

CHRON

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12/16

TO: Katie McGinty

FROM: Staff Secretary

Should we do this?

Wade

cc: Ron Klein

DEC 10 1996

DEPARTMENT OF CO
'96 DEC 18 PM 4:22
ary

To T. H. Stur
cc: Stur

MEMORANDUM FOR KITTY HIGGINS
SECRETARY TO THE CABINET

FROM: Peter Scher
Chief of Staff

SUBJECT: Mass Marking of Juvenile Coho Salmon in Puget Sound, Washington

Attached is a letter for President Clinton's signature to James E. Wilcox, President, Northwest Steelhead and Salmon Council, regarding the Administration's support of mass marking of juvenile coho salmon in Puget Sound, Washington. The letter states that the Administration supports the efforts by the National Oceanic and Atmospheric Administration's National Marine Fisheries Service to resolve the technical and policy issues related to the mass marking of juvenile salmon.

Attachment

Mr. James E. Wilcox
President, Northwest Steelhead
and Salmon Council
2401 Bristol Court
Olympia, Washington 98502

Dear Mr. Wilcox:

Thank you for your recent letter seeking support for the efforts of the National Oceanic and Atmospheric Administration (NOAA) to help all parties resolve the technical and policy issues related to the mass marking of juvenile coho salmon in Puget Sound, Washington.

I understand that NOAA's National Marine Fisheries Service Northwest Regional Administrator, Will Stelle, has already discussed this issue with representatives of your organization and explained the basis for the Federal Government's position on this issue. We strongly desire to reach a resolution that will allow the mass marking of coho in 1997, while preserving the basic integrity of the current management system. I want you to know that this Administration will do all it can to facilitate a successful outcome.

Sincerely,

William J. Clinton

12-16-96

THE WHITE HOUSE

WASHINGTON

December 14, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

JIM DORSKIND:

Please coordinate
the reply.

- I did not
know
this
was
a
memo
for
the
President
12/14/96*
- (A) **Inaugural program.** From Harold. For your review.
 - (B) **Edgar Bronfman letter about your November 9 radio address.** Via George. He was disturbed to learn of your reference to him, his son, and Seagram as irresponsible for their decision to resume television advertising of hard liquor. He argues that the alcohol in all drinks -- beer, wine and spirits -- is the same, and that spirits should not receive harsher tax treatment. Regarding teenage drinking and drunk driving, he reminds you that beer is the beverage of choice of kids and drivers, not hard liquor.
 - (C) **Summers follow-up on the Chilean Social Security system.** Treasury has closely examined Chile's system, which was introduced in the early 1980's, provides a public minimum benefit, and mandates that individuals contribute to their own accounts. Important differences between the Chilean and American situations include: retirees there have benefited from a 20-fold stock market appreciation over the last 15 years; Chile corrected the trade barriers in its economy during the 1980's and cut government spending substantially; and Chile's pre-existing commitment to retirees before its new system was much smaller than ours, making the transition easier.
 - (D) **Panetta follow-up on citizen's task force on appointment process.** The panel assembled by the 20th Century Fund criticized the appointment process as abusive and self-defeating, and made several far-reaching recommendations. You asked if these recommendations are going anywhere. Leon says no.
 - (E) **McLarty memo on Gov. Roy Romer.** Mack talked to Romer after your DLC speech. Romer is interested in serving in the Administration and mentioned several positions (not specified in Mack's memo). Romer also recommends Mike Beaty for a senior position at USTR. Mack notes that Beaty got a "raw deal" in 1993, is loyal and effective and suggests he might be good as a deputy at USTR. Mack suggests you'd have to weigh in for Beaty to get serious consideration.
- 3/17/97*

1-13-5, TSUKUBI, CHUO-KU, TOKYO, 104 JAPAN
PHONE: (03)5550-1623 FAX: (03)5550-1654

SHOCHIKU CO., LTD.

November 12, 1996 '96 DEC 14 AM 8:29

Dear Mr. President:

I would, first of all, like to express my most heartfelt congratulations on your reelection.

I had the pleasure of attending the luncheon hosted by Prime Minister Ryutaro Hashimoto during your previous visit to Japan. At that time, I was hoping to be able to introduce myself to you, for whom I had always had great respect. As I did not have the opportunity, regrettably, to speak with you on that occasion, I now take the liberty of introducing myself. My name is Kazuyoshi Okuyama, a film director and producer, and I also hold the position of executive vice president of the Japanese company, Shochiku Co., Ltd., which produces motion pictures as well as the traditional stage art of kabuki.

My most recent project is the film, THE PRESIDENT'S CHRISTMAS TREE, being released at the end of this month in Japan, which I produced and directed. It is a love story about Japanese living in the U.S., which centers around the Christmas Tree in the Ellipse. It is a story about women who never gave up their hopes and dreams. The film was shot in Washington D.C. and New York.

It is our belief that this picture, which describes the lives of the Japanese who dream of success and happiness in the U.S., will not only be meaningful for every Japanese who loves your country, but will also contribute to cultural exchange and interchange between filmmakers of both countries.

I would like to add that we have made a modest donation to the lighting ceremony taking place next month, and the Pageant and Peace Committee has offered us a seat. It is a great honor for me and the leading actor and actress to attend this wonderful event, which we look forward to with much anticipation.

*Potus mentioned in
his remarks @
Christmas Pageant.*

B

From Oval 12.14.96

*To NSC for
reply:*

— yes

— NO

*Don't send to coord
with NSC*

Mr. President, I understand that this will be a terrible imposition, and almost certainly not correct protocol, but there is one request I wish to make. Would it be at all possible for you to make reference to our film in your speech at the lighting ceremony?

For your reference, both Prime Minister Hashimoto and Ambassador Saito have been informed of this matter, and a copy of this letter has been delivered to them.

Although I am aware of your extremely busy schedule, your consideration regarding this matter will be truly appreciated.

Kindest Regards,

A handwritten signature in black ink, appearing to read "Kazu Okuyama". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kazuyoshi Okuyama
Executive Vice President

EMBASSY OF JAPAN
WASHINGTON, D. C.

December 2, 1996

Mrs. Debi Schiff
The White House
West Wing
Washington, DC 20500

Dear Mrs. Schiff:

I am enclosing a letter and a video of the film THE PRESIDENT'S CHRISTMAS TREE, which was sent to our Embassy.

I would like to forward everything into your good hands, and would appreciate your help in this matter.

With great appreciation,

Sincerely,



Tsukasa Uemura

Staff Secretary -

This came to me
for a reply, but I don't
think I could adequately
address his idea with
a "Thanks for the
suggestion. I've passed
it along." would
suffice.

Wa

- *maureen
geuro*

Lee S. Ferrell
Minister of Education
and Youth

Andrea Titcomb
Minister of Evangelism

Marjorie Ingalls
Director of
Music/Organist

**Severna Park
United Methodist Church**
Old Road • Severna Park, Maryland
(410) 987-4700

To Jim
for reply

December 6, 1996

'96 DEC 13 AM 11:31

United States of America

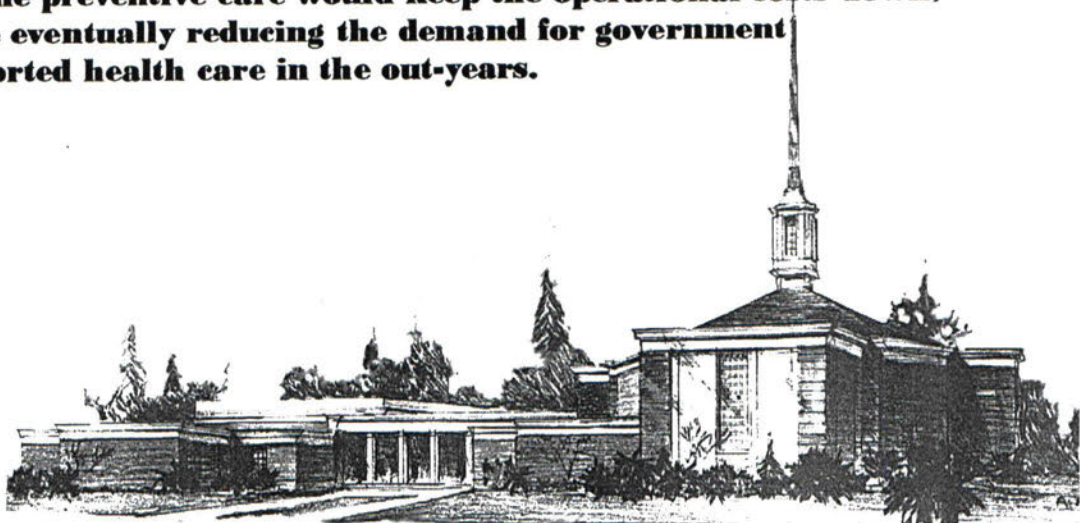
14 Avenue, N.W.
20500-2000

Dear Mr. President:

I celebrate your recent re-election! I'm sure that you and your family are pleased that you don't have to move (at least for a while). I think the country has expressed a desire for some steadiness and continuity at the helm, and I, for one, am appreciative of the kind of the leadership that you have been offering, and hope that you will be able to implement some of the ideas you articulated during the campaign.

The purpose of this letter is to share with you an intriguing idea that came out of a conversation I had just last weekend with a dentist I met at a wedding reception. She works in a "medically under-served area" in Pennsylvania. We were talking about the problems of welfare reform being closely linked to the high cost of medical care. She lamented that so many of the adults she sees in her dental practice require extensive and expensive procedures, simply because they didn't have the most basic preventive care as children.

It seems like I recall that when you were governor back home, you solved a similar problem with basic medical care by developing something like group insurance for school-aged children. Couldn't something like that Arkansas plan be instituted on a national level? Keeping the services limited to routine preventive care would keep the operational costs down, while eventually reducing the demand for government supported health care in the out-years.



If this sounds at all interesting, and you would like to have someone pursue a conversation with this dentist, her name is:

**Dr. Dana L. Bilohlavek
P.O. Box 350
New Stanton, PA 15672
(412) 925-2299**

I still hope that you and the family might sometime be able to worship with us here at Severna Park United Methodist. We're only about 30 miles from downtown D.C. I continue to pray for you and your work.

Sincere regards,



**Ken E. Brown (HSHS, class of '64)
associate pastor**

*I hope y'all have a great
Christmas!*



HANSEN INTERNATIONAL

12-16-96

漢生

Carolyn E. Hansen
President

Admitted to the Bar
New York
Wisconsin

Sui
Tel
Fax
E-mail:

Send to Donskind for reply?

Yes ☒
No ☐

Coordinate w/ NSC?

Yes ☒
No ☐

President William Jefferson Clinton
Office of the President
White House
1600 Pennsylvania Avenue
Washington D.C. 20500-2000

Dear President Clinton;

I am a American attorney, head of a non profit organization and former chair for Asia of the U.S. Democratic Party Abroad. I have lived in Taiwan for about nine years where I operate my law practice and non profit organizations promoting sustainable development. I have just completed a four year term on the U.S. Democratic National Committee.

Last Autumn I wrote to you, via Jean Houston, on my perception of the situation in the Peoples Republic of China and Taiwan. I regret that during my visits to the U.S. in December 1995/January 1996 and again in March/April of this year that it was not possible to meet with you. Having met Ron Brown during his 1992 visit to Taiwan, I hosted a private tea for him with U.S. Democrats in Taiwan, I was very saddened at his death during my Spring visit.

Besides providing legal services to American multinationals in Taiwan and China, in the non profit area we have just produced in Chinese, for Taiwan, one of the Worldwatch Institute annual books, Vital Signs 1996. That project involved support from Chinese business leaders, and the Ministry of Education and Taiwan EPA. The government support placed thousands of the books in schools and libraries all over Taiwan. I also serve as Secretary of the Board of the American Club in China and past governor and supervisor of the American Chamber of Commerce. In the non profit area, I launched, and am the Executive Director, of the Taiwan Business Council for Sustainable Development. This is affiliated with the World Business Council for Sustainable Development of Geneva, Switzerland. The Taiwan Council includes China Airlines, Hsin Kuan, ICBC Bank, Taiwan Cement, Taiwan Semi-Conductor, and others.

Because of my connections in the Chinese and foreign business communities, and Taiwan government, I believe I may be able to provide you with accurate information about developments in Taiwan, and related to China, which may be useful to you. Therefore, it would be a pleasure to meet during my visit to Washington D.C. I will be in Washington D.C. from December 14 to noon, December 17. If you wish to meet, I can be reached through Kirk Talbott, at the World Resource Institute, (202) 638-6300. I enclose a summary of my work as an attorney and with the non profit sector for you information.

Sincerely,
HANSEN INTERNATIONAL COMPANY, LTD.

A handwritten signature in cursive script, appearing to read 'Carolyn E. Hansen'.

Carolyn E. Hansen

Encl: resume and firm description

/president.doc/b:12-13-96

HANSEN INTERNATIONAL COMPANY, LIMITED

Law services: Taiwan, the People's Republic of China,
the United States, Europe and other locations

This firm especially focuses on company start-ups, joint ventures, mergers, acquisitions, intellectual property matters and litigation services. Clients are manufacturers and service industries, including but not limited to specialty industries in financial services, such as insurance, as well as telecommunications.

Among our services are the negotiation and preparation of contracts and registration documents for company start-ups, partnerships, joint ventures, foreign investment approval, employment contracts, tax planning, repatriation of profits, environmental law, intellectual property, foreign exchange transfer, telecommunications, laws related to the computer industry, and litigation.

Carolyn E. Hansen (President)

Admitted to the bar: 1974, Wisconsin; 1981, New York; 1986, U.S. Supreme Court. **Education:** University of Wisconsin (B.A. cum laude, 1969); International Court of Justice, The Hague (International Law, 1971); University of Michigan (J.D. 1972); Free University, Brussels, Belgium (M.I.C.L., cum laude, 1973). **Author :** "Recent Legal Developments in the European Economic Community Affecting Takeovers, Mergers, Acquisitions and Joint Ventures," Industrial Development and Investment Center, Ministry of Economic Affairs, ROC, English and Chinese, 1991. "Overview of Intellectual Property Protection in The Republic of China," Chemical Design Automation News, July 1992; An update of this published October 1994 in Chemical Design Automation News; additional papers in comparative law and intellectual property law published in recent years. **Lecturer:** International Seminar on Mergers and Acquisitions, China

CAROLYN E. HANSEN, ESQ.

Suite 1207, No. 303

Tun Hwa North Road

Taipei, Taiwan, R.O.C.

Tel : 886-2-545-8481

Fax : 886-2-545-8586

E-mail : hansen@asiaonline.com.tw.

PROFESSIONAL HANSEN INTERNATIONAL LIMITED CO. (1988 - Present)

EXPERIENCE: President, Attorney at Law (U.S.A.)

International law/business development and U.S./foreign liaison responsibility drawing on fourteen years of diverse international corporate legal and commercial development with major multinational consumer/pharmaceutical companies, requiring particular expertise in:

- ♦ Foreign and domestic acquisitions, divestitures, mergers, joint ventures.
- ♦ Business reorganizations and subsidiary start-ups.
- ♦ Foreign exchange, investment, licensing, repatriation of profits and tax planning.
- ♦ Cross-cultural negotiations.

Clients : U.S., Canadian and European Multi-national companies; R.O.C., companies, government ministries and agencies.

RALSTON PURINA COMPANY, St. Louis, MO (1986-1988)

Counsel, Ralston Purina International

Responsible for managing law department for \$1 billion international division of Ralston Purina, a \$5.8 billion multinational company. Advised U.S. and foreign management, supervised and selected in-house and outside counsel, and participated actively in senior-level management and corporate planning function. Represented division on Corporate Crisis Committee.

Key Accomplishments:

- ♦ Conducted extensive review of European licensing operations and achieved consensus between foreign subsidiaries and U.S. management on technology transfer procedures.

MR. PRESIDENT

These are from
Brendan Quinn's
kindergarten class.
The top one is
my favorite; the
second one my
son's.

I thought
you might enjoy
them —

Jack Quinn

12-16-96

TODD —

SHOULD WE SEND
TO DORSET? for reply

YES

NO

Get into
from Quinn's office

MR

12-16-96

Phil —

Came out of Todd's Ofc
unmarked — Can you handle?

Stop th
thing betwee
ope
Nicholas

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tent.

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dent is
of

THE WHITE HOUSE
WASHINGTON

DATE: 12/16/96

NOTE FOR: THE VICE PRESIDENT

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

Information ☐

Action ☒

The Staff Secretary's office is holding the original letter.

please let this office know when/if this letter should be mailed.

Thank you.

Thank you.

Staff Secretary
(x6-2702)

cc:

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

December 16, 1996

96 DEC 16 AM 10:40

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

ANTHONY LAKE

SUBJECT:

Response to Jane Schultz, member of Pan Am 103 family

Purpose

To respond to Pan Am 103 family member Jane Schultz.

Background

Jane Schultz, who accompanied you to the ground breaking and dedication of the Pan Am 103 memorial in Arlington National Cemetery, has written to congratulate you on your reelection. She also notes that the Pan Am 103 civil suit against the Government of Libya has begun. The antiterrorism legislation which you signed this spring removed foreign sovereign immunity allowing such antiterrorism cases to proceed.

She and other family members look to this trial as an opportunity for "the complete truth" to come out and for Libya to be found responsible. They believe that evidence from the government's criminal case will be necessary to win. To that end, the families and a number of Senators, organized by Senator Kennedy's staff, have written the AG asking that the evidence be released at the appropriate time. Jane has met privately with the AG who said she could not make a commitment at this time.

Your response parallels the AG's. It indicates that we will do our best to help, recognizing that there are complicating factors. These include evidence shared jointly with the UK and a concern about undercutting a possible, future criminal case if we release all our evidence. The AG concurs in this response.

RECOMMENDATION

That you sign the response to Jane Schultz at Tab A.

Attachments

Tab A Response to Jane Schultz
Tab B Incoming correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Jane:

Thank you for your kind note. We worked hard to focus on issues during the campaign. I believe the American people made a real choice about the kind of government they want.

I appreciate your informing us of the latest developments in the civil litigation brought against Libya. We hope that Libya's decision to participate in the Pan Am 103 civil case does not represent a subterfuge on their part to thwart or delay justice. As you know, we are committed to ensuring that the responsible parties are prosecuted for this terrible crime.

I know that you have requested the support of the Department of Justice in this litigation. We will seriously consider requests by your attorneys for specific items of evidence and, taking into account the complex issues presented by this case, will be as helpful as possible. I know that the Attorney General shares my determination that justice be done in this matter.

Sincerely,

Brinkley

Ms. Jane Schultz
142 Wilton Road W.
Ridgefield, Connecticut 06877

The President

By Hand

142 Wilton Road W.
Ridgefield, Ct. 06877

Jane Schultz

Dear President Clinton,
Congratulations to our
champion! I want to personally
thank you for soaring to
victory in such a Presidential
manner. You managed to keep
your campaign above the depth
of muck and mire that has
overtaken today's political
scene.
It is comforting to know

that you will be "in residence"
these next four years. I look
forward to working with
you as the families pursue
the truth and justice in the
Pan Am 103 tragedy. When you
signed the anti-terrorism bill
you afforded the families
the venue to sue Libya.
The wheels of justice are
beginning to turn, as of 10/31,
Libya has answered our

Jane Schultz

complaints and will be represented at a civil trial Pan Am 103 will be an historic and landmark case, the world will finally hear the complete truth, this will be a major part of your Presidential legacy.

I look forward to congratulating you on

your victory in person, in the meantime may God keep you very close to His side as you guide our great country across the bridge into the 21st century - very exciting times for us all.

With sincerest regards
and best wishes,

Jane

November 7, 1996

Jane Schultz

Dear President Clinton,
Congratulations to our
champion! I want to personally
thank you for soaring to
victory in such a Presidential
manner. You managed to keep
your campaign above the depth
of muck and mire that has
overtaken today's political
scene.

It is comforting to know

that you will be "in residence" these next four years. I look forward to working with you as the families pursue the truth and justice in the Pan Am 103 tragedy. When you signed the anti-terrorism bill you afforded the families the venue to sue Libya. The wheels of justice are beginning to turn, as of 10/31, Libya has answered our

CC: Sandy B/NSC
LHM
SOS
HRC

THE PRESIDENT HAS SEEN
12-16-96

Gulf War illness linked to Iraqi germ weapons

12/11/96

Gene-altered bacterium found in vets' blood

© 1996 Seattle Post-Intelligencer

By ED OFFLEY
PI MILITARY REPORTER

Evidence exists that could link the ailments of sick Persian Gulf War veterans to Iraqi biological weapons, independent medical researchers warn.

Such weapons pose a more serious health threat than chemical agents because they are designed to spread germs throughout a wide population, including soldiers, their spouses, children and even family pets, experts say. And, they say, symptoms can appear years after exposure.

While the Pentagon has acknowledged that U.S. troops in the Gulf War were exposed to chemical agents, officials said they still are checking data on biological weapons.

Garth Nicolson, a research biochemist who has tested the blood of hundreds of sick Gulf War veterans and members of their families, said he has discovered a mycoplasma — a primitive bacterium — that had been genetically altered in many of the samples. The only logical conclusion to draw, he said, was that the germ had been deliberately manipulated for use as a weapon.

"We found very unusual infections that have genetic structures not found in the wild," said Nicolson, scientific director of the non-profit Institute for Molecular Medicine in Irvine, Calif.

Given the artificial structure of the bacterium, its widespread detection among hundreds of Gulf War veterans and their families, and Iraq's confirmed work on such weap-

ons, Nicolson said, he concluded that people are sick as a result of "invasive biological weapons."

In separate interviews, two experts in related medical fields confirmed the validity of Nicolson's research. They also shared most of Nicolson's premise that many Gulf War veterans show signs of bacterio-

logical infection and not chemical poisoning.

Whether Gulf War troops were exposed deliberately or accidentally is not clear. It is possible, for instance, that exposure occurred when biological agents were dispersed into the air as a result of allied bombing of Iraqi storage bunkers.

Nicolson and other experts said.

Nicolson and his wife, Nancy, both of whom are biomedical researchers, became interested in the issue when their daughter, an Army soldier, returned from the war with multiple ailments.

See ILLNESS, Page A10

1 of 5

Illness: Pentagon had no way to

from Page 1

Defense Secretary William Perry said last week there is no evidence U.S. Gulf War troops were exposed to Iraqi biological weapons. But, Perry said, "since we know that the Iraqis had the weapons, we have to continue to examine data and we cannot categorically rule it out." Earlier, the Pentagon ended more than five years of denial and admitted that thousands of soldiers in the war were exposed to chemical agents.

Biological warfare uses bacteriological agents that are infectious and can cause illness and death not just after initial contact but even years later, Nicolson said. Chemical warfare agents, in contrast, are chemical compounds that attack the skin and nervous system but can be washed off. They leave victims sick but not infectious.

Since the seven-week Gulf War, which began Jan. 17, 1991, tens of thousands of veterans and their family members have complained of a wide array of ailments, including memory lapses, chronic fatigue, itching joints, dizziness and benign tumors. Some veterans have reported children born with severe birth defects. The ailments are loosely classified as Gulf War syndrome. But the cause remains under debate.

Complicating the issue is the fact, discovered in 1994 during a Senate Banking Committee investigation, that even three years after the war the Pentagon had no means to detect biological warfare agents on the battlefield.

John Deutch, then-deputy secretary of defense and now head of the CIA, told a government conference in New Mexico in 1994 that the United States has "no biological detection capability deployed with any forces, anywhere," the Banking Committee noted in a report after its investigation.

The year before, according to the Banking Committee report, Deutch said that the De-



MIKE WEBER, SPECIAL TO THE

American troops examine stockpiles of captured Iraqi bombs at a storage complex near Nasiriyah. The munitions were then blown up, releasing a plume of chemical agents.

partment of Defense was "withholding classified information on the exposure of U.S. forces (in the Gulf War) to biological materials."

The report contained the results of a survey of 4,000 veterans reporting medical symptoms after serving in the Gulf War. It noted that 77 percent of their spouses and 65 percent of their children showed similar symptoms.

Since 1991, the Pentagon, Veterans Administration and a number of federal scientific organizations have studied the widespread rash of illnesses afflicting between

35,000 Gulf War veterans (the VA's estimate) and as many as 100,000 veterans and family members (the estimate by outside researchers such as Nicolson).

The Pentagon initially said veterans reporting ailments were suffering from psychological stress. Before the Pentagon admitted last week that nerve agents may have been dispersed over the battlefield, theories about the cause of the ailments included exposure to pollution from oil-field fires, reaction to experimental vaccines or parasitic infections such as leishmaniasis found in the desert environment.

P.I.

12/11/96

2 of 5

DESERT STORM DIAGNOSIS

Gulf War: Illness reported in Kuwait

From Page A10

by economic sanctions.

The U.N. agency also documented a fivefold increase in reported cases of leishmaniasis between 1989 and 1992, from 2,159 cases to 12,645 per 100,000 population.

There also is evidence Iraq's infant mortality rate increased after the war. No studies have suggested a connection between the deaths and possible exposure to chemical or biological agents.

A study of Iraqi civilians comparing records before the war and in late 1991, conducted by the International Team on the Gulf Crisis, found a 380 percent increase in the mortality rate of children under 5. The survey attributed this to "a complex interaction of factors," including shortages of food and medicine, lack of clean water and poor sanitation.

The survey, funded by UNICEF, the MacArthur Foundation and other organizations, also noted epidemic outbreaks of typhoid, cholera, hepatitis, measles and tetanus throughout Iraq.

Hinshaw said a Kuwaiti physician told him an ailment mirroring Gulf War syndrome is widespread among the Kuwaiti population.

"The word is the Kuwaitis have this (illness) and the Kuwaiti government is suppressing this whole issue," Hinshaw said.

Neither the Pentagon nor Veterans Affairs Department have compared health data on Gulf War veterans and Iraqi civilians with the government of Iraq, officials said.

"There is currently no cooperation in health programs between the United States and Iraq in looking at Gulf War illness," Pentagon spokesman Bryan Whitman said yesterday.

He said the Pentagon task force on Gulf War health issues had received Nicolson's research findings and was reviewing them, along with other independent medical studies.

"We are interested in looking at all research that may help us better understand the causes of Gulf War illness," Whitman said.

Iraq's biological and chemical warfare capability never has been questioned.

U.S. military commanders during and after the Gulf War freely admitted their greatest fear was that advancing allied units might get pinned down in the Iraqi minefields and obstacle belts in Kuwait and Iraq, then slaughtered by massive attacks with chemical and biological weapons.

As for Iraqi biological warfare capability, the Pentagon and the United Nations reported after the war that Iraq possessed a sophisticated biological warfare industry by the late 1980s.

The Banking Committee probe found evidence Iraq was working on the following biological warfare agents at the time of the Gulf War:

- Anthrax — An often fatal infectious disease caused by the ingestion of anthrax spores that blocks breathing and leads to fatal blood poisoning.

- Botulinum toxin — Symptoms of exposure, which is often fatal, are vomiting, thirst, weakness, fever, dizziness and muscle paralysis.

- Other biological agents identified include histoplasma (similar to tuberculosis), brucella melitensis (which causes damage to major internal organs), and clostridium perfringens, toxic bacteria that cause gangrene.

Iraq started in 1986 to initiate an offensive biological warfare capability, according to the U.N. special commission that investigated alleged manufacturing and storage sites beginning in 1991. U.N. inspectors said that while no explicit evidence of Iraqi biological weaponry was found, they noted that the main site was razed by the Iraqi government a week before inspectors were allowed in.

The Senate Banking Committee also discovered that from 1986 to 1989 a non-profit medical institute called the American Type Culture Collection exported to Iraq, with approval of the U.S. Commerce Department, 70 shipments of bacterial cultures that could have been used for producing biological weapons.

The newspaper Newsday on Nov. 27 reported that Joshua Lederberg, head of a U.S. scientific panel that earlier had denied any links between biological weapons and Gulf War syndrome, was a director of the American Type Culture Collection.

However, Lederberg, a Nobel

Prize-winning geneticist and former president of Rockefeller University, told The New York Times on Monday that the Pentagon had withheld key evidence from his panel, including the presence of chemical agents at the Iraqi bunker complex blown up by U.S. troops.

Lederberg said the disclosures mandate an intensified effort to determine whether low doses of nerve gas can cause long-term illnesses.

While the Nicolsons have specialized in microbiology and infectious illnesses for decades, it was their role as parents that first led them into the hunt for the source of Gulf War syndrome.

Their daughter, Sharron, served in Operation Desert Storm with the 101st Air Assault Division, which made the deepest penetration into Iraqi territory and from whose ranks many of the sick veterans have come, Nicolson said. She returned from the war with symptoms of Gulf War syndrome and has many friends who also became sick, Garth Nicolson said.

After compiling a database of common symptoms among ailing veterans, Nicolson said, he and his wife began to suspect the immediate cause was an unknown "mycoplasma infection." Mycoplasmas, he explained, are small micro-organisms related to bacteria, some of which can aggressively invade blood cells.

Using a technique he calls "gene tracking," Nicolson in one study made a detailed analysis of the DNA structure of blood samples of several dozen sick Gulf War veterans. He found that 55 percent of the sample group were victims of an "invasive" mycoplasma that had "penetrated deeply into the patients' blood cells."

In analyzing the samples, Nicolson said, he discovered evidence of "genetic manipulation" of the mycoplasma that converted it from a relatively benign bacterium to "a much more invasive and pathogenic mechanism."

Preliminary surveys of veterans are turning up a possible pattern of infection linked to specific areas of the battlefield.

"The soldiers that were involved in the deep (attacks) in Iraq and those that were near Saudi and Kuwaiti Scud-B (missile) impact sites... may be at highest risk," Nicolson wrote in an article last May in The Townsend Letter for Doctors and Patients.

Antibiotics tailored to treat the mycoplasma have helped alleviate symptoms for many veterans, Nicolson said, but he noted that it is too early to know if the drugs will provide a permanent cure.

Joyce Riley, a civilian intensive care nurse in Houston and co-founder of the American Gulf War Veterans Association, said the association remains

PI

ILLNESS

12/11/96

4 of 5

★

ing extensive reports from sick veterans who say their family members and even pets and domestic livestock also have become ill.

Riley, an Air Force Reserve captain, said she developed symptoms while on active duty in an Air Force C-130 unit during the war. But, Riley added, she did not even travel to the Persian Gulf; her air crew ferried sick and injured troops within the continental United States.

She said a former Special Forces soldier with 22 years on active duty told her last month that he called her group after military doctors could not explain why his wife and two children also were plagued with symptoms of Gulf War syndrome.

"I asked him, 'Did your pets die?'" Riley said.

"Yes," the soldier said. "How did you know?"

Riley said dead pets are common in reports the veterans association receives from the 20 to 30 sick veterans who contact it each day.

For the Nicolsons, perhaps the most startling information they have collected on Iraqi biological warfare turned up two years ago with a knock on their front door in Houston.

Nicolson said he and his wife were stunned to find an Iraqi army general standing on the doorstep. The middle-aged man in civilian clothes was sweating profusely as he handed Nicolson a letter in Arabic and introduced himself in fluent English.

"He said he was sick with the Gulf War illness," recalled Nicolson, who at the time was chairman of the Tumor Biology Department at the University of Texas M.D. Anderson Medical Center. "He wanted to talk about it to see what we knew about it." The Iraqi said he had learned of Nicolson through several of his articles in medical journals.

"He tested positive for this mycoplasma infection," Nicolson said.

The Iraqi, who used an Iraqi diplomatic passport to travel quietly to Texas, told the Nicolsons that Iraqi President Saddam Hussein had deliberately released biological agents in southern Iraq.

"He told us there were at least 300,000 (Iraqis) dead and 1 million sick because of the release of chemical and biological weapons in southern Iraq," Nicolson said. Unofficial reports from medical colleagues at Mideast health research facilities indicate up to 25 percent of the populations of Kuwait, Jordan, southern Iraq and northern Saudi Arabia are experiencing Gulf War syndrome ailments.

"He (the Iraqi general) told us there were both chronic and acute biological agents used in the Gulf War," Nicolson said.

Mike Weber, a Fort Lewis-based soldier treated for tumors after serving with an Army unit that blew up the Iraqi weapons bunker complex now confirmed to have contained chemical agents, said recently that he recalled a radio news item picked up shortly before the ground war began. "The BBC reported Saddam Hussein threatened not only the soldiers in the Gulf but (also) their wives and babies as well," he said. "Maybe this is what he meant."

Help for Gulf War veterans



VA Puget Sound Health Care System, Persian Gulf health clinics:

VA Medical Center, Seattle

Dr. Stephen Hunt

(206) 762-1010, Ext. 1139

(206) 764-2140

American Lake-Medical Center, Lakewood

Dr. Tesfai Gabre-Kidan

(800) 581-8308

(206) 589-4058

Other sources

For civilian veterans: Information on medical exams, marital/family counseling, disability compensation, VA benefits programs — VA Persian Gulf Information Helpline, (800) 749-8387

For active-duty personnel: Defense Department Persian Gulf Hotline, (800) 796-9699

Reporting Gulf War Incidents: For firsthand incidents affecting health, such as chemical agent attacks — Defense Department Incidents Hotline, (800) 472-6719

Washington Department of Veterans Affairs: General information on Gulf War health issues — (800) 562-2308, Rick Price

Internet sites and other organizations

GulfLink, official Defense Department information site for Persian Gulf War illness issues:

<http://www.dtic.dla.mil/gulfink>

Gulf War Veteran Resource Pages, volunteer, non-official home page clearinghouse for Gulf War health issues:

<http://www.gulfwar.org/index.html>

American Gulf War Veterans

Association, new veterans activist organization:

3506 Highway 6 S., No. 117

Sugar Land, TX 77478-4401

Contact Dave Riddell or Joyce Riley

(281) 438-1699, office

(281) 587-5437, voice mail

(713) 438-4581, fax

Sources: Veterans Administration, Department of Defense and the American Gulf War Veterans Association

PI

ILLNESS

12/11/96

S of S

detect biological war agents

Garth and Nancy Nicolson, who hold doctorates in biochemistry and biophysics, respectively, say a growing number of veterans and their families still are becoming sick in the years since the Gulf War ended.

Their research is supported by other experts.

Charles Hinshaw of Wichita, Kan., former president of the American Academy of Environmental Medicine, reviewed the scientific procedure Nicolson used to detect the genetically manipulated bacterium. Hinshaw said of Nicolson's work, "The scientific techniques used to identify the (bacterium) in these Gulf War veterans is valid."

Ed Hyman, a New Orleans-based specialist in kidney and urinary tract medicine who was cited by the Senate Banking Committee in 1994 for his work with sick Gulf War veterans, said that he, too, has found a bacterial link to Gulf War syndrome.

Hyman said he concluded that the ailments stem from a source that is either a bacterium that exists in the desert environment or a biological warfare agent.

"I think the best bet is (a bacterium) endemic to that region. The second-best bet is germ warfare," he said.

Hyman supported Nicolson's assertion that chemical agents such as sarin could not cause symptoms among family members of veterans.

"Once a person is damaged by sarin there's no way they can pass it on to their wife and children," he said of the veterans. "The Nicolsons are dead right about it."

The Nicolsons and Hinshaw also said they have received information from colleagues in the Persian Gulf region that the type of illness afflicting U.S. veterans is rampant among the civilian populations there, particularly in Iraq, Kuwait, northern Saudi Arabia and Jordan.

A survey of Iraqi health conditions published in March by the United Nations World Health Organization disclosed "an explosive

Common symptoms

■ These are the most common symptoms that occurred in a sample of 625 veterans from Operation Desert Storm diagnosed with Gulf War syndrome.

Aching joints	80 percent
Chronic fatigue	75 percent
Memory loss	73 percent
Sleep difficulties	72 percent
Headaches	70 percent
Skin rashes	60 percent
Concentration loss	59 percent
Depression	53 percent
Muscle spasms	52 percent
Nervousness	51 percent
Diarrhea	51 percent
Blurred vision	49 percent
Anxiety	49 percent
Breathing problems	49 percent
Chest pain	47 percent
Dizziness	46 percent
Nausea	42 percent

Source: "Chronic Fatigue Illness and Desert Storm," by Garth Nicolson, Ph.D., and Nancy L. Nicolson, Ph.D., 1995

rise" in the incidence of diseases in Iraq since the war, including cholera, typhoid, malaria and meningitis. The U.N. agency report attributes the health crisis to the deterioration of the medical system, breakdown in water and sewage treatment, and hardships caused

See GULF WAR Page A 1

ILLNESS

P.I.

10/11/94

3 of 5

1711791 BC
THE PRESIDENT HAS SEEN

12-16-96

THE WHITE HOUSE

WASHINGTON

December 13, 1996

'96 DEC 13 AM 11:01

MEMORANDUM TO THE PRESIDENT

FROM : MIKE McCURRY

SUBJECT : MEETING WITH COLUMNISTS

Attached are recent pieces written by columnists Gerald Seib, Jonathan Alter, and Jacob Weisberg. You are meeting informally with these columnists in an off-the-record session this afternoon.

Handwritten signature

Monica & Chuck Mosley



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12-16-97C

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NSBA

National School
Boards Association

1680 Duke Street
Alexandria, Virginia 22314-3493

FIRST CLASS MAIL

THE PRESIDENT HAS SEEN

12-16-96

To Scheduling
cc letter only to
B. Reed / Board

we should consider
them -

Bc

Original packet
sent to
Scheduling
12-16-96

July 15, 1996

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



*Excellence and Equity
in Public Education
through School Board
Leadership*

Dear Mr. President:

Today is my first day as Executive Director of the National School Boards Association, and as my first official act, I want to invite you to address NSBA's 57th Annual Conference and Exposition, April 26-29, 1997, in Anaheim, California. If you accept our invitation I can promise you an enthusiastic audience of school board members, school administrators, and their families to hear your address.

Each year the National School Boards Association (NSBA) assembles the nation's public school leaders -- school board members, school administrators, and other professional educators -- at its annual conference for the purpose of sharing interests, concerns, and expertise to advance the cause of the nation's public schools. The NSBA Conference is the largest annual gathering of public education leaders and of elected public officials in the United States, and the attendance at the general sessions is approximately 7,000.

Because of your deep and longstanding commitment to public education, it would be especially appropriate for you to address this key group of public school leaders early in your second term as President.

We could, of course, accommodate your appearance on any of the four days of the conference, which runs from Saturday morning, April 26, through Tuesday morning, April 29.

Mr. President, we would be honored indeed if you could join us for this important gathering. If you have any questions or if we can be of any further assistance with regard to your decision, please have your scheduling office contact me at 703-838-6700 or NSBA Assistant Executive Director Bob Lucas at 703-838-6790. We look forward to a positive reply and to having the opportunity of welcoming you to Anaheim this April.

Very truly yours,

Anne L. Bryant
Executive Director

c: Mr. Sammy Quintana, President of NSBA
Ms. Hillary Rodham Clinton
Ms. Melanne Verveer, Assistant to Ms. Clinton
Mr. Harold Ickes
Ms. Alexis Herman
Ms. Theresa Loar



*Excellence and Equity
in Public Education
through School Board
Leadership*

November 18, 1996

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

Dear President Clinton:

Congratulations on your election! Your interest in, and commitment to, public education is so very much appreciated and we at the National School Boards Association look forward to working with you and your administration over the next four years.

[Handwritten mark] Last July 15, I extended an invitation to you to address the 1997 NSBA Conference in Anaheim, California, April 26-29. Your capable staff responded that you had received the request. Now that you are well into the planning of your second term I would again like to indicate my very strong feeling that this conference would provide the perfect forum for presenting your administration's agenda for public education to the elected leaders charged with governing the public schools. The NSBA Conference is the largest annual gathering of public education leaders in the United States and we can assure you an audience of approximately 7000. We would be pleased to accommodate your appearance at any of the four days of the conference, which runs from Saturday morning, April 26 through Tuesday morning, April 29, but Saturday, April 26 or Sunday April 27, would be our first choice.

I have talked with school board members from across the nation over the past few months and can assure you that they are ready and willing to join with you in meeting the challenges that are before us. You said on November 5, I hope only partly in jest, that

"This is the last day of my last campaign. I will never seek office again, unless I go home and run for the school board some day."

This conference will provide you a wonderful opportunity to meet with your future colleagues on the school boards of America!

Mr. President, we would be honored indeed if you could join us in April. If you have any questions or if we can be of any further assistance regarding your decision, please contact me at 703-838-6700 or NSBA Assistant Executive Director Bob Lucas at 703-838-6790.

Sincerely yours,

Anne L. Bryant
Executive Director

ALB/hps:df:g

Program
Preview

EDUCATE YOURSELF, AND HELP EDUCATE A NEW GENERATION

NATIONAL SCHOOL BOARDS ASSOCIATION
57th ANNUAL
CONFERENCE & EXPOSITION

APRIL 26-29, 1997
ANAHEIM
CALIFORNIA



 **NSBA**
Educating A New Generation 57th Annual Conference
April 26-29, 1997
Anaheim, California

THE AMERICAN
**SCHOOL
BOARD**®

DECEMBER

JOURNAL

1996

BONUS
EDUCATION VITAL SIGNS

LEARNING ON THE MOVE

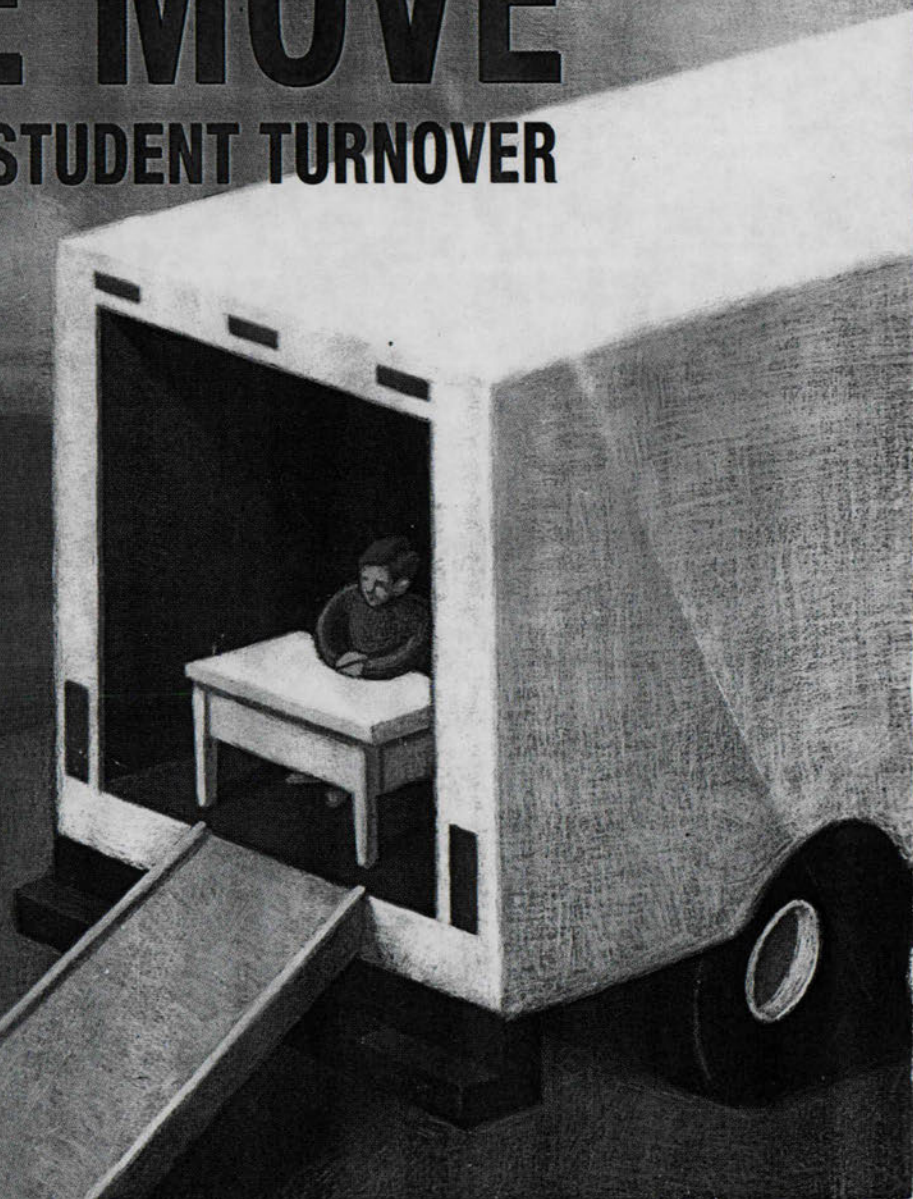
THE TROUBLE WITH STUDENT TURNOVER

ALSO INSIDE:

HELP FOR THE HOLIDAYS

**BUSINESS PARTNERSHIPS
THAT WORK**

**CAN SCHOOLS BUILD
CHARACTER?**



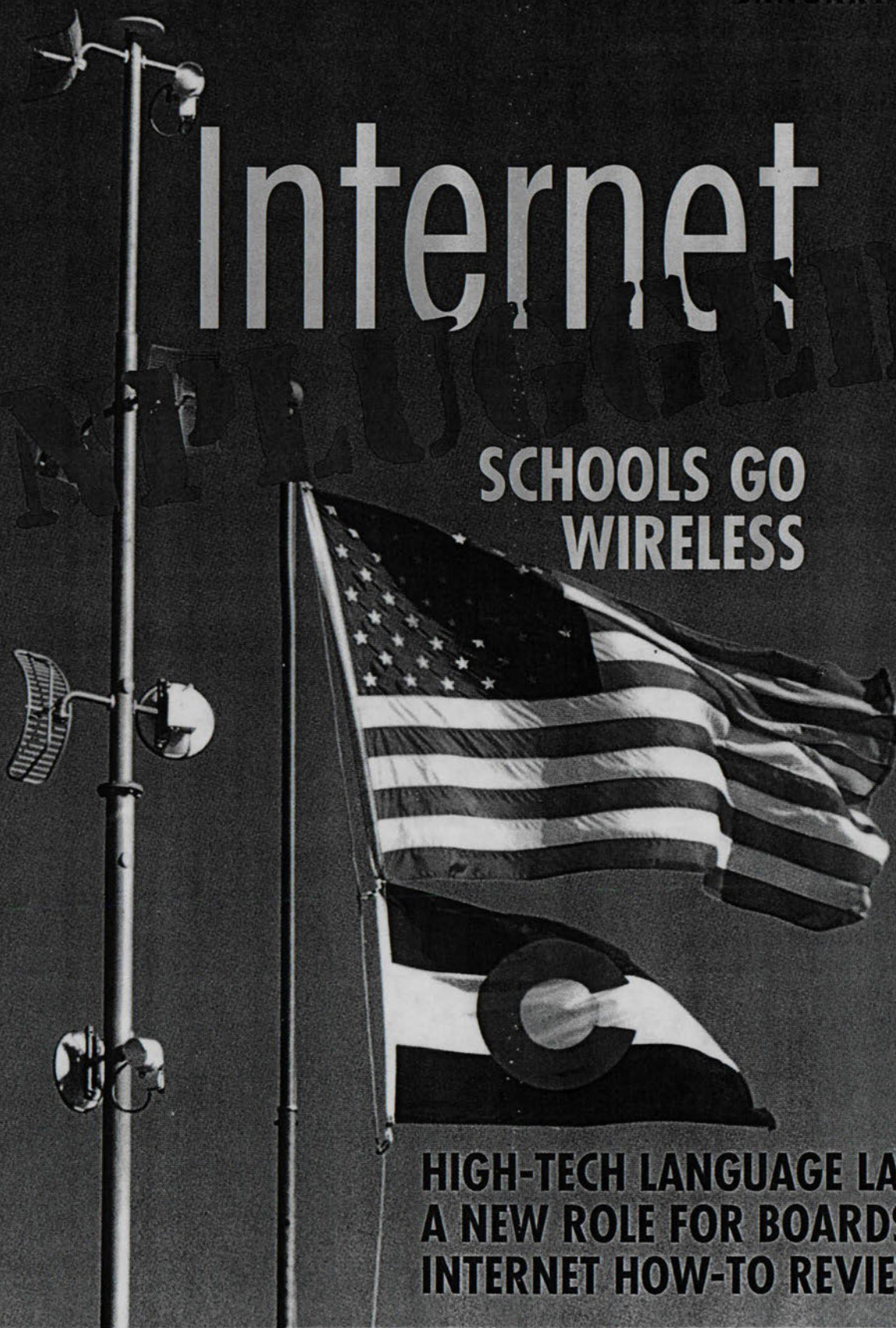
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NSBA

SUMMER 1996

ANNUAL CONFERENCE NEWSLINE

DISPELLING THE MYTHS: AN HONEST LOOK AT PUBLIC EDUCATION IN AMERICA

What's wrong with U.S. public schools? Some statistical sources suggest that SAT scores have been dropping, illiteracy is up, investments in public education do not pay off, and private schools are better than public schools.



According to David Berliner, co-author of *Manufactured Crisis: The Threat of Privatization in American Education*, at Arizona State University, the statistics about public schools are a lie.

In fact, he says, if you go by SAT scores, they have been rising, illiteracy studies have been flawed because schools are now educating the educationally disadvantaged in ever larger numbers, investments in public education lead to greater student achievement and life earnings, and there is no evidence to support the charge that public schools are somehow inferior to private schools.

At the 1996 NSBA Annual Conference in April, Berliner discussed what he calls the great "myths" about public education, and he hammered home how research and test scores have been misread and distorted to make public education look like a failure.

"The U.S. school system is a great success," Berliner states. He emphasizes that U.S. schools have been maintaining a level of quality equal to that of 30 years ago — despite the huge influx of disadvantaged students, limited financial resources, and a rapidly changing and troubled society.

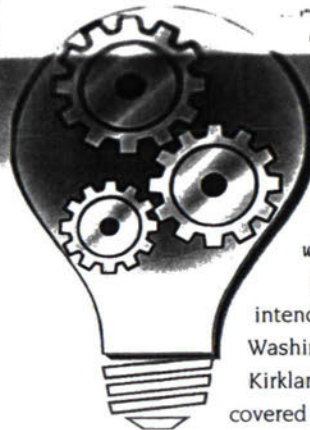
That's not to say schools can't improve, Berliner

says. He recommends the following guidelines to follow for those interested in improving the content and effectiveness of American education:

- Schools should be small enough so that an adult at the school site would know and miss any child who might be absent.
- Greater stress should be given to nongraded schools and cooperative classroom learning.
- The content of school curricula should focus less on job opportunities and employment and more on the productive use of leisure time.
- As school leaders begin thinking in new ways about curricular aims and teaching methods, they also need to develop new assessment methods. **603**

THE ESSENTIAL ELEMENTS OF EFFECTIVE LEADERSHIP

As school leaders have the leadership styles. The Department of Education states effective school leaders this way: "They...
...improved attendance...
...improve teachers' self-efficacy...



...goals, and motivate teachers and students to meet them. They achieve these results not only because of what they do, but because of who they are."

Dr. L.E. Scarr, superintendent of the Lake Washington School District in Kirkland, Washington, covered the essential elements

continued on back page

FOR LOCAL LEADERSHIP OF PUBLIC EDUCATION

SCHOOL BOARD NEWS

PUBLISHED BY THE NATIONAL SCHOOL BOARDS ASSOCIATION ■ A Service for National Affiliates

■ November 26, 1996 Vol. 16, No. 21

FAST REPORT

Quotas dropped

■ The Boston School Committee has agreed to drop its racial quota system for the city's three top high schools in response to a lawsuit by a white student.

Julia McLaughlin sued the school district when she was blocked from attending the prestigious Boston Latin School after she scored better on the entrance examination than 103 black and Hispanic students who were admitted.

The school committee announced plans Nov. 15

MAXIMIZE RESOURCES



D.C. schools taken over by control board

Current, elected school board will stay and 'advise' new appointed trustees

The District of Columbia financial control board, saying the D.C. public

THE PRESIDENT HAS BEEN
12-16-96

THE WHITE HOUSE

Mr. President - ^{Yes}
I longer ^{well} ^{his} ^{do}

mention John Deutch
when we discuss Energy as
a potential candidate.

He won't -
and it is a hard
place to manage - might
play well to his strength -



'96 DEC 14 PM3:38

Ickes forwards
Washington Post
article regarding

THE PRESIDENT HAS SEEN
12-16-96

THE PRESIDENT HAS SEEN

12-16-96

IN THE LOOP

DNC

12/13/96 To: The President
FYI
Hansen

A French Kiss-Off?

'96 DEC 13 PM 5:22

By Al Kamen
Washington Post Staff Writer

The French were furiously denying a report in The Washington Post yesterday that the French Foreign Minister Herve de Charette stood up and walked out during a toast to outgoing Secretary of State Warren Christopher in Brussels on Wednesday.

But State Department spokesman Nicholas Burns told reporters that save for "only one slight factual inaccuracy"—the snub was at the end of the day, not at lunch—the article was correct. The reporter, William Drozdiak, is "a superb journalist and has an excellent reputation and I would commend that article to you."

Washington and Paris have been feuding over matters in French-speaking Africa and at the United Nations. The French, who pulled out of NATO's military operation about 30 years ago during the heart of the Cold War, are offering to bring their troops back in. But they are demanding that a European be put in command of NATO's southern flank, which includes the 6th Fleet.

The United States, while ever so deeply appreciative of the courageous French offer—especially now that the Soviet Union is no more—is resisting the French demand.

Well, there's no need to rush. A fourth member's term, that of Democrat Scott E. Thomas, expires in April.

Don't Forget About Reelecting the President . . .

■ The Democratic National Committee has been under fire in recent days over, among other things, its fund-raising activities. But the DNC is not taking the criticism lying down. In fact, the committee has printed up a handy-dandy little 3-inch by 8-inch card entitled "1996 DNC Accomplishments."

First, under "General Accomplishments," we're told "The DNC raised more than \$120 million from over 1 million donations, a new fund-raising record."

Unclear if that's gross or net, because the committee is closing in on breaking a new returned-contributions record as well.

Second, "The DNC's direct mailed program added over 700,000 new donors . . . in the past two years." From all over the world.

And "We booked 721 surrogate interviews via satellite on television stations around the country."

Most importantly, "The DNC was the first political party to develop a web site."

So that's why Clinton won. Had nothing to do with Bob Dole's campaign.

THE PRESIDENT HAS SEEN
12-16-96

THE WHITE HOUSE
WASHINGTON

'96 DEC 13 PM2:47

December 13, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY *mcl*
SUBJECT: GOVERNOR ROY ROMER

W. J. Clinton
See memo.
Ther

Governor Romer and I had a good conversation Wednesday after your DLC speech while you were working the rope line. Roy raised his deep interest in serving in our Administration, and I related in an appropriate way our conversation as we rode to the DLC event. He was appreciative and flattered and said he felt there were several positions he might qualify for given his background in business and elective office, and his interest in and knowledge of a number of critical issues.

I simply wanted to make you aware of Roy's comments given our earlier conversation.

Roy also mentioned that he strongly recommended that we consider Mike Beaty for a senior position at USTR. I told him we would do so. You will recall that Mike got a raw deal in 1993, and he has been unfailingly loyal to you and our Administration. Moreover, I can tell you from first-hand experience, he is an extremely capable negotiator and an effective advocate.

I think it probably will take your weighing in on this matter for it to be seriously considered. As you know, I have extremely high regard for Charlene, but given the wide range of issues, she is going to need strong support, and USTR currently does not have a deputy.

THE PRESIDENT HAS SEEN

12-16-96

THE WHITE HOUSE

WASHINGTON

ORIGINAL
REPORT
TO REED

12 December 1996

MEMORANDUM TO THE PRESIDENT

'96 DEC 13 PM 12:11

CC: Leon Panetta (w/o enc.)
Carol Rasco (w/o enc.)
Bruce Reed (w/o enc.)
Erskine Bowles (w/o enc.)
From: Harold Ickes
Re: New American Schools Development Corporation

Handwritten notes:
S. Reid - signed
B. Reed - signed
C. Rasco - signed
E. Bowles - signed

Attached is the 1995/1996 Annual Report from the New American Schools Development Corp. Mary Anne Schmitt, who used to work for your Administration, is the Director of Communications. It is dedicated to helping schools raise student achievement through an approach to school development called "design-based assistance", a strategy to improve education - from the school up and the state house down - by making high quality assistance and support available to teachers, schools, districts, states and communities.

The organization is considering doing a project in cooperation with the Washington, D.C. school system. Knowing of your interest in Washington, D.C., I thought you might find this interesting. In the event the Administration decides to do something specifically regarding education in Washington, D.C., you might want to make reference to this organizations efforts

cc: Mary Anne Schmitt
Director of Communications
New American Schools Development Corp.
1000 Wilson Blvd.
Suite 2710
Arlington, VA 22209



New American Schools Development Corporation

MARY ANNE SCHMITT

Director of Communications

(703) 908-0625

1000 Wilson Blvd. • Suite 2710 • Arlington, VA 22209

Tel. (703) 908-9500 • FAX: (703) 908-0622

mschmitt@nasdc.org



Getting Stronger and Stronger



1995/1996



New American Schools
Annual Report

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12-16-96

COPY TO
CEA

12-16-96

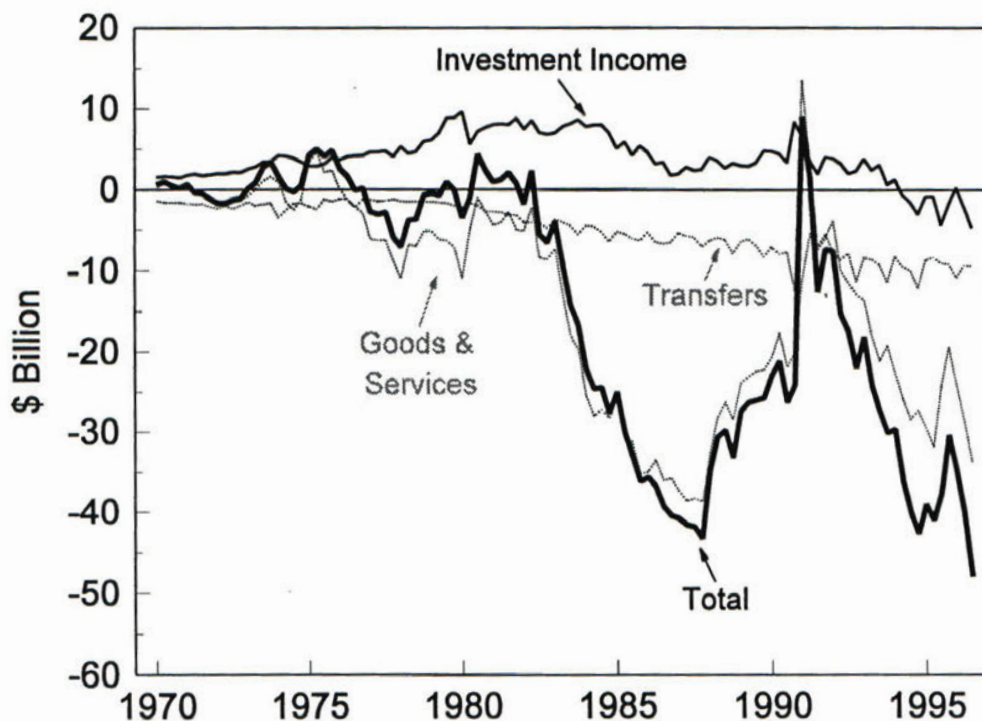
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

December 13, 1996

CHART OF THE WEEK

U.S. Current Account Balance



The U.S. current account balance showed a record deficit of \$48 billion in the third quarter. The current account is the most comprehensive measure of the balance of payments. It includes not only goods and services, but also transfers and net investment income. In the 1970s, the United States' current account was in balance, on average. The cumulative effect of subsequent deficits has been to move the United States from being the world's largest net creditor to being its largest net debtor.

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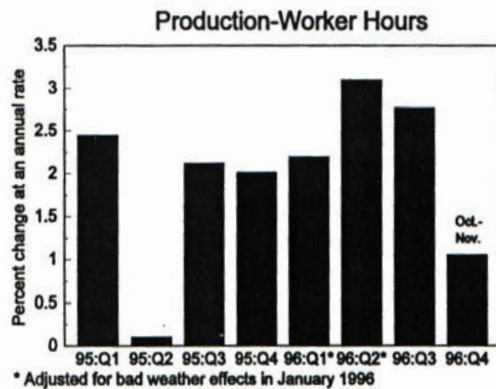


"If it's so easy to assemble, why is there an emergency number for the Army Corps of Engineers?"

MACROECONOMIC UPDATE

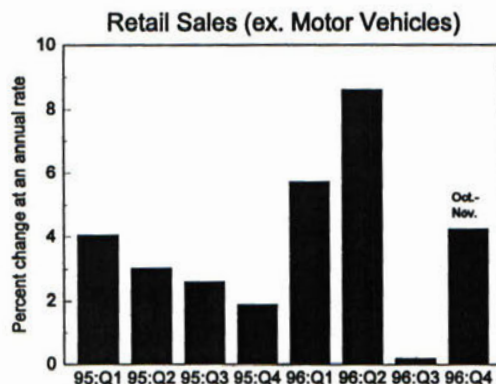
Economy Moving Forward at a Sustainable Pace

The economy appears to be settling into a period of steady and sustainable growth. Payroll employment has slowed to a 113,000 per month pace over the past 3 months, down from 240,000 per month during the first 8 months of the year. The recent pace is consistent with the 2¼ percent rate of real GDP growth that the Administration expects for 1997.

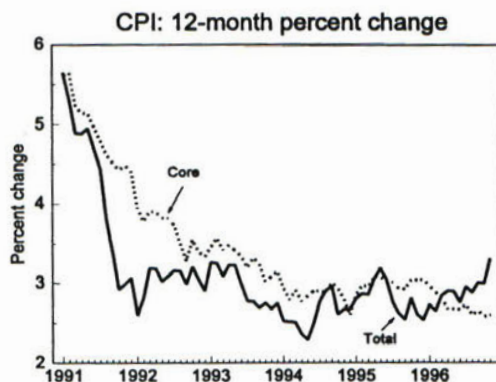


Hours worked by production workers—a good indicator of current-quarter activity—have increased at a 1.1 percent annual rate thus far in the fourth quarter (upper chart). These hours, together with productivity growth of about

1 percent per year, can support GDP growth at about a 2 percent annual rate.



Consumer spending is growing moderately after a weak third quarter. Non-auto retail sales for October and November are up smartly (middle chart) while motor vehicle sales are flat. Even so, light vehicle sales in 1996 may turn out to be as strong as in any year since 1988. Consumer fundamentals remain strong. Wealth is very high relative to income, and confidence is in the top 20 percent of its historical range.



Inflation remains under control. Although energy prices have accelerated, the core CPI increased 2.6 percent over the 12 months ending in November—down from its year-earlier rate (lower chart). With the economy at about its non-inflationary capacity, the slowing of GDP is just what the Fed wanted, hence the Open Market Committee is unlikely to change rates at next Tuesday's meeting.

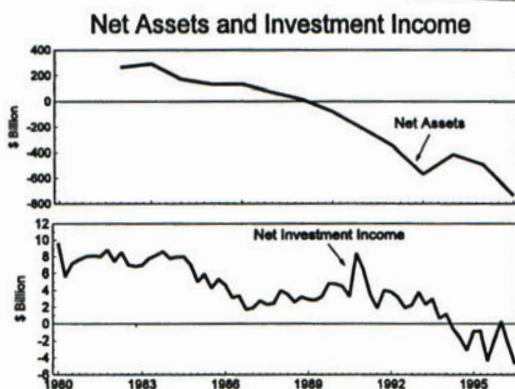
12-16-96

CURRENT DEVELOPMENT**Balance on Investment Income Shows a Record Deficit**

Investment income paid to foreign owners of U.S. assets exceeded income earned on U.S.-owned assets abroad by a record \$4.7 billion in the third quarter. The investment income balance—which includes interest payments, dividends, and profits repatriated by multinational corporations—has been trending down for some time now (see chart).

From creditor to debtor. The balance on investment income reflects trends in the U.S. net international investment position. The United States was a net creditor from World War I—when the country lent heavily to Britain to sustain its war effort—all the way into the 1980s. Indeed, in 1981 this country was the world's largest international creditor. But borrowing abroad to finance large deficits in the 1980s quickly wiped out that creditor position. At the

end of 1995 the value of U.S. obligations to foreigners exceeded the value of U.S. assets abroad by \$774 billion.



Paying the piper. The income balance actually remained positive for 5 years after the investment position turned negative. This is because the United States enjoys special advantages. Much U.S. debt takes the form of Treasury securities—prized for their liquidity and absence of default risk, hence able to pay

a low interest rate. The bulk of U.S. overseas assets take the form of direct investments that tend to earn a high rate of return, on average. By 1994, however, U.S. foreign debt had become so large that payments going out exceeded those coming in.

A key component of the deterioration in the third-quarter investment income balance was an increase of \$1.7 billion in interest payments to foreigners on their holdings of U.S. Treasury securities. This highlights a relationship between budget deficits and current account deficits that will be discussed in an upcoming Weekly Economic Briefing.

SPECIAL ANALYSIS

Balanced Budget Requirements and the States

The fact that many States have balanced budget requirements is often used to justify a balanced budget amendment to the Constitution. But State balanced budget rules are quite different from those proposed for the Federal Government, and generally less restrictive. Nevertheless, the potential for balanced budget rules to aggravate economic fluctuations is evident at the State level.

What States do. State requirements for a balanced budget may be expressed either in State Constitutions (about 40 States) or in statutes. A recent report by the Government Accounting Office indicates that:

- 43 States require governors to submit a balanced budget.
- 36 States require legislatures to pass a balanced budget.
- 27 States require that the final totals for the fiscal year must show the budget in balance (this is the toughest anti-deficit rule).
- Only two States (Vermont and Wyoming) have none of these requirements.

Balanced budget requirements typically apply only to general funds (operating expenses). Capital funds, enterprise funds (State-run businesses), and pension funds—which together account for almost half of State spending—are generally excluded. (*)

Other tools for imposing fiscal restraint often accompany balanced budget requirements. For example, 40 governors have line-item veto authority and 36 governors can reduce spending without legislative approval. (Line-item veto provisions, however, do not appear to reduce State spending levels substantially, see *Weekly Economic Briefing*, December 19, 1994.) Twenty-one States impose limits on overall spending, 7 limit the amount of revenue that can be raised, and 3 do both. Ten States place limits on issuing debt.

Analysis. Recent research that tries to distinguish between more and less restrictive budget constraints indicates that tight budget rules can have a discernible effect on the size of a State's general fund deficit. In the short run, these tighter provisions often lead to spending reductions and accounting gimmicks. Over the longer term, however, tax levels are often adjusted upward and spending downward to comply with strong anti-deficit rules. The combination of tight limits on debt issuance and strong anti-deficit rules show the largest effects on general fund deficits.

Balanced budget provisions at the State level are generally less restrictive or more flexible than proposed balanced budget amendments:

- 95
- Many States grant the chief executive the ability to adjust expenditures during the fiscal year in order to meet deficit targets. Such a rule makes budget balance easier to achieve, but Congress is unlikely to shift this degree of control over expenditures to the executive branch.
 - States are required to balance only the operating budget; capital investments (like roads, schools, and other infrastructure) can be financed by debt outside the anti-deficit constraints. A Federal balanced budget amendment would require the government to balance the unified budget, which includes capital expenditures.
 - Many States have established "rainy day" funds that can be drawn down to smooth fiscal fluctuations. If the Federal budget had to be balanced each and every year, a fund of this sort would not be available as a smoothing device, even on the modest scale of the States.
 - Many States merely require that a balanced general fund budget be submitted or enacted. Proposals for a balanced budget amendment typically require the stricter condition that the unified budget be in balance at the end of every year.

Implications. Even with greater flexibility than the Federal Government would have under a balanced budget amendment, State budget actions are pro-cyclical. During the 1990-91 recession, for example, 37 States raised taxes to address budget shortfalls. For similar reasons, State expenditures often fall just as the economy enters a recession. A balanced budget requirement at the Federal level would produce the same type of pattern. Currently, the government can smooth fluctuations through discretionary fiscal policy, and more importantly, through automatic stabilizers like unemployment insurance and progressive income tax rates that cushion the decline in private spending during economic downturns. Disabling these counter-cyclical tools would mean that the economy would suffer more severe recessions.

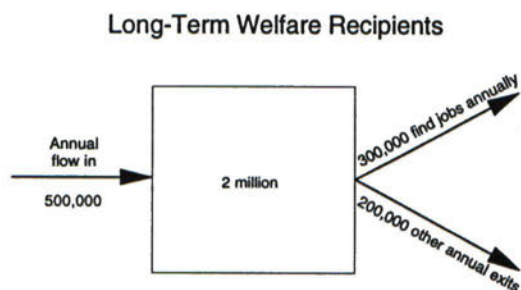
12-16-96

SPECIAL ANALYSIS

Job Placement of Long-Term Welfare Recipients

Even under welfare as we knew it, a substantial number of long-term recipients left the rolls each year because they found a job. To be judged successful, new policies will have to increase the rate of job placement beyond what is already taking place or reduce the flow of new welfare recipients.

Welfare dynamics. The pool of long-term welfare recipients is subject to considerable outflow and replenishment each year (see chart). Based on historical patterns, about a quarter of the 2 million people who have been on welfare for more than 2 years will go off—about half because they take a job. Although recidivism



among those leaving the rolls is high, an annual rate of 300,000 people taking jobs translates into almost a million long-term welfare recipients finding jobs with no further intervention over a 3-year period. Unfortunately, their spots in the long-term population will be taken by those who remain on the rolls beyond their second year (from among the 750,000 or so who have been on welfare between one and 2 years).

Effective targeting. Because resources are scarce, it is important to direct additional services to those who would not find jobs without such services. The dynamic nature of the welfare rolls, even among long-term recipients, makes identifying the hard-to-place difficult. How long someone has received benefits does not appear to be a good measure of whether they are hard to place. For instance, some less-skilled women who lack affordable day care and may receive welfare for a number of years while their children are of pre-school age may nevertheless face no substantial obstacles to finding employment once their children enter school. Programs that define all long-term welfare recipients as hard to place run the risk of spending substantial resources on those who would have found a job anyway.

Research points to two types of welfare recipients who may have difficulty finding a job: high school dropouts and those with no work experience. Unfortunately, neither characteristic is readily usable as a screen for targeting services. A substantial fraction of welfare recipients are of school age. Hence, providing additional services to high school dropouts (other than assistance for degree completion) provides a perverse incentive for potential welfare recipients to cut their education short. As for work experience, self-reports may be inaccurate; recipients may have an incentive to report no experience to be eligible for maximum services. Coordination with other agencies, such as the Social Security Administration, would be required to verify such claims.

NO

12-16-96

The "Wisconsin Works" approach. An alternative to such mechanistic approaches is to place more autonomy in the hands of case workers. That is what Wisconsin does in its Wisconsin Works (W-2) program, implemented statewide earlier this year. W-2 requires all able-to-work welfare recipients to work, and it offers them different levels of employment services, including subsidized employment, community service jobs, and "vocational rehabilitation" (treatment for drug or alcohol addiction, for example) at the case worker's discretion. This approach creates a potential problem, however, because the case worker may have an incentive to underprovide intensive services to those who are hardest to employ. It is too soon to evaluate the success of W-2.

Conclusion. A large number of long-term welfare recipients find jobs each year under existing policies. The challenge in developing new policies is to improve job-finding success among the truly hard-to-place.

(2-16-96)

ARTICLE**Risk-Based Pricing in Insurance Markets**

In policy contexts ranging from health insurance to entry into Japanese insurance markets, the desire for efficient pricing of insurance may conflict with moral objections to separating people into different risk categories. Choices we have made in balancing these competing objectives often appear puzzling.

Competition implies risk-based premiums. In a competitive insurance market, the premium for insuring a particular risk is determined by the amount insurers will have to pay out on average for that risk. If a person faces a 1-in-5,000 chance of a \$100,000 loss, for example, the average or expected loss will be $\$100,000/5,000$ or \$20. As competition in any market drives price to cost, competition among insurers will force premiums down to \$20 (plus administrative costs). The rub is that premiums set equal to expected losses will rise when the chance or magnitude of the loss becomes greater. In the above example, if an insurer learns that an individual belongs to a group for whom the chances of this loss are 1-in-500 instead of 1-in-5,000, the premium for that group will be \$200 not \$20.

Because the cost of insurance is based on the expected average payout, insurers have an economic incentive to gather and use the best available information for predicting risk and loss. Younger drivers, males in particular, have to pay substantially greater premiums for auto insurance than other drivers. Drivers who live in areas where accidents or auto theft are frequent also have to pay higher premiums.

Conflicts with social considerations. Risk-based rates run counter to a common view that insurance is society's method for having all of us share burdens borne when economic, natural, or health disasters strike an unfortunate few. Moreover, we as a society have decided that some risk classifications are improper. We do not allow race-based premiums for health and life insurance, for example, despite lower life expectancy among African Americans.

Sometimes our values appear contradictory. We generally allow gender-based premiums for life insurance—because women outlive men on average, but we do not allow employers to have separate gender-based contributions to pension plans—even though, by living longer, women would collect more pension benefits. Age is usually regarded as a proper factor for life insurance, but a couple of state “community rating” programs attempt to eliminate age as a factor in rates for health insurance.

Implementation of social objectives poses problems. Requiring insurers to charge the same premium to both high- and low-risk persons subsidizes the former at the expense of the latter. Consequently, insurers could have an incentive to refuse to insure high-risk individuals. They might also look for proxies for disallowed classifications, such as using geographic location as a substitute for race.

12-16-96

Restrictions on risk classification are likely to entail complex efforts to ensure that insurance companies are not refusing to serve high-risk customers.

A perfectly competitive insurance industry, with perfect information, will inevitably base premiums on risk. Discerning social values and deciding when they warrant sacrificing efficiency by proscribing particular risk classifications can be difficult.

Market Failure in Insurance

Recognizing the relationship between competition and risk-based premiums in insurance markets does not imply that insurance markets always work perfectly. Two particularly significant problems may warrant public intervention.

Adverse selection takes place when purchasers of insurance know their risks better than insurance companies know them. Those who expect to incur losses are more likely to buy insurance than those who do not. The consequent increase in premiums discourages relatively less-risky persons from buying insurance. A cycle of increasing premiums and decreasing participation could make this insurance unavailable. This is one justification for public provision of health insurance to the elderly, who may have a better sense of their personal health risk than private insurers (or younger persons).

Moral hazard involves taking advantage of insurers after the purchase of insurance—for instance, by acting carelessly or refusing to take appropriate action to mitigate risk. An example is buying fire insurance and then smoking in bed. A variant in health care is the “third-party payment” problem, when doctors and patients may overspend on tests and procedures because the insurer is paying for them. Moral hazard may explain why unemployment insurance is publicly provided. Private firms may be unwilling to offer it because someone who purchases it may become less concerned with being fired and, consequently, a less reliable or diligent employee.

12-10-96

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

CPI Understates Christmas Inflation. True loves will have to spend more this year to do right by "The Twelve Days of Christmas." The total cost of the gifts included in the song—from drummers drumming to a partridge in a pear tree—is up 5.7 percent this year to \$13,196 according to PNC Bank's annual Christmas Price Index. (The index is based on a fixed market basket and does not take quality change into account.) Increasing labor prices for hiring performing dancers, pipers and drummers accounted for most of the cost hike. Nine ladies dancing now command \$3,259 for their performance, up 25 percent from last year due to the first salary increase in 4 years at the Philadelphia Dance Company. Eight maids-a-milking fetch \$38 this year (cows not included), up 12 percent due to the increased minimum wage. The other items' prices remained flat. Three French hens are the least expensive gift at \$15, and one partridge in a pear tree comes in at \$28. For purists, the song's "true cost of Christmas" is \$54,479, up 5.2 percent from 1995 (when all 12 verses are sung, 364 presents are mentioned—12 partridges in a pear tree, 22 pipers piping, and so forth).

Hispanics Helped by Head Start. One-quarter of the over 700,000 children enrolled in Head Start are Hispanic, many of whom have special needs particularly in regard to language skills. A recent study finds that Latino children in Head Start fare significantly better than siblings who attend other pre-school programs and those who attend no program at all. Although the educational performance of Latinos as a group lags behind that of both blacks and whites, Head Start closes at least one-quarter of the gap in test scores between Latinos and non-Hispanic whites, and two-thirds of the gap in the probability of repeating a grade. The Latino population is quite diverse, and the benefits from Head Start are not evenly distributed. Mexican-origin children reap the largest gains, and Puerto Rican children receive little benefit.

Poverty Among Young Children Has Grown. Although poverty rates for children have fallen since 1993, the longer-term trend has been upward; a recent study shows this is particularly true for children under age 6. The poverty rate for those under age 18 rose from 17.1 percent to 21.8 percent between 1975 and 1994, but it increased from 18.2 percent to 25.1 percent for those under age 6. The poverty rate for all Americans was 12.3 percent in 1975 and 14.5 percent in 1994. Among the younger children, substantial increases have occurred in demographic groups generally less susceptible to poverty, such as suburban children, white children, and children in two-parent families with a full-time worker. Nevertheless, the increase in child poverty may be overstated; the official poverty rate does not include in-kind transfers, such as Food Stamps, which have expanded over time. These transfers are largely targeted at households with young children.

12-16-96

INTERNATIONAL ROUNDUP

WTO Reports Growth in World Trade Slowing. Growth in world merchandise trade is slowing to 5 percent this year, down from 8 percent in 1995 and 10 percent in 1994, according to the World Trade Organization. The slowdown represents a return to more typical trade patterns after 2 years of exceptional growth. Despite the slowdown, world trade continues to expand faster than world output (projected to grow 3 percent this year). WTO economists forecast that future expansions in world trade will be fueled by developing countries, with Asia in the lead. Asian economies are predicted to increase exports and imports by 9 percent and 10 percent, respectively. Intra-regional exports among Asian developing economies are rapidly catching up with these countries' combined exports to North America and Western Europe. The current slowdown in the overall rate of trade expansion is attributed to sluggish demand in the West for consumer goods. Developing countries are projected to grow 6 percent in 1996; industrialized countries, only 2 percent.

Consensus on Economic Reform Evident in Ghana. With an average annual growth rate of 4.3 percent from 1990 to 1994—compared to a regional average of 0.9 percent—Ghana is one of sub-Saharan Africa's few stars. Boosted by adequate rains and a good harvest, GDP growth is predicted to reach 5 percent this year, inflation should fall to 40 percent from last year's 70 percent, and the fiscal deficit decrease to between 2.5 and 3 percent of GDP from 4 percent of GDP in 1995. The fiscal shocks that jolted the Ghanaian economy due to a spending spree prior to the last elections in 1992 have been avoided this year. But challenges remain as the re-elected Rawlings government seeks to lower still-high inflation, reduce the fiscal deficit, encourage private investment, and raise the extremely low per capita income—less than one-twelfth that of the United States in 1994. A broad consensus on the need to continue market-oriented reforms meant that economic issues were virtually ignored in the presidential and parliamentary elections held last Saturday in Ghana.

Bulgaria Calls for U.S. Assistance in Latest Round of Financial Crises. In the wake of the recent run on the state savings bank, the Bulgarian government has asked for technical assistance from the United States in restructuring its embattled financial system. Bulgaria has ambled erratically toward a market economy, and in recent years its banking sector has been under considerable liquidity and solvency pressure. An economic crisis in 1994 led to better macroeconomic policies in 1995 and real GDP growth of nearly 3 percent. But the underlying weaknesses of Bulgaria's financial institutions led to recurring runs on bank deposits in late 1995. With output projected to contract 10 percent this year, and inflation running at over 200 percent, Bulgaria has plunged into a steep economic decline. The Bulgarian lev has lost three-fourths of its value since the beginning of the year, and interest rates have risen dramatically. The government is considering the introduction of a currency board in order to stop the free-fall of the currency.

RELEASES THIS WEEK

Consumer Price Index

The consumer price index increased 0.3 percent in November. Excluding food and energy, consumer prices increased 0.2 percent.

Retail Sales

Advance estimates show that retail sales decreased 0.4 percent in November following an increase of 0.3 percent in October. Excluding sales in the automotive group, retail sales increased 0.3 percent.

Producer Price Index

The producer price index for finished goods increased 0.4 percent in November. Excluding food and energy, producer prices increased 0.1 percent.

MAJOR RELEASES NEXT WEEK

Industrial Production and Capacity Utilization (Monday)
Housing Starts (Tuesday)
U.S. International Trade in Goods and Services (Thursday)
Gross Domestic Product (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1995	1996:1	1996:2	1996:3
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	1.3	2.0	4.7	2.0
GDP chain-type price index	5.3	2.5	2.3	2.2	1.9
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	-0.1	1.9	0.6	-0.3
Real compensation per hour:					
Using CPI	0.6	1.0	0.2	0.1	1.1
Using NFB deflator	1.3	1.7	2.0	2.0	2.0
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.2	10.4	10.3	10.6
Residential investment	4.5	4.0	4.1	4.2	4.1
Exports	8.2	11.1	11.3	11.3	11.1
Imports	9.2	12.4	12.5	12.6	12.7
Personal saving	5.1	3.4	3.6	3.2	3.9
Federal surplus	-2.7	-2.2	-2.1	-1.7	-1.6
	1970- 1993	1995	Sept. 1996	Oct. 1996	Nov. 1996
Unemployment Rate	6.7**	5.6**	5.2	5.2	5.4
Payroll employment (thousands)					
increase per month			-2	224	118
increase since Jan. 1993					10868
Inflation (percent per period)					
CPI	5.8	2.5	0.3	0.3	0.3
PPI-Finished goods	5.0	2.3	0.2	0.4	0.4

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1994	1995	Oct. 1996	Nov. 1996	Dec. 12, 1996
Dow-Jones Industrial Average	3794	4494	5996	6318	6304
Interest Rates					
3-month T-bill	4.25	5.49	4.99	5.03	4.84
10-year T-bond	7.09	6.57	6.53	6.20	6.40
Mortgage rate, 30-year fixed	8.35	7.95	7.92	7.62	7.57
Prime rate	7.15	8.83	8.25	8.25	8.25

INTERNATIONAL STATISTICS

Exchange Rates	Current level Dec. 12, 1996	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.544	-0.5	6.6
Yen-Dollar	113.6	1.1	11.5
Multilateral \$ (Mar. 1973=100)	88.40	-0.4	3.3

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	2.2 (Q3)	5.4 (Nov)	3.3 (Nov)
Canada	1.6 (Q3)	10.0 (Oct)	1.7 (Oct)
Japan	3.2 (Q3)	3.4 (Oct)	0.5 (Oct)
France	1.4 (Q3)	12.8 (Sept)	1.7 (Oct)
Germany	1.9 (Q3)	7.4 (Oct)	1.5 (Oct)
Italy	0.7 (Q2)	11.9 (Jul)	3.0 (Oct)
United Kingdom	2.4 (Q3)	7.9 (Oct)	2.7 (Oct)

- **Canadian Whaling Certification:** The Canadian government recently issued licenses to allow its Eskimos to harvest two bowhead whales, one of which is from one of the most endangered whale stocks in the world. Canada is not a party to the International Whaling Commission (IWC). Under the Pelly Amendment to the Fishermen's Protective Act of 1967, Secretary Kantor is required to certify that the activities of foreign fishermen diminish the effectiveness of an international fishery conservation program, such as that of the IWC. On December 12, Secretary Kantor certified that Canadian nationals were conducting such activities. Greenpeace, World Wildlife Fund, and 17 members of Congress urged this certification. Upon receipt of the certification, you may direct Secretary Rubin to prohibit U.S. importation of products of the certified country.

DEPARTMENT OF LABOR

- **Health Benefit Plan Changes:** The week of December 16, DOL will issue the pamphlet *Questions and Answers: Recent Changes in Health Care Law* to help employees and employers understand the effects of recent legislative changes on health plans. The pamphlet will provide guidance about health law changes made by the Health Insurance Portability and Accountability Act, the Newborns and Mothers Health Protection Act and the Mental Health Parity Act.
- ✓ **One-Stop Career Center Grants:** At the end of December, DOL will award third year funding to six states for One-Stop Career Center implementation. While subject to finalization, the amounts are expected to be: \$3 million to MD, \$2.5 million to CT, \$5 million to TX, \$3 million to WI, \$2.5 million to IA and \$2.9 million to MA.

DEPARTMENT OF TRANSPORTATION

- **Safety Actions for 747 Fuel Tanks:** In the aftermath of the crash of TWA 800, both the FAA and NTSB are looking closely at possible problems with center fuel tanks in 747s. While the exact cause of the accident is still not known, both agencies are taking preventative measures: NTSB will direct the FAA to develop and implement design and operational changes in 747 center fuel tanks to minimize the risk of fumes building up in the tank and igniting. Next week, the FAA expects to issue an air worthiness directive requiring the inspection of the wires, repair of any damage that is found, and rewiring in Teflon sleeves of wires that run through the wing fuel tank of 747s. Operators will be required to report their findings to the FAA. If the findings warrant, additional action, including the replacement of the aluminum tubes with stainless steel tubes, will be undertaken.

San
Marty

Leah
(SL)

THE PRESIDENT HAS SEEN
12-16-96

December 14, 1996

'96 DEC 14 PM12:44

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

CRIME/DRUGS: The Cabinet Council meeting on narcotics received some coverage, but not a great deal. The Department of Justice report on juvenile crime stepped on our story. The numbers they released were the updated numbers from our Selana, California announcement. It would have been nice for Justice to allow the President first crack at these numbers and I made my views well known.

Nonetheless, the Narcotics Council meeting was necessary. Next week the "Monitoring the Future" report will be released. The report will show that drug use has continued to rise among adolescents. The Narcotics Council will provide the administration a political response.

We convened a meeting with Justice to begin drafting a new crime bill focused on youth. The Attorney General and I discussed our priorities. The legislation will have a balanced approach to both prevention and punishment. I am pleased with our progress. Based on preliminary calls, I think Congress will want to work with us in this area.

Justice is also preparing a long term memo for new announcements. The new material will include a mandatory kids lock on hand guns, the start up of the new sex offender registry, new Brady numbers, etc.

I feel very good about the progress we are making on the second term crime agenda. We are well ahead of schedule in developing material for new legislative proposals, new announcements, upcoming reports, and new funding.

We need to resolve a dispute between Housing and Urban Development and Justice concerning criminal background checks. The dispute has delayed the implementation of "One Strike and You Are Out". This week I hope to resolve this problem.

HEALTH CARE: I have talked to Health and Human Services about an upcoming announcement on the Gag rule and Medicaid. Last weekend HHS released a letter to HMO providers concerning Medicare and the Gag rule. It received a good deal of coverage. We should

THE PRESIDENT HAS SEEN

12-16-96

✓ time the release of the Medicaid letter to occur sometime around the announcement of the Health Care Task Force. These two announcements should be a part of our step by step approach to Health Care reform.

✓ On a related subject, at the Harvard symposium, we learned how scared the GOP became of Family and Medical Leave. In addition to Education, they view Family and Medical Leave as a third rail for them when it comes to women voters. We need to get the Congressional Democrats on board with us. This should be one of the first pieces of legislation we introduce.

✓ I have asked Labor to produce a second year report on the use of the Family and Medical Leave Act. I am not sure of the timing, but we have them on the ropes and should push our advantage.

aggr ✓ **PENSIONS:** Gene and I met with an Inter agency group to begin the discussion on our second term agenda as it pertains to pension reform. The goal is that they will produce their first draft by Wednesday. It is my belief that it will take some time before we receive a decent document. This is one of many areas that we made some real progress in the first term and we need to sharpen our message to receive the appropriate credit. I have attached the one pager that was done on pensions.

EB ✓ **OTHER:** During the campaign we developed a very strong and effective research team. I want to set up a similar operation here at the White House. I want to bring in some of the key members of the campaign research team but also create the same effective structure. A solid research operation will be imperative to a second term agenda for domestic policy, but also vital to economic policy.

PENSIONS

ACCOMPLISHMENTS: From the start of the Administration, we've been working to protect people's pensions, and getting results.

- o **Won enactment of the Retirement Protection Act in 1994** to protect the benefits of more than 40 million American workers and retirees in traditional pension plans. Pension underfunding has declined dramatically for the first time in a decade, and many plans are funding up even more quickly than required by the law. This means that the pension promises to both current and future retirees under traditional pension plans will be kept.
- o **Vetoed the Republican budget that would have allowed corporations to raid \$15 billion from pension funds**, affecting almost 4 million workers and retirees. In the 1980s, corporations took over \$20 billion from pension funds.
- o **Recovered nearly \$10 million in savings for workers and retirees** as a result of the Labor Department's ongoing nationwide enforcement effort to protect retirement savings in defined contribution -- 401(k) -- plans.
- o **The minimum wage bill just signed into law contains important pension coverage, portability, and security reforms, many of which we had proposed:**
 - o **Simplifies laws and regulations for all pension plans;**
 - o **Reduces from 10 years to 5 the vesting period for multiemployer plans**, meaning more people will be covered more quickly under these traditional pension plans;
 - o **Discourages 1-year wait:** Encourages employers to allow employees to start saving for retirement from the first day on the job by changing the law that encouraged waiting periods; and
 - o **Creates a new small business 401(k) plan** which can be started with a simple one-page form. Up to 10 million small business workers without a pension could be eligible for a pension under this new plan. [Note: The law contains the Dole plan, which was similar to yours but does not provide as generous benefits to low- and middle-income workers.]

REMAINING AGENDA:

- o **Enact our Audit Bill to increase pension security** by requiring (i) full-scale audits of large pension plans and (ii) administrators to report promptly any serious misuse of pension funds.
- o **Continue and expand the on-going retirement savings campaign** begun in 1995 by the Labor Department and 150 private co-sponsors, including the AARP. In 1996, DOL launched a special addition to the program focusing on women's particular pension needs.
- o **Issue in January 1997 the first U.S. government inflation-protected bonds**, providing a totally safe investment for retirement or education that will not lose value due to inflation.
- o **Expand coverage and portability by enacting our IRA proposal** which doubles the income limits and allows penalty-free withdrawals for education, first homes, major medical expenses, and long-term unemployment.

THE PRESIDENT HAS SEEN

12-16-96

maureen

→ Anna Elizabeth
Suegil

MAUREEN LEWIS

TO DO REPLY

✓ Fred + Donna
Boston
just had baby Donetta ocsonich

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12.16

TO: Leon Barnett
Ron Klain

FROM: Staff Secretary

I recall some concern
expressed at a 7:30 meeting
last week about POTUS
talking to Magn. when re the
CPI. ~~Are~~ you OK with
this phone call being made?
red

cc: Gene Spaulding

THE WHITE HOUSE
WASHINGTON

December 13, 1996

RECOMMENDED TELEPHONE CALL

'96 DEC 16 PM2:24
'96 DEC 16 PM2:25

TO: Senator Daniel Patrick Moynihan

DATE: As soon as possible

RECOMMENDED BY: Office of Legislative Affairs *1H*

PURPOSE: To discuss the Consumer Price Index (CPI) with Senator Moynihan.

BACKGROUND: Senator Moynihan has asked to talk to the President to discuss the report released by the Boskin Commission, which reported that the CPI, the measure the government uses to calculate the increase in the cost of living, overstates the rate of inflation. This issue is of particular importance to Senator Moynihan as he has been involved with it since he served in the Department of Labor under President Kennedy. He would like the opportunity to share his views on the matter with the President.

TOPICS OF DISCUSSION: In June, 1995, the Senate Finance Committee (Senator Moynihan is the ranking member) commissioned a group of distinguished economists, chaired by Stanford University professor Michael Boskin, to examine the CPI. Last Thursday, the Boskin commission reported that the CPI overstates the rate of inflation by 1.1%. Further, the commission projected that reducing the CPI by 1.1 percentage points would cut the federal deficit in the year 2008 by \$202 billion, as well as reduce the accumulated debt by \$1.1 trillion. The amount that many benefits, including Social Security, are increased each year is based on CPI measurements. Senator Moynihan believes the Boskin Commission's report confirms his long standing view, that in overindexing federal spending programs and features of the tax code, the federal government is paying more in benefits and collecting less in taxes than it should.

CONTACT PERSON AND
TELEPHONE NUMBER:

White House Signal Operator

DATE OF SUBMISSION:

December 13, 1996

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12-16

TO: ~~Erskine Bowles~~
Bob Nash

FROM: Staff Secretary

you want this
letter recommending persons
for ODE ^{Secretary} & FERC Chairman
to go to POTUS?

TJH

Bill Burton
600 Cliff Drive
Austin, Texas 78704-1415
(512) 917-7828/pager (800) 428-2226

December 13, 1996

VIA TELECOPY

The President of the United States
The White House
Washington, D.C. 20500

My dear Mr. President,

A quiet success of your first term is the FERC, the chair who you named and all four members who you appointed. The FERC's success is *not* a foregone conclusion, as we remember from Grand Gulf days. The current situation, however, presents you with a opportunity to hit a pair of home runs.

The first big hit would be naming FERC Chair Betsy Moler to your Cabinet, as Secretary of Energy. Her management skills coupled with her consensus building as demonstrated by her work on restructuring the gas and electric industries through deregulation will make her a good match for the onerous management job needed at the DOE behemoth. She also offers key Hill experience, having served as staff director of the Senate Energy Committee before President Reagan first named her to the FERC.

Your second big hit would be a simultaneous promotion of FERC Commissioner Jim Hoecker to the FERC chairmanship. Jim has key private and public sector experience -- he is the first FERC staffer to serve as a Commissioner, and in the private sector represented gas *and* electric interests. Jim was my key co-chairman in 1991-92 when you gave me the honor of coordinating energy policy for your campaign. He remains your strongest backer on the Commission. In addition to his law degree, he has a strong management background (including a Ph.D with extensive writings on the subject), and (the Vice President will like this) serves in his native Wisconsin on the board of Northland College, which has the premier environmental studies program in the nation.

The President of the United States
December 13, 1996
Page 2

Mr. President, a key economic issue facing the nation in the coming Congress will be restructuring the electric industry. The team of Betsy Moler at DOE and Jim Hoecker at the helm of the FERC is uniquely qualified to consider the interests of all stakeholders and ensure that your key energy policies, articulated by you and the Vice President, are carried out. The trade publications have called your FERC the "Dream Team." By promoting Hoecker, as you move Betsy into your Cabinet, you will ensure the continuity needed in the FERC's key role in deregulating the electric industry while protecting consumers and continuing to oversee our nation's critical natural gas industry.

Please let me know if I can answer any questions or discuss this further with you or anyone on your staff. It was *great* to see you in San Antonio just before the election and in Little Rock on that wonderful Tuesday following. I had a great lunchtime visit with Hillary just before your trip to Hawaii, and we look forward to seeing you all at the inaugural.

All my best,



Bill Burton

P.S. Your work -- and that of the First Lady, the Vice President, Garry Mauro, and DNC fundraiser Meredith Jones -- was key this week to reelecting Ken Bentsen and turning Steve Stockman out of the House. Thanks for remembering the Alamo!

*I hope y'all
have a wonderful
Christmas!*

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12.16

TO: Andy ~~Sens~~

FROM: Staff Secretary

Do you have any
views on this? Come
about it?

Bob

THE WHITE HOUSE
WASHINGTON

December 13, 1996

'96 DEC 14 PM 1:14

MEMORANDUM FOR TODD STERN

FROM: JACK GIBBONS 

RE REQUEST FOR AUTOGRAPHED COPIES OF BETWEEN HOPE AND HISTORY

Todd, I heartily endorse S&T Counselor Szemenyei's request for three autographed books by the President:

1. For Lyjos Nyiri, Hungary's highest level technology policy official.
2. For Gyorgy Banlaki, Hungary's ambassador to the United States.
3. For S&T Counselor, Dr. Istvan Szemenyei.

As you will recall, 1996 celebrates the 1,100 anniversary of Hungary; the First Lady visited Budapest earlier this year.

EMBASSY OF THE REPUBLIC OF HUNGARY
3910 SHOEMAKER STREET, N.W.
WASHINGTON, D.C. 20008
TEL: (202) 362-6730

December 5, 1996

Dr. John H. Gibbons
Assistant to the President
for Science and Technology
Executive Office of the President
Washington, D.C. 20500

Dear Dr. Gibbons:

First, I have to apologize for bothering you with a dream of mine. As I have already mentioned to you, I would like three copies of the book titled "Between Hope and History" be signed by President Clinton.

I purchased several copies of the book in late August, 1996, and sent them home to Hungary. In the accompanying letters I emphasized the importance of the messages with special attention paid to science and technology. I also made a short summary of the book (resume), which was published in the monthly Newsletter of the National Committee for Technological Development (NCTD). NCTD is the home-base organization of the Hungarian Science and Technology Attachés network having 12 positions all over the world. The Newsletter has a section titled "Our Science and Technology Attachés Report". I even made a literally translation of Seamus Heaney's poem about hope's and history's rhyme. Moreover, I sent this article (book resume) to Népszabadság, the largest Hungarian daily newspaper which will publish an article on the "new" President of the USA, sometime at the end of this year. The planned article will incorporate my writing. (The President's vision for Science and Technology.)

I do not want to abuse your time, so I will cut my story short. I have a dream: to have the three enclosed copies of the book signed by President Clinton: one for the President of the National Committee for Technological Development, **Lajos Nyiri** who is the highest level technology policy official in the Hungarian government administration. The second book would go to my present ambassador, **György Banlaki** whom you know well, I believe. And the third copy would be for myself: **Istvan Szemenyei**, Science and Technology Counselor of the Embassy of the Republic of Hungary.

Thank you for your consideration and any kind of help you can provide in this matter.

Sincerely yours,


Istvan Szemenyei
Science and Technology Counselor

P.S. I enclose a copy of the video that was shown at the Kennedy Center on November 12, 1996. ("Hungarian Spark in America"). It is for you. Thank you again for joining us that night and celebrating with us the 1100th anniversary of Hungary.

Enclosures

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12/16

TO: Michael Waldman

FROM: Staff Secretary

It's time for the next
installment of the Public Papers--
1st half of 1996.

Can I get your draft by
January 30? marks
Phil



December 12, 1996

G. Timothy Saunders
Executive Clerk
The White House
Washington, DC 20500

Dear Mr. Saunders:

The Office of the Federal Register, National Archives and Records Administration, is currently preparing the seventh volume of the Public Papers of William J. Clinton. Each volume customarily contains a Foreword signed by the President. Please provide us with a Foreword for this volume covering the period January 1 - June 30, 1996.

The Foreword is an opportunity for the administration to highlight or summarize events or accomplishments which occurred during the period covered by each volume. Enclosed are copies of Forewords used in previous volumes.

We expect to release the book for printing in the early spring and therefore need to receive the signed Foreword by February 14, 1997.

If you have any questions, please feel free to contact me or Karen Ashlin at 202-523-5230 or Michael Sullivan at 202-456-2988.

Sincerely,

GWEN ESTEP
Chief, Presidential and Legislative Publications Unit
Office of the Federal Register

Enclosures

Foreword

The first half of 1995 was a time of challenge and change. The election of a new Republican Congress set the stage for a fundamental public debate over the role of government, the country's values, and the way we could move forward as one people. Throughout this debate, I remained firmly committed to this ideal: America is strong only when America is united, and when we leave no one behind.

As I made clear in my State of the Union Address, we have an obligation to offer the American people a new kind of government for new times. My Administration recognizes that there isn't a program for every problem, but that we can produce a government that works better and costs less. We launched a top-to-bottom overhaul of Federal rules in an effort to bring common sense to often complex regulation. We streamlined the regulatory process by abolishing 16,000 pages of regulations. We reformed environmental workplace safety and pharmaceutical regulation and we trimmed red tape and business burdens, without hurting public safety and health. We eliminated the 10,000 page Federal personnel manual and we cut 136,000 positions from the Federal work force.

As we celebrated the 50th anniversary of the end of World War II in Europe, we reaffirmed our commitment to lead for peace and freedom. At a summit meeting in Russia, I joined the Russian leader in advancing the security of our people and the world—by deepening our common efforts to reduce the nuclear threat, agreeing to improve our cooperation against terrorism, and pledging to work as partners for an undivided Europe. In Haiti, I thanked our troops for securing the transition from dictatorship to democracy. And at the 50th anniversary of the United Nations, we took stock of half a century of achievement and pledged to adapt the UN for the challenges of the 21st century.

Pursuing our mission to create a safer world, the United States led the international effort among 170 countries to secure the indefinite and unconditional extension of the Nuclear Non-Proliferation Treaty. And by applying steady, patient pressure to North Korea, we secured an agreement that froze its dangerous nuclear program.

In furthering our commitment to open markets and expand opportunities for U.S. exports, we reached an historic agreement with Japan to open further its automotive market to potentially billions of dollars worth of American cars and parts.

In April, our Nation was shaken by the tragic terrorist bombing of the Alfred P. Murrah Federal Building in Oklahoma City. One hundred sixty-eight Americans lost their lives. But moments of tragedy often bring out the best in people, and thousands of Americans turned their energy and prayers toward helping the people of Oklahoma endure and overcome their enormous loss.

Finally, in June, I introduced a balanced budget plan that reflected the values of the American people: opportunity, responsibility, the duty we owe one another, strong families, a strong America. This plan built on our success in reducing the deficit by nearly one half during the first two and one-half years of my Administration. This reflected an attempt to reach out to the Congress and find common ground on the budget. And it set the stage for a climactic debate: not about whether to balance the budget, but how.

William Clinton

Foreword

During the second half of 1994, America continued to move forward to help strengthen the American Dream of prosperity here at home and help spread peace and democracy around the world.

The American people saw the rewards that grew out of our efforts in the first 18 months of my Administration. Economic growth increased in strength, and the number of new jobs created during my Administration rose to 4.7 million. After 6 years of delay, the American people had a Crime Bill, which will put 100,000 police officers on our streets and take 19 deadly assault weapons off the street. We saw our National Service initiative become a reality as I swore in the first 20,000 AmeriCorps members, giving them the opportunity to serve their country and to earn money for their education. I signed the Community Development Banking and Financial Institutions Act of 1994, which will make capital available to Americans who have been denied access to basic banking services for far too long.

As we gave our citizens the means to make America stronger at home, we also continued our efforts to assert American leadership in the world. The Congress passed and I signed the implementing legislation for the Uruguay Round Agreement of the GATT, the most comprehensive international trade agreement in history. It helped to put in place expanded export opportunities for American products that will create more jobs and produce higher incomes for our people for years to come. I travelled to Indonesia for a meeting of the Asian Pacific Economic Cooperation forum in order to expand free trade with the world's most dynamic economies. In December, at the Summit of the Americas in Miami, the leaders of the 34 democratically elected countries in this hemisphere agreed to negotiate on a free trade area for the Americas by 2005, to work together to preserve our natural resources, and to advance democracy and social justice, holding out promise of greater prosperity throughout the hemisphere.

The United States also continued to help bring an end to ancient disputes around the world. We actively supported the efforts of the people of Northern Ireland to work toward a peaceful resolution after many years of conflict. Building on our work to bring peace to the Middle East, I had the great privilege to witness the signing of an historic peace treaty between Israel and Jordan. And closer to home, in our own hemisphere, America took active steps to promote democracy. Our Armed Forces again proved their strength, flexibility, and devotion to freedom as they helped give a second chance to the long-suffering people of Haiti, and renewed hope to freedom-loving people throughout the world.

William Clinton

BERNARD SANDERS
MEMBER OF CONGRESS
VERMONT, AT LARGE

213 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4501
TELEPHONE: (202) 225-4115
FAX: (202) 225-8790

Congress of the United States
House of Representatives
Washington, DC 20515-4501



COMMITTEES:
BANKING AND FINANCIAL SERVICES
GOVERNMENT REFORM AND OVERSIGHT

1 CHURCH STREET, SECOND FLOOR
BURLINGTON, VT 05401-4417
TELEPHONE: (802) 862-0897
TOLL FREE: (800) 339-8834
FAX: (802) 860-8370

96 DEC 16 AM 10:34

House Sec
8050

by
Alfais

FAX TRANSMITTAL SHEET

Date: 12/13/96

To: PRESIDENT CLINTON

Fax Number: (202) 456-1121

From: REP. BERNIE SANDERS

Phone: (802) 862-0697

Pages (including cover): 3

MESSAGES: *PLEASE DELIVER TO THE PRESIDENT*
Thanks

BERNARD SANDERS
MEMBER OF CONGRESS
VERMONT, AT LARGE

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WASHINGTON, DC 20515-4501
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FAX: (202) 225-6790

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FAX: (802) 860-8370

December 13, 1996

William J. Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President,

I am very distressed to learn that your administration is proposing to cut the LIHEAP fuel assistance program for the poor by 25 percent, and to eliminate its funding by 2002. This comes at exactly the same time that the cost of home heating oil is soaring.

During the campaign, Vice President Gore told a funny story about how people would feel if they woke up the day after the election and found that Bob Dole had been elected President. Well, for the 5.6 million households on the LIHEAP program, it apparently makes no difference at all as to who is President. On the contrary, perhaps Mr. Dole would have had the decency to prevent millions of low income Americans from going cold in the winter time.

Vermont is not Arkansas. It gets 20 to 30 below zero here, and we have thousands of senior citizens who need this program because they are trying to survive on \$7,000 or \$8,000 a year and can't afford to heat their homes.

I find it very ironic that last year a number of us in Congress had to fight hard to resurrect this program after Newt Gingrich and the Republican leadership zero-funded it. And, in fact, your administration was very helpful in this process by, among other things, releasing substantial sums of money from the LIHEAP emergency fund. Last year Gingrich wanted to eliminate this program, and now your administration wants to eliminate it. Mr. President, this is why half the people in this country no longer vote and increasingly few see much difference between the Democratic and Republican parties.

Please be advised that I will work as hard as I can to rally Congressional support against cuts in LIHEAP. This is America. We should not be forcing low income children and senior citizens to go cold in the winter time.

I am as concerned as you are about balancing the budget, but I don't believe that it should be balanced on the backs of the weakest and most vulnerable people in our country.

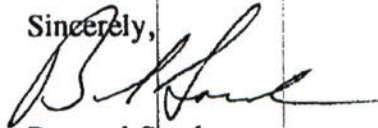
The LIHEAP program costs approximately \$1 billion a year. This is fifteen percent of the \$7 billion increase in military spending that you signed last year -- despite the end of the Cold War. This is one percent of the money that we are spending to defend Europe and Asia against a non-existent enemy. This is less than one percent of the \$125 billion a year we spend on corporate welfare -- tax breaks and subsidies that we provide large corporations.

Between 1982 and the present the number of billionaires in this country has grown from 12 to 135, and the richest one percent now own more wealth than the bottom 90 percent. Why not ask those folks to start paying their fair share of taxes rather than cause elderly people to go cold in the winter time?

Mr. President, half the people in America no longer vote or participate in the political process. They believe that the government, whether controlled by Democrats or Republicans, heeds the interests of the wealthy while ignoring the needs of the working people and the poor. Your proposal to eliminate LIHEAP only feeds that cynicism.

I hope very much that you and your budget advisors will reconsider this very ill-advised decision. I look forward to hearing from you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bernard Sanders", with a long horizontal flourish extending to the right.

Bernard Sanders
Member of Congress

THE PRESIDENT HAS SEEN

12-16-96

Leon

Need to decide
how to respond

Be

TED STEVENS, ALASKA
THAD COCHRAN, MISSISSIPPI
ARLEN SPECTER, PENNSYLVANIA
PETE V. DOMENICI, NEW MEXICO
CHRISTOPHER S. BOND, MISSOURI
SLADE GORTON, WASHINGTON
MITCH MCCONNELL, KENTUCKY
CONNIE MACK, FLORIDA
CONRAD BURNS, MONTANA
RICHARD C. SHELBY, ALABAMA
JAMES M. JEFFORDS, VERMONT
JUDD GREGG, NEW HAMPSHIRE
ROBERT F. BENNETT, UTAH
BEN NIGHTHORSE CAMPBELL, COLORADO

ROBERT C. BYRD, WEST VIRGINIA
DANIEL K. INOUE, HAWAII
ERNEST F. HOLLINGS, SOUTH CAROLINA
J. BENNETT JOHNSTON, LOUISIANA
PATRICK J. LEAHY, VERMONT
DALE BUMPERS, ARKANSAS
FRANK R. LAUTENBERG, NEW JERSEY
TOM HARKIN, IOWA
BARBARA A. MIKULSKI, MARYLAND
HARRY REID, NEVADA
J. ROBERT KERREY, NEBRASKA
HERB KOHL, WISCONSIN
PATTY MURRAY, WASHINGTON

J. KEITH KENNEDY, STAFF DIRECTOR
JAMES H. ENGLISH, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

December 15, 1996

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

Dear Mr. President:

In just a few weeks, you will be submitting legislation to the House and Senate to reauthorize the Intermodal Surface Transportation Efficiency Act (ISTEA). I am writing to urge you to include measures in your legislative proposal to ensure the completion of the Appalachian Development Highway System.

The Federal government first committed itself to the completion of the Appalachian Development Highway System thirty-one years ago. The justification for completing these highways is as sound today as it was in 1965 -- to provide improved access and economic opportunity to one of the most impoverished regions of our country. Our experience over the last three decades indicates that the construction of the Appalachian Highway System has been a tremendous success in expanding access to jobs and national markets. However, while the Interstate Highway System is virtually 100 percent complete, the Appalachian Development Highway System is only 76 percent complete.

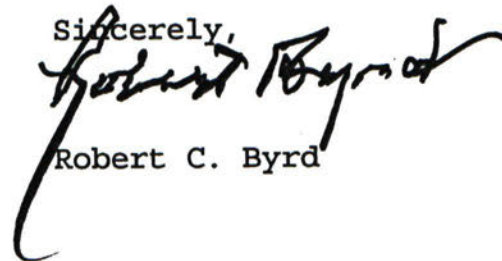
The primary reason why completion of the Appalachian system has lagged behind the interstate system is that while the interstate system has benefited from the direct availability of contract authority from the Highway Trust Fund, the Appalachian system has been required to compete for increasingly scarce general funds in annual appropriation acts. I have sought to rectify this situation by introducing S.1881, the Appalachian Development Highway System Completion Act. The inclusion of this or similar legislation in the next ISTEA bill would ensure that sufficient funds are set aside to complete the remaining 725 miles of the 3,025 mile system. Importantly, S. 1881 ensures that these funds would be provided in addition to the funds that the 13 Appalachian states would receive from the regular highway formula programs.

The President
December 15, 1996
Page Two

Subsequent to my letter to you dated October 11, 1995, I have discussed this issue over the course of the last year with Transportation Secretary Pena, Federal Highway Administrator Slater, and OMB Directors Rivlin and Raines. They have been most helpful and cooperative. However, I ask that you now give this issue your personal attention as you put together your administration's ISTEA proposal. I consider the completion of the Appalachian Highway System to be the principal goal in my efforts to advance the economy and the well-being of the people of West Virginia. Moreover, I believe that establishing a predictable funding source for completing the system would be a tremendous accomplishment for your administration and would be enormously important for the economic health of the entire region.

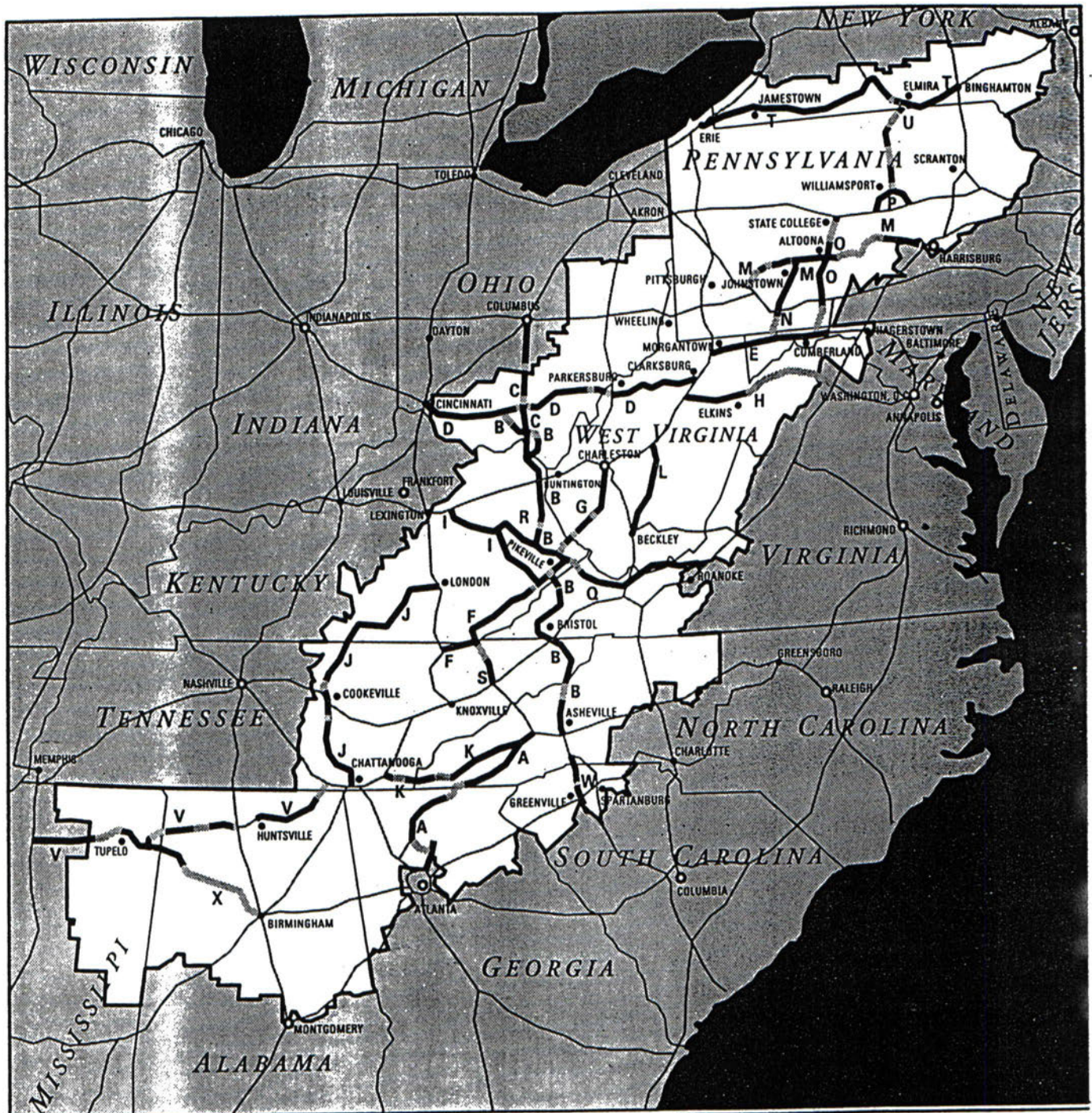
With best wishes, I am

Sincerely,

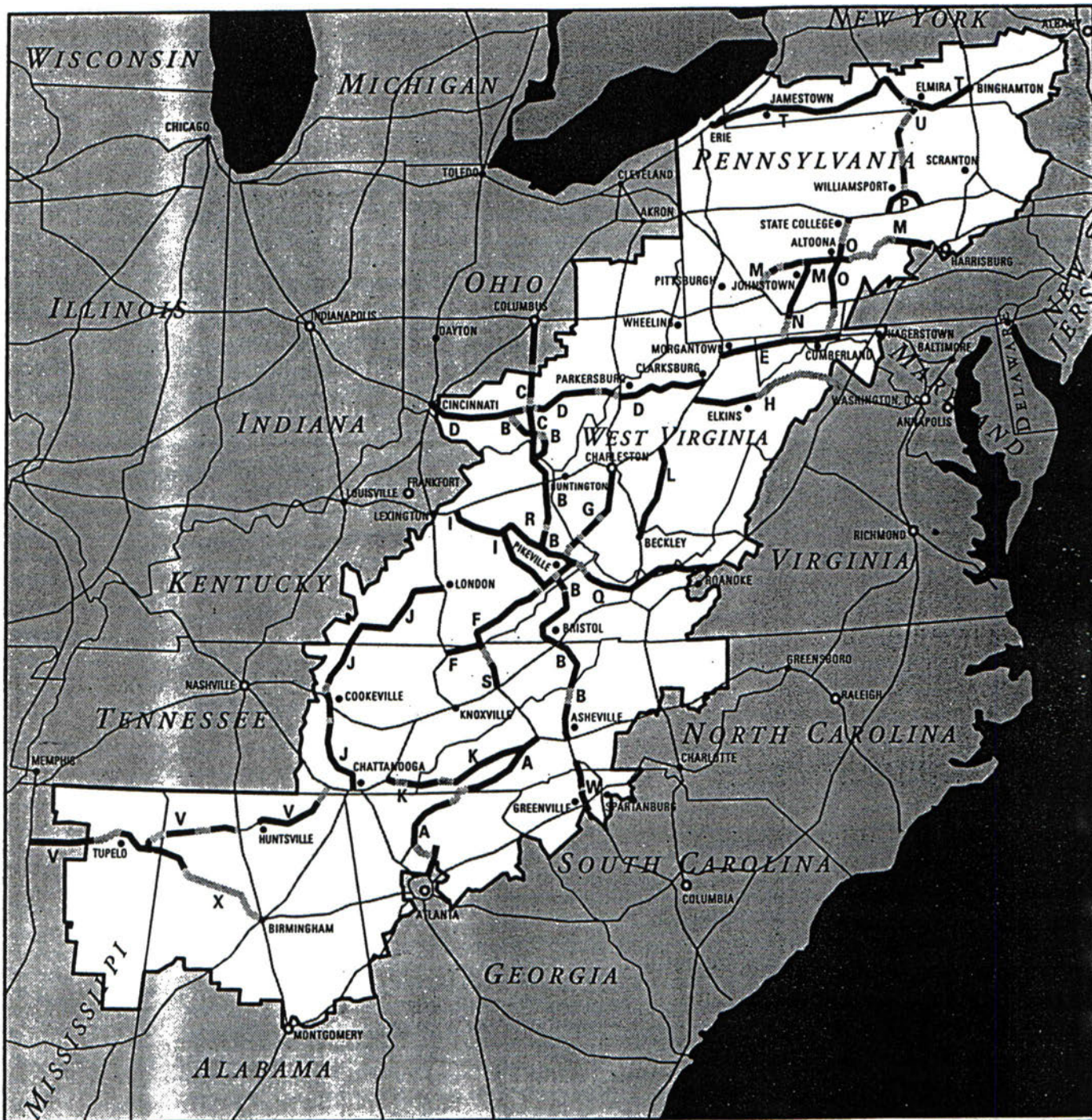
A handwritten signature in black ink, appearing to read "Robert C. Byrd", written over the printed name.

Robert C. Byrd

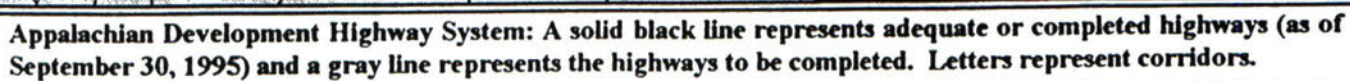
RCB:prc



Appalachian Development Highway System: A solid black line represents adequate or completed highways (as of September 30, 1995) and a gray line represents the highways to be completed. Letters represent corridors.



Appalachian Development Highway System: A solid black line represents adequate or completed highways (as of September 30, 1995) and a gray line represents the highways to be completed. Letters represent corridors.



Appalachian Development Highway System: A solid black line represents adequate or completed highways (as of September 30, 1995) and a gray line represents the highways to be completed. Letters represent corridors.

104TH CONGRESS
2D SESSION

S. 1881

To amend title 23, United States Code, to make available for obligation such sums as are necessary to pay the Federal share of completion of construction of the Appalachian development highway system, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 18, 1996

Mr. BYRD introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To amend title 23, United States Code, to make available for obligation such sums as are necessary to pay the Federal share of completion of construction of the Appalachian development highway system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Appalachian Develop-
5 ment Highway System Completion Act".

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) the Appalachian Regional Development Act
2 of 1965 (40 U.S.C. App.) enacted into law a Federal
3 commitment to the completion of the Appalachian
4 development highway system for the purpose of ex-
5 panding highway access to the Appalachian region;

6 (2) economic prosperity within the Appalachian
7 region since that time has been brought about by,
8 and has centered around, the availability of adequate
9 highway access;

10 (3) the rationale behind the completion of the
11 Appalachian development highway system is as
12 sound today as it was in 1965, but while the Inter-
13 state System is nearly 100 percent complete, the Ap-
14 palachian development highway system is only 76
15 percent complete;

16 (4) those areas in which the Appalachian devel-
17 opment highway system is not yet complete suffer
18 from inadequate road systems characterized by low
19 travel speeds, long travel distances, and unsafe con-
20 ditions; and

21 (5) there are unfinished miles of the Appalach-
22 ian development highway system in all 13 of the
23 States with counties in the statutorily-designated
24 Appalachian region.

1 SEC. 3. COMPLETION OF APPALACHIAN DEVELOPMENT

2 HIGHWAY SYSTEM.

3 Section 104 of title 23, United States Code, is
4 amended—

5 (1) in subsection (b), in the matter preceding
6 paragraph (1), by inserting “and subsection (j)”
7 after “subsection (f)”;

8 (2) by redesignating subsection (j) as sub-
9 section (k); and

10 (3) by inserting after subsection (i) the follow-
11 ing:

12 “(j) APPALACHIAN DEVELOPMENT HIGHWAY SYS-
13 TEM.—

14 “(1) OBLIGATIONAL AUTHORITY.—On October
15 1 of each of fiscal years 1998 through 2003, after
16 making the deduction authorized by subsection (a)
17 and the set aside authorized by subsection (f), the
18 Secretary shall set aside proportionally from the
19 funds authorized to be appropriated for expenditure
20 on programs authorized under this title, except for
21 apportionments under section 157, $\frac{1}{6}$ of the total
22 estimated cost of completion of construction of the
23 Appalachian development highway system authorized
24 by section 201 of the Appalachian Regional Develop-
25 ment Act of 1965 (40 U.S.C. App.), as determined
26 by the Secretary, and shall apportion the funds to

1 the 13 States in the Appalachian region in accord-
2 ance with each State's portion of the total estimated
3 cost of completion.

4 “(2) OTHER STATE FUNDS.—Obligational au-
5 thority made available to a State under paragraph
6 (1) shall not be considered in determining the appor-
7 tionments and allocations that the State shall be en-
8 titled to receive, under this title and other law, of
9 amounts in the Highway Trust Fund.

10 “(3) INAPPLICABILITY OF OBLIGATION LIMITA-
11 TIONS.—Notwithstanding any other provision of law,
12 any obligation limitation enacted for any of fiscal
13 years 1998 through 2003 shall not apply to obliga-
14 tions authorized under paragraph (1).

15 “(4) AVAILABILITY.—Funds authorized under
16 paragraph (1) shall remain available until ex-
17 pended.”.

○