

Chron



1-30-97

✓
Photo Ofc.

Todd has the photo now
that he needs, so we are
returning these ones that he
didn't need.

— hands.

Sharon E. Wagner
Stuff Sec's Ofc.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE ASSISTANT ADMINISTRATOR FOR
SOLID WASTE AND EMERGENCY RESPONSE

January 28, 1997

JIM DORSKIND:

Please coordinate
the reply.

The President
The White House
Washington, DC 20500

*original sent
to Dorskind
Per Phil
Caplan*

Dear Mr. President:

For the past three and one-half years, I have had the honor and pleasure to serve you, the Vice President, Administrator Browner and the American people as the Assistant Administrator for Solid Waste and Emergency Response. This has been the most rewarding and challenging job of my life and I am grateful for the confidence and trust you have reposed in me. It is with mixed feelings that I tender my resignation to you effective at the close of business on February 14, 1996, as I return to the private sector.

When you came into office, it was universally agreed that the Superfund program was not working. I am pleased with our success in turning that program around. With your continued leadership, I am convinced that we will be able in this Congress to build legislatively upon our administrative changes to the Superfund program. By working to achieve consensus legislation the changes necessary for a faster, fairer and more efficient Superfund program can be realized.

Our Brownfields program is a tremendous success, bringing renewed hope and vitality to urban communities across the country. The expansion of the program planned for 1997 and beyond will further highlight your commitment to improving the quality of life in our inner cities and proving again that environmental protection and economic development complement each other. We have also moved well down the road toward greater rationality in the complex laws and regulations governing hazardous waste management without sacrificing in any way public health and environmental protection.

I am proud to have served you in this role. As I return to the private sector, I hope to be able to utilize my experiences to help communities around the country achieve the goal of environmental protection and economic growth. If I can be of any service to you, I hope you will not hesitate to call me. Thank you again for this wonderful opportunity to serve the people of the United States.

Sincerely,

Elliott P. Laws
Elliott P. Laws

- Jill

CC Betty Nguyen

THE PRESIDENT HAS SEEN
1-30-97



Do Reply

Judith L. Lichtman
President

87 JAN 30 PM 7:17

Wednesday 22 January 97

Dear Mr. President,

I watched "A Child's Wish" with many tears and great pride in the work of WLOF. Watching you in that final shot with the young women reminded me once again of the importance of your leadership. Millions of families would not have this protection were it not for you. The clarity of your vision, your courage (at the time it was for you certain that this was a winning issue) and your willingness to stick with us in hard times makes me proud to be an American. We are lucky you are our President. My warm regards to you + Hillary

WOMEN'S LEGAL DEFENSE FUND

1875 Connecticut Avenue, NW Suite 710 • Washington, DC 20009 • 202/986-2600 • Fax: 202/986-7535

JIM DORSKIND:

Please coordinate
the reply.

Original to Dorskind for reply
1-30-97

Fund-raising probe seeks \$6.5 million

By Judi Hasson
USA TODAY

AI

A Senate committee is asking taxpayers to pay at least \$6.5 million to look into alleged 1996 campaign finance abuses — a sum nearly equal to that of the entire Senate Watergate investigation two decades ago.

The \$6.5 million budget request, along with money that House committees may request for their own investigation of fund-raising practices, could break records for congressional review of the executive branch activities.

Sen. Richard Durbin, D-Ill., said the campaign investigation could become the "most expensive investigation in the history of Congress."

The request by Sen. Fred Thompson, R-Tenn., the head of the Governmental Affairs Committee, so angered Democrats a final vote on the budget was delayed Wednesday.

Thompson said he did not want to start the investigation "on a divisive note," but Republicans hold a 9-7 majority on the committee and could force the budget through in a vote scheduled today.

The new investigation is to cover fund-raising abuses in both parties, but its focus is the Clinton presidential campaign.

The panel's budget must go through the Senate Rules Committee and the Senate.

Wednesday's debate took a partisan tone when Sen. Ted Stevens, R-Alaska, said, "We're talking about another Watergate," the scandal that forced President Nixon's resignation.

"If you have evidence of that, give it to me right now," said Sen. John Glenn, D-Ohio.

Sen. Arlen Specter, R-Pa., also took issue with the Watergate comparison.

The \$6.5 million budget calls for hiring 80 staffers, many of them lawyers, and travel to question foreign donors.

The Democratic National Committee (DNC) already has returned \$1.5 million in questionable foreign donations.

The Senate Watergate probe cost \$6.8 million in '96 dollars.

Meanwhile, White House spokesman Mike McCurry acknowledged that President Clinton would not have been able to attend a \$1 million DNC fund-raiser Tuesday if campaign finance reforms he endorses had been enacted.

Critics: FAA safety data plan unfair

By Donna Rosato
USA TODAY

AI

WASHINGTON — Consumer advocates and airline officials are critical and skeptical of the Federal Aviation Administration's plan to put airline safety information on line.

Federal regulators agreed Wednesday to make safety records, including accidents and major civil fines, available on the Internet starting this week.

But airlines worry that consumers will be misled. They say studies show that data on accidents and incidents cannot reliably predict future safety.

The FAA was pressured by Congress to provide consumers with safety information after a deadly ValuJet crash in May. Internal documents revealed that FAA inspectors had been investigating safety problems at ValuJet before the accident.

"The problem is that the FAA isn't out there protecting the air traveling public. You can't shift that burden off to passengers," says David Stempler of the International Air Passengers Association.

Ed Soliday, United Airlines' safety and security chief, says he's concerned that major carriers that report more information to the FAA will look like they're less safe than smaller carriers. "The data makes the big carriers look riskier than the smaller ones. We don't want to be penalized for reporting problems," Soliday says.

FAA spokesman Eliot Brenner said, "A lot of this data will be reassuring for travelers."

What the FAA is doing:
▶ Starting Saturday, safety and security violations involving fines of \$50,000 or more will be made public.

▶ Feb. 28, the FAA will add information about accidents, safety-related incidents and near collisions to its Web site (www.faa.gov).

▶ It is considering a toll-free phone line that fliers can call for information in less detail.

▶ April 1, all enforcement actions will be out quarterly.

AOL offers refunds to angry customers

about 8 million. Also, AOL will:
▶ Mention in ads and inform new users that its network might not always be accessible.
▶ Hire 600 more customer service representatives.
▶ Make it easier to cancel subscriptions.
▶ AOL customers must file for a refund with their state attorney general or AOL Member Refunds, P.O. Box 511, Ogden, Utah 84402-0511.

refund. Or users can opt for one month of free service. "We're hitting the issues head on," says Steve Case, AOL's chief executive. AOL's recent problems began when it offered customers unlimited usage for \$19.95 a month late last year. The new plan led to major traffic jams. AOL also agreed to reduce its advertising in February to help hold its customer base at

But analysts are unsure of the settlement's cost. The agreement calls for AOL to offer full refunds to customers nationwide who used the service less than two hours in either December or January. Those who used it for 2-8 hours are entitled to a 50% refund; 8-15 hours, a 25% refund.

trouble logging on. "You can't offer something to a subscriber and then not be able to deliver," said Illinois Attorney General James Ryan, who led the efforts of 36 state attorneys general to hold AOL accountable. AOL's stock rose \$2 to 37 1/4 as investors cheered the move.

By James Kim
USA TODAY

America Online agreed Wednesday to give disgruntled users of its overburdened network up to \$39.90 or a free month of service. The Dulles, Va.-based company, the world's largest online service, will offer refunds for December and January when many customers had

Prestigious journal backs medicinal pot use

The Clinton administration says more research is needed. Philip Lee, assistant secretary for health, said in a statement: "At present, there is no sound scientific evidence that smoked marijuana is medically superior to current available therapies, including oral prescription medication containing the active ingredient in marijuana."

ed among leading doctors and is considered the most respected and conservative medical publication in the USA. The American Medical Association says it supports the administration — to a point. Says the AMA's Kirk Johnson, "We would oppose an effort to prevent physicians from talking to patients about options they believe are helpful."

But because marijuana is safer than morphine, Kassirer said, patients should be allowed to use it even if it works for only a few. He believes the government should make marijuana a schedule 2 drug, like morphine, and remove it from the schedule 1 list that includes heroin and LSD. The NEJ is widely distributed.

doctors to prescribe marijuana while letting them prescribe morphine and (demerol). The administration has called for prosecuting doctors who prescribe marijuana to patients dying from cancer, AIDS and other diseases. The plan was announced after California and Arizona voters passed laws legalizing marijuana for medical purposes.

By Tim Friend
USA TODAY

The editor of the New England Journal of Medicine today called the Clinton administration's stance against medical uses of marijuana "misguided, heavy-handed and inhumane." In an NEJ editorial, Jerome Kassirer called the federal policy "hypocritical in forbidding

• USA TODAY
THURSDAY, JANUARY 30, 1997

Pattern
for Mr. N. T. C.
BC

~~Downside to do him?~~

Be

Safe Food? Not Yet

By Nicols Fox

PBASS HARBOR, Me. President Clinton wants to spend \$43 million of his 1998 budget on improving food safety. The good news is that \$11.5 million of this money would go to an early-warning system to identify causes of foodborne illness. But while this proposal could help us spot outbreaks more quickly, weaknesses in a new Agriculture Department meat inspection plan mean we aren't likely to see fewer such episodes any time soon.

In an age of widespread distribution of mass-produced foods, food poisonings are difficult to trace. Consumers have little idea where their food comes from or how it is processed. Producers cultivate trust with slick packaging, backed up by Government guarantees. Yet food makes millions of Americans sick each year.

Most cases are mild and require no medical treatment, but the Agriculture Department says that up to 9,000 people die from foodborne disease each year (as many as 500 of these deaths can be attributed to *E. coli* O157:H7, usually found in hamburger). Foodborne pathogens have also been linked to ulcers, Guillain-Barré syndrome, meningitis, reactive ar-

Nicols Fox, author of the forthcoming "Spoiled: The Dangerous Truth About a Food Chain Gone Haywire," writes for The Economist.

thritis and even miscarriages.

The best part of the President's proposal increases the number of food-safety surveillance centers nationwide from five to eight. These operations, which are run by the states under Federal guidelines, are vital. In 1994, for example, the Minnesota Department of Health's center traced widespread salmonella poisoning to a single tainted batch of ice cream, which was quickly recalled. (Trucks carrying the ice cream's premixture had previously hauled raw

New inspection rules fall short.

eggs.) More than 200,000 people around the nation became ill.

In general, when food poisoning occurs producers blame the consumer for failing to cook food thoroughly. Yet some foods have become unacceptably contaminated. An Agriculture Department study of chickens, quoted in the Federal Register, revealed that more than "99 percent of broiler carcasses" had detectable *E. coli*, evidence of fecal contamination. Another Federal study found that 72 percent of chickens were contaminated with salmonella. Yet meat and poultry companies have agreed among themselves not to make safety a marketing strategy, so Americans do not have the

option, as consumers in Sweden do, of buying chickens labeled and guaranteed to be salmonella free.

The Agriculture Department's new "science-based" inspection system, called Hazard Analysis Critical Control Point, which went into effect this week, is neither a quick fix nor a long-term solution. The plan, which Mr. Clinton announced with great fanfare last summer, is a compromise between producers and the Government that will gradually transfer more oversight responsibility to the industry. Such a system has worked well for products like canned foods, which can be sealed and heated before shipping, but its effectiveness is unproved with raw products.

Unlike the old "prod and sniff" approach, the new plan requires that raw meat be sampled for microbes. But meat containing disease-causing microbes (with the exception of *E. coli* O157:H7) will not be considered adulterated, the legacy of a legal decision holding that microbes are "inherent" in raw meat. The Agriculture Department still will not have the authority to recall contaminated meat or to regulate farms, and chickens contaminated with salmonella will still be sold. Federal officials will eventually shift from inspecting the meat itself to inspecting records of such checks.

Quick fixes in the hands of an industry that has traditionally put profit before safety is not the answer. Mr. Clinton's initiative is a start, but tough regulations from farm to table, even if they result in slightly higher prices, would be preferable to contaminated food. □

The New York Times

THURSDAY, JANUARY 30, 1997

Louis E. Martin, 84, Aide To 3 Democratic Presidents

By NEIL A. LEWIS

Louis E. Martin, whose work behind the scenes as an adviser to three Democratic Presidents and whose efforts to bring more blacks into government earned him the sobriquet, "the godfather of black politics," died on Monday at a hospital in Orange, Calif. He was 84.

Mr. Martin served as the deputy chairman of the Democratic National Committee during the Administrations of President John F. Kennedy and Lyndon B. Johnson, and was widely viewed by both Presidents as a valued counselor and liaison to the black political community. President Jimmy Carter appointed him as a special Presidential assistant.

In 1967, as an adviser to Johnson,

**'The godfather of
black politics' had
influential roles.**

Mr. Martin was influential in pressing him to name Thurgood Marshall as the first black Justice on the Supreme Court.

In the 1960 Presidential campaign, Mr. Martin helped persuade Kennedy to place a telephone call to Coretta Scott King to express dismay over the jailing of her husband, the Rev. Dr. Martin Luther King Jr. The phone call was widely credited with helping Kennedy win a major portion of the black vote in the general election that year.

Mr. Martin was able to wield considerable influence inconspicuously, his friends said.

Eddie Williams, the president of the Joint Center for Political and Economic Studies, a research organization in Washington, said it was surprising that Mr. Martin was largely unknown to the public at large, given his wide-ranging influence in the White House and his role in the development of black political power in the Democratic Party.

"One reason for this is that in Washington, he was the consummate political insider," Mr. Williams said. "He traversed the corridors of power for many years without calling attention to himself and his achievements."

Mr. Williams said that Mr. Martin was first called the "godfather of black politics" by The Washington Post, and that the nickname stuck.

Mr. Martin was born in Shelbyville, Tenn., the son of an American woman and a Cuban-born doctor, but grew up in Savannah, Ga., where he met his wife of 60 years, Gertrude Scott. He attended Fisk University and graduated from the University of Michigan.

He began his professional career as a journalist with The Chicago Defender, a black newspaper, and within a year moved to Detroit to become the editor of another black newspaper, The Michigan Chronicle.

In an interview, his wife recalled that during his time at The Chronicle he became an active Democrat.

Local preachers were Republicans because they had connections with the Ford Motor Company's management "that would allow them to recommend workers to the plant," Mrs. Martin said, noting that the arrangement enhanced their own prestige.

But she said that her husband decided that the Democratic Party was a more appropriate vehicle for advancing the cause of organized labor, and he made it his mission to express that view in his newspaper.

Mr. Martin helped found the National Newspaper Publishers Association, a group of black publishers.

In 1970, he was a founder of the Joint Center for Political and Economic Studies to provide technical assistance and support for black officeholders and scholars across the country, and served as its first chairman for eight years.

Mr. Martin first came to Washington after he was recruited by a Kennedy brother-in-law, R. Sargent Shriver, to work in the Kennedy Presidential campaign. After Kennedy was assassinated in Dallas on Nov. 22, 1963, Mr. Martin made a remarkably easy transition as a Johnson

adviser, a transition few other Kennedy aides would make.

Clifford L. Alexander Jr., a White House counsel under Johnson, described Mr. Martin as his mentor and recalled that he and the President enjoyed an easy relationship. "They talked to each other in the shorthand of experienced political pros," Mr. Alexander said.

Recounting an incident that took place shortly after Johnson's landslide victory over Barry Goldwater in 1964, Mr. Alexander said the President summoned him and Mr. Martin to the Oval Office to ask what percentage of the black vote he had won. "Ninety-six percent Mr. President," Mr. Martin replied. Johnson then asked balefully, "What about the other 4 percent?" Mr. Martin knew the President well enough, Mr. Alexander said, and simply laughed.

Among the leading black public figures whom Mr. Martin helped raise to prominence was Vernon E. Jordan, now a close adviser to President Clinton. Mr. Martin helped recruit Mr. Jordan to head the National Urban League.

Besides his wife, Mr. Martin is survived by five daughters, Trudy Hatter of Diamond Bar, Calif.; Anita Martin of Rockville, Md.; Dr. Toni Martin of Berkeley, Calif.; Linda Purkiss of Oakland, Calif.; and Lisa Grant of San Francisco. He is also survived by 11 grandchildren and 2 great-grandchildren.

The New York Times

THURSDAY, JANUARY 30, 1997

JIM DORSKIND:

Please coordinate
the reply

Showered
with him
John

Backlash From Nafta Batters Economies of the Caribbean

A1

By LARRY ROHTER

Continued From Page A1

KINGSTON, Jamaica — Three years after the United States, Canada and Mexico agreed to become a single market as part of the North American Free Trade Agreement, their exports to each other are booming. But here in the Caribbean, the economies of America's much smaller neighbors are reeling from the impact of that success and finding it nearly impossible to compete.

From the apparel plants of Jamaica to the sugar-cane fields of Trinidad, Nafta has already resulted in the loss of jobs, markets and income for the vulnerable island nations of the region. The capital and investment projects that are vitally needed for future growth, officials say, are increasingly flowing out of the Caribbean Basin and into Mexico.

"The stark reality is that Mexico can now export its products to the United States free of duty, which makes it more profitable for producers to operate from there," Seymour Mullings, Jamaica's Minister of Foreign Affairs and Foreign Trade, said in an interview here. "Putting it very simply, if that is not stemmed, it could do untold damage to our manufacturing sector and economy as a whole."

Nafta's devastating effect on the Caribbean was widely forecast before the treaty's passage in 1993 and Washington suggested it would cushion the blow by extending similar trade preferences to the island nations.

However, the Clinton Administration's proposals to give the Caribbean a "Nafta parity" have twice foundered in Congress in election years and now face an uncertain future in a new Congress that has decidedly mixed feelings about the benefits of free-trade agreements.

The Caribbean now exports more than \$12.5 billion worth of goods to the United States annually, and a recent study by the World Bank estimates that more than one-third of that total could be shifted to Mexico if the existing trade rules remain in effect.

The region's once-flourishing apparel sector has been hard hit, officials say. In the last two years, more than 150 apparel plants closed in the Caribbean and 123,000 jobs have been lost "as a direct result of trade and investment diversion to Mexico," according to the Caribbean Textile and Apparel Institute, which is located here.

Textile manufacturing had been one of the Caribbean's few economic bright spots. Between 1980 and 1995, Jamaica's garment exports, primarily underwear and hosiery, rose from less than \$10 million a year to nearly \$600 million annually, an average annual growth rate of 28 percent.

Since Nafta took effect in 1994, Mexican textile exports have grown at a rate three times those of the Caribbean as a whole. In 1996, the Caribbean Textile and Apparel Institute estimates, Jamaica's garment exports fell by 7 percent, with 7,000 jobs eliminated.

Similar or even larger decreases were recorded in Guyana, Belize and tiny St. Lucia.

More than 600 people, about 95 percent of them women, felt the effects of Nafta when the Youngone Garment factory on Marcus Garvey Drive here closed just before Christmas. The plant had been making T-shirts for export to the United States. But a Mexican factory took the business away with a lower bid, prompting the Korean company to shut down operations in Jamaica and send its employees home. The company then shipped its equipment off to Bangladesh.

"I lost my job back in '95 and haven't been able to find another one since," said Beryl Davidson, 26, a former textile worker and single mother of three small children. "I couldn't pay my rent, and I couldn't feed my kids, so I've had to move back in with my parents to survive."

"But my cousin in Brooklyn tells me there's plenty of work there, so maybe I will join her," she said.

Since Nafta went into effect, the creation of new jobs in this nation of 2.3 million people has stopped altogether and overall unemployment has risen to 16 percent from 9.5 percent, according to the Statistical Institute of Jamaica. Among women working in the apparel sector, the unemployment rate is now more than 33 percent.

Worse yet, the loss of jobs and American support occurs as the pro-American government here, with an election due sometime in the next year, is completing an economic retrenchment that had been strongly urged by Washington. Over the past

decade, Jamaica has sold off state companies, reduced the budget deficit and increased foreign reserves, but at a high social cost.

"We have no safety net here, no welfare, no Medicare," said Anthony Gomes, director of a large trading company. "So when people go to the street, it has a serious ripple effect. The way things are going, jobs are very difficult to get, and that is not helping our crime rate."

American officials, however, argue that Jamaica and other Caribbean nations are blaming Nafta for deeper-rooted economic difficulties that will remain even if trade rules are eventually eased. In the case of Jamaica, they maintain, those include a revaluation of the currency that increased its value by 12.5 percent last year, making the country's products more expensive, and a host of regulatory obstacles.

"The main problem here is government bureaucracy," one official said. "It is darn near impossible to collect the licenses and approvals you need to get a business off the ground."

Ironically, Jamaica's initial export surge was the result of another American program, the Caribbean Basin Initiative, which the Reagan Administration put in place 15 years ago. A package of aid, trade and investment incentives aimed at the private sector, the program was intended to introduce the Caribbean to what Mr. Reagan called "the magic of the marketplace," and had Jamaica as its centerpiece.

But that arrangement has also benefited the United States. American exports to the region rose 160 percent in the decade ending in 1995, to more than \$15 billion a year. The Caribbean is the only part of the world where Washington recorded a favorable balance of trade every year during that time.

The Caribbean Basin Initiative still exists, but places either duties or quotas on those products in which Caribbean nations enjoy a competitive advantage, such as sugar, textiles and footwear.

"All we are asking is to be put on a level playing field with Mexico," said Paul Robertson, this country's Minister of Industry, Investment and Commerce. "We are not seeking a handout, but only the opportunity not to be prevented from taking full advantage of the North American market."

Continued on Page A8, Column 1

The New York Times

THURSDAY, JANUARY 30, 1997

100mg - use mini gun
it back -

Democrats Are Asked to Return \$15,000

French Company Seeks Refund After Invitation Was Withdrawn

By LESLIE WAYNE

WASHINGTON, Feb. 29 — Reacting to the Democratic National Committee's decision to bar contributions from United States-based corporations with a foreign-owned parent, at least one international corporation has asked the Democratic Party to refund its campaign contribution and other companies are joining together to oppose the ban.

Pasteur Merieux Connaught, the French-owned maker of vaccines that has a manufacturing plant in Swiftwater, Pa., has asked the Democrats to give back a \$15,000 donation. This came after the company was asked not to attend a Democratic fund-raising dinner held here on Tuesday night with President Clinton and 50 business leaders.

The event was sponsored by the Democratic Business Council, and corporations paid \$15,000 to attend. But Pasteur Merieux Connaught, which had been invited and accepted, was called the day before the event and asked not to come.

"When I was told I was disinvited to the Clinton dinner, I said, 'Fine, we want our money back,'" said Geoffry Peterson, director of government affairs for the company, which has 800 employees.

Mr. Peterson said he was particularly disappointed by the Democrats' action since he had been an early supporter of President Clinton and had served on the President's steering committees in 1991 and 1992 as a fund-raiser.

Companies as diverse — and as large — as Philips Electronics, Shell Oil Company, ICI Americas and Glaxo Wellcome, have joined to lobby against a decision made last week by the Democratic National Committee not to accept campaign contributions from United States subsidiaries of foreign corporations.

The group will lobby members of Congress in an effort to prevent the ban from spreading and becoming part of any overall campaign finance reform package. The group fears that the ban could extend to the Re-

publicans and go beyond the Democratic National Committee to other Democratic fund-raising committees. The Democratic National Committee raises money primarily for the Presidential race.

"We want to remind members of Congress that we operate our political action committees and our soft dollar donations in a legal fashion," said Randy Moorhead, a spokesman for Philips Electronics North America, a company with \$8 billion in U.S. sales and the maker of such products as Norelco shavers and Magnavox televisions.

"We do not want to be confused

A foreign subsidiary retaliates after being 'disinvited.'

with Mr. Huang and the others and the problems that developed," said Mr. Moorhead. "What this ban does is relegate all those American citizens who work for Philips Electronics to second-class citizenship." He added that he expected that "many" other U.S. subsidiaries of foreign corporations will also ask for their donations to be returned.

"And even if they didn't ask for the money back, the Democrats should give it back, if they want to remain true to their publicly-stated policies," Mr. Moorhead said.

Amy Weiss Tobe, a spokeswoman for the Democratic National Committee, said yesterday, "We knew that this would be a difficult step and that people would feel unhappy and disenfranchised but it was important for the D.N.C. to put its money where its mouth was in campaign finance reform. But certainly we will still accept individual donations by people who work for these companies and they should feel free to participate with a donation."

In a letter to the Democratic Business Council, Mr. Peterson of Pasteur Merieux Connaught, said: "It is with great sadness that I request that the \$15,000 paid by my company for me to join the Democratic Business Council be returned immediately. My company will be celebrating its 100th anniversary in the United States. We are located in the Poconos and our employees, numbering around 800 are Americans.

"Because we happen to be owned by a French company, the Democratic National Committee has decided that our contributions are somehow 'tainted.' Somehow our contributions are now less 'American,'" said Mr. Peterson.

Among those companies that are based in the United States but with a foreign owner are many leading Democratic donors. Among them are Seagram & Sons, the Canadian distiller that gave the Democrats at least \$1.2 million; MCA Inc., an entertainment company and a Seagram subsidiary; Northern Telecom, based in Canada and ICI Americas, a British chemical company.

Other companies, like MCI Telecommunications Corporation, can give now to the Democratic National Committee. But, MCI is in the process of being acquired by British Telecom, based in England. When that merger is completed, MCI, a large Democratic donor, will no longer have its donations accepted.

Todd M. Malan, executive director of the Organization for International Investment, a trade group representing U.S. subsidiaries of foreign companies, said yesterday: "Our membership feels that they have been lumped together with companies that are mere letter box companies. Some of our companies have been here for more than 100 years.

"They have billions invested in the U.S. and have thousands of employees and a significant number of U.S. shareholders," Mr. Malan said; "They think that they have as much right to participate in the political process as anyone else."

The New York Times

THURSDAY, JANUARY 30, 1997

CURRENCY MARKETS

Dollar Up Again vs. the Yen, But Is Pushed Down in Europe

By The Associated Press

The dollar rose against the Japanese yen again yesterday, touching its ninth consecutive four-year high, but it ended lower against some other leading currencies.

Renewed strength in the German mark and the Swiss franc, profit taking from the dollar's recent run-up, and remarks by the head of Germany's central bank suggesting that the mark's decline against the dollar was nearly complete all contributed to the dollar's retreat.

Nonetheless, traders said they expected the dollar to rise further, particularly against the yen.

"There's still a good feeling we'll push this thing to 125 yen," said Earl I. Johnson, foreign-exchange economist for the Bank of Montreal in Chicago. "This is an unbelievable run we've had, but nobody's going to pick a top and stand in front of this thing at this point."

The dollar touched an intraday high of 122.78 yen, the strongest since February 1993, before settling in New York late yesterday at 122.08 yen, up from 121.15 on Tuesday.

It fetched 1.6434 marks, down from 1.6485 marks. The British pound rose to \$1.6210, from \$1.6179.

Traders in Asia began the day bidding the dollar higher on the continued absence of a concrete sign that Japan's central bank would intervene to defend the yen, which has fallen more than 4.5 percent against the dollar in the last four weeks.

"There's not much the Japanese can do," said Bob McEntee, a vice president at the foreign-exchange desk at Corestates Bank in Philadelphia. "They can't raise rates. What we'll see is a lot of talk aimed at pushing the dollar down."

The dollar weakened in European trading when the Bundesbank's president, Hans Tietmeyer, said the mark's "normalization process" against the dollar would soon end. He added that the mark would remain a strong currency.

John Hazelton, chief currency trader at Manufacturers and Traders Trust Company in New York, said, "The momentum for the dollar had been slowing down a bit, and certainly Mr. Tietmeyer's comments didn't help the dollar at all."

Because the dollar has appreciated so sharply in recent weeks, Mr. Hazelton said it would probably be "very susceptible to a lot of these comments."

CREDIT MARKETS

New Inflation-Indexed Note Receives a Strong Response

By ROBERT HURTADO

The Treasury's first auction of inflation-indexed securities went better than expected yesterday, with strong interest from large institutional investors.

The auction took place on a day when Treasury prices rose on unexpected weakness in a durable goods report, and then steadied as the Treasury released the results.

The price of the 30-year bond rose $\frac{1}{32}$, to $94\frac{3}{32}$. The bond's yield, which moves in the opposite direction from the price, fell to 6.90 percent, from 6.92 percent on Tuesday.

Initially it was the uncertainty over investor interest in the new 10-year inflation-indexed note that kept a cap on Treasury prices over all.

The inflation-adjusted yield was expected to start at about 3.50 percent to 3.75 percent, with pension funds, insurance companies, and some mutual funds among those seen bidding at yesterday's sale.

Sold in increments of \$1,000, the 10-year notes will pay more principal at maturity if inflation accelerates, and thus protect the value of the investment. At the auction, the notes were sold at a high yield of 3.449 percent, with the median yield at 3.40 percent. By the close of trading the yield was down to 3.39 percent.

Lawrence H. Summers, Deputy Secretary of the Treasury, said he was pleased with the market reception, with a lot probably coming from large institutions. "It was a good start to what will be a long process of diverse inflation protection."

Patrick R. Dimick, a Treasury market analyst and a trader at UBS Securities, said there was a lot of confusion in the market about how to handle the indexed-linked bonds.

"Market participants are very uncomfortable about how to trade and especially hedge these indexed-linked securities," he said, "and that made for volatile trade in the market after the auction results were released. And they really still don't

know."

Theodore Ake, government trading manager at Everen Securities Inc., in Chicago, said, "It will take a few months of trading before everyone gets a real handle on these securities."

Treasury prices received a lift earlier after the Commerce Department reported that durable goods — expensive items that are expected to last more than three years — fell 1.7 percent in December.

Maury N. Harris, chief economist at Paine Webber, noted that it was the second consecutive month that durable goods orders fell 1.7 percent and that the latest decline in December was much weaker than the consensus estimate for an increase of 1.1 percent.

The report helped ease concerns that the economy was growing at a fast enough pace that would prompt the Federal Reserve to raise short-term interest rates to head off inflation.

On Tuesday, a report on wage increases in the fourth quarter came in within expectations, helping to ease investors' anxieties on rates.

Following are the results of yesterday's auction of new 10-year inflation-indexed notes:

(000 omitted in dollar figures)	
High Price	99.482
High Yield	3.449%
Low Yield	3.390%
Median Yield	3.400%
Total applied for	75%
Accepted at low price	\$37,219,400
Noncompetitive	\$7,003,017
Interest set at	\$157,000
The 10-year inflation notes mature Jan. 15, 2007.	

FUTURES MARKETS

Heavy Rains in South America Touch Off Coffee Price Surge

By The Associated Press

Coffee futures prices jumped to 16-month highs yesterday as heavy rains in South America delayed Colombian coffee shipments and threatened to reduce what is expected to be a dismal Brazilian crop at a time when supplies are dwindling.

On other markets, crude oil and other petroleum products rose, while copper futures retreated.

Supplies of quality green arabica coffee have remained surprisingly tight despite the recent harvests of central American and some Colombian coffee.

Brazil, the world's leading producer, harvested a relatively small 27 million 132-pound bags last year and has indicated production will be a sharply lower 20 million bags this year.

Now, floods this week in parts of Brazil and Colombia have raised fears of a further tightening of coffee stocks. The rain delays could cause Colombia's production to fall as much as 20 percent from the projected 12.5 million bags, some analysts noted. And Brazilian production could fall below 18 million bags.

American roasters who were expecting early tightness to ease now

are facing the prospect of paying far more to get their supplies during this peak period as they compete with speculators who hope to make a profit off the situation.

Coffee for March delivery rose 5.1 cents, to \$1.446 a pound, the highest for a contract closest to delivery since September 1995.

Heating oil futures led crude oil and unleaded gasoline futures higher on the New York Mercantile Exchange after inventory data disclosed that supplies fell sharply in the previous week.

March crude oil rose 57 cents, to \$24.47 a barrel; February heating oil gained 2.01 cents, to 68.84 cents a gallon, and February unleaded gasoline rose 1.19 cents, to 68.23 cents a gallon.

Copper futures retreated as persistent supply tightness appeared to be easing. Supplies in London Metal Exchange warehouses have generally been on the rise in recent weeks, while the gap between futures prices — an indicator of supply tightness — has been closing.

March high-grade copper fell 3.65 cents, to \$1.025 a pound, on the Comex division of the New York Mercantile Exchange.

The New York Times

THURSDAY, JANUARY 30, 1997

Rahim

If numbers get big on rice → worth looking in a few months or a year

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THE PRESIDENT HAS SEEN

1-30-97

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PRES. WORK MURKIN
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At No. 1 cigarette maker Philip Morris Cos., a spokesman said the "underlying long-term trends" remain a 1% to 2% decline. In its earnings report yesterday, the company said total industry shipments to wholesalers declined in 1996, excluding the impact of "two additional shipping days and distributor buying patterns."

Some analysts say that demographic patterns promise to help lift cigarette sales in the future, as the first generation of baby boomers' children reach adulthood. According to Mr. Burry, 1994 marked the first year since the baby bust in which the number of 18-year-olds increased. "We'll see industry shipments grow annually in absolute terms for the next five years," said Martin Feldman, an analyst at Smith Barney, who added that the number of 18 to 25-year-olds will increase 14% between 1997 and 2005.

And as the number of young smokers increases, Philip Morris and RJR stand to benefit the most. According to a survey of 20,000 consumers conducted last year by Mediamark Research Inc., fully 72% of smokers between 18 and 24 are loyal to just two brands: Philip Morris's Marlboro, with 59%, and RJR's Camel, with 13%. The survey found that fewer than half of smokers between 35 and 44 buy either megabrand.

According to a recent study published by the Centers for Disease Control and Prevention, which examined only data as recent as 1994, overall smoking rates in the U.S. remained essentially flat that year. But the smoking rate among 18- to 24-year-olds increased significantly, to 27.5%, from 25.8% in 1993.

The cigarette makers have long sought to capitalize on generational shifts, as smokers adopt a particular brand in their youth and remain basically loyal to it as they age. The result: Cigarette makers spend tens of millions of dollars cultivating a young market.

Marlboro has been staging bar parties in trendy nightspots across the country and advertising lavish giveaway promotions requiring proof-of-purchase. And last summer, RJR plastered Spin and other popular magazines with psychedelic ads touting Camel's "Groove Blender," a blowout in Las Vegas promising laser shows, virtual-reality simulators and "enough energy to make your eyes scream." Leaping on the microbrewery concept, both Philip Morris and RJR have also launched "microsmoke brands" that attempt to create a cutting-edge appeal.

Meanwhile, signs abound in pop culture that smoking is staging a resurgence among the young. Generation X actress Winona Ryder puffs away in many of her movie hits, and in the recent MTV-style remake of "Romeo and Juliet," teen idol Leonardo DiCaprio sucks soulfully on cigarettes while pining for his true love.

An article in the September issue of Vogue magazine declares: "As Gen-Xers turn on to the Easy Listening allure of lounge music, and baby boomers cozy up to martini bars from coast to coast, 'politically incorrect' fashion is becoming the biggest thing since, well, smoking."

Tobacco: Do Approved Cigarette Tests Understate Tar? --- By Ross Kerber Staff Reporter of The Wall Street Journal

Smokers receive far higher doses of tar, nicotine and carbon monoxide from cigarettes than tobacco companies disclose, according to tests sponsored by Massachusetts regulators.

Even "light" versions of Camels, Marlboros and Merits aren't so free of the substances in tobacco that are most commonly linked to disease, according to the new test results, which are scheduled to be released today in rule-making hearings in Boston. The findings could give new impetus to a move at the Federal Trade Commission to overhaul the way tobacco companies measure and disclose the numbers they use in advertising.

The study, done for about \$20,000 by Labstat Inc. of Kitchener, Ontario, was performed as part of a broader effort by Massachusetts officials to force the disclosure of the ingredients and health effects of tobacco products, under the terms of a state law passed last year. The 10 brands chosen for the study are among the most popular in the state, says Greg Connolly, director of the Massachusetts Tobacco Control Program.

The Massachusetts study uses methods meant to reflect smoking conditions that are more true to life than those used in the current FTC-approved tests. Under the Massachusetts method, most of the 10 brands tested -- including Camel Filters, Camel Lights, Merit Filter 100s and Merit Ultra Lights -- are yielding twice as much tar to the average smoker than the current tests. Nicotine levels for the average smoker in most cases ranged from 46% to 98% higher than tobacco-industry numbers. Marlboro, the best-selling cigarette, has 16 milligrams of tar, according to industry ratings. The Massachusetts study, however, found 25.9 milligrams of tar.

Results for "intense" smokers -- those who take deeper, more frequent puffs -- showed tar, nicotine and carbon monoxide levels that were higher in seven of the 10 brands, in some cases by four or five times as much as currently reported levels.

Comparisons with FTC numbers weren't possible for two of the brands tested because they were too new. Results for one brand, Carlton Ultra, showed average smokers receiving less tar, nicotine and carbon monoxide but intense smokers getting more.

In a statement, Philip Morris Cos., maker of Marlboros and Merits, R.J. Reynolds Tobacco Corp. (Camels), Brown & Williamson Tobacco Corp. (Carltons) and Lorillard Tobacco Co., which had no brands in the study, objected to the Massachusetts tests. The companies argue such tests don't produce more accurate ratings of nicotine intake but would merely produce higher ratings than those produced under the current FTC standards because of the more intense settings used on the testing machines.

The tobacco companies' results, reported to the FTC, are the basis for advertisements and legends disclosing tar and nicotine levels on cigarette packs. Tar and nicotine levels are trumpeted by the tobacco companies in ads for "light" and "low tar" brands. "You can do it!" proclaims one current print ad for the various Merit brands, made by Philip Morris Cos. It adds: "You can switch down to lower tar and enjoy satisfying taste." The ad lists the FTC ratings -- five milligrams of tar and 0.4 milligram of nicotine for the Merit Ultra Lights, for example.

Such claims might be imperiled by the Massachusetts study. It found each Merit Ultra Light delivers between 10.4 to 25.9 milligrams of tar for a smoker taking "average" or "intense" puffs, respectively.

Studies, including a 1994 report by the National Cancer Institute, maintain that the FTC should take account of smokers' tendency to inhale more deeply and more frequently than the industry tests suggest and to cover the ventilation holes found in some cigarette filters with their lips and fingers. "Smokers who switch to lower-yield cigarettes frequently change their smoking behavior, which may negate potential health benefits from reduced-yield cigarette brands," states a summary of the study sent to the White House by the institute in October 1996.

While FTC officials have spent more than a year studying whether to propose new testing procedures to account for those variables, some states are already acting. Dr. Connolly of the tobacco-control program, says the state's figures are the first brand-specific levels to be issued by a public agency.

Industry executives have said in the past that their tests still provide a valid comparison between cigarette brands and that their current testing was never meant to mimic human smoking.

Tar substances in cigarettes have been widely linked to oral and lung cancers. Medical research holds that nicotine is addictive and that it increases the tendency of blood to clot, which elevates blood pressure and predisposes smokers to heart attacks and strokes. Carbon monoxide poses similar risks by diminishing the amount of oxygen in the blood.

David A. Myerson, a cardiologist at Johns Hopkins Hospital in Baltimore and a national spokesman for the American Heart Association, says tests like that of Massachusetts better reflect the true range of tar and nicotine intake and could help consumers better understand the risks they face in smoking.

"If you are one of those people who believe that you're limiting the amount of tar and nicotine that you are ingesting to the amount that you think is safe for you, then it's likely your risk of heart disease and cancer is higher than you thought it was," he says, adding: "For that person who's trying to cut down or switch to lighter brands . . . they're being misled" through the use of the less-stringent testing standards.

Peggy Carter, a spokeswoman for RJR Nabisco Holdings Corp., Reynolds's parent, says the company is legally required to use the standard FTC-endorsed test to measure tar, nicotine and carbon monoxide levels in its products. "We put them & 1/8 the cigarettes & 3/8 on the machinery that the FTC requires. We all have to use identical equipment and the same methodology to compare our cigarettes to all the brands in the industry."

Executives of Philip Morris and Brown & Williamson, a unit of B.A.T Industries PLC, referred comment to David H. Remes, a Covington & Burling lawyer representing the four companies in Massachusetts. He said the state's study doesn't provide appropriate values because it doesn't compare real smokers. "There is no way a smoker can relate his or her intake to either of those sets of numbers" described in the Massachusetts study, he said.

The National Cancer Institute has noted epidemiological studies suggesting that low-tar cigarettes might lower death rates among smokers for some diseases. Generally, cigarettes described as "light" in advertisements contain disclosed levels of less than 15 milligrams

of tar per cigarette, while those described as "ultra light" have six milligrams or less, according to FTC attorneys.

However, there are no federal guidelines as to what constitutes a "light" or "ultra light" product, and the industry's use of the terms has come under fire from health advocates before, including in the 1994 National Cancer Institute report. It suggested such terms were "particularly misleading" and said manufacturers should be required to provide disclaimers.

The results of the Massachusetts study are scheduled to be released today in hearings designed to make rules under a Massachusetts law that takes effect July 1. Under that law, tobacco companies must disclose additives and nicotine levels in their products to the state. Dr. Connolly and other state officers commissioned the study under the terms of the law, which doesn't require the tests but calls on public-health officials to set standards.

In response, manufacturers have sued to prevent the disclosures, arguing they would yield trade secrets and that the states do not have the right to pre-empt federal laws and guidelines. Previously, the companies filed a motion in U.S. District Court in Boston to suspend the rule-making hearings today. The motion was denied yesterday by Judge George O'Toole, who said he was "not persuaded that there is irreparable harm" to the tobacco companies by going forward with the hearings. The tobacco companies' broader legal challenge to the new state law is still pending in the same court.

Laura Johannes contributed to this article.

What a Smoker Smokes

Substance yields in milligrams of cigarette brands under current FTC standards and for an average smoker under Massachusetts testing guidelines

CARBON

TAR NICOTINE MONOXIDE

BRAND	FTC	MASS.	FTC	MASS.	FTC	MASS.
Camel Filters	14	30.0	1.0	1.80	13	33.3
Camel Lights	9	19.4	0.7	1.33	11	20.7
Camel Lights Menthol	NA	16.8	NA	1.12	NA	19.9
Camel Ultra Lights	5	11.8	0.5	0.82	7	19.1
Carlton	NA	21.3	NA	1.59	NA	23.3
Carlton Ultra	0.5	0.0	0.1	0.01	0.5	0.2
Marlboro	16	25.9	1.1	1.63	13	24.9
Marlboro Lights	10	18.0	0.8	1.17	11	19.9
Merit Filters 100s	9	18.5	0.7	1.29	10	23.0
Merit Ultra Light	5	10.4	0.4	0.79	5	13.0

NA: Not available

Source: Massachusetts Department of Public Health

Judges Clearing Dockets Of Older Federal Cases

WASHINGTON (AP) -- A 1990 law has done little to reduce the amount of time and money spent on federal lawsuits, but one provision seems to work -- public disclosure of how many long-running cases are on each judge's docket, a study reported.

The number of federal cases more than three years old has dropped steadily since Congress started requiring judges to report how many such cases are on their calendars, said the study by the Rand Institute for Civil Justice.

The study was conducted under the 1990 Civil Justice Reform Act, which sought to cut the costs and time involved in federal civil cases. Researchers found that few judges in the 10 pilot programs changed their management style or the time they spent on cases.

The U.S. Judicial Conference, which oversees the federal judiciary, plans to use the Rand study in preparing its own report to be sent to Congress by June 30.

Battle in the Air: Direct-Satellite TV Comes Under Attack By Networks, Affiliates --- At Stake: Hordes of Viewers And a Lot of Ad Money; Congress Will Play a Role --- Little Fibs and Clear Pictures --- By Mark Robichaux and Bryan Gruley Staff Reporters of The Wall Street Journal

Michael Strawbridge lives in Missoula, Mont., but likes to keep up with the news in New York, his hometown. So he bought a direct-broadcast satellite dish that brings in local New York television stations along with network fare such as "Seinfeld" and "60 Minutes."

But he may be breaking the law, and the CBS affiliate in Missoula is about to order his distant CBS signal shut off. He will get a letter from his satellite carrier telling him to prove he is legally entitled to that signal because he can't pick up the local CBS station with a regular antenna. If he can't prove that, the distant signal will disappear from his TV screen.

"I'm going to certainly protest," he says. "People come out here expecting to be able to exercise their rights. I should have the choice of what I want to watch."

Mr. Strawbridge is among hundreds of thousands of TV viewers caught in the crossfire between TV broadcasters and fledgling DBS companies. At issue is how satellite customers can receive network programming; without it, DBS remains at a competitive disadvantage to cable and broadcast rivals. The battle is playing out nationwide, with consumers fighting with their local stations and fibbing, if need be, to get the signals they want. Ultimately, Congress will have to decide how to preserve the broadcast network-affiliate system, the backbone of free TV, amid heavy political pressure to foster competition.

The war is already heating up in federal courts. In lawsuits filed in North Carolina, Florida and Texas, ABC, CBS, NBC and Fox and their local affiliates have accused PrimeTime 24, the nation's biggest satellite provider of network signals, of illegally sending out-of-market network signals to subscribers in cities such as Miami.

The four networks and dozens of affiliates have pitched in more than \$1 million to pay the legal costs. They have singled out PrimeTime 24 because, they say, it is the most recalcitrant scofflaw. The latest salvo was fired in Durham, N.C., on Tuesday: An ABC affiliate filed a suit charging copyright infringement. In a lawsuit in Amarillo, Texas, NBC affiliate KAMR-TV says PrimeTime 24 failed to disconnect hundreds of ineligible subscribers and continues to solicit customers it knows to be ineligible.

Broadcasters are "trying to cripple PrimeTime 24 and put us out of business," says Sid Amira, chief executive of PrimeTime 24, a 10-year-old company owned by privately held Great Universal American Industries Inc., of New York. Mr. Amira vehemently denies PrimeTime 24 is taking customers illegally.

Much is at stake: Affiliates get up to 40% of their revenue from local ads that air during network shows. But viewers getting signals from afar don't see the local ads and aren't counted in the station's audience. As that audience shrinks, the theory goes, local auto dealers, banks and other advertisers will resist paying as much for spots on network shows. "With DBS able to go in every suburb with an 18-inch dish, the loss of potential viewers and ad revenue is potentially catastrophic," says William Pitts, a Washington lobbyist for ABC Inc. "It goes to the very core of the TV-network system."

The controversy has its roots in the mid-1980s, when angry owners of a few thousand 10-foot-dishes descended on Capitol Hill to complain that programmers were scrambling signals that viewers had been snagging for free. The early dish owners didn't get strong network signals because they lived in the mountains, near big buildings that blocked signals, or too far from a local broadcast tower. In 1988, Congress passed the Satellite Home Viewer Act, which let satellite operators offer customers network shows in return for royalties. But the law limited transmission to "unserved households" that couldn't get strong signals via rooftop antenna. Nor could network signals be sent to households served by cable.

Enforcing the limit proved difficult. In 1994, when the satellite market had already ballooned with smaller, cheaper dishes, the law was amended to say satellite carriers bear the burden of proving that their customers are legal. That provision figured prominently in the suits against PrimeTime 24, one of three such providers. The others, which haven't been sued, are Netlink, owned by Tele-Communications Inc., and Primestar Partners, owned by several large cable operators.

While DBS is believed to have captured only about 6% of the TV viewing market, local stations say that recently that number has climbed as high as 15% in some areas. The direct-broadcast-satellite industry has rocketed to more than four million subscribers by offering

THE WHITE HOUSE

WASHINGTON
THE PRESIDENT HAS SEEN

1-30-97

~~January~~ 29, 1997

MR. PRESIDENT:

Sandy and Sylvia wanted you to see
this tonight in advance of
Secretary Glickman's meetings on
the Hill tomorrow.

Phil Caplan

THE WHITE HOUSE

WASHINGTON

January 29, 1997

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER

GENE SPERLING

JOHN HILLEY

a copy taken to West Wing Desk

SUBJECT:

USDA Rule Permitting Mexican Avocado Imports

Background

Following a lengthy rulemaking process, USDA has completed a rule permitting importation of Mexican avocados into the northeastern states during the winter. USDA will transmit the final rule to OMB on Friday. The rule sets out a rigorous certification process, which will take Mexican growers several months to complete.

Secretary Glickman is confident all valid scientific concerns have been addressed. Sally Katzen's (OMB) preliminary review confirms that USDA has effectively applied sound science. The proposed rule stipulates several measures to minimize the risk of pest infestation to Florida and California. These measures are substantially more restrictive than Japan's notoriously strict anti-pest requirements.

The California Avocado Commission strongly disputes USDA's science and has asked that the rulemaking process be reopened. California growers have consistently resisted efforts to open the border, citing concerns about pest infestation. Mexican imports could also pose a competitive challenge.

Reopening the rule could jeopardize U.S. agricultural exports by provoking countervailing Mexican barriers. It would also set a precedent potentially harmful to U.S. export interests by casting doubt on our commitment to science-based decision-making. Contrariwise, moving ahead on avocados will help restore good faith with Mexico on trade, setting a positive tone for your upcoming visit to Mexico.

Trade and Economic Implications

Glickman believes U.S. agricultural interests would best be served by establishing a precedent of making sanitary and phytosanitary (SPS) decisions on scientific terms. The avocado

cc: Vice President
Chief of Staff
Mack McLarty

issue has become a litmus test for many U.S. agricultural exports to Mexico. Mexican officials contend the balance sheet is already in our favor, since Mexico has improved access for a variety of U.S. agricultural products from California and elsewhere over the past year. USDA believes Mexico is postponing resolution of outstanding problems on California sweet cherries, Florida citrus, seed potatoes and stone fruits pending resolution of the avocado issue. If the avocado issue is not resolved soon, U.S. exporters are concerned that Mexico might introduce new restrictions on imports of apples, pears, wheat, corn, soybeans, beef, poultry and pork.

USDA estimates that avocado imports from Mexico could reach \$5 million annually. By comparison, if Mexico opened its market to U.S. sweet cherries and seed potatoes, additional U.S. exports could reach \$12 to \$19 million annually. California currently supplies nearly one third of the northeastern U.S. avocado market during the winter season. This accounts for 2 to 5 percent of California's annual avocado output. The remainder is supplied by Florida (with a distinct product), Chile and the Dominican Republic. Mexican imports would in part displace imports from Chile (\$15 million) rather than sales from California.

Overall, a surplus is expected in agricultural trade with Mexico in FY 1996: U.S. exports are on track to reach \$5 billion, compared with imports of \$3.7 billion.

Congressional Interests

Senators Feinstein and Boxer are on the record strongly opposing the avocado rule and requesting that it be reopened. Overall, 13 senators and 71 representatives have written letters on this issue, with roughly half in favor and half opposed. Virtually all of the opposition is from Florida and California.

Glickman plans to meet with Feinstein and Boxer on Thursday and to make calls to several other members of the California delegation. He will explain the merits of the rule and detail California's substantial agricultural exporting interests that should benefit from promulgation of a scientifically sound rule.

THE PRESIDENT HAS SEEN

1-30-97

THE WHITE HOUSE
WASHINGTON

January 29, 1997

MR. ~~PRESIDENT~~:

The attached memo from Bruce Reed and Elena Kagan reflects a joint recommendation from DPC and HHS on how to proceed with implementing the portion of the maintenance-of-effort provision in the welfare law that restricts how states can spend these funds.

Erskine, Sylvia, Rahm and Marcia concur in the approach and OMB has no objections to the memo.

In order for the plan to be rolled-out to various Governors in advance of the NGA meeting, Bruce/Elena and IGA would appreciate your action as soon as possible.

Phil Caplan

Phil Caplan
for

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
1-30-97

January 28, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED *BR*
ELENA KAGAN *EK*

SUBJECT: WELFARE LAW IMPLEMENTATION ISSUE

*Under good let them
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for all the states and
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Before the NGA meeting, we need to give states an answer to the question of whether a state must comply with the welfare law's requirements in order to get maintenance-of-effort credit for a state expenditure. States would like to spend their money in separate, non-TANF programs, free from all federal restrictions, but still counting toward the maintenance-of-effort standard. Allowing them to do so, however, may deprive the federal government of a great deal of money and may undermine the law's work requirements. This memo contains a joint HHS and DPC recommendation as to the proper Administration approach to this issue.

Background and analysis

As you know, the maintenance-of-effort provision of the welfare law requires states to spend each year a set percentage of their FY 1994 welfare expenditures. Each state meeting its work participation rate must spend 75 percent of FY 1994 expenditures; any state failing to meet its rate must spend 80 percent of that sum. If a state fails to spend this amount of money, its next year's block grant is reduced accordingly.

The question here concerns the restrictions that apply to expenditure of these "maintenance-of-effort funds." (All agree that no federal restrictions apply to state monies for which the state is not seeking maintenance-of-effort credit.) The law is clear that certain restrictions -- the limits on benefits to aliens and the five-year time limit -- do not apply to maintenance-of-effort funds. The law is far less clear as to whether other requirements apply. But it is difficult, as a legal matter, to pick and choose among these remaining requirements: HHS cannot, for example, say that work requirements, but not reporting requirements, apply.

The governors have argued vehemently that applying federal restrictions to state maintenance-of-efforts funds would impede state innovation. And because the advocacy groups would like to undermine some of the federal requirements -- particularly regarding work -- they have joined the states in taking this position.

But a completely "hands-off" approach -- which would allow the states to set up wholly independent programs, free of all federal restrictions, with maintenance-of-effort dollars -- poses two significant problems. First, states could place the families most likely to make child support

payments in the state-only program and thereby avoid sharing child support collections with the federal government. OMB estimates that the amount of money at stake could exceed \$1 billion per year.

Second, such an approach could seriously undermine the work provisions of the welfare law. As you know, the law requires states to show, on pain of financial penalty, that a certain percentage of families receiving assistance under TANF are engaged in work. The governors' approach would allow states to get around this requirement by transferring their hardest-to-employ welfare recipients from the TANF program (where they would count as part of the denominator in calculating the percentage) to a separate state program funded by maintenance-of-effort dollars (where they would not so count). Indeed, under one interpretation of the law, such a transfer might count as the kind of "reduction in caseload" that operates to reduce the minimum participation rate applicable to the state. Hence by the simple device of shifting beneficiaries from one program to another, a state could simultaneously make it easier to meet the existing participation rate and lower the participation rate applicable in the future.

Recommendation

To provide the states with needed flexibility, protect the government's share of child support collections, and maintain the integrity of the law's work participation requirements -- and to do all this in a legally defensible way -- HHS and the DPC recommend the following actions:

1. Interpret the law so as to give the states far-reaching discretion and flexibility over maintenance-of-effort funds. Under this interpretation, states can set up programs that are free of any of the welfare law's prohibitions and requirements.

2. Advise states that they should not use their own programs to appropriate child support collections that otherwise would go to the federal government; issue regulations authorizing HHS to collect the data necessary to monitor whether states are using their programs for this purpose; and work with both the governors and Congress to ensure that states do not do so. Conversations with Governors have suggested a willingness to work cooperatively on this issue. We also have every reason to think that Congress -- which in assessing the budgetary impact of the bill, did not envision a reduction in federal child support collections -- would legislate a remedy if that is necessary.

3. Issue a regulation providing that a state cannot receive a reduction in its participation rate for reducing its caseload unless the state shows that the caseload reduction is real and not simply the result of transferring beneficiaries from TANF into a separate state program. Such a regulation, which rejects the interpretation of the law most beneficial to states, will prevent states from decreasing their obligation to put people to work through making purely formal changes in the structure of assistance programs.

4. Issue a regulation providing that a state cannot receive any good cause consideration --

i.e., any mitigation in penalty for failure to meet work participation rates -- unless the state shows that it has not used its own program to escape the force of work participation rates. This regulation will create a disincentive for states to use their own programs as dumping grounds for hard-to-place beneficiaries.

5. Issue a regulation providing that HHS will look at a state's overall work effort -- i.e., its success in putting to work the beneficiaries of both TANF and separate state programs -- in determining whether the state qualifies for a high-performance bonus. This regulation too will encourage states to make real efforts to place in work activities those individuals who receive assistance from separate state programs.

6. Work with Congress and the Governors to enact a legislative clarification to ensure that states do not use their discretion over maintenance-of-effort funds to evade the participation requirements. Specifically, we will seek language making clear that calculation of whether a state has met the applicable participation rate shall take into account the state's success in placing in work activities the participants in both the TANF program and any separate state program that counts toward the maintenance-of-effort standard.

Together, these steps should give governors broad flexibility to run their own programs without giving them perverse incentives to evade the work requirements. Please let us know if this resolution of the issue meets with your approval. If it does, we would like to roll out this program prior to the NGA meeting.



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN

1-30-97

1997 JAN 29 PM 6:46

January 29, 1997

MEMORANDUM FOR THE PRESIDENT

From: Franklin D. Raines
Director

Subject: Potential Emergency Release of LIHEAP Funds

Earlier this month you declared a weather emergency in North and South Dakota, and released \$5 million in emergency Low Income Home Energy Assistance Program (LIHEAP) funds to assist these States. Since that time, we have continued to monitor the weather conditions across the country and have determined that eight States suffered disproportionately cold weather conditions over the heating season to date (see Chart #1). These States are North Dakota, South Dakota, Montana, Minnesota, Iowa, Nebraska, Illinois, and Missouri. For most other States, the winter to date has been average or warmer than average; the New England States have been warmer than average.

While past practice dictates that LIHEAP emergency funds are distributed to States experiencing severe weather conditions, we are receiving a growing number of requests for the release of emergency LIHEAP funds based on increased energy prices. To date, 48 Senators and 148 Representatives recently wrote to you requesting that \$300 to \$415 million in LIHEAP funds be released based on both prolonged high energy costs and cold temperatures. There is pressure to release emergency funds throughout the country, particularly in the Northern States (See Charts #2 and #3).

As you are aware, we do not typically release emergency LIHEAP funds based on energy prices. In fact, this Administration has not released any funds based on the prices of specific heating fuels. Only in one extraordinary occasion did Congress enact a one-time appropriation for LIHEAP in reaction to the dramatic fuel oil price spike during Desert Storm. (At enactment, fuel oil prices were 40% higher than the previous year, and rose to up to 70% higher than two years earlier.) We have done a preliminary analysis of the heating prices through December. The preliminary analysis shows LIHEAP households incurred an 11% increase in overall heating prices since the beginning of the heating season, with the highest increases in the Northern Plains and New England. The available price information, coupled with the warmer than average temperatures throughout most of the country, does not yet provide justification for a broad based release of funds.

Handwritten note:
We need to help
up let the LIHEAP
problem - might
be a model
of the emergency
of the weather

Recommendation

The disproportionate cold builds a convincing case for LIHEAP relief targeted to the eight States in the Northern Plains and Midwest regions. Therefore, I recommend that we target funds to the 8 States that suffered the most extreme weather conditions, as is fully consistent with past practice on the release of LIHEAP emergency funds. In our discussions with the Department of Health and Human Services, we have determined that approximately \$60 million in emergency funds would provide an appropriate amount for immediate relief. This represents roughly a 35% increase over the base allocation of LIHEAP funds for most of 8 States suffering extreme cold.

We will continue to track both weather and price changes, and will work with the Department of Health and Human Services and the Department of Energy on an ongoing basis to determine if and when conditions warrant the release of additional emergency funds. We will also continue to work with Legislative Affairs to monitor Congressional concerns.

Decision



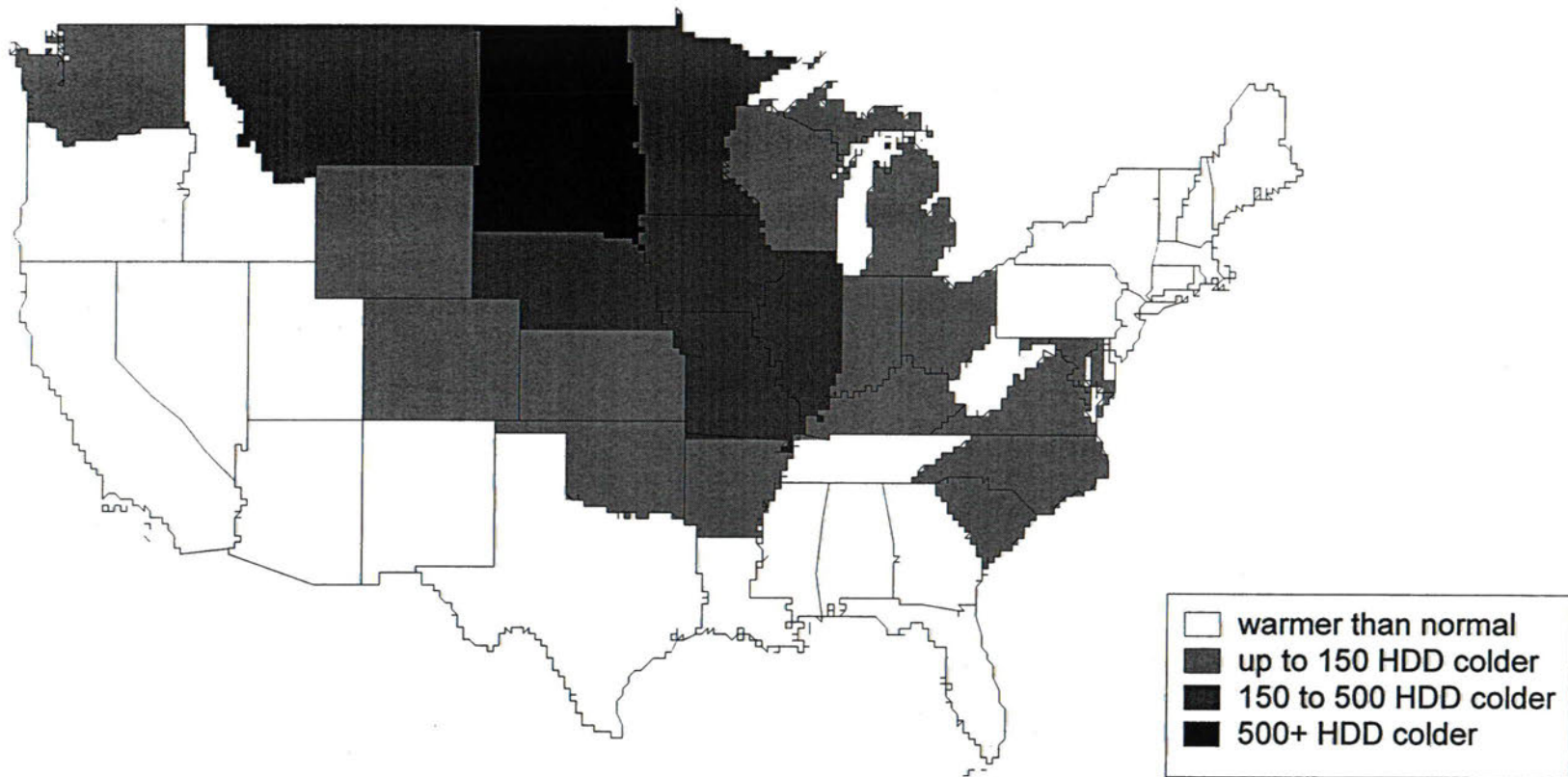
Release LIHEAP emergency funds to the 8 States discussed above.

Do not release emergency funds at this time.

Let's discuss.

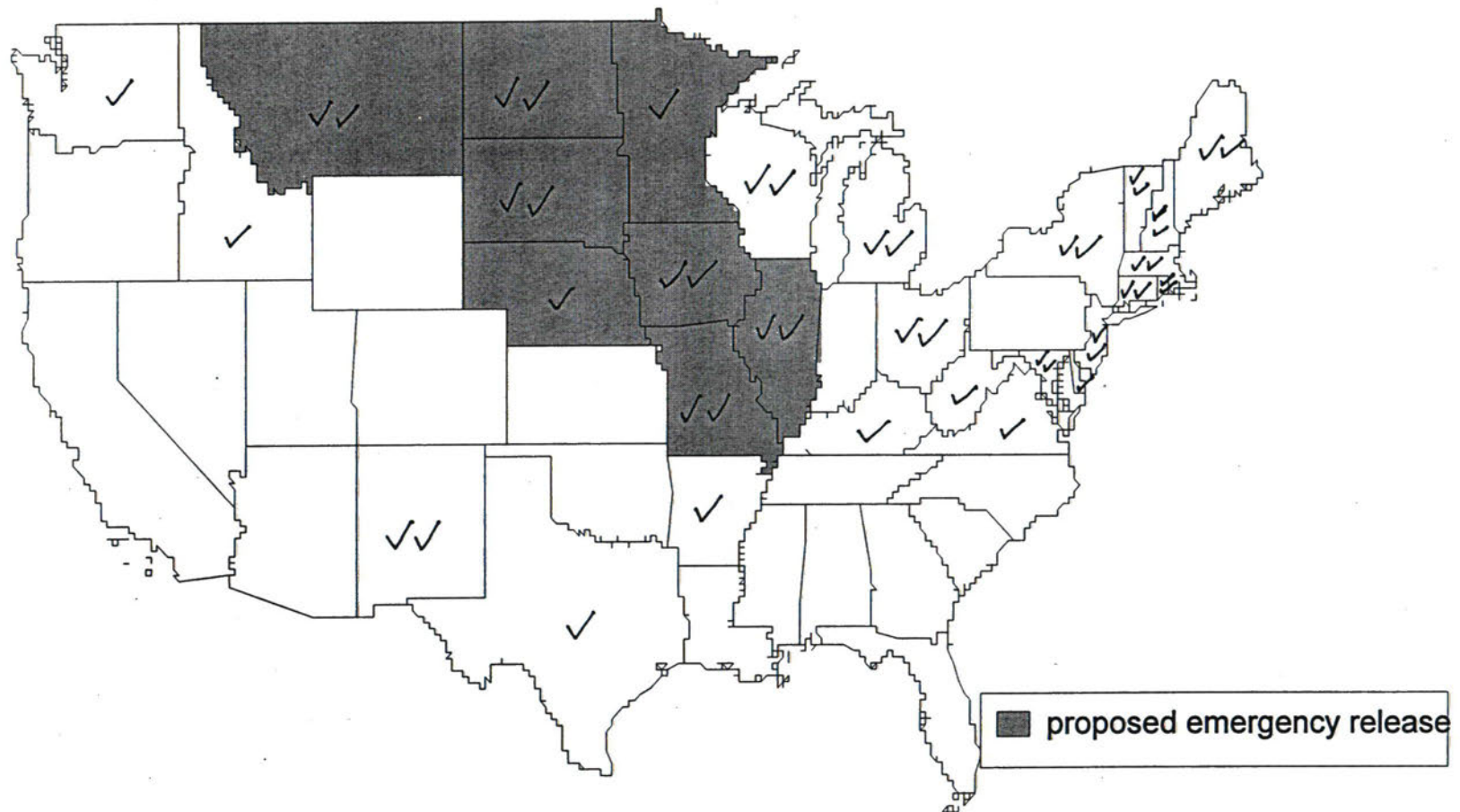
Attachments

Weather -- October 6 to Date

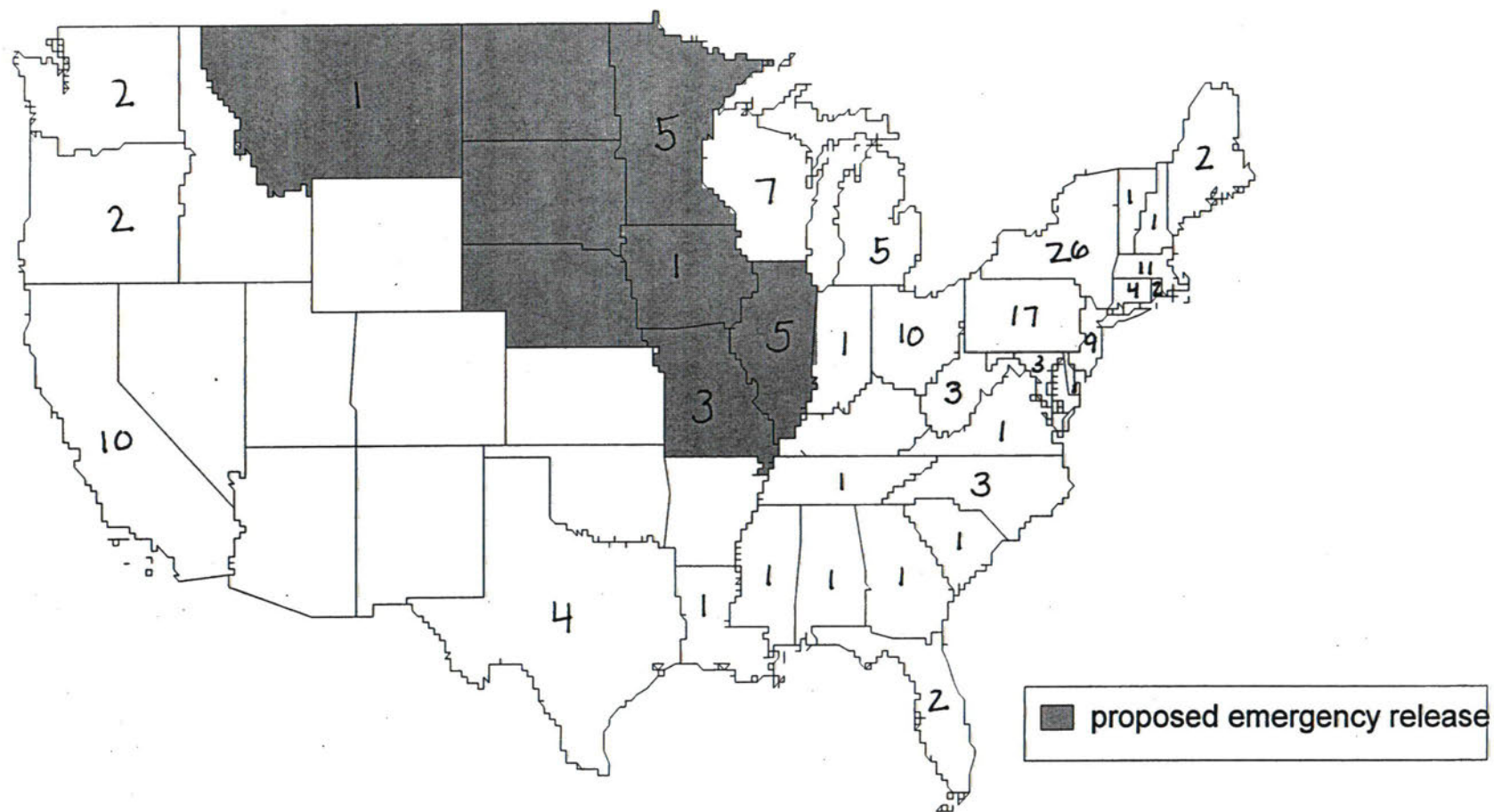


HDDs (heating degree days) are Nat'l Weather Service's measure of temp.extremes

Senate Requests for Emergency LIHEAP Release



House Requests for Emergency LIHEAP Release



CC:

Rahm

Lana Capps

Barry Toiv

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 1-30-97

TO:

Rahm Emanuel
Laura Capps
Barry Toiv

FROM: Staff Secretary

The attached is forwarded
for your information.

THE WHITE HOUSE
WASHINGTON

January 30, 1997

The Honorable Grant Woods
Attorney General
State of Arizona
Phoenix, Arizona 85007

Dear Grant:

I want to take this opportunity to express my appreciation for the action you have taken on the issue of reforming our campaign finance system. For too long, this issue has been mired in partisanship and half-measures. While there are different views on how to fix the campaign finance reform system, I am pleased that you have crossed party lines to speak out in unison on this important national issue.

I have made clear what real reform should consist of: it must be bipartisan; it must be comprehensive; it must reduce the amount of money that is raised and spent on federal elections; it must help level the playing field between challengers and incumbents; and it cannot favor one party over the other. I am committed to curbing the influence of money in our political system.

This year provides the best opportunity in a generation to enact meaningful reform. I urge you to continue to speak out at both the state and national level. Together we will reform the system so that it serves the interest of the American people and encourages greater citizen participation and confidence in the political process.

Sincerely,

A handwritten signature in black ink, reading "Bill Clinton". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 1/30/97

TO: Rahm Emanuel

FROM: Staff Secretary

Correspondence is working
on a response.

DEMOCRATIC NATIONAL COMMITTEE
Steve Grossman, National Chair * Governor Roy Romer, General Chair

MEMORANDUM

57 JAN 29 PM 7:03

VIA TELECOPIER

TO: President Bill Clinton

FROM: Steven Grossman 

RE: Volunteerism

DATE: January 29, 1997

Many of us who have devoted a significant part of our lives to community service were inspired by your announcement last week of bold initiatives to promote volunteerism as well as the forthcoming summit to be held in Philadelphia in late April.

To help further your objectives, I offer two suggestions:

- (1) Perhaps the best quotation I have ever read concerning volunteerism was contained in Woodrow Wilson's charge to Princeton's Class of 1909:

Set out to fulfill obligations, to do what you must and exact of others what they owe you, and all your days alike will end in weariness of spirit. The road of life will be long and very dreary There is no pleasure to be had from the fulfillment of obligations, from doing what you know you ought to do. Nothing but what you volunteer has the essence of life, the springs of pleasure in it. These are the things you do because you want to do them, the things your spirit has chosen for its satisfaction.

As you know, Woodrow Wilson coined the phrase "Princeton in the Nation's Service" and it seems entirely appropriate that the words of a Democratic President also elected to two consecutive terms in this century would add some nobility to this initiative.

Page Two
Steven Grossman
January 29, 1997

- (2) One of my closest friends in Boston has been a role model to tens of thousands throughout this country in terms of his unwavering commitment to community service. His name is Leonard Zakim, Regional Director of the Anti-Defamation League. His work has taken him well beyond the ADL, as one of the co-founders of the Team Harmony event held annually in Boston which recently attracted over ten thousand students to a day-long event at the FleetCenter at which students stood up and said no to racism, bigotry and ethnic stereotyping. Further, he has been the architect of the World of Difference program which is one of ADL's signature efforts in promoting diversity in our schools throughout the country.

He is currently recovering from a bone marrow transplant and has been an extraordinary resource to patients recovering from cancer who need a helping hand from those who have gone through this searing experience.

I hope that those who will run this conference will include Lenny in its planning and I would be delighted to help make the connection.

SG/dao

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

sent
sent
87 JAN 30 PM 5:59

TO: Shelley Fidler

Fax Number: 6-2710

Phone Number:

FROM: Phil Golen

SUBJECT:

DATE:

NUMBER OF PAGES (including cover sheet):

MESSAGE:

Give me a call about this. It is much, much better, but your language is still too encouraging in a couple of places. Talk to you tomorrow.

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

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited.

January 30, 1997

MEMORANDUM TO THE PRESIDENT

FROM KATHLEEN A. McGINTY

SUBJECT GOVERNOR KITZHABER'S REQUEST FOR A SALMON EVENT

Oregon Governor John Kitzhaber has written and called you seeking your agreement to join him in hosting a "salmon town hall." He wants you to come to Oregon in February or March and participate in a public event to discuss the state's efforts to restore salmon.

Governor Kitzhaber is making a serious effort to restore the popular fish, and is working well with federal agencies in the region. His leadership is a model of pro-active compliance with the Endangered Species Act. Your FY98 budget includes some new funding that will assist the state.

Yes I recommend that you convey a generally positive response, **without firmly committing your involvement or to any specific date or format.** You should advise Governor Kitzhaber that you will ask me to continue to coordinate with him ~~in order to determine whether we can define a mutually agreeable agenda. If we can do that, then we would be in a position to decide whether you or the Vice President could be available for an Oregon event.~~

SUGGESTED TALKING POINTS

- I strongly support and appreciate your stand on protecting salmon. Letting them go extinct is simply not an option, and I fully support your leadership.
- I want NOAA and the other Federal agencies to work as fully as possible with you, and I intend to instruct CEQ to bring Secretary Daley, Babbitt, Glickman and EPA Administrator Browner together to ensure that they are working hard to help you.
- I know you have real budget problems and a tough legislature. I can't solve those problems, but we are going to step up our financial commitment to help you with the salmon problem. *Specifically, my 1998 budget will include the funding you've requested for watershed coordinators.* There will also be increased funding for salmon conservation through the Department of Commerce and under the 1996 Farm Bill programs.
- On the issue of an event this spring to profile your salmon plan, *I just can't make a commitment at this time* ~~I think it is an interesting suggestion, and I'm prepared to see if we can make it work for both of us.~~ I will ask Katie McGinty to coordinate with you to see what we can put together. Ultimately, we will be more open to a ~~summit~~ if it is clear that we both can emerge from it with a success -- something we can afford that represents good policy for us both.

an event

keep in touch with you as your plans progress.