVE

- **WTO Telecom Negotiations:** The U.S. has again improved its market access commitments in the WTO negotiations on basic telecommunications. Ambassador Lang announced in Geneva that the U.S. had removed the restriction limiting access to submarine cable landing licenses. This is the third time the U.S. has improved its offer. Previous improvements included market access and national treatment in the local telecommunications services market and adoption of agreed regulatory principles to govern the telecom sector. The negotiations are scheduled to be concluded by February 1997.
- **China Textiles:** On November 10, China announced that it will temporarily suspend imports of certain U.S. goods in retaliation for U.S. reductions in import quotas for Chinese textiles. In accordance with its bilateral textile agreement with China, the U.S. recently levied a \$19 million penalty for transshipment violations by Chinese textile firms.
- **APEC Meeting:** On November 19-25, Ambassador Barshefsky will travel to Manila to attend the APEC Ministerial and Leaders Meeting. In addition to the ministerial sessions, Ambassador Barshefsky will participate in bilateral meetings with the trade ministers from Japan, China, and Singapore. She will also speak to the APEC Business Forum and attend a breakfast with the APEC Business Coalition.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

✓ **Smokeout:** On November 21, the Great American Smokeout will be held. The primary goal this year is to prevent initiation of tobacco use among children and adolescents. New data from CDC estimate that unless teen smoking rates are cut immediately, more than 5 million young people under age 18 who are alive today will die from a smoking-related disease. Secretary Shalala will address the issue in her speech to the American Public Health Association in NY. Also on November 21, Secretary Shalala plans to launch a new campaign, entitled "Girl Power," which is aimed at discouraging young girls from smoking by informing them that it is neither cool nor glamorous.

✓ **U.S. Cancer Death Rate Decline:** On November 14, Secretary Shalala, the National Cancer Institutes and the American Cancer Society released a report which finds that, for the first time in history, overall death rates from cancer in the U.S. have begun a steady decline. The report concludes that the reduction in deaths, which researchers attribute to prevention activities, especially those directed against smoking, early detection and improvements in medical care, is likely to continue.

• **E. coli in Apple Juice Update:** On November 8, a 16-month-old child died in Denver, CO, after drinking unpasteurized fruit juice manufactured by Odwalla, Inc. There are currently 57 confirmed cases of *E. coli* food poisoning that have been traced to the unpasteurized apple juice. Thirteen of these people, mostly children, have developed Hemolytic Uremic Syndrome, a form of kidney failure. FDA and CDC continue to coordinate their work on the outbreak with state and local health authorities. FDA plans to hold a public meeting, followed immediately by a meeting with the Fresh Produce Subcommittee of the National Advisory Committee on Microbiological Criteria for Foods.

✓ **NC and OR Child Welfare Waiver:** Next week, HHS will announce the approval of a demonstration project to improve child protection services in NC and OR. This will be the third waiver approved by the Administration for innovations in state child welfare programs. Under the demonstration project, NC and OR can use title IV-E foster care funds to provide a broad range of new services to children and families. Funds can be used for services to prevent the need for placement of children in foster care or relieve the problems that caused the child to be removed from the home.

• **CA Illegal Immigrants Care:** On December 1, CA will no longer fund non-emergency prenatal care for illegal immigrants. The order was promulgated by regulations issued last week by the CA Department of Health Services. The emergency regulations, which stem from a broader executive order signed by Governor Wilson in August, would eliminate the 8-year-old program. CA provides prenatal services to an estimated 70,000 illegal immigrants, at an estimated annual cost of \$69.3 million.

- **New Prostate Cancer Treatment:** On November 13, FDA approved a new use for Immunex Corporation's Novantrone, as a chemotherapy for treatment of pain related to advanced prostate cancer. Novantrone was approved within six months of its submission as initial chemotherapy for patients with advanced prostate cancer that has spread to bone; the application was one of the first submitted after you announced the initiative to speed cancer drug approvals on March 29.
- **NY Blood Center:** On November 18, *New York Magazine* is expected to run a cover story raising concerns about the safety of blood in the New York City area, which is supplied by the New York Blood Center (NYBC). The story will focus on allegations that, under a system of financial incentives for increased production, employees cut corners in the screening of blood donations for infectious diseases. The FDA's District Office has inspected both NYBC locations and found serious shortcomings, but believes that most of them have been corrected. FDA is currently conducting followup investigations of both locations.
- **Thalidomide Advisory Panel:** On November 7-8, an FDA advisory panel met to discuss the potential for neurotoxicity and other abnormalities resulting from thalidomide prescribed for dermatologic and other indications. Committee members concluded that applications for thalidomide could be considered, but that approval should be contingent upon stringent controls over access to the drug. The drug, which poses potential adverse effects on fetal development and on a patient's nervous and immune systems, has never been approved for use in the U.S.
- ✓ **Parkinson's Gene:** On November 14, the National Institute of Neurological Disorders and Stroke and the National Center for Genome Research held a press conference to announce the results of a collaborative study that provides strong evidence that a genetic alteration is capable of causing Parkinson's disease. The results of the study are published in the November 15 issue of *Science*. Parkinson's disease affects 1-1.5 million Americans.
- ✓ **Medicaid Waivers:** In response to a request from the National Governor's Association to make it easier to apply for Medicaid home and community based waivers, HCFA has developed prototype waiver applications. They are targeted to three populations: persons with traumatic brain injuries, persons living with AIDS, and medically fragile children. With the submission of a completed prototype waiver application, a state is virtually assured that HCFA will immediately approve its waiver. The waivers will be effective for three years starting on the date of approval or on the date specified by the state.

✓

- ✓ **MA Physician Profile System:** MA residents are the first health consumers in the U.S. to be able to find out over the phone whether a doctor has paid malpractice claims or has been disciplined by hospital or state regulators. The system is currently accessible only by phone, but should be available electronically by May 1997. The profiles also include academic background, honors and awards, and publications in journals.
- ✓ **AIDS in Children:** On November 22, *Mortality and Morbidity Weekly Report* will publish an article reporting that, as of September 30, a total of 566,002 AIDS cases, including 7,472 cases among children under 13, have been reported to CDC by state and territorial health departments. Most children reported with AIDS acquired HIV infection perinatally from their mothers.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Crackdown on Bad Landlords:** On November 21, Secretary Cisneros will unveil a plan to step up HUD's efforts to crack down on landlords who have neglected the management of privately-owned but federally-assisted or FHA-insured apartments and properties.
- **Economic Development Grants:** On November 26, HUD will award \$20 million in Economic Development Initiative (EDI) grants, in conjunction with federal loan guarantees, to help cities nationwide leverage private investments to create jobs and spur economic revitalization. Secretary Cisneros is tentatively scheduled to announce the EDI grants in Detroit, MI, with Mayor Archer.
- **Elderly and Disability Housing:** On December 4, Secretary Cisneros will announce \$1.2 billion in grants and rental assistance in Philadelphia, PA. The grants will enable local housing providers, churches, and other nonprofit organizations to build housing with supportive services and rental assistance for older Americans and persons with disabilities.
- **Homeownership Loans:** During the week of December 9, HUD will announce \$30 million for local governments to create large tract homeownership initiatives to redevelop neighborhoods on large tracts of vacant or neglected land by building affordable homes.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Asia Trip:** On November 19-26, Director McCaffrey will travel to Bangkok and Chiang Mai, Thailand, and Vientiane, Laos, to help build a regional coalition of democracies to combat the illegal drug trade. En route to Asia, Director McCaffrey will visit Joint Interagency Task Force-West to receive briefings and to engage in discussions on interdictions.

DEPARTMENT OF INTERIOR

- **UT Wilderness Re-Inventory Lawsuit:** A federal judge in UT has put a 48 hour hold on the DOI's review of wilderness lands in UT, pending arguments over Secretary Babbitt's authority to conduct wilderness inventories. UT and others are being represented by the Mountain States Legal Foundation, a conservative public lands activist group. DOJ attorneys are optimistic that the hold will be lifted and Secretary Babbitt's wilderness review will be allowed to continue to completion, currently scheduled for January 1997.
- **FL Minerals Management Office:** Three exploratory wells have been drilled offshore northwest FL in the last three years. In an effort to improve Minerals Management System's coordination of outreach efforts in northwest FL, and to better serve the Panhandle community as a whole, the decision was made to establish a temporary satellite office in Pensacola, FL. A six-month trial period is proposed to determine the need for an extended presence in the area.
- **WY Resource Advisory Council:** On November 13, Secretary Babbitt sent a letter to Governor Geringer expressing his regret that the Governor has chosen to establish the WY Resource Council under state authority because of a disagreement over the appointment of one member to the council. Secretary Babbitt also pointed out that this is especially unfortunate given DOI's willingness to accept at least two alternative proposals recommended by WY's Director of Federal Lands Policy. Secretary Babbitt further advised Governor Geringer that BLM will proceed to draft standards and guidelines for the management of WY BLM rangelands.
- **St. Croix River Bridge:** The National Park Service is completing a report on whether the construction of a bridge across the St. Croix River between WI and MN would adversely impact the values for which the river was designated. Concurrence of the Park Service is required before such a project can be built on a protected river. Both states favor construction of the bridge, and Governors Thompson and Carlson and several members of Congress have contacted Secretary Babbitt about this decision. Environmental groups have filed suit against DOT and DOI for failing to do compliance and oppose construction of the bridge. Local representatives are meeting this week with Park Service officials and legal counsel to discuss.

- **Indian Trust Fund Report:** Next week, DOI will submit to Congress its initial recommendations on settling Indian tribal trust fund claims. The settlement proposals relate to BIA's alleged mismanagement of Tribal trust funds and are based on a 5-year, \$21 million study by Arthur Andersen of the 1972-1992 period. The initial recommendations will outline proposals for addressing errors identified in the Arthur Andersen study. It also will call for additional consultation with Tribes on proposals for addressing \$2.4 billion of transactions for which supporting documentation could not be located. Contrary to press reports, \$2.4 billion has not been lost. BIA is unable to locate supporting documentation to verify that the money was handled as BIA's central ledger reflects.
- **Secretary's Schedule:** On November 20, Secretary Babbitt will go to one or two of the newly named park sites to talk about bipartisan cooperation on natural resources issues and reaffirm your commitment to protection of the environment. The parks he will visit have not been selected yet.
- **Media Inquiries:** On November 20, in its "Fleecing of America" segment, the *NBC Nightly News* will run a story on the trust funds issue. In addition to the Tribal trust funds, BIA also administers trust funds on behalf of individual Indians. The NBC story focuses on both the tribal and individual Indian trust fund issues. Ed Cohen from the Solicitor's Office was interviewed for the story. DOL is anticipating a very negative story toward BIA.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **World Food Summit:** This week, Secretary Glickman is in Rome, Italy, leading the U.S. delegation to the World Food Summit. The United Nations' Food and Agriculture Organization seeks a renewed commitment from world leaders on the issues of world hunger, malnutrition and global food security. Secretary Glickman is scheduled to participate in a series of bilateral meetings to discuss trade issues with European Union Agriculture Commissioner Franz Fischler and other officials.
- **OR Forest Service Fire:** The FBI's OR office announced results of an ATF National Response Team search and an on-scene analysis of a fire at the OR Forest Service Ranger Station on the Willamette National Forest in Oakridge. Although the fire has been determined to be arson, laboratory analyses at ATF's laboratory in Washington, D.C., have not been completed. It has not been determined if this fire and another one at the Detroit Ranger Station at the Willamette National Forest are connected. The Forest Service is offering rewards for information leading to the arrest and conviction of any person(s) responsible for these crimes. In addition, the National Forest Foundation is raising private funds to contribute to the rewards.

- **Grain Shipments to Turkey:** Since mid-October, U.S. grain shipments to Turkey were halted when the Turkish government started to implement a 1991 regulation that sets zero tolerances on ergot and several other fungi diseases. Secretary Glickman met with the Turkish Ambassador to express the Administration's concerns. USDA has suspended issuing phytosanitary certificates on all grains to Turkey until this issue is resolved. Turkey revised the regulation slightly to allow a very low tolerance level for ergot, which is below the U.S. and international levels. A 15,000-ton shipment of wheat is currently being held in Turkey, with another 100,000 tons of U.S. wheat scheduled for shipment.
- **Books to South Africa:** USDA's book donation project to rural South Africa is receiving positive response. The first shipment of children's stories and textbooks is being distributed to rural schools and libraries in the Eastern Cape, with the second shipment destined for the Northern Province.

DEPARTMENT OF ENERGY

- **NV Test Site:** On November 18, DOE, in conjunction with the NSC, expects to release its Record of Decision for subcritical experiments at the NV Test Site. The decision will fulfill DOE's commitment to meeting its national security mission consistent with environmental regulations.
- **Oil Overcharge Findings:** Under the Petroleum Overcharge Distribution and Restitution Act of 1986, DOE must decide at the beginning of each fiscal year how much oil overcharge funds are not needed for direct restitution to injured parties and make them available to fund state energy efficiency programs. For FY97, the DOE determined that \$29 million is "excess." Funds were obtained from U.S. oil companies that violated federal price controls in the 1970s. Allocations are based on state and Territory oil consumption during the 1970s.
- **Presidential Science-Engineer Awards:** On December 16, the National Science and Technology Council expects to announce the first-year winners of the new Presidential Early Career Awards for Scientists and Engineers.
- **AK Nuclear Test:** On November 22, DOE is scheduling a meeting with representatives from Governor Knowles' office to address AK's request for federal support in analyzing alleged environmental contamination. On October 30, Greenpeace alleged that radionuclides are continuing to leak from a cavity of the 1971 Cannikan underground five megaton nuclear test on Amchitka Island, AK. Samples gathered by the EPA and released to the public revealed no leakage of radioactivity from Cannikan into the environment. DOE agrees that additional analysis is needed.

- **Military DNA Analysis System:** DOE's Lawrence Livermore National Laboratory in CA has developed a portable battery-operated DNA analysis system that could revolutionize the testing of food and water in remote locations for contamination and identifying human remains on the battlefield. The system has been delivered to DoD's Office of Armed Forces Medical Examiners.
- **San Diego Clean City Award:** On December 11, Assistant Secretary for Energy Efficiency and Renewable Energy Christine Ervin will join San Diego Mayor Susan Golding, Congressman Bilbray, County Supervisor Ron Roberts, industry representatives, and business leaders to designate San Diego, CA, as the 50th Clean City. DOE's Clean Cities Program encourages the use of alternative fueled vehicles to reduce petroleum consumption and improve air quality.
- **Rocky Flats Sites Cleanup:** The last of eight tanks in Building 886 at Rocky Flats has been drained of highly enriched uranyl nitrate solution. This drainage represents the elimination of the most significant criticality risk on the site, a major step toward deactivation of the facility and the elimination of several highly enriched uranium vulnerabilities.

DEPARTMENT OF EDUCATION

- **Math and Science Report:** On November 20, Secretary Riley will release a major international comparative study of student achievement in math and science. The results will show progress of American students in science, but little progress in mathematics.
- **EduServ Case:** On October 30, EduServ Technologies, Inc. filed an action for declaratory and injunctive relief against DoEd in D.C. federal court. The suit alleges that DoEd violated the Competition in Contracting Act and procurement regulations and breached its duty to deal fairly with offerors in the process of accepting and reviewing bids for the Direct Loan servicing contracts. On November 6, the GAO dismissed a protest filed with it by another offeror, AFSA Data Corporation, because of the pendency of the EduServ case. AFSA is now expected to file its case in the district court.
- **Resignation:** Assistant Secretary for Educational Research and Improvement Sharon Robinson has submitted her resignation.
- **School-to-Work:** On November 19, DoEd is tentatively scheduled to announce approximately \$50 million in competitive grants to 10-12 states.

VETERANS AFFAIRS

- **VA's Persian Gulf Initiatives:** On November 14, a media briefing was conducted on VA's Persian Gulf initiatives and the results of the Persian Gulf veterans' mortality study published in the November 14 issue of the *New England Journal of Medicine*. The study, conducted by Dr. Kang, examined the causes of postwar death among 695,516 Gulf War veterans compared with 746,291 veterans who did not serve in the Persian Gulf. The study found that the mortality rate for Persian Gulf veterans was 9 percent higher due to accidents, not illnesses.
- **Military Sexual Trauma:** On November 12, VA issued a news release notifying women veterans who have experienced sexual trauma that they may call VA's toll free number for care and counseling services.
- **Rape in the Military:** On November 15, *ABC's 20/20* aired part one of its program on rape in the military, which focused on women veterans who told their stories about the sexual trauma they experienced in the military. The second part of the program, scheduled to air November 22, will focus on the clinical aftermath and post-traumatic stress disorders, as well as VA programs and services to assist women veterans.

SOCIAL SECURITY ADMINISTRATION

- **Top-Ranked Toll-Free Telephone Service:** Since the summer of 1995, when SSA's 800 number earned top billing among organizations renowned for customer service, many private and government entities have studied SSA's toll-free phone system. Among the private firms are *USA Today*, AT&T, Discover, General Electric, and IBM. On the government side, DoEd, Treasury, and DOC, as well as the IRS, FDA, and two state DMVs, have reviewed SSA's system. The Australian Social Security and Canada's Income Security programs have also reviewed SSA's 800 number system. In October 1995, 66 percent of callers gained access within five minutes. By October 1996, that figure reached 93 percent.
- **Fraud Hotline:** On November 25, Commissioner Chater will preside over a ribbon-cutting ceremony dedicating the opening of the SSA's Fraud, Waste, and Abuse Hotline. The Hotline is one of many initiatives designed to protect SSA operations by providing a means to identify waste or theft of public funds. An integral part of this objective is the establishment of a mechanism by which employees and the public can anonymously report allegations of criminal activity involving false statements on claims, conflict of interest, misuse and mismanagement of funds, and standards of conduct violations. The identities of individuals providing information via the Hotline will be kept confidential.

ENVIRONMENTAL PROTECTION AGENCY

- **Project XL Announcement:** On November 19, Administrator Browner will travel to Chandler, AZ, to announce the latest Project XL facility. Project XL facilities gain greater regulatory flexibility in exchange for a commitment to a higher level of environmental results. Under the project, Intel is committing that its state-of-the-art computer chip facility will provide greater public health and environmental protections to the local community by going beyond what is required by environmental regulations for protecting the water supply.
- **National Estuary Program:** On November 15, Administrator Browner will travel to Vero Beach, FL, to sign a final agreement between EPA and FL to clean up and protect the Indian River, part of the Administration's National Estuary Program. This will complete the planning phase of the Indian River Lagoon National Estuary Program.
- **National Air Standards:** Last week, EPA sent two important proposed regulations concerning fundamental Clean Air Act standards to OMB for review. EPA proposes to strengthen the current federal air quality standards for ozone (smog) and particulate matter (soot, dust) to protect public health and safety. EPA is working with the White House and other federal agencies to review these standards. A court order requires issuance of a proposal on particulate matter by November 29.
- **Loss of Confidential EPA Documents:** On November 14, the *Associated Press* and other news services ran stories regarding EPA's misplacement of documents containing confidential business information. A routine internal audit of the management of confidential data for the Toxic Substances Control Act found more than 200 documents missing. The documents may have been destroyed, as is customary, without first being recorded after EPA completed its review of them or they may have been misplaced in a secured room or elsewhere. The 82 companies involved have been notified. Some companies are using this incident as a vehicle to attack the TRI (community right-to-know) program.

OFFICE OF PERSONNEL MANAGEMENT

- **John Huang Investigation:** On November 14, OPM responded to the House Intelligence Committee's request for information pertaining to the background investigation completed by OPM's Office of Federal Investigation (OFI) in October 1994. The Committee seeks the background security investigation file for Mr. Huang, his sworn declaration made to OFI investigators, his financial disclosure forms submitted prior to his July 1994 appointment to DOC, and a list of White House PPO and DOC contacts with OPM regarding his hiring process.

- **Transition Guidance:** OPM has prepared and is transmitting to agencies guides to personnel issues pertinent to the transition to your second term. The package includes a list of OPM program specialists who are available to answer agency questions on civil service matters.
- **"Plum Book":** On November 18, the Government Printing Office will make available to the public the *United States Government Policy and Supporting Positions*, better known as the "Plum Book." This quadrennially issued document, compiled from OPM data, is being published this year by the House Committee on Government Reform and Oversight.

UNITED STATES INFORMATION AGENCY

- **Salinger Story:** USIS Paris and USIA Washington played a key role in helping to discredit a story by former White House Press Secretary Pierre Salinger claiming that the U.S. military had accidentally shot down TWA Flight 800. USIS helped prepare a cable from Ambassador Harriman that resulted in a joint press conference on November 8, by the Navy, NTSB and FBI, demonstrating that the charges were baseless. WORLDNET carried the press conference live, and, at the request of the FBI, the Foreign Press Center in NY contacted French journalists to alert them to it, including French TV2 which covered the conference. The denial received full coverage in the French press, resulting in much more skeptical treatment of Salinger's charges in the following days.
- **U.S. Foreign Students:** The Institute of International Education's annual "Open Doors" survey of universities and colleges shows that, for the 1995-96 academic years, 48 percent of the 453,787 foreign students studying in the U.S. came from the East Asian region. Eight of the top ten countries overall are in East Asia: Japan, China, Korea, Taiwan, Malaysia, Indonesia, Thailand, and Hong Kong. Many make their decision to study at U.S. schools based on their visits to a USIS-run educational advising center overseas.
- **Bosnian Election Reaction:** USIA has issued a report combining results from a just-completed Agency survey and focus groups in Bosnia. Findings show that many Bosnians believe the September elections reflect the will of the people, though many others point to widespread procedural problems. These perceived problems point to the likelihood of further entrenchment of the groups and an uphill battle to establish a viable central government.

GENERAL SERVICES ADMINISTRATION

- **Presidential Inaugural:** The TechWorld Plaza near the DC Convention Center will be the primary location for the 1997 Presidential Inaugural Committee (PIC) with a satellite site located in Suitland, MD. Representatives from GSA have met with White House staff to begin operations. GSA is authorized to provide administrative, financial, procurement, personnel, and security services to the PIC. GSA representatives will remain on site to assist PIC.
- **Recycled Paper:** GSA reduced the price of recycled content copier paper offered in its supply system to help federal agencies comply with an administrative directive on increasing the use of recycled paper. Agencies buy \$63 million of non-recycled copier paper through GSA. If all agencies bought recycled paper, the savings would be over \$3 million.
- **Fleet Management:** Recognizing GSA's efficiency and expertise in motor vehicle fleet management, the Marine Corps recently signed an agreement to turn over the management and operation of its non-tactical fleet of 4,713 vehicles to GSA. Upon completion, this consolidation will save \$13.6 million annually.
- **Native Americans:** GSA is coordinating with DOI and BIA to set up a signing ceremony for a Memorandum of Agreement that gives Native American Tribal Councils access to the federal government's FTS2000 long-distance services; and thereby giving the Council substantial savings from their current service.

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 PRESIDENT HAS SEEN

11-27-96

*See memo
on last pg*

THE WHITE HOUSE
WASHINGTON

'96 NOV 21 PM 6:43

November 21, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: LEON E. PANETTA
Chief of Staff



SUBJECT: Thursday Activities

LEGISLATIVE ISSUES

Campaign Finance Reform

Good
Ninety House Democrats and two Republicans signed a letter to Speaker Next Gingrich and Minority Leader Dick Gephardt requesting passage of "comprehensive and meaningful campaign finance reform" within the first 100 days of the congressional session that begins on January 7.

In the Senate, Minority Leader Tom Daschle said he hopes the chamber will take up the matter within its first 60 days.

Democratic Update

The Congressional Black Caucus has elected Rep. Maxine Waters of California as its Chairwoman for the 105th Congress. Rep. William Jefferson of Louisiana also sought the position, but Waters defeated him Wednesday night by a vote of 22:16.

The following Congressional Black Caucus officers were also elected: Rep. Earl Hilliard of Alabama is First Vice Chairman, Rep. Eddie Bernice Johnson of Texas is Second Vice Chairwoman, Rep. Corrine Brown of Florida is Secretary, and Rep. Sheila Jackson-Lee of Texas is Whip. The Caucus will have 39 members next year, as it did this year.

Democrats today completed two outstanding Ranking Member elections with the following results: Rep. John LaFalce of New York on the Small Business Committee and Rep. Sam Gejdenson of Connecticut on the House Oversight Committee.

Republican Update

Republicans talked today of shifting some Members off the House Ethics Committee in the midst of an investigation of Speaker Newt Gingrich. House Republican Leader Dick Armey said in a statement Gingrich asked him to assume the responsibility of rotating Members off the panel as part of routine housekeeping.

"I hope that we can, in a bipartisan fashion, find the best way to reconcile the House rule that Members serve on the Ethics Committee for no more than six consecutive years with the need to complete the committee's current work," Armey said. "Obviously, the four members of the investigative subcommittee should continue their work until they come to a resolution," he added.

In a press conference today, Democratic Whip David Bonior said in response to the Armey statement, "This is the equivalent of changing the jury in the middle of a trial. This is dangerous, it is a violation of public trust."

Tomorrow, House Republicans will select Committee Chairman. Virtually all incumbents who want to keep their Chairmanships in the House are expected to win another term, including: Rep. Bob Livingston of Louisiana on the Appropriations, Rep. John Kasich of Ohio on Budget, Rep. Jim Leach of Iowa on Banking, Rep. Bill Archer of Texas on Ways and Means, Rep. Tom Bliley of Virginia on Commerce, Rep. Henry Hyde of Illinois on Judiciary, and Rep. Bob Shuster of Pennsylvania on Transportation. Rep.-elect Bob Smith of Oregon is expected to become the new Chairman of the Agriculture Committee.

DOMESTIC UPDATE

AIDS

In the November 22 issue of the Morbidity and Mortality Weekly Report, the CDC will report the number of babies born infected with HIV declined by 27 percent from 1992 to 1995. The number of HIV-positive babies peaked at 905 in 1992 and declined to 663 in 1995. Reductions were reported in all racial categories, with larger decreases in states that experienced very high rates of infection, including New York (-38%) and Florida (-38%). CDC attributes the decline to the use of AZT by pregnant HIV-positive women during pregnancy and childbirth and by newborns for the first six weeks of life. NIH-sponsored research indicated that such treatment reduces by as much as two-thirds the risk of perinatal transmission of HIV.

Comptroller of the Currency (OCC) Regulations

Yesterday, the Comptroller of the Currency published in the Federal Register final regulations streamlining the process under which national banks can take various actions, ranging from opening a branch to establishing a subsidiary to sell insurance. The regulations had been proposed two years ago and are part of the overall modernization of the OCC's regulations. They have attracted national attention mainly because they would permit national banks to apply to the Comptroller for permission to engage in activities in a bank subsidiary that could not be carried on in the bank. While the regulations do not state what activities could be allowed, and the Comptroller will consider applications on a case-by-case basis, the expectation is that applications will be forthcoming to allow subsidiaries to engage in insurance and/or securities underwriting. The Fed has made a similar regulatory proposal (not yet final) that would permit the Fed to allow such activities, but in a holding company affiliate, rather than a bank subsidiary.

HHS: Girl Power

Today, at the American Public Health Association's annual meeting in New York City, Secretary Shalala announced "Girl Power" -- HHS's national public education campaign to help encourage and empower 9 to 14-year old girls to make the most of their lives. "Girl Power" is a unifying theme for future health campaigns targeted to adolescent girls. The campaign will run in phases and address such issues as substance abuse, underage smoking, premature sexual activity, physical activity, nutrition and mental health.

HUD: Announcement

Today, Secretary Cisneros announced funding of \$776.5 million to make housing more affordable for low-income elderly persons. The awards, under HUD's Section 202 program, are made to nonprofit groups which will develop 8,731 units in 43 states and Puerto Rico. Section 202 provides capital advances to eligible private, nonprofit sponsors to finance the development of rental housing with supportive services for the elderly. The capital advances are interest free. Repayment to HUD is not required as long as the sponsor restricts occupancy for the first 40 years of operation to very low-income elderly persons.

FEMA: Highway Collapse

On November 21, in Roseburg, OR, the northbound lane of I-5 was washed out into the South Umpqua River, creating a hole 60 feet deep that swallowed two tractor trailers. No fatalities have been reported, but the two drivers and a third driver that collided into a median suffered minor injuries.

Puerto Rico Explosion

On November 21, an explosion occurred leaving a 50-foot-wide hole in a six-story building in San Juan, PR. Authorities state that the possible cause of the explosion is a natural gas leak. The blast originated in the Vidal Shoe Store, in which employees were present. The blast left nineteen fatalities, 50 injuries and eleven missing. Today you declared an emergency in the Commonwealth. DOT, FEMA and NTSB have sent staff to the area. White House staff participated in a conference call this afternoon with DOT and FEMA officials to review the situation. NTSB will be leading the investigation and FEMA will be leading the search and rescue.

FOREIGN POLICY

UN Secretary General Update

Support for Boutros-Ghali continues to crack. Several African governments have publicly indicated that it is important for the Africans to retain the seat if Boutros-Ghali's candidacy is no longer viable. Ghana has publicly mentioned Under Secretary Annan as a candidate. Even Egypt announced the importance of Africa retaining the seat for the full five years. The French have publicly stated that they will not try to bypass the Security Council in the General Assembly (thereby indicating a growing acceptance of our veto).

Belarus

President Lukashenko has resisted entreaties from Yeltsin and Chernomyrdin to seek a compromise on his constitutional clash with parliament; Chernomyrdin has tentatively indicated that he will fly to Minsk on Friday to mediate. OSCE, the Council of Europe and numerous European countries have condemned Lukashenko's actions; we issued a strong statement today calling upon Belarus to uphold democratic norms. Fear of instability has driven Russia to accelerate the removal of nuclear weapons from Belarus; if the current pace of activity continues, they could all be out by the end of November.

Eastern Zaire/Rwanda

The number, location and condition of remaining refugees in eastern Zaire is still unclear. Aid agencies continue to maintain that over 600,000 refugees remain at risk. However, U.S. aerial reconnaissance reveals only one major concentration of refugees -- 200,000 West of Lake Kivu, who now appear to be moving north and northwest. It is too soon to tell whether this group intends to move west deeper into Zaire or return to Rwanda via Goma.

The Canadian-hosted policy meeting in New York yesterday yielded few, if any, concrete decisions. Most participants complained about the lack of information regarding the condition of refugees in eastern Zaire. France and Zaire argued strenuously that the original mission should go ahead, which would have the effect of helping Zaire reestablish control over its eastern provinces. The United States, Canada, UK and several others argued for a redefined mission to enable the international community first to assist Rwanda absorb the returnees, if Rwanda agrees. We should hold in abeyance any decision about the utility of a mission in eastern Zaire until the situation on the ground is clarified. Canada will host a military planning meeting Friday in Stuttgart, to which we are sending a senior interagency delegation.

North Korean Release of American Citizen

The North Koreans agreed yesterday to allow Congressman Bill Richardson to fly to Pyongyang to pick up American citizen Carl Hunziker, who has been held since August for illegal entry into North Korea. The North agreed that the USG will not have to pay the \$100,000 legal fine assessed against Hunziker. Richardson will arrive in Pyongyang on Monday, November 25, and depart with Hunziker on November 26.

State Visit of Chile

Today you invited Chilean President Frei to a State Visit on February 26.