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Addendum-1 - Berger

THE WHITE HOUSE
WASHINGTON

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December 20, 1996

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MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
December 20, 1996 - January 3, 1997

* This report covers two weeks; an update will be provided on January 3, with the next report on January 10, 1997.

DEPARTMENT OF TREASURY

- **IRS Reduction in Force (RIF):** IRS has requested that the Federal Service Impasses Panel (FSIP) intervene to resolve the dispute with the National Treasury Employees Union (NTEU) over the IRS proposed RIF plan. FSIP has the authority to impose a settlement agreement on both parties. However, until that decision is reached, the existing impasse could delay the proposed RIF for several months. The pre-RIF agreement between IRS and NTEU concerning buy-outs, early outs, and similar items has already been approved and will remain in effect.
- **Cross Border Trucking:** On December 20, Treasury staff will meet with representatives of the Canadian Government to discuss reciprocal waiver of duties and certain taxes on truck-tractors engaged in cross border trucking. The waiver would allow truck-tractors to be used in point-to-point service for up to one year without becoming subject to duties and taxes ordinarily imposed on the importation of vehicles.
- **FDIC Third Quarter Results:** On December 13, the FDIC released third quarter results for the nation's 9,586 commercial banks. Despite rising credit card losses and payments to help recapitalize the Savings Association Insurance Fund, bank profits reached \$13.2 billion in the third quarter of 1996 -- the third best quarter ever. The banking industry appear poised to earn more than \$50 billion in 1996, the fifth year in a row of record earnings.

- **Ukraine Pledging Conference:** On December 17, the international pledging conference to support Ukraine resulted in pledges of \$2.4 billion to support Ukraine's economic program which includes major tax, budget, and pension reforms. The U.S. will commit \$250 million for 1997, including \$200 million in export credits. The bulk of the remainder of the funds will come from the IMF, the World Bank, and the EU. Including these monies, Treasury officials expect that the international community will provide up to \$5 billion in total support for Ukraine over the next three years, provided that the government stays on track with its economic reform program.



Check the Box: The IRS has published a final regulation that will allow unincorporated businesses to simply check the box on their tax forms to choose whether to be taxed as corporations or partnerships. The new regulation will relieve businesses of the considerable burden of using the current regulations four-factor test, and will particularly assist the many small unincorporated business that cannot afford to commit the resources necessary to comply with current regulations.

- **District of Columbia:** Treasury continues to work with D.C. and the Financial Control Board officials to prepare for a \$175 million Treasury Advance on December 26. On December 17, Secretary Rubin met with Director Raines to discuss possible federal assistance options in the areas of law enforcement, pension reform, increased revenues, economic development, income tax collection and Medicaid. It was determined in the meeting that Treasury would take the lead role in drafting legislation for inclusion in the Administration's budget proposal. On December 20, Secretary Rubin met with Control Board members. Treasury will continue to work closely with OMB to address these concerns and craft a workable economic development program.
- **Mexico High Level Contact Group:** On December 10-11, Assistant Secretary Johnson joined the U.S.-Mexico High Level Contact Group in Mexico City to discuss counter-narcotics, money laundering and firearms trafficking issues. At the meetings, Mexico committed to implementing the suspicious transaction reporting system. Also, computers funded by State have arrived in Mexico and will be assembled to form the nerve center of a Mexican Financial Intelligence Unit. IRS-CID, the Customs Service and FinCEN will be training representatives from the Mexican Finance Ministry and other Mexican entities in the operation of various aspects of the system and in the conduct of money laundering investigations.
- **Russia's Economic Situation:** On December 13, the IMF Board approved the release of the next tranche of funds to Russia. Concerns about Russia's economic policy arrangements and medium term prospects, particularly in the revenue area, make it clear

that it will be increasingly difficult to keep IMF money flowing to Russia. An IMF team is still in Russia discussing the details of the government's 1997 budget and economic program.

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Brady Law: On December 11, the U.S. Attorney for the Northern District of IA charged William M. Smith with violation of the domestic violence section of the Brady Law, which took effect September 30 and prohibits anyone convicted of domestic abuse, including police officers and military personnel, from possessing firearms. On November 17, Smith shot his estranged wife two days after he purchased a handgun in violation of the new statute. Also, it was recently reported that a Dallas Police Chief reassigned an officer, who pleaded no contest to beating his son, to a "non-uniform" assignment and suspended his authority to carry a weapon.

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- Small Business Trade Finance:** On December 12, Assistant Secretary Carnell met with Ira Magaziner, Ex-Im Bank President Kamarck, Administrator Lader, and Ginnie Mae President Chavers to discuss Ginnie Mae's proposal to assist in the development of a private secondary market for small business trade loans. The proposal is an effort to expand small business access to trade financing. Ginnie Mae's financial advisor, Ernst and Young, has now proposed to work with Ex-Im, SBA, Treasury and OMB to develop a feasibility plan during the next 30-60 days for implementing the proposal.

DEPARTMENT OF JUSTICE

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Community Policing Grants: On December 19, the latest round of awards under the COPS Program were announced. Grants were made to 1,545 departments, providing \$237 million in funding for more than 3,900 full and part-time officers.

- Line Item Veto Challenge:** National Treasury Employees Union (NTEU), et al. v. U.S. Within hours of your signing the Line Item Veto Act, NTEU, a government employees' union, its president, and two of its members filed this suit seeking to enjoin operation of the legislation. Focusing on the Act's provisions allowing you to "cancel" discretionary appropriations, the complaint alleged that the statute violates the Presentment and Appropriation Clauses of the Constitution, as well as the doctrine of separation of powers. The district court granted DOJ's motion to dismiss plaintiffs' case on the ground that the plaintiffs had no standing to sue because they could not identify any harm by the mere passage of the statute. The union appealed, and the D.C. Circuit has just accepted DOJ's argument that plaintiffs lack standing because they have not been injured in any way that the court could remedy.

- **INS Employee Class Action Case:** On November 13, ten current and former INS employees filed a Title VII class action complaint alleging employment discrimination on the basis of race (Hispanic) and gender.

SC Church Burning: On December 9, in U.S. v. Haley and Rowell (D.S.C.), defendants Arthur Allen Haley and Hubert Lavon Rowell, two former members of the Ku Klux Klan, pled guilty to violating two counts of conspiracy and two counts of use of fire in the commission of a felony for their involvement in the June 21, 1995, arson at Macedonia Baptist Church in Manning, SC and the burning of a migrant camp. Previously, in a separate but related case, defendants Gary Cox and Timothy Welch, two other former Klan members, pled guilty to burning the Macedonia Baptist Church as well as the Mt. Zion AME Church on June 20, in Greeleyville, SC.

- **Small Business Fraud:** On December 10, the U.S. recovered \$891,000 from Snap-on Incorporated to settle a business set-aside fraud. Snap-on, a major tool manufacturer headquartered in Kenosha, WI, sold thousands of tools through its Industrial Sales Representatives to military installations under the small business set-aside program. The prices were about 10 percent higher than the Government would have paid had the tools been purchased through Snap-on's regional centers under GSA contracts.
- **Advertising Discrimination Case:** On December 6, in Tyus v. Urban Search Management, Inc., et al. (7th Cir.), the Seventh Circuit reversed a jury verdict in favor of defendants and granted a new trial in a case alleging that the defendants violated the Fair Housing Act by using only white persons as models in their advertisements for a rental apartment building. DOJ filed an *amicus* brief in the court of appeals supporting the plaintiffs.
- **OR Disability Rights Case:** On December 13, DOJ filed an *amicus* brief in Independent Living Resources, et al. v. Oregon Arena Corporation (D. Ore.), an action brought by private plaintiffs alleging that the Rose Garden -- a new indoor basketball arena in Portland, OR, and home to the Portland Trail Blazers of the NBA -- does not comply with the architectural requirements for new facilities under the Americans With Disabilities Act.
- **NM Fair Housing:** On December 12, DOJ filed a proposed consent decree resolving all claims in U.S. v. Village of Hatch and Ayala v. Village of Hatch, et al. (D. N.M.). The case involves allegations that Hatch violated the Fair Housing Act by engaging in a series of zoning and land use actions intended to reduce the number of families comprised of permanent resident aliens of Mexican national origin residing in the Village.

- **Genovese Crime Family:** Three members and one associate of the Genovese Crime Family of LaCosa Nostra were sentenced on racketeering and other charges, including using a telephone in interstate commerce in connection with the operation of an illegal gambling business, participating in an insurance fraud scheme and making false statements on a mortgage loan application. Charges were brought in CT, but the activities occurred in various cities nationwide, including Chicago, IL.
- **UT Unlawful Road Grading:** The U.S. sued three counties for unlawful road grading on federal land, including land in the recently established Grand Staircase Escalante National Monument. In three separate filings, the Government alleged that each county violated federal law when it bulldozed on federal property without permission from BLM.
- **Innocent Images Project:** On December 11, the FBI executed search warrants in 20 cities for evidence pertaining to the interstate distribution of child pornography. This effort was part of DOJ's continuing effort to pursue aggressively those who use the Internet or on-line systems to traffic or trade child pornography. The execution of the warrants was coordinated by a special squad of the FBI in Calverton, MD. To date, the "Innocent Images" project has resulted in 80 arrests, 103 informations and indictments, 66 felony convictions, and 207 searches.
- **Marijuana Smuggling Gang:** On December 4, in the District of New Mexico, a 22 count indictment was returned charging 10 defendants with conspiracy to distribute and possess with intent to distribute marijuana and conspiracy to import marijuana. Since February, this marijuana smuggling organization imported approximately 3,200 pounds of marijuana from Palomas, Mexico, into NM for redistribution in AZ and OK.
- **MS Motor Voter:** Young v. Fordice involves Mississippi's implementation of the National Voter Registration Act (NVRA). Effective on January 1, 1995, the Act requires that States permit residents to vote in federal at an expanded range of locations, such as motor vehicle bureaus and public assistance agencies. However, all states except MS have chosen to apply NVRA procedures to registration for state and local elections as well. For a brief period in early 1995, some MS election officials enrolled NVRA registrants for both state and federal elections. Subsequently, the MS Secretary of State and Attorney General issued a joint memorandum informing MS's election officials that persons registered under NVRA procedures would be eligible to vote in federal elections

only. DOJ subsequently filed suit, alleging that the State's decision to exclude NVRA registrants from eligibility to vote in state and local elections constituted a change in voting practices for which preclearance was required under the Voting Rights Act. The case is scheduled for oral argument on January 7, 1997.

- **Government Officials:** In U.S. v. Lanier, a criminal civil rights prosecution, a state court judge who sexually assaulted several women in his chambers was convicted on seven counts of willfully violating the constitutional rights of the women, specifically, their right to bodily integrity, as protected by the Due Process Clause. The Court of Appeals reversed, holding that one may not be punished under the relevant federal statute unless the constitutional right has previously been made specific in a decision of the U.S. Supreme Court in factually similar circumstances. The Court granted cert. Oral argument is set for January 7, 1997.
- **Assisted Suicide:** On January 8, the Acting Solicitor General will present argument in Washington v. Glucksberg and Vacco v. Quill, two "assisted suicide" cases. In Glucksberg the Ninth Circuit held that a State's prohibition against assisted suicide violates the Due Process Clause by prohibiting physicians from prescribing lethal doses of medication for competent, terminally ill adults who request the medication to end their lives. In their brief urging reversal, DOJ argued that, while these adults have a liberty interest in obtaining relief from severe pain, overriding state interests justify the State's decision to ban physicians from prescribing lethal medication. In Vacco, DOJ will argue that a State does not violate the Equal Protection Clause when it permits patients to refuse unwanted medical treatment, but prohibits physicians from providing lethal dosages of medication upon patient request.
- **Media Inquiries:**
 - The *Washington Post* and *Minneapolis Star Tribune* are doing stories on the Lautenberg Amendment, prohibiting those convicted of domestic violence from purchasing a handgun.
 - *USA Today* would like to interview Deputy Attorney General Gorelick about problems the FBI is facing in Moscow.
 - ABC's *Peter Jennings Reports* program is working on a one hour program about medical marijuana.
 - *ABC News* is also working on a piece for *Your Money* involving government funds being spent to oversee the Teamsters Union election.
 - *CBS Evening News* is working on an upcoming piece about how Macon, Georgia has handled church burnings in their area.

- The *New Yorker* Magazine is working on a crime issue for February. They have requested an interview with the Attorney General.

DEPARTMENT OF COMMERCE

- **Singapore Ministerial:** On December 13, 28 countries endorsed the new Information Technology Agreement (ITA). This agreement eliminates tariffs on global information technology products by the year 2000, totaling more than \$500 billion. It represents 85 percent of global trade and will achieve the 90 percent threshold for activation when Malaysia, Philippines and Thailand sign the agreement. The ITA covers government procurement, core labor standards, investment and competition policy, trade and environment, the WTO built-in agenda and other issues.
- **Wassenaar Controls and the Commerce Control List:** BXA has encountered a delay in incorporating the control list agreed to by the countries participating in the Wassenaar Arrangement into the U.S. national control list. Wassenaar did not agree to control all the items which were included under the former Coordinating Committee for Multinational Export Affairs (coCom) regime. The items which were not included will not be controlled by our allies on their national lists. State and DoD may want the U.S. to retain unilateral controls on several of these items. BXA opposes these unilateral controls because they would create major competitive disadvantages for U.S. industry in overseas markets. This issue may require Cabinet-level resolution.
- **Vessel Accident:** On December 2, the NOAA research vessel *Halcyon* sank at the NOAA Great Lakes Environmental Research Laboratory (GLERL) Lake Michigan pier in Muskegon, MI. The 60-foot vessel sank in approximately 30 feet of water, with 2400 gallons of diesel fuel aboard. Booms and absorbent pads were deployed around the vessel and 95 percent of the fuel was recovered. Representatives from GLERL, NOAA HAZMAT, U.S. Coast Guard, U.S. Navy Salvage contractors participated in actions to minimize damage to the local environment and further damage to the vessel during salvage. The vessel was lifted out of the water and onto a barge on December 12. Final cleanup and decontamination is now being completed.
- **Gulf Coast "Red Tide":** In November, coastal waters from FL to TX were invaded by a "red-tide," a noxious dinoflagellate algae bloom. The organism affects fish and shellfish and can render oysters and mollusks unfit for human consumption. The MS Governor was forced to shut down its oyster fishery due to this natural disaster. The MS Governor and Senator Lott have asked you to provide aid through FEMA and any available

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fisheries assistance authorized by the Magnuson-Stevens Act to the oyster fishers whose livelihood has been threatened. At your request, FEMA Director Witt and NOAA currently are investigating possible aid mechanisms.

- **Shrimp Embargo:** Judge Aquilino, U.S. Court of International Trade, has clarified his earlier rulings in Earth Island Institute v. Christopher dramatically reducing the quantity of shrimp that is subject to the U.S. embargo. The most recent ruling confirms that the following categories of shrimp may enter the U.S. if accompanied by adequate documentation: 1) shrimp produced in aquaculture facilities; 2) shrimp harvested by hand-retrieved nets; 3) shrimp harvested from cold waters where sea turtles are not found; and 4) shrimp harvested from nations having a sea turtle conservation program comparable to the U.S. program. As a result of this court order, the shrimp embargo is now limited to mechanized shrimp trawlers in Brazil and France. DOC will ask DOJ to abandon efforts to appeal this case within the Federal Circuit.
- **Encryption:** The National Institute of Standards and Technology (NIST) expects to announce within the next few weeks a process for developing an Advanced Encryption Standard (AES). The AES will be a Federal Information Processing Standard, which applies to agencies of the federal government, and will be available for voluntary use by companies, state and local governments and others who wish to use it to protect sensitive data.
- **Auto Report Release:** On January 6, the Automotive Benchmarking on the technological competitiveness of the U.S. Automotive industry will be released at the Detroit Auto Show at the meeting of the Society for Automotive Analysts. The report is likely to demonstrate the improved strength of the U.S. auto industry.
- **The following economic indicators will be released during the next two weeks:**

Gross Domestic Product (3rd Q - final)	December 20
Corporate Profits (3rd Q - revised)	December 20
Personal Income and Outlays (November)	December 23
Advance Report on Durable Goods,	
Manufacturers' Shipments and Orders (November)	December 27
New One Family Houses Sold and For Sale (November)	December 31
Value of New Construction Put in Place (November)	January 3
- **Iran Embargo:** BXA is working with Treasury's Office of Foreign Assets Controls (OFAC) to develop a delegation of authority which will re-regulate dual-use licensing for Iran to BXA. Although OFAC has licensing jurisdiction, it does not have the technical

and policy expertise necessary to analyze these complex license applications. BXA is also working with Treasury, State, and DOJ to draft implementing regulations and industry guidance on a pending executive order on Iran. The order will tighten controls by redefining the scope of the embargo and further restricting U.S. exports. BXA anticipates having the order ready for your signature before the end of the year. Treasury will publish the implementing regulations.

- **Bosnia Troops:** The NATO Consultation, Command, and Control (C3) Agency will begin a new round of procurement of computer and communication equipment from U.S. supplies to replace equipment being removed from the Bosnia area by the UN. NATO urgently requires the equipment to continue its support for the deployment of peacekeeping forces in Bosnia. BXA has submitted a proposal to authorize NATO to place priority-related orders with U.S. companies under the Defense Priorities and Allocations System (DPAS). The rated orders will require U.S. suppliers to give preferential treatment to these orders to meet NATO delivery requirements.

DEPARTMENT OF LABOR

- **Teamsters and Giant Food:** On December 15, approximately 300 truck drivers at Giant Food in the metropolitan Washington area went on strike. The strike followed a midnight expiration of their contract. During the first 72 hours of the strike, the action was limited to nonperishable items. The company's stores in DC and surrounding states have remained open. The dispute centers around job security and competitiveness concerns. Informal talks have been held with MD state mediators, but no formal talks are currently scheduled.
- **Steelworkers:** On December 12, members of the United Steelworkers approved a 40-month agreement with Bridgestone/Firestone. The agreement marks the end of a bitter 29-month dispute. The new contract covers employees at plants in AR, IL, IN, IA, OH and OK.
- **CPI:** On December 19, the Commissioner of the Bureau of Labor Statistics, Katharine Abraham, held a press conference to discuss the major technical issues in the report of the Advisory Commission to Study the Consumer Price Index.
- **Mine Safety:** On December 12, DOL announced a settlement agreement with Southern Minerals. The settlement is the result of an investigation of the 1991 methane explosion that killed two miners at one of the company's mines. The settlement requires \$450,000 be used for periodic safety audits and \$200,000 be used for education and safety training.

- **Dislocated Workers:** Later this month, DOL will award \$370,000 to the TN Department of Labor for the retraining of 365 workers dislocated by the mass layoffs at the Pillsbury Company, Hunt Foods, Bob & Terry Leonard and Asarco New Marker Mine and Mill. The agency will also award \$965,083 to the OK Employment Security Commission to assist 266 workers dislocated from the General Motors Assembly Plant in Oklahoma City.
- **Occupational Safety:** On December 16, a Federal judge fined the Ladish Malting company \$450,000 for committing a criminal violation of the Occupational Safety and Health Act. The violation of the Act resulted in the collapse of a fire-escape platform on a grain elevator and the death of a worker. The company now faces reckless homicide charges by WI and civil penalty proceeding by DOL.

DEPARTMENT OF TRANSPORTATION

- **Los Angeles Transit:** On December 16, Secretary Peña, Deputy Secretary Downey, FTA Administrator Linton, and Mayor Riordan met with several Los Angeles County Metropolitan Transportation Authority board members in Washington, DC, to discuss Secretary Peña's concern regarding management, oversight, scheduling, and financing issues concerning the Red Line subway. The meeting received extensive media coverage. Next steps include development of a code of conduct for Board members, recovery plans and a 20 year financial plan.
- **Drunk Driving:** On December 19, as part of the annual National Drunk and Drugged Driving (3D) Prevention Month, Secretaries Peña, Shalala, and Riley and Director McCaffrey released the annual "Monitoring the Future" survey of drug, alcohol and tobacco use by high school students. They led a satellite forum, linking communities around the country and reminding the public not to drink and drive during the holiday season.
- **Air Bag Hearing:** On December 19, the House Transportation Appropriations Subcommittee held a hearing to discuss issues regarding air bags. Chairman Wolf is interested in the status of rulemaking, history of the air bag, and other related issues. NHTSA Administrator Martinez testified for DOT.
- **Maritime Security Program for U.S. Shipping Companies:** On December 20, Secretary Peña held a press conference to announce the MSP awards. DOT has entered into agreements with nine shipping lines -- Central Gulf, Crowley, FABC, Farrell Lines, Lykes, Maersk, OSG, Sea-Land, and Waterman -- to subsidize \$2.1 million per ship for a

combined annual award of \$100 million. The money goes to the shipowners so that the ship and crew will be available on standby for use by DoD in case of national emergency. Further negotiations will take place with a tenth company, APL.

- **New Orleans Freighter Accident:** On December 14, the Liberian Freighter *Bright Field* lost power and struck the Riverwalk waterfront shopping area in New Orleans, LA. A system of traffic lights operated by the Coast Guard in that section of the river may have minimized the accident by preventing other vessels from heading up the river at the time. The collision and panic caused injuries to 116 people, but there have been no reported fatalities or pollution.
- **Aviation Security:** On December 12, the Aviation Security Advisory Committee received the Baseline Working Groups recommendations. Eighteen of 21 recommendations were accepted unanimously. There were dissenting views on 3 recommendations: (1) the Association of Flight Attendants and Families of Pan Am 103, Lockerbie, strongly insisted that Positive Passenger Bag Match should be implemented, regardless of the outcome of the PPBM pilot test directed by the White House Commission; (2) DOJ opposed authorizing airports to use National Crime Information Center checks to supplement employment histories; and (3) OMB opposed Federal funding of the costs of strengthening security. The recommendations will now be presented to the FAA Administrator and the Gore Commission. *is well within DOJ's power*
- **Adarand v. Peña:** On December 20, the U.S. will argue a motion for summary judgment in the Adarand case, which is before the federal district court in CO on remand from the Supreme Court. The Supreme Court announced that all federal programs using racial classifications must be reviewed under a new standard of strict scrutiny. Adarand has challenged the Subcontracting Compensation Clause (SCC), which was issued by the FHWA to encourage participation of minority and women-owned subcontractors in federal highway construction. The government argues that Congress had a compelling interest in remedying discrimination in highway construction and governmental contracting, and that the SCC furthers this interest. As the lead case challenging the constitutionality of DOT's minority preference program, the ultimate decision in this case will likely have a profound effect and will be the subject of further appeal.
- **Los Angeles Airport Revenue:** Last week, the FAA issued a Notice of Investigation into the September transfer of \$31.1 million from the airport account of the City of Los Angeles to the City general account. The Notice implemented FAA's new and expedited procedures for resolving federal grant compliance issues. It gave the city 30 days to respond as to why all or part of the transfer does not constitute unlawful airport revenue.

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diversion under federal grant assurances, and to make good faith efforts to resolve the matter informally. Secretary Pena spoke with Mayor Riordan and has sent explanatory letters to Senator McCain and to Congressman Wolf, who have expressed concern about this and other revenue diversions by the city. On December 16, Senators Boxer and Feinstein and other key House and Senate aviation staff were provided copies of the FAA Notice of Investigation and other information regarding the revenue diversion.

- **Airlines Third Quarter Results:** Major U.S. passenger and cargo airlines reported strong operating and net profits for the third quarter 1996. Operating revenues advanced 6.6 percent while operating expenses grew slightly faster, up 7.4 percent, causing operating profit to dip to \$2.42 billion. The passenger majors reported an operating profit of \$2.27 billion and the all-cargo majors had an operating profit of \$149 million. Net income improved \$59.5 million to \$1.23 billion, an all-time third quarter high. For the 12-months ended September 1996, operating profit increased \$1.24 billion to \$6.24 billion. Net income jumped \$1.79 billion to \$2.91 billion, a new all-time high for the group.
- **U.S.-France Open-Skies:** On December 16, aviation negotiations with France began in Paris. The U.S. objective is to negotiate a transition to an open-skies aviation agreement. The French will be seeking to obtain sufficient rights to implement Air France's separate transatlantic alliance agreements with Continental and Delta. Reportedly, the agreements provide for codesharing on each other's flights, combining frequent-flier programs and joint marketing of their transatlantic services. The two agreements could provide \$100 million a year in operating profits.
- **Miami International Airport (MIA):** DOT has agreed to the request of Dade County to institute a proceeding to determine whether MIA's landing fees and terminal rents are reasonable. Dade County claimed it increased these fees to pay for its planned renovation and expansion of a \$975 million concourse to be used by American Airlines as its hub operation. Dade County also plans to spend \$1.8 billion on reconstruction of a large part of the rest of the airport's terminal, for the operations of other carriers. Six airlines--Air Canada, Delta, Lufthansa, TWA, United and USAir--opposed the request as unfair because MIA plans to include the cost of American's new facilities in the costs used in calculating the terminal and landing fees paid by all airlines using MIA. DOT will issue a final decision by March 19, 1997.
- **Cuban Drug Case:** Cuba turned over 6.6 tons of cocaine to U.S. authorities which they located on the vessel *Limerick*. The case received significant regional media interest.

- **Air Bags:** Interest by all media and the public remains high on the question of air bag safety for children.
- **Media Inquiries:** On December 16, the *Wall Street Journal* asked for information on the number of lives saved by air bags. On December 17, U.S. Coast Guard Commandant Admiral Kranek held an editorial board meeting with the *Wall Street Journal* regarding drug interdiction issues. Last week, *Prime Time Live* was provided FAA information about a May 11, 1990 incident of wing failure on an Iranian Air Force 747-131, a "sister ship" to the TWA 800 aircraft. Air date expected in January.

UNITED STATES TRADE REPRESENTATIVE

- **Japan Insurance:** On December 15, Ambassador Barshefsky announced the settlement of a dispute involving deregulation of the primary sector of the Japanese insurance market. Ambassador Barshefsky reached agreement with the Japanese Finance Minister following a breakthrough negotiating session to introduce greater competition into the "primary sector" insurance market (predominantly life, auto, fire and other casualty insurance) which accounts for 95 percent of the Japanese market.
- **Mexico Trucking:** On December 18, the American Trucking Association, along with a number of other interested associations, held a press conference to urge the Administration to move forward on the NAFTA cross-border trucking provision which was delayed one year ago.
- **Telecom Negotiations:** On December 19-20, Ambassador Barshefsky called the CEOs of eight major US Telecommunication firms to discuss the ongoing WTO telecom negotiations.
- **China Textiles:** On December 19-21, Ambassador Hayes, Chief Textile Negotiator, will lead an interagency delegation to San Francisco, CA, to continue negotiations to extend the US-China Bilateral Textile Agreement.
- **Labor Meeting:** On December 20, Ambassador Barshefsky met with AFL-CIO President John Sweeney to discuss the outcome of the WTO Ministerial in Singapore and fast track negotiating authority.
- **Special 301:** On December 20, Ambassador Barshefsky announced Special 301 "out-of-cycle" review determinations regarding the adequacy of intellectual property protection in Argentina, Russia, Greece, Saudi Arabia, the Philippines and Hong Kong.

- **India Textiles:** On January 6, the panel examining the consistency of a US textile restraint measure on imports of wool shirts from India will issue its final report.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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New Drug Approvals: New drugs are approved faster in the U.S. than in the EU, according to new international data. An examination of 15 new drugs approved by the FDA and the EU shows that the median time for FDA review and marketing approval is 5.8 months, while the median time for authorization for a company to sell those drugs in Europe is 12.2 months. In 11 instances, the drugs were first approved in the U.S., compared to four cases when they were approved first by the EU.

- **Teen Marijuana and Tobacco Use:** On December 19, Secretary Shalala, General McCaffrey, Secretary Riley, and Secretary Pena announced the annual "Monitoring the Future" survey, which shows an increase in marijuana and tobacco use among eighth and tenth graders between 1995 and 1996. Use of these substances leveled off among twelfth graders, according to the report. The survey also showed increases in the use of alcohol by eighth graders.
- **Flu Vaccine:** On December 17, FDA and CDC advised that health care professionals may want to consider reimmunization for some high-risk individuals who received a flu vaccine recalled because of decreased potency in one viral strain. About 5% to 7% of all people who have received the 1996-1997 influenza vaccine received doses with decreased potency. FDA, CDC, and the company have sent notices to health care professionals and state public health departments so they may evaluate whether their patients should be reimmunized.
- **Blood Center:** On December 16, the New York Blood Center (NYBC) and three of its officers agreed in a consent decree with FDA and the DOJ to a series of measures aimed at ensuring the integrity of center's blood and blood-products operations. NYBC has agreed to make a wide range of improvements to ensure compliance with FDA requirements.
- **Welfare Medicaid Provisions:** On December 20, HHS may release new implementing instructions in the State Medicaid Manual interpreting the Medicaid provisions of the new welfare law.

- **OH Hospitals Settlement:** As a result of the Ohio Hospital Project of the Office of Inspector General, eight more hospitals in northern OH signed civil settlements with the government for a total of \$2.55 million. Previously, eight hospitals settled for a total of \$6.3 million. The project is directed at the practice of “unbundling” tests that are run in a single automated process, billing for each test separately, which greatly increases the cost to Medicare.
- **Medicare Report:** Last week, HHS’s Inspector General released its final inspection report on Medicare beneficiary satisfaction, based on a national survey of over 1,200 randomly selected beneficiaries. Overall, beneficiaries reported positive experiences. Eighty percent said the Medicare program was understandable, and 87 percent were satisfied with the way Medicare processed claims. The number of beneficiaries expressing a problem with claims processing decreased from 30 percent in 1994 to 19 percent in 1995. However, over half the beneficiaries who tried to call their carriers experienced problems when calling, and over a fourth had to call three or more times to get through. Almost a third of the beneficiaries responding to our survey were not aware of their appeal rights, and one-fourth did not know Medicare paid for flu immunizations and mammograms.
- **Mad Cow Disease:** In early 1997, HHS will publish a proposed rule to ban the use of certain animal proteins in feed intended for cattle and other ruminants. The objective is to prevent the possibility of transmission via animal feed of the causative agent implicated in the incidence in the U.K. of mad cow disease. This disease has never been diagnosed in the U.S.
- **CA Lab Settlement:** Last week, Spectra Laboratories, Inc., agreed to pay \$10.1 million to settle its civil liability for making false claims and paying kickbacks. Spectra, a Californian clinical laboratory specializing in tests of end-stage renal disease patients, submitted separate claims for tests to Medicare, the Railroad Retirement Board, the Civilian Health and Medical Program of the Uniformed Services, and the Federal Employees Health Benefits Program. Spectra also devised schemes to induce payment for unnecessary laboratory tests.
- **MA Hospital Merger Regulation:** On December 4, the MA Attorney General and the State Legislature's Joint Committee on Health Care submitted legislation to regulate the conversion of non-profit hospitals to for-profit institutions.

- **IL Breast Cancer Hospitalization:** Last week, the IL State House sent the Senate a measure guaranteeing at least four days in the hospital for women who undergo mastectomies to treat breast cancer. The House passed the measure 112-0 and vowed to revisit the broader issue of managed care regulation.
- **Medicare Choices Demonstration:** HHS is in the final stages of implementing the Medicare Choices Demonstration, a demonstration designed to give Medicare beneficiaries expanded choices among types of managed care plans and test new ways to pay for managed care. Implementation will begin by January 1, 1997. Three of the initial 6 sites are located in Philadelphia, PA; others are located in Houston, TX, Orlando, FL, and Charlottesville, VA.
- **Temporary Assistance to Needy Families (TANF):** On December 13, Temporary Assistance to Needy Families (TANF) plans for NY and UT were certified complete, bringing the total number of certified plans to 20. As of December 17, plans have been submitted by 38 states, the DC and one tribe. Plans were previously certified complete for: AL, SD, NE, CA, KS, MS, TX, KY, VT, NH, WI, MI, FL, AZ, OH, OK, OR, and IN.
- **Domestic Violence:** On October 3, you launched National Domestic Violence Awareness Report month by strongly encouraging states to implement the Family Violence Amendment of the new welfare law. You also issued a directive to HHS and the DOJ to consult with states and other partners and to develop guidance and technical assistance on this issue. On January 3, the two agencies will submit a progress report to you.
- **Teen Pregnancy:** The new welfare law requires Secretary Shalala to establish and implement a strategy by January 1, 1997 to prevent out-of-wedlock teen pregnancies and to assure that at least 25 percent of communities have teen pregnancy prevention programs in place. Secretary Shalala will submit a report to the Congress on this strategy by January 1, 1997.
- **NBC Today Show:** On December 15, Christopher Reeve visited NIH, meeting with Director Varus and other researchers on the issue of spinal cord injury research. Portions of his visit will appear in an upcoming segment on NBC's *Today* on December 23.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Community Revitalization Initiative:** On December 19, the First Lady, joined by Secretary Cisneros and Assistant Secretary Andrew Cuomo, announced \$20 million in grants and loan guarantees to launch HUD's Community Empowerment Banking Initiative to help revitalize poor communities. These banks will be the first in the nation to raise money by selling inexpensive shares to residents. D.C., Baltimore, and Mississippi will receive the initial investment grants.
- **"One Strike -- You're Out" Educational Forum:** This week, Secretary Cisneros and HUD General Counsel Nelson Diaz invited judges from across the country to discuss with HUD personnel the "One Strike -- You're Out" policy and its effect on the administration of justice. Attorney General Reno also joined the discussion.
- **Gang Drug Raids:** Nearly 600 law enforcement personnel from several agencies broke up a criminal network terrorizing residents of the Diego-Beekman housing complex in the South Bronx, NY. The raids, financed by HUD, resulted in the arrest of 96 people and dismantled 12 violent drug gangs.
- **St. Petersburg Task Force:** On December 20, Secretary Cisneros and members of the Interagency Task Force will travel to St. Petersburg to meet with community leaders and city officials to provide status reports on federal activities and to review the progress of local efforts.

VETERANS AFFAIRS

- **Cost of Living Increase:** On December 18, VA announced that beneficiaries will be receiving a 2.9 percent increase in their monthly benefits payments beginning with checks received at the end of December. The cost-of-living adjustment affects veterans receiving disability compensation and pension and dependents receiving dependency and indemnity compensation.
- **Buyout Program:** VA has received OMB approval and briefed interested Congressional parties in both the Senate and the House, pursuant to conducting an agency-wide buyout program under VA plans to offer up to 5,062 buyouts by the end of the year. The buyouts are targeted for positions that can be abolished consistent with on-going restructuring plans, and will greatly assist these efforts, while minimizing the need for

RIF and other involuntary separations. The vast majority of the buyouts will be offered in our medical centers, where most of the restructuring and streamlining is now taking place and will occur before January 3, 1997.

- **Hearing:** On January 9, the Senate Veterans' Affairs Committee tentatively plans to hold a hearing on resource allocation issues or Persian Gulf veterans issues.
- **Persian Gulf Health Concerns:** On January 21, Congressman Christopher Shays, Chairman, House Subcommittee on Human Resources and Intergovernmental Relations, plans to hold the seventh of a series of hearings on Persian Gulf veterans issues. Under Secretary for Health, Dr. Kenneth Kizer, will testify for VA.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Interdiction Briefing:** On January 3, Admiral Robert Kramek, Coast Guard Commandant and the United States Interdiction Coordinator (USIC), will provide a quarterly update brief to Director McCaffrey. Admiral Kramek's briefing will focus on recommendations resulting from the recent Joint Staff/USIC Conference held December 12 in the Pentagon and will emphasize Western Hemisphere drug interdiction issues.
- **Propositions 200 and 215:** ONDCP formulated a draft federal strategy with input from various federal agencies responding to the passage of CA and AZ initiatives which remove the penalties for the medical use of certain Schedule 1 drugs. ONDCP held a deputy-level interagency meeting to work through the final package, reaching agreement on the strategy. All agencies committed to revise their input in time to deliver the final product to you on December 19.
- **Black Caucus Meeting:** Last week, Director McCaffrey met with Congresswoman Maxine Waters, the incoming Chair of the Congressional Black Caucus (CBC). The CBC has made drug abuse their top priority and ONDCP will be working with them on a budget.

SOCIAL SECURITY ADMINISTRATION

- **Termination of Supplemental Security Income (SSI):** As a result of recently enacted legislation, effective January 1, Social Security and SSI disability benefits will no longer be payable to individuals for whom drug addiction or alcoholism (DAA) was the primary reason for their benefit eligibility. SSA sent notices to about 200,000 such recipients this past summer notifying them of the new provision and offering them the right to appeal

the benefit termination by establishing that they have another serious disabling medical condition other than substance abuse. About 120,000 such recipients appealed and SSA has been expediting these appeals over the past four months. However, for the 80,000 who did not appeal, as well as those whose appeals have been denied, payments will stop on January 1, 1997. This has received extensive media coverage.

DEPARTMENT OF INTERIOR

- **Endangered Species Act (ESA) and Native American Rights:** Since 1980, the legal position of DOI has been that the provisions of the ESA apply to the exercise of Native American treaty rights. This position is very unpopular with tribal governments around the country. In an effort to address tribal concerns on this matter, Secretary Babbitt has made a commitment to the tribes to negotiate with tribal leaders a Secretarial Order regarding the manner in which the ESA will be applied to Indian lands and Indian trust resources. On December 18-19, Secretary Babbitt will meet with tribal leaders to discuss the draft proposed Secretarial Order.
- **CA National Park Solid Waste Agreement:** On December 9, the National Park Service (NPS) signed an agreement with Kaiser Eagle Mountain, Inc., to protect park resources from any adverse impacts resulting from the siting of a large municipal solid waste landfill adjacent to Joshua Tree National Park. The agreement provides for the establishment of a trust fund to preserve and enhance biological, scenic, and cultural resources in Riverside County. The trust, administered by the county, would receive \$6 million a year if and when the landfill operates at full capacity, about 20,000 tons of solid waste per day.

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Coastal Barriers Legislation: On November 12, you signed the Omnibus Parks legislation to make changes to the official Coastal Barriers System maps within 30 days of its enactment consistent with maps referred to in the Act. On December 4, DOI sent a letter to Chairman Young informing him that we had never received the maps referred to in the Act. On December 5, the Chairman responded stating that the Committee had sent the maps to DOI in September through the regular mail (a highly unusual practice). We have conducted a comprehensive search in the Department and are confident that the maps sent on December 5 are the first ones we have ever received from the Committee. It appears that the maps are significantly different from the previous maps. To avoid charges of intentional destruction of the maps, we are planning to accept the copies from Chairman Young and use them to implement the statute. This matter may eventually be decided in litigation since we have received a notice of intent to sue.

- **UT Monument:** On January 10, BLM and other DOI officials are meeting with UT to discuss their participation in the planning process. Representatives from DOI will meet with Governor Leavitt's staff to finalize details on a significant State role in completing the management plan for the Monument. A community assistance agreement with Kane County will make up to \$200,000 available to the county to write a management plan. Although Garfield County rejected the offer of financial assistance, several of the communities in Garfield County adjacent to the Monument have approached BLM asking for assistance. Every community adjacent to the monument but one has expressed an interest in having the Monument headquarters located in their community.
- **UT Monument Funding:** BLM is committing \$3.6 million of its 1997 funding for the monument. These funds will be used to increase field operations, increase and enhance visitor services, initiate the planning process and improve the base data on scientific and historic information. FY98 funding would be increased by \$5 million under the anticipated results of discussions between DOI and OMB. These funds would be used for the same purposes as in 1997, with emphasis on completing the required management plan for the monument in three years.
- **FOIA Request:** DOI is working on a FOIA request from the *Wall Street Journal* for records of correspondence and telephone communications between the members of the law firm of Steptoe and Johnson and Del Webb Corporation and Secretary Babbitt, Tom Collier (former Chief of Staff, now at Steptoe, and John Duffy (former Counselor to the Secretary, now at Steptoe) during calendar years 1993-96. The *Wall Street Journal* also requested records of any and all recusals by Secretary Babbitt, Tom Collier, and John Duffy during the calendar years 1993-96.

UNITED STATES DEPARTMENT OF AGRICULTURE

• **New Forest Service Chief:** Secretary Glickman plans to announce the appointment of Michael Dombeck as the new Chief of the Forest Service once you approve. Dombeck is also supported by Secretary Babbitt, the Vice President, and Bob Nash. Dombeck will leave his post as Acting Director of the Bureau of Land Management to take charge of the agency effective January 6, 1997. He will succeed the former Chief, Jack Ward Thomas, who retired in late November after 30 years with the Forest Service.

- **Civil Rights Update:** Pearlie Reed, Chairman of Secretary Glickman's Civil Rights Action Team, has completed his plan of action and is staffing his effort and forming working committees. Plans are to hold a series of listening sessions and meetings with constituency groups across the country. The Team will present its findings and recommendations to the Secretary by February 7.
- **Wheat Fungus:** In November, the wheat fungus, Karnal bunt, was detected in samples of wheat from at least 24 counties in AL, FL, GA, and TN. USDA is preparing a declaration of extraordinary emergency to enable the Department to enforce intrastate restrictions on movement of regulated articles and provide payments of compensation to affected growers and handlers. On December 8, the U.S. District Court for AZ ruled against the state's wheat farmers seeking to stop the Department from implementing its Karnal bunt rule for the 1996-97 growing season. The court did strongly urge USDA to come expeditiously to a decision on compensation for the coming season. USDA officials are working on a compensation plan, expected to be cleared by the Department by December 20 and forwarded to OMB for review.
- **Timber Update:**
 - USDA announced on December 13 that it has suspended further advertisement of emergency salvage timber sales under the salvage provision of the Emergency Supplemental Appropriations and Rescissions Act of 1995, which expires on December 31. Affected sales will be deferred until 1997 and will be subject to the normal public and legal review procedures.
 - After January 1, USDA expects to release the Tongass National Forest Plan Revision and related science assessments -- an action that will attract intense Congressional, public, and media interest, focusing on the projected sustainable timber harvest levels and the protection of habitat for the wolf and goshawk, two species being considered for listing under the Endangered Species Act.
 - In early January, USDA officials expect to release the draft land and resources management plan for national forests in Florida after more than two years of analysis and work with area interests, including evaluation of actions to address site-specific management of the red-cockaded woodpecker.

- **UT Dam:** USDA and county officials evacuated part of the Ashley National Forest in Utah because of concerns about public safety following reports of water seepage from the Long Park-Daggett Dam in southern Utah. Officials have begun to drain the dam and are working to reduce the risk of dam failure.
- **Food Prices Survey:** According to USDA Economic Research Service research presented on December 5, evidence from food expenditure surveys shows low-income households generally pay about 1 percent higher food prices due to the type of store outlet and location of the household. But their food expenditures are less because they choose a different mix of foods.
- **Agricultural Trade Developments:**
 - On the export front, Mexico announced December 12 that it was raising import duties on U.S. wine, wine coolers, brandy, Tennessee whiskey, fructose, flat glass, notebooks, and wooden furniture in response to the safeguard measure taken by the U.S. on broomcorn brooms.
 - China enacted a ban on poultry from MO and OK, effective December 9, citing occurrence of exotic Newcastle disease; USDA officials are working to correct the situation.
 - Argentina has agreed to lift its ban on fruits and vegetables from 17 counties in CA's San Joaquin Valley, effective December 12.
 - On a positive note, USDA reported in December that egg products exports reached more than \$63 million during the January-September period -- nearly double the value of exports during the same period in 1995.
- **Agricultural Markets:**
 - For the week ending December 13, cash prices for wheat averaged \$4.73, a decline of 9 cents from the previous week.
 - Corn prices were largely unchanged.
 - USDA increased its forecast for soybean prices during marketing year 1996-97 to a range of \$6.30-\$7 per bushel.
 - The December 12 *Crop Production* report forecast a 1996 cotton crop of 18.74 million bales, up 144,000 bales from the November report, making it the third-largest production on record.
 - Hog prices declined \$2.30 per hundredweight (cwt) while steer prices averaged \$66.21 per cwt, a decline of \$2.65 per cwt.
 - Milk prices took a major plunge to \$11.61 per cwt, compared with \$12.87 a year ago and \$14.13 for October.

- USDA raised its forecast of U.S. cotton exports for 1996-97 by 400,000 bales to 6.2 million bales.
- The 1996-97 soybean exports forecast was raised 30 million bushels to 900 million bushels, the highest yearly level in 15 years.
- **FOIA Request:** *Common Cause* magazine requested a list of FOIA requests to USDA since January 1996.

DEPARTMENT OF ENERGY

- **Contract Reform:** On December 16, DOE signed three new performance-based contracts that will save a total of more than \$34 million, ~~maximizing the benefits to taxpayers for their investments in research and development.~~ The contracts are for the management and operation of DOE's Fermi National Accelerator Lab in IL, Princeton Plasma Physics Lab in NJ, and Ames Lab in IA.
- **Nuclear Facilities External Regulation:** On December 20, Secretary O'Leary will announce a proposal that will require legislation to phase in all nuclear facilities over the next ten years from self-regulation to external regulation by the Nuclear Regulatory Commission.
- **Utility Letter:** On December 17, DOE informed generators and owners of commercial spent nuclear fuel that DOE anticipates a delay in accepting the fuel by January 31, 1998. The letter asks utility companies to submit comments on "how the delay can best be accommodated" by March 14, 1997. Media coverage has included the *AP* and *Wall Street Journal*. More media inquiries are expected.
- **Nuclear Weapons Program:** On December 20, as part of the Administration's nonproliferation policy, Secretary O'Leary is expected to sign the decision for the Stockpile Stewardship and Management Program, the program through which DOE carries out its statutory responsibility for the U.S. nuclear weapons program. The decision includes the siting and construction of the National Ignition Facility at the Lawrence Livermore National Laboratory in CA to use science-based methods to test U.S. weapons. DOE will maintain its manufacturing capability at existing weapons industrial plants while appropriately downsizing the volume of weapons-components manufactured.
- **Waste Management:** DOE expects to release in early January its final environmental impact statement for most waste management activities. This document represents over

* \$30 billion in waste management projects. This is part of the Administration's strategy to clean up and stabilize the legacy of 50 years of nuclear weapons production. Cleanup is expected to last well into the next century affecting states like CO, WA, ID, CA, NM, NV, IL, SC, NY, OH and TN.

- **WA Cleanup:** In early January, DOE will announce its final decision to solidify millions of gallons of highly radioactive waste in the 177 tanks at the Hanford site in WA. Two privatized contracts, worth \$27 million each, were awarded to BNFL, Inc. and Lockheed Martin in September to begin the technical and financial specifications of the radioactive waste solidification facilities. This is the largest privatization and remediation project undertaken by DOE. Cleanup is expected to begin in 1999.
- **ID Waste Treatment Contract:** On December 20, DOE is expected to announce a \$1 billion privatization project to provide treatment of mixed waste (chemical and radioactive) at the Idaho National Engineering Laboratory over the next 18 years.
- **Plutonium:** In mid-January, DOE expects to announce the storage location for surplus weapons-grade plutonium. The announcement follows release of the Final Environmental Impact Statement on December 9, which contained the DOE's Preferred Alternative for a dual-track strategy to irreversibly dispose of the nation's surplus plutonium and to reduce the number of sites where nuclear weapons materials are stored.
- **Propane Price Decrease:** Warmer weather in the Midwest caused spot propane prices at the major trading hubs to dramatically fall from their record levels of the past several weeks. Spot prices at Mont Belvieu, TX, fell to about 56.9 cents per gallon by December 12, down from a peak 70.25 cents per gallon on December 3. Spot prices at the other major trading hub at Conway, KS, saw prices drop from their December 3 peak of 97.5 cents per gallon, to 84.75 cents per gallon by December 12. Contributing to lower prices last week was the modest 0.6 million barrel draw on inventories. Cold weather and low inventories could be expected to renew upward market pressures.

- **Summit of the Americas:** As part of the Vice President's U.S. delegation to the first Summit of the Americas on Sustainable Development in Bolivia, the Summit leaders signed a Declaration and Plan of Action, including a section on energy and minerals. The energy related language builds upon DOE's hemispheric cooperation to date, and calls for new governmental actions including national steps to reduce barriers to renewable energy, energy efficiency, and cleaner energy technologies. In addition to the formal Summit agenda, the Vice President and Bolivian President Gonzalo Sanchez de Lozada signed a Declaration accepting the first joint implementation project to reduce polluting emissions.
- **Poland Gold Medal Award:** The Polish Ministry of Environmental Protection has announced the awarding of gold medals to the Morcinek Mine Project in southern Poland for achievement in protection of the environment and water management. The project is expected to reduce coal mine methane emissions, produce brine waters from the coal mining operations, and provide a source of clean water for the region.
- **Medical Isotopes:** On December 10, DOE shipped the first samples of molybdenum-99, a medical isotope, to U.S. commercial pharmaceutical suppliers. Today the U.S. is completely dependent on foreign sources for the isotope used in over 36,000 medical procedures a day diagnosing functions of internal organs and cancer. This isotope is used in soft tissue imaging similarly to the way x-rays are used to image bones.

DEPARTMENT OF EDUCATION

- **Research Priorities Report:** On December 16, Secretary Riley released the *Building Knowledge for a Nation of Learners: A Framework for Educational Research* report that has received considerable media attention. The report outlined seven priorities: 1) improving prekindergarten education; 2) improving education at all levels to promote both academic achievement and problem-solving abilities; 3) ensuring effective teaching by improving teacher preparation and professional development; 4) strengthening schools to engage young people with different needs; 5) preparing diverse populations to participate in American society; 6) promoting learning in by using out-of-school experiences; and 7) understanding the changing requirements for adult competence in civic, work and social contexts.

✓ **Secretary's Schedule:** On January 20, Secretary Riley will meet with General Becton, the newly appointed Superintendent of DC's public schools. On January 15, Secretary Riley will address the Catholic Bishops' Conference in DC.

ENVIRONMENTAL PROTECTION AGENCY

- **LA Estuary Protection:** On December 16, EPA approved a plan to restore and protect the environmental and economic health of LA's Barataria-Terrebonne Estuary. Local communities will use this long range management plan, which resulted from a local and regional effort, to identify and address problems affecting aquatic habitats and water quality. 14 percent of LA's population lives in the area around the estuary, which encompasses 3.2 million acres. About 95 percent of the fish and shellfish harvested in coastal LA are dependent upon this system.
- **National Air Standards:** On December 7, the *New York Times* reported that Senator Chafee is circulating a draft letter to Administrator Browner expressing strong opposition to EPA's proposal to strengthen the standards for particulate matter (soot) and ozone (smog). EPA has been working with Senator Chafee and the other members of the Committee to draft a letter that would ask the Agency specific questions rather than opposing the proposals in general and will continue to work with the members to address their questions and concerns about the proposals.
- **Drinking Water:** On December 19, Administrator Browner interviewed with *Consumer Reports* for a feature story on the safety of the nation's drinking water. Administrator Browner highlighted Administration initiatives designed to protect drinking water, including the Safe Drinking Water Act you signed last summer. Also on December 19, Administrator Browner appeared on a *Fox Network* program to discuss the state of the nation's drinking water, and the Administration's accomplishments in ensuring safe drinking water for all Americans.
- **Ozone Air Pollution:** This week, EPA expects to send to OMB a preliminary notice describing a joint EPA-state effort to reduce ozone (smog) air pollution in the Eastern U.S. EPA has worked closely with 37 Eastern states to develop a broad regional strategy to reduce smog pollution across the entire area. Results from this joint EPA-state effort are expected by March 1997. EPA will then propose regulations to implement the regional program, involving additional controls on electric power plants to reduce the adverse environmental and public health effects that may result from deregulating the electric utility industry. EPA estimates that the vast majority of counties that would not meet the new standards as proposed would be able to do so under this regional ozone program.

GENERAL SERVICES ADMINISTRATION

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Computers to DC Schools: On December 12, Administrator Barram was joined by Congresswoman Holmes-Norton and DC Councilman Kevin Chavous in presenting 32 computers to H. D. Woodson High School in Washington, DC.

- **DC Public-Private Partnerships:** On December 12, Administrator Barram joined members of DC's Interactive Downtown Task Force and other local officials at a news conference to release the group's report, "A Vision and Action Plan to Revitalize the Heart of Washington, DC."
- **DC Public Schools:** On December 16, Administrator Barram met with Julius W. Becton to discuss GSA's role in the renovation of DC's public school buildings.
- **San Francisco Redevelopment:** On December 17, GSA staff met with representatives of Mayor Brown's office and the San Francisco Redevelopment Agency to discuss a proposal for incorporation of the Old San Francisco Mint building into a Redevelopment Agency development project.
- **Media Activities:** GSA is working with a *Washington Post* reporter on GSA's role in maintaining DC's public schools.

UNITED STATES INFORMATION AGENCY

- **VOA in Croatia:** VOA's reporting as the leading international broadcaster to Croatia has been sharply criticized by the regime because of its coverage of opposition as well as government statements. Croatian President Tudjman accused intellectuals, human rights groups, opposition leaders and the VOA of trying to destabilize the country.
- **International Polling:** Opinion polls conducted this week by USIA include:
 - **Israel:** A survey showing that Israeli public opinion opposes Netanyahu's settlement policy. The poll showed growing dissatisfaction with the Netanyahu government, with 60 percent of respondents "not very" or "not at all" satisfied with current policies on settlements. This is an increase of 8 points since October.

- **Lebanon:** A poll in Lebanon showing that half of all respondents (down from 70 percent one year ago) support the Oslo II accord and a normalization of relations with Israel.
- **India:** A new survey in India showing that 80 percent of urban college graduates support their government's decision to refuse to sign the Comprehensive Test Ban Treaty.
- **EU:** USIA is preparing a study to be conducted in Britain, France, Germany and Italy covering NATO and EU enlargement, immigration and narcotics.
- **Afghanistan Women's Rights:** VOA's two Afghan language Services are highlighting the plight of Afghan women. On December 12, in a call-in program, the director of the CA-based International Afghan Women Association discussed human rights abuses in Afghanistan. Many more calls were received than could be accommodated.
- **Foreign Press Reaction to UN Secretary General:** USIA's daily assessment of worldwide media reaction showed that the selection of Kofi Annan as the next UN Secretary General was hailed in the foreign press as a positive development. Analysts from Third World countries were clearly rankled by what they perceived as the blatant use of American power. A centrist Russian paper said, "Washington has shown again who is Number One in this World." A number of editors, most of them in Europe, called on the U.S. to move quickly to pay its "scandalous" debt to the UN.

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

MESSAGE CONFIRMATION

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THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Sally Katzen

Fax Number: 53047

Phone Number: 54852

FROM: Carol Cleveland

SUBJECT: Radio Address

DATE: December 26, 1996

NUMBER OF PAGES (including cover sheet): 6

MESSAGE:

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

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'96 DEC 24 PM5:41

December 24, 1996

MEMORANDUM TO THE PRESIDENT

FROM: Sally Katzen, ^{SK}OMB and Philip Reacht, Deputy Administrator, NHTSA

RE: December 28, 1996 Radio Address

This week's radio address deals with 3 critical highway safety issues--(1) the need for all Americans to exercise personal responsibility and avoid driving under the influence of alcohol and drugs, particularly during this holiday period, (2) the Administration's plan to increase the effectiveness of airbags through technological changes and by educating families of the need to always wear seat belts and put children in the back seat, and (3) the overall importance of seat belt use. On this last point, you will be issuing a directive to the Secretary of Transportation to work with interested parties and report back with a plan to increase seat belt use in the country.

1. Driving Under the Influence

Highway fatalities remain at epidemic levels in the U.S. In 1995, over 41,000 Americans died in highway crashes. Highway crashes are the leading cause of death for Americans of every age from 5 through 27. Alcohol remains a major factor. In 1995, over 40% of all highway fatalities were alcohol-related. This represents a 4% increase over 1994 in the actual number of alcohol-related fatalities, the first such increase in 12 years. The increase occurred exclusively among adults. Alcohol-related fatalities among persons under 21 continued to decline, thanks in part to stronger laws like "zero tolerance".

The Administration has been proactive on the issue of driving under the influence, particularly with respect to youth. In 1995, you called on the Congress to require all states to enact zero tolerance laws, which it did. This year, you called on General McCaffrey and Secretary Peña to recommend measures including pre-license drug testing, to deter drug use and drugged driving among young persons. The report containing their recommendations is due to you by January 17, 1997.

The holiday period is an appropriate time to remind Americans to avoid driving under the influence. It is estimated that, during this year's 10-day Christmas-New Year's period, approximately 1,100 people will be killed in highway crashes. Nearly half of those crashes will be alcohol-related.

2. Airbags

Airbags have proven to be extremely effective in saving lives and preventing serious injuries in frontal crashes. Since their introduction about 10 years ago, airbags have saved the lives of almost 1700 drivers and passengers. Almost 500 lives were saved in 1995 alone. When airbags are fully deployed in the fleet around the year 2000, they will save over 3000 lives a year.

whole generally has been well received. The radio address is meant to calm public fears of airbags by explaining their benefits, the simple rules which can ensure airbag safety for families, and the nature of the Administration's comprehensive airbag safety plan.

3. Seat Belt Use and Directive

Seat belts are the primary safety device in a vehicle. Unlike airbags which provide protection only in frontal crashes, seat belts work in all crashes--frontal, side, rear, and rollover. Seat belts nearly double one's chances of surviving a crash without serious injury or fatality.

In recent years, seat belt use has plateaued at approximately 69% in the U.S. While this is a major improvement over the approximately 12% use rate of the early 1980's, it falls far short of use rates in many other industrialized nations. For example, Canada, Australia, and many European nations have use rates well above 90%. Seat belts currently are saving about 10,000 lives a year in the U.S. If the U.S. belt use rate could be raised to 90%, over 5500 additional lives would be saved each year.

One of the factors blamed for the U.S.'s relatively low belt use rate is the weak seat belt laws in many states. While the federal highway law threatens sanctions on states without seat belt laws, and while 49 states plus D.C. have mandatory belt use laws, the vast majority of such laws are "secondary" laws. Under those laws, an officer may stop a car and issue a ticket for failure to use seat belts only if the officer stops the car for some other violation (e.g., speeding, expired registration). Only 11 states have "primary" laws which allow officers to stop and ticket a violator based solely on his/her failure to wear his/her belt. D.C. recently passed a primary law, but it has yet to take effect.

As may be expected, belt use is significantly higher--usually 15% higher--in those states with primary belt laws. States which upgrade their laws from secondary to primary generally experience an immediate increase in belt use. States which add on high visibility, aggressive enforcement campaigns see additional increases. As one example, North Carolina's "Click It or Ticket" enforcement campaign resulted in a 15% increase in belt use in just 6 weeks.

In the radio address, you will direct the Secretary of Transportation to work with the Congress, states, and other interested parties to develop and report back to you on a plan to increase seat belt use in the country. The formal directive, which will be presented for your signature next week, will set a 45-60 day deadline for the report. The report no doubt will explore ways to encourage tougher state seat belt laws, more vigorous enforcement of those laws, and increased public education concerning the benefits of seat belt use.

If you have any questions, please contact Sally Katzen.

PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON AUTO SAFETY
December 28, 1996

As we approach the New Year 1997, I hope all Americans will think about the blessings we share -- and our obligation to use those blessings wisely. The New Year is about opportunity -- about renewed chances to make the most of our God-given potential. But as always, with opportunity comes responsibility -- that is America's basic bargain. Today, I want to talk about one of our greatest responsibilities: taking care to protect ourselves and our children.

One of the most important places to do that is on the road. Especially at this time of year, too many people pose a threat to themselves and to others by drinking and driving. That's why I fought to make it illegal for all people under 21 to drive with any alcohol in their blood -- and that is now the law in 34 states. We should use the privilege of a driver's license to demand responsibility when it comes to drugs -- by insisting that teens pass a drug test as a condition of getting a driver's license. Let's send a simple message to our children, our families and our friends: driving under the influence of drugs or alcohol is wrong, it's illegal, and it can kill.

There is more we must do to meet the fundamental rules of safety: we must all wear seatbelts, which are the first line of defense against injuries and fatalities, saving 10,000 lives last year alone. We must use child safety seats for small children, and always keep children 12 and under buckled up in the back seat, where they are safest. And we must all learn about the proper use of airbags, one of our most important safety tools.

In recent months, some concerns have been raised about airbags. This much is clear: airbags save lives -- almost 1,700 since their introduction. At the same time, airbags inflate with considerable force and can pose risks to children sitting unbuckled in the front passenger seat, instead of buckled up in the back seat, where they belong. That is why our Department of Transportation is working with auto and insurance companies, safety groups and parents and families to make airbags safer for children -- so that together with seatbelts and other safety measures, they provide the full protection our families need.

Researchers are now developing a new generation of "smart" airbags, which will determine the size of the passenger, and inflate just enough to protect them without hurting them. But while we wait for this new technology, there are steps we can take to protect our children right now.

This November, my administration's Department of Transportation announced that we would soon propose a series of short-term steps to make airbags safer for children. Right away, we required better and more visible warning labels in cars and on child safety seats -- so that no one forgets to keep small children buckled up in the back seat.

Today, I am pleased to announce that we are sending forward three additional proposals to protect our children, as outlined last month by the Department of Transportation. First, under these new rules, auto manufacturers will be able to install less powerful airbags, to reduce the risk

to children, and to smaller and older adults. Second, car dealers will be able to deactivate the airbags of any owner who requests it -- as long as they understand the risks of doing so. For both of these measures, we will begin taking public comment next week, and they could take effect as early as this Spring. Finally, effective immediately, we are extending a rule that lets manufacturers install cut-off switches in cars that don't have back seats or room for child safety seats. Those who cannot buckle a child safely in the back seat will be able to switch-off the airbag while that child rides in the front.

Of course, airbags have always been just part of the solution. In rear or side collisions, airbags are not even meant to inflate. That is why we must always wear seatbelts, which protect us in all kinds of collisions. If there is one thing we can do to save thousands of American lives, it is to increase seatbelt use nationwide -- and today, I am directing the Secretary of Transportation to work with the Congress, the states and other concerned Americans to report back to me with a plan to do so.

The steps we are taking will make our roads safer, and our children more secure. We are making airbags safer for children. We are working to increase the use of seat belts nationwide. And we are demanding the responsibility that comes with the privilege of driving. That's the way to ensure that families can go for a drive with safety, security, and peace of mind. If we all take that responsibility, both on and off the road -- if we all do our share to protect our children and families, and meet our obligations to each other -- we will be able to seize the remarkable opportunities that each New Year brings.

In this season of renewal, let us seize that opportunity, and rise to that responsibility, to make the most of 1997. Hillary and I are grateful for all you have done for our family in the past year. We wish you and your families a happy New Year, and we look forward to working with you in the years ahead -- to meet America's challenges, and make this nation a stronger, safer place for all of us. Thanks for listening.

At the same time, current airbags have proven to create risks for children and, to a lesser degree, short stature and older drivers. The National Highway Traffic Safety Administration (NHTSA) is aware of 32 children who have died in low speed crashes from the force of a deploying passenger airbag. Nine of the children were infants in rear-facing infants seats, which should never be placed in front of a passenger airbag. The vast majority of the other 23 children were unbelted or improperly belted.

In addition, NHTSA is aware of 19 drivers killed by airbags. The vast majority were women. Most of them were unrestrained, 5'2" or shorter, and over 60 years old.

Clearly, safety devices should not create risks of fatalities in circumstances where fatal or serious injuries would not otherwise occur. On November 22, 1996, the Administration, per NHTSA, announced a comprehensive plan to reduce and ultimately eliminate the risks posed by today's airbags. Most significantly, the plan seeks to speed the development and deployment of "smart" airbags, *i.e.*, airbags which use sensors to detect the presence and location of the occupant and then deploy the airbag in the most effective manner. By the spring of 1997, NHTSA intends to issue a rulemaking proposal requiring that smart airbags be phased into the fleet beginning in model year 1999.

In the meantime, NHTSA has embarked on an extensive education campaign to implore families to follow the key airbag safety rules: put all children in the back seat, never place a rear-facing infant seat in front of the airbag, make sure all occupants are properly restrained, and sit as far back from the airbag as feasible. At the November 22 announcement, NHTSA released a final rule requiring all new cars and child seats to bear eye-catching labels containing these same messages.

NHTSA also is proposing certain interim changes affecting the airbags themselves. First, NHTSA is proposing to allow manufacturers to install less powerful (so-called "depowered") airbags in new vehicles. While depowered bags will be safer for children, they may provide less protection for unbelted adults. While potentially controversial, we believe this tradeoff to be acceptable, given the ability of the adults to ensure their safety by wearing their seat belts. We expect this tradeoff issue to receive significant attention during the comment period on this proposal.

Second, NHTSA has decided to extend until 2000 the prerogative of manufacturers to install airbag cutoff switches in vehicles which lack a rear seat or whose rear seat is too small to accommodate a child safety seat. Finally, NHTSA is proposing to allow owners of cars without such cutoff switches to have the airbags deactivated by dealers, so long as the owners are first made aware of the risks of doing so.

OMB has cleared these 3 proposals and final rules. They will be issued by NHTSA after the radio address, probably as early as Monday. While not all interested parties agree with all aspects of the plan (airbag deactivation currently is the most controversial aspect), the plan as a



12-13-76

Duty station
from-tape of
Chesapeake
B36

THE PRESIDENT HAS SEEN

12-26-96

Ralph,

Here is the DAs I

Told you that I would

Send.

I

hope The Clintons

JIM DORSKIND:

Please coordinate
the reply.

Enjoy it!

Take Care.

Rich Christy

~~PHONE CALL~~
~~TO SENATOR~~

~~JAMES EXON~~
She's on KP1 -
Do not let parents
PC

THE PRESIDENT HAS SEEN
12-26-96

JIM DORSKIND:

Please coordinate
the reply.

The President
3 The First Lady

3
C/S 1/592



AMILY CIRCUS

By Bill Keane



12-9
© 1999 Bill Keane, Inc.
Dist. by Comics Synd., Inc.

"That's the presidential seal."
"I thought they only had a cat."

Love, P + 3 Ellis

7/01/2ka



A Joyous Christmas
and a Happy and Prosperous New Year.
To Our President & Our First Lady,
and Cheba — With Love From —
Pat & Ella Holtske (Leek's Parents).
God BLESS YOU!

THE PRESIDENT HAS SEEN

12.20.96

'96 DEC 24 AM 9:33

20 December 1996

MEMORANDUM TO THE PRESIDENT
THE VICE PRESIDENT

CC: Leon Panetta
Evelyn Lieberman
Erskine Bowles
Maggie Williams
Ron Klain
Skila Harris
Bruce Lindsey
Nancy Hernreich
Ann Stock
Ann Jordan
Terry McAuliffe
Craig Smith
Deborah Willhite

*What's the
cost? Downside?*

From: Harold Ickes *HI*

Re: Inaugural envelope cancelled by several post
offices on 20 January

Mark Weiner has proposed to have 10,000 original envelopes with a picture of the President and the Vice President in the upper left hand corner and an Inaugural stamp in the upper right hand corner to be cancelled in several post offices including Little Rock and Carthage, which could then be offered for sale as part of Inaugural memorabilia.

I would appreciate your comments.

THE PRESIDENT HAS SEEN

12-26-96

'96 DEC 24 PM 12:34

22 December 1996

MEMORANDUM TO

THE PRESIDENT

CC

LEON PANETTA
EVELYN LIEBERMAN
ERSKINE BOWLES
MARCIA HALE
JEFF FARROW

FROM

HAROLD ICKES *HI*

RE

Inauguration of Governor Pedro Rossello on 2
January in San Juan, Puerto Rico

Governor Pedro Rossello of the Statehood Party will be inaugurated for his second term in San Juan, Puerto Rico on 2 January. He won re-election by a "landslide" against Mayor Acevedo of the Commonwealth Party. The Governor's party now controls 2/3 of both houses of the legislature, and his party's mayors control nearly 2/3 of the significant city halls in Puerto Rico (which are the political power base in Puerto Rico).

Your vacation trip to St. Thomas, Virgin Islands, 1-5 January, has raised a significant issue with respect to Puerto Rico. Since the Virgin Islands are only 40 miles from Puerto Rico, the Governor has let it be known that he would very much like your presence either at his inauguration, or if that cannot be worked out from your point of view, a stop by you on your way down to the Virgin Islands or on the way back to the U.S.

As you know, symbolism is of great importance to Puerto Ricans. Your stopping there, whether to attend the Governor's inauguration or otherwise, would mean a great deal. This Administration's history with Governor Rossello and Puerto Rico has been somewhat rocky. Two years ago to the month, the First Lady had to cancel her planned visit to Puerto Rico in the space of 24 hours due to the political complications that arose between Statehooders (headed by Governor Rossello) and the Commonwealthers (headed by the Mayor of San Juan, Acevedo).

Then this past July, we decided to cancel your trip to the NGA conference being held in Puerto Rico, which Governor Rossello had worked very hard to get held there. (As you know, he will be elected as vice chair of the DGA this coming January and will presumably succeed to chairmanship of the DGA in 1998.)

Although both of these cancellations were the result of the very dicey political situation in Puerto Rico, they obviously left a bad taste.

Jeff Farrow, who very ably advises the White House with respect to Puerto Rico politics generally, strongly recommends that you either attend the inaugural or stop on the way down or the way back. Notwithstanding the intricacies of Puerto Rico politics, especially the competition between the Commonwealth Party and the Statehood Party, given the Governor's landslide re-election and victory, those problems will be considerably muted. It is Jeff's opinion, with which I agree, that now is the most opportune time to go to the island given the blush of the Governor's victory.

The Vice President is not able to go, since he has pre-arranged plans for his vacation out West. It is felt that other than perhaps the Attorney General, there is really no one else other than you who will fill the bill in this regard. Jeff reports that there is much speculation in the Puerto Rico press as to whether or not you will be attending the Governor's inauguration. Apparently you casually remarked to a reporter from the San Juan Star this Tuesday that you would like to go to Puerto Rico. Although apparently you only referred to possibly going to Puerto Rico generally and did not specifically refer to attending the Governor's inauguration, this has merely increased the speculation on the island (which thrives on political speculation) that you may be coming.

It is Jeff's strong feeling that given the past history with the Governor, and the fact that you will be vacationing only 40 miles away, that now is an opportune time to make a stop in Puerto Rico. Not to do so, will not sit particularly well with Governor Rossello. Obviously, the world will not stop turning if you decide not to go (and I can understand that you just want to get away those days with no formal appearances). In any event, we need to discuss how to handle.

Given the particular difficulty of politics in Puerto Rico, Marcia Hale does not think it necessary for you to go to Puerto Rico during January. On balance, she advises against your going.

I will call you tomorrow (Tuesday) to discuss.

THE PRESIDENT HAS SEEN

12 20 96

'96 DEC 24 PM 12:35

22 December 1996

MEMORANDUM TO

THE PRESIDENT
THE VICE PRESIDENT

CC

LEON PANETTA
EVELYN LIEBERMAN
MAGGIE WILLIAMS
RON KLAIN
DEBBIE WILLHITE

FROM

HAROLD ICKES (HS)

RE

Proposed inaugural lithograph by George
Rodrigue

Attached is a photocopy of the artist's sketch of the proposed lithograph and a copy of a 23 December 1996 memorandum to Debbie Willhite from Bud Brimberg of Pro Creations describing the proposed lithograph.

Under the terms of the agreement with the agent for the artist, approval of the attached lithograph or comment by you must be submitted to the agent no later than 6 p.m. 24 December.

No later than 6 p.m., 26 December, the second "draft" of the proposed lithograph will be submitted to you, if needed.

No later than 6 p.m., 27 December, you must give final approval.

If the Presidential Inaugural Committee ("PIC") is unable to reach an agreement on the artwork, the project can be cancelled, but PIC will forfeit \$70,000.

I will call you midday tomorrow (Tuesday) to discuss.



ProCreations**fax.****Date:** Monday, December 23rd, 1996**Fax Number:** 202-222-1799**To:** DEBBIE WILLHITE**Company:** PIC**From:** Bud Brimberg **Sender's Phone:** 1.212.252.0002 **Sender's Fax:** 1.212.252.0004**Total Number of Pages:** 2 **Re:** INAUGURAL POSTER - SKETCH SUBMISSION**Dear Ms. Willhite:**

I am pleased to enclose George Rodrigue's sketch for the 1997 Inaugural print & poster for your approval.

The President & Vice-President are portrayed as vigorous and strong as they stride purposefully on the path of their American Journey. With the Capitol in the background, they symbolically lead the Congress as the sun rises on the new millennium.

The colors include greens with glints of golden yellow and blue on the ground and a variegated blue sky above foliage and streaks of sunlight at the top. The men are wearing dark business suits with conservative color in their ties. The dog, of course, is blue. She is a witness to history who balances both the blue sky and the mass of the Capitol. The overall effect is powerful and elegant, yet playful. We can sell this print.

I recommend that you consider the following editions: The Artist Signed and the Unsigned (Numbered) editions remain at 2,500 and 5,000, respectively. They are reproduced with the lettering shown and sold as "posters." The "Presidential" edition is distinguished by several features: There is no lettering, making this edition an "art print." Art prints command higher prices in the market than do posters. The print bears the pencil signature of Rodrigue, a hand-stamp of the Inaugural Seal and reproductions of the signatures of the President and the Vice-President as well as a number in the format 1/1000, etc. Overall, I think the effect of all this will be quite impressive.

The approximate size of the image will be 23" x 35" printed on a 24" x 38" sheet. This leaves 1/2" of paper on the top and sides and 2 1/2" at the bottom for the signatures. These dimensions, and the placement of the elements on the page, may vary slightly as Rodrigue turns his sketch into the finished painting.

If the image is acceptable, or if there are changes you require, please fax them to me ASAP. Although our Agreement gives you until tomorrow at 6 p.m. to respond, the more time Rodrigue has to paint and we have to print, the better the finished product will be.

Regards,

Bud Brimberg

THE PRESIDENT HAS SEEN

12-18-96

If we stop tomorrow do
we forfeit artwork?
Has anyone explained
the Blue Dog problem to
Rodrigue? - Do we
need this money?

17 December 1996

'96 DEC 17 PM 6:42

MEMORANDUM TO THE PRESIDENT
THE VICE PRESIDENT

CC: Leon Panetta
Evelyn Lieberman
Maggie Williams
Ron Klain
Skila Harris
~~Robert W. White~~
From: Harold Ickes (H)

Re: Proposed Inaugural lithograph by George Rodrigue

Handwritten notes:
If we stop tomorrow do we forfeit artwork? Has anyone explained the Blue Dog problem to Rodrigue? - Do we need this money?
BC

The proposed Inaugural lithograph by George Rodrigue will be approximately 34 inches high and 22 inches wide. The President will be seated and the Vice President will be standing behind him. The "blue dog" will be sitting near the President. It is proposed that the dog will be approximately 6 inches high and 3 and a half inches wide.

If you agree that we should go forward with this project (approximately 1,000 posters to be signed by the President, the Vice President and the artist to sell at \$2,500 per; 2,500 posters to be signed by the artist to sell at \$400 per and 5,000 posters to sell at \$100 per) the paper stock must be ordered tomorrow (Wednesday). Therefore, you need to make a decision by noon tomorrow.

You will have the right to approve the proposed lithograph, but the approval timelines will be very tight.

No later than 6:00 PM, 23 December, the artist will provide to you rough sketches showing elements of art work and approximate layout.

No later than 6:00 PM, 24 December, you must approve the rough sketches or request alterations.

No later than 6:00 PM, 26 December, the second "draft" of the artwork will be submitted to you, if needed.

No later than 6:00 PM, 27 December, you must give final approval.

If PIC is unable to reach an agreement on the artwork, the project can be cancelled, but PIC will forfeit \$70,000.

I would greatly appreciate your letting me know no later than noon tomorrow whether PIC should go forward with this project.

THE WHITE HOUSE
WASHINGTON

'96 DEC 21 PM 3:32

December 21, 1996

THE PRESIDENT HAS SEEN
12.20.96

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

CRIME/DRUGS: We are soon going to be forced into deciding how to handle the Brady Bill extension for cases of domestic violence. In a last minute move to punish the police groups for supporting the President, GOP members have reversed a 30 year exemption for police officers from gun control legislation.

In the 1968 gun control legislation, police officers and members of the armed forces were given an official exemption from gun control laws. Because of the GOP action, law enforcement officers who are guilty of domestic violence charges are now being reassigned to desk jobs or losing their jobs.

Some GOP members are willing to change the law to make it prospective rather than retrospective. We would like the 30 year practice to be reinstated. The GOP will not be so forthcoming. They will force the Administration to either settle for a blanket prospective application or no change at all. As you can imagine, the womens' groups want no change at all. We may be forced to choose between women' groups or law enforcement groups.

I am maintaining a poker face with the press that this is not our problem. We want the GOP to make the first move. I have discussed the matter with Betsy Myers and we are trying to reach a common strategy.

On another matter relating to the Brady Bill, we will in all likelihood lose the Supreme Court case. I have asked Justice and Treasury to prepare a letter for all police chiefs to go out the next day calling on them to continue to enforce the five day waiting period. In addition to that action, we are organizing a letter signed by major city police chiefs to be released after the decision committing themselves to the five day waiting period. We are also preparing a Justice Department study showing that under the Clinton Administration national and state criminal records have been upgraded from 10% to 50%.

This week I held a meeting between Justice, ONDCP, and Treasury staff to begin to finalize the Juvenile legislation. We are very close to completing the legislation. I have asked that the legislation and the programs be modeled on the Boston program. This would enable us to tell a

Good

Police box
letter calls
for 5 day
waiting
period
pay for it?

single story throughout the long legislative debate on the legislation.

The Boston story is gaining national recognition for its innovation. ABC News, the New York Times, and USA Today have all ran stories on the success of the Boston program. I think the President should introduce the legislation in Boston. The goal is simply to make the Boston program our story.

✓ The New York Times ran a story yesterday on the dramatic drop in crime in New York city. This means that in 1997 the national crime rate will show another drop.

[The DEA director leaked the recommendations from ONDCP for action on Proposition 200 and 215. This story will run on Sunday. McCaffrey did a good job working on these proposals, but the leak puts the onus on the President to decide with-out a briefing. DEA is trying to force the President to take their recommendations. (Their suggestions are good, but it is a funny way to do business.)

On Thursday we released the youth drug numbers from the "Monitoring the Future" report. The report showed continued rise in drug use among adolescents. The coverage lacked the normal recriminations we saw during the campaign for similar studies.

[If we decide to fund General McCaffrey's advertising budget, we must require that the advertisers produce a slogan for the President. As I have said many times, the President is missing a snappy slogan for his anti drug policies.

WELFARE: Bob Greenstein and group leaked to the Washington Post our welfare reform proposals. The story did not solicit any follow up questions. However, this story will come back to haunt us again and again.

I continue to caution that we do not want our communication on welfare to be overwhelmed by the budgetary fixes to SSI, immigrants, and food stamps. The President's rhetoric and communication must be filled with the welfare to work initiative, teen pregnancy campaign, etc.

[The other day the Los Angeles Times ran a great story on the Oregon program and their innovative use of the food stamp program to supplement wages. These are the type of stories that need to fill the President's welfare schedule.

[I have held a number of conversations with Jerry Grunwald of United Airlines. He would like to chair the President's Private sector initiative on welfare to work. We need to schedule a coffee with the President and Jerry Grunwald in January to secure his involvement prior to the State of the Union.

EDUCATION: The Education Department has sent over the first draft of a long term schedule of announcements. My goal is to organize the Education Department and our efforts along the outlines of how we manage the Justice Department. It is my sense that the President's Education agenda lacks a strategic core. There is a great deal of activity but not a focused agenda.

you can
learn a lot
from
McCaffrey
Call
Grunwald
or
Patt

Agree

agrees

getting
this
story -
again

What about other
issues
Road? can't
win a lot of
them

agrees
Stas/Grunwald
Green (bless)

agreed
need
early
reply
or paper

I attempted to schedule Secretary Riley with ABC news for their story on the Oakland school districts decision to embrace Ebonics as an official language. I think we should come out four square against Ebonics and declare no Federal funding for such a program. A clear and unambiguous message will help us when we face the fight over bilingual education funding. We need to move quickly if we want to enter this battle.

PENSIONS: The Pension working group produced a document outlining the next three months of action for the Administration. I have yet to review their recommendations, but hope to include their suggestions in our long term schedule. Based on the press from this week, we can make bi-partisan progress in this area.

Agreed

RESEARCH: Earlier in the week I sent you a plan for the research operation. I cannot stress how important this is to our ability to manage the President's agenda over the next year. Now that the Cabinet is out of the way, I hope to meet with you soon. We need to reserve staff space for a real research operation.

LONG TERM: I have convened two meetings to plan and coordinate the long term schedule thru March. It is essential that we hit the ground running from the Inaugural and State of the Union forward. We need to establish and control the agenda. The Congress will clearly want to focus on DNC activities. Therefore, we want to engage in an aggressive dialogue with the American people about their future and their children's lives.

Verin

In that vein, we need to do a better job managing the DNC finance story. The last couple of weeks have revealed a real lack of focus, coordination, and strategy. I have suggested this before, but Kathy Walkman should be put in charge of the legal preparation. Short of real progress on this front, all the policy work and long term planning will be for naught.

agreed - get up/learn 2 B
office to AP

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: Dec. 26

TO: *Erskine Bowles*

FROM: Staff Secretary

FYI,

Ted

cc: *Vick Rudd*
Rahn Emanuel
Don Baer

THE WHITE HOUSE
WASHINGTON

December 26, 1996

MR. PRESIDENT:

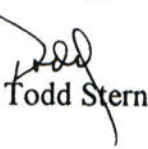
Tony and Sandy are recommending that you award the Medal of Freedom to Secretary Perry at a farewell ceremony for him on January 14, 1996.

You have generally awarded the Medal to a group of recipients in a once-a-year ceremony in the East Room.. But there is certainly nothing to preclude you from giving it to Perry in January if you wish to do so.

For your information, there have been 13 Secretaries of Defense since the Medal of Freedom was established in 1963. Seven have received the Medal -- Robert McNamara, Clark Clifford, Melvin Laird, Don Rumsfeld, Harold Brown, Caspar Weinberger and Dick Cheney. Six have not -- Elliot Richardson, James Schlesinger, Frank Carlucci, John Tower and Les Aspin. Only Weinberger received the award during a farewell ceremony. McNamara and Laird both received it in the East Room in ceremonies in which they were the sole recipients of the award.

You should also know that Warren Christopher has already received the Medal -- from President Carter in January 1981 -- so it would not be awkward to single out Perry.

Approve award _____ Disapprove _____ Discuss _____


Todd Stern

THE WHITE HOUSE

WASHINGTON

December 19, 1996

ACTION

MEMORANDUM FOR THE PRESIDENT

'96 DEC 19 PM6:20

THROUGH: THE EXECUTIVE CLERK

FROM: ANTHONY LAKE 

SUBJECT: Nomination of Dr. William J. Perry, Secretary of Defense, for the Presidential Medal of Freedom

Purpose

To recommend that Secretary of Defense William J. Perry receive the Presidential Medal of Freedom. The Medal would be presented by you on January 14, 1996, at a ceremony honoring Dr. Perry's government service.

Background

Serving as Secretary of Defense since February 1994 and as Deputy Secretary of Defense from 1993-94, William Perry has distinguished himself through his many outstanding contributions to the security of the United States.

Under his superior leadership and wisdom, the Department of Defense has:

- completed the most successful defense drawdown in history while maintaining highly skilled, well-trained, readily deployable forces, as evidenced by our highly successful contingency operations in Bosnia, Southwest Asia, north and south Iraq (no-fly zones), Africa, Haiti and elsewhere;
- significantly reduced the danger of nuclear weapons falling into the hands of rogue nations or terrorists, in particular through implementation of the Cooperative Threat Reduction (CTR) Program in Russia and other states of the former Soviet Union;
- enhanced security and stability in Europe, most notably through development of the successful Partnership for Peace and deployment of the U.S.-led NATO force (IFOR) in Bosnia;

cc: Vice President
Chief of Staff

- advanced U.S. partnership with Russia by securing Russian agreement to commit troops to IFOR;
- strengthened U.S. security throughout the Asia-Pacific region, most significantly through reaffirmation of our strong Alliance with Japan;
- advanced military reform, transparency and support for democracy in Latin America by hosting the first ever, 34-nation Defense Ministerial of the Americas in 1995; and
- completed a comprehensive overhaul of our defense acquisition system.

In addition to all of DoD's accomplishments under his able guidance, Bill Perry is a person of exceptional character. He is a person who cares deeply about our men and women in uniform and their families and who has translated that concern into the policies that have helped to maintain readiness and quality of life for our troops, even in a time of declining budgets.

Secretary Perry has worked tirelessly to achieve the accomplishments detailed above, including through travelling more miles on more trips than any previous Secretary of Defense to establish personal relationships with his counterparts around the world, to review the conduct of U.S. operations and to sustain the welfare of our soldiers. We believe that honoring Secretary Perry with the Presidential Medal of Freedom would be a most appropriate way to express your gratitude for his exceptional service during his tenure as Secretary of Defense.

RECOMMENDATION

That you approve the Presidential Medal of Freedom for Secretary Perry.

Approve _____

Disapprove _____