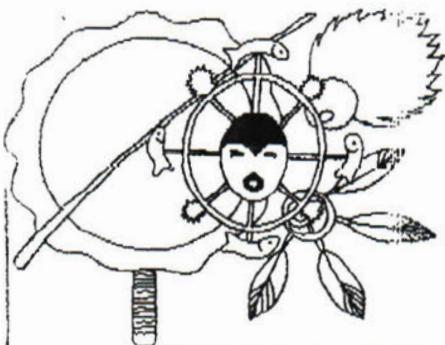


214197

per Phil Caplan -
Send to Denmark
for reply -

C. Clive W

Caplan



Toksook Bay Traditional Council

FAXED CORRESPONDENCE

February 4, 1997

Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Clinton,

This correspondence is written on behalf of the Native Community of Toksook Bay and its Tribal Council to direct your attention to numerous nominations and appointments to key positions affecting Indian Country within next couple of weeks. We are optimistic that you will nominate or appoint Native Americans to the key positions and administrations that will have focus on Indian/Alaska Native issues.

For the position of DOI Assistant Secretary - Indian Affairs, there are several Indian candidates who were either nominated or expressed an interest in this important position for your consideration. They are:

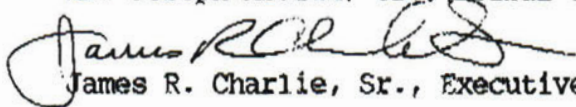
Mr. John Echohawk (Pawnee)
Mr. Kevin Gover (Pawnee)
Mr. Ted Strong (Yakima)
Mr. Dick Trudell (Santee Sioux)
Ms. Rachel Joseph (Shoshone Paiute)
Mr. Franklin Ducheneaux (Cheyene River Sioux)

Other vacancies that will be impacting Indian Country that needs to be filled with American Indians includes:

Chairman - National Indian Gaming Commission
General Counsel - National Indian Gaming Commission
Associate Solicitor - Indian Affairs (Interior Department)

Your time and considerations to the above recommendations will be very much appreciated. Quyanah (Thank you) Mr. President, God bless you.

Sincerely,
TOKSOOK BAY NATIVE COMMUNITY
Honorable Paul John, Chief
Mr. Joseph Asuluk, Sr., Tribal Chairman


James R. Charlie, Sr., Executive Director & CEO

cc: Honorable Hillary R. Clinton
Honorable Erkin Bowles, C.S.
Honorable Elizabeth Montoya, SA

Honorable Al Gore, Vice President
Honorable Bruce Babbitt, DOI Sec'y
Honorable Bob Nash, AP/DPP

CHICKEN RANCH BAND of ME-WUK INDIANS

Chicken Ranch Rancheria

~~~~~  
16929 Chicken Ranch Road  
Post Office Box 1159  
Jamestown, California 95327

(209) 984-4806  
Fax (209) 984-5606  
Email: ChixRanch@aol.com

February 4, 1997

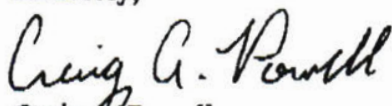
Honorable William J. Clinton  
President  
The White House  
1600 Pennsylvania Ave. NW  
Washington, DC 20500  
Fax 202-456-2215

Dear Mr. President;

On behalf of the Chicken Ranch Band of Me-Wuk Indians, I would like to take this opportunity to recommend that Richard Trudell (Santee-Sioux) be appointed as the Assistant Secretary - Indian Affairs.

Mr. Trudell has long since been an advocate of Indian people and has worked hard to positively represent them. With his expertise and vast knowledge of native issues, he would be a great asset to our people all across the nation. Please consider his nomination in your selection for appointment.

Sincerely,

  
Craig A. Powell  
Tribal Chairman

**A** By CELIA W. DUGGER

The freighter *Golden Venture*, loaded with a human cargo of 286 smuggled Chinese immigrants, shuddered to a halt on a sandbar off Queens one drizzly night in 1993. With the twinkling promise of America close enough to touch, many leaped into the black, pounding surf to make a desperate swim for freedom.

As television crews filmed the huddled passengers on the beach at dawn, they became a symbol of the lengths to which immigrants will go to reach America. In the years since, they have become a symbol of something else: the unresolved tension between this country's commitment to welcoming the persecuted and its anxiety about being swamped by illegal immigrants.

While more than a third of the passengers have been released or resettled in Latin American countries, 99 were sent back to China and 55 have remained behind bars all this time, three years and eight months.

A majority of those on board pursued an unusual ground for asylum: the tyranny of population control policies. They contended that the Chinese Government had sterilized them against their will, forced them to have abortions or persecuted them because they had resisted the Government's policy of one couple, one child.

Many would have won asylum had they come ashore a year earlier — when George Bush was President — say advocates for refugees and Bush Administration officials. But by the time that the *Golden Venture* grounded off the Rockaway Peninsula, the tides had turned against illegal immigrants. In the Clinton years, such asylum claims were routinely denied. China was not persecuting the immigrants; it was enforcing a nationwide policy to combat the scourge of overpopulation, Federal

Continued on Page B5, Column 1

Continued From Page A1

immigration judges ruled.

But this fall, the currents of American immigration policy shifted yet again. Congress, led by anti-abortion Republicans, this time with President Clinton's support, passed a new law making resistance to China's population control policies a form of political opinion and a ground for asylum. It also capped the number who could qualify at 1,000, a limit unprecedented in immigration law.

Dozens of *Golden Venture* passengers still detained at the York County Prison in York, Pa., cheered when their lawyers gathered them together last October for the news. But their joy has since turned to dejection. So far, only two men, Zheng Xin Bin, 31, and Chen Fen Hou, 29, have been freed because they are expected to win asylum under the new law.

The other detainees are still in legal limbo. Some of them told weak stories that judges did not believe. In other cases, judges denied asylum under the old legal standard but never determined whether the asylum seekers had told the truth. Immigration courts will have to reconsider many cases in light of the new law.

Yang You Yi, still in his prison blues at the York prison, said that his wife was sterilized against her wishes after the birth of their third child and that his business was shut down when he refused to pay fines.

His wife begs him in letters to come home if he cannot gain freedom in America, he said. She and their children, living on the charity of relatives, face worsening hardships. Mr. Yang said that he tried to go back last year but that China refused to admit him.

"I have no ability to care for them like a husband and father should," he said last week from behind a glass partition in the prison's visiting room.

The immigrants' lawyers say continued detention is unnecessary since the *Golden Venture* passengers paroled so far have reported in regularly as required, a statement confirmed by immigration officials.

Beverly Church, a paralegal who has become a den mother to the York detainees over the last three years, said: "For them, it needs to be over. If some of them want to return to their country, so be it. And shame on this country."

A White House official who spoke on the condition of anonymity said the Administration was considering paroling the rest on humanitarian grounds, though no decision has yet been reached. "No one ever contemplated they would be detained for three and a half years," he said.

Just as the new law on asylum has yet to resolve all the *Golden Venture* cases, neither has it settled the larger human rights issue at stake. While it ringingly declares that those persecuted for opposing population control policies are entitled to asylum, it also limits the number who can qualify.

The cap on the number eligible for asylum means that the 1,001st person could be delivered back into the hands of the government that had persecuted him, though immigration officials said those over the limit might still be allowed to stay.

Proponents of the bill say they believe that the limit is unlikely to be reached because so few Chinese can pay exorbitant fees to smugglers to get to the United States. Grover Joseph Rees, who was general counsel at the United States Immigration and Naturalization Service in the Bush Administration, said the number of Chinese who won asylum on population control grounds was never more than 150 in a year.

Nonetheless, advocates for refugees say they are concerned that such limits may be extended to other forms of persecution and could erode the American commitment to protecting those deserving of asylum.

"It's an unprincipled way of standing on principle," said Elisa Massimino, legal director of the Lawyers Committee for Human Rights in Washington.

Groups that favor more restrictive immigration policies have a different worry. "One-fifth of humanity lives in China," said Mark Krikorian, executive director of the Center for Immigration Studies, a research group in Washington. "A broad and promiscuous granting of asylum that could apply to hundreds of millions of Chinese is not responsible immigration policy. It could lead to asylum becoming a vehicle for large-scale immigration to the United States."

## Illegal Immigrants And Rising Hostility

On June 6, 1993, the day the *Golden Venture* landed, the Clinton Administration was already immersed in one crisis that involved boatloads of refugees from Haiti, when it found itself confronting another that involved boatloads of illegal Chinese immigrants, piloted by smugglers.

Though the number of illegal Chinese immigrants apprehended was dwarfed by the numbers from Mexico and other countries, Federal officials feared the problem could get out of control. In the previous year and a half, 19 ships carrying more than 3,000 Chinese nationals had landed or tried to land in the United States.

None of them, however, won the fame of the *Golden Venture*, which had the misfortune of arriving in America's media capital at a time of rising hostility to immigrants.

To deter smuggling gangs, the Administration decided that asylum seekers like those brought on the *Golden Venture* should, with few exceptions, be detained until their claims were resolved. And the Justice Department began arguing against asylum in most cases.

Lawyers at the Justice Department relied on a 1989 ruling by the Board of Immigration Appeals, the highest administrative tribunal in the immigration system. That decision, *Matter of Chang*, allowed asylum only for those who could show that they had been targeted for persecution under the population control policy because they were, for example, Catholic or a pro-democracy dissident, not simply because they opposed a policy applied to all Chinese.

"For China to fail to take steps to prevent births might well mean that many millions of people would be condemned to, at best, the most marginal existence," the board wrote in the *Chang* case.

To avoid returning people to physical danger, the immigration service began paroling asylum seekers who, in its view, genuinely faced sterilization, forced abortion or other severe harm in China. Eleven *Golden Venture* detainees were released under this plan.

But they were not given asylum —

Suey

I thought we were going to be a country about this

1/2

which would eventually have made them eligible for permanent residence in the United States and reunification here with their immediate families — but only a stay of deportation.

This was a reversal of the previous administration's approach. In 1990, President Bush had issued an executive order for the "enhanced consideration" of asylum claims filed by those persecuted for violating population control rules.

"There was a great concern in the Clinton Administration that this could become an unmanageable crisis," said Arthur C. Helton, who

teaches immigration law at New York University. "So the Administration took the narrow and grudging approach reflected in *Matter of Yang*, and the fate of those on the Golden Venture was sealed."

## One Man's Grim Story And an Appeal Denied

Guo Zhan Xie, a slight man with an elfin face, is one of the Golden Venture passengers still detained at the New York prison. He endured months of a sickness in the dank, gloomy hold of the Golden Venture, surviving on a scanty diet of rice and water. But he says the tedium of the years behind bars has been much harder to bear. "The most horrible thing has been being jailed, without freedom," he said.

When he requested asylum, this is the story that he told United States immigration authorities: A stone-mason by trade, he was living with his wife and son in Fujian Province when his troubles began. The local family-planning authorities had fitted his wife with an intrauterine device after his son's birth in 1990. One month, they physically examined her to be sure she was not

pregnant.

But in March 1992, she conceived a child. Fearing she would be forced to abort, they went into hiding. His parents were interrogated but pretended that they did not know where he was. Enraged by their refusal to cooperate, the authorities destroyed his parents' home and they, too, fled.

He knew the price could be very high for those who defied the rules, he said. His underage cousin had been forced to abort a pregnancy at 7 months. And his sister's home had been destroyed when she was unable to pay fines for having more than one child.

Fearing he would be sterilized, fined and harassed, he signed on with smugglers and set out for the United States, leaving his wife and children behind in China. "I had heard America was a free country," he said.

The Board of Immigration Appeals decision in December 1993 recounted Mr. Guo's story in a narrative but never explicitly stated that he was credible. Asylum was denied.

"Abortion and sterilization may be untenable to the applicant's political beliefs," the board wrote. "Coerced abortions and sterilization are certainly horrible acts. However, as the applicant has failed to show that the one couple, one child policy was applied to him for reasons protected under the act, he has not demonstrated his eligibility for asylum."

## Creating Makeshift Art As the Time Drags On

As the years dragged by, the Golden Venture detainees at the New York prison made items from the commonplace of prison life. They used toilet paper, water and glue to create elaborate papier-mâché confections: caged eagles, fanciful dragons, Statues of Liberty, even the Golden Venture itself. They folded thousands of tiny pieces of paper to make intricate bowls and pineapples.

"Making art has kept me alive," Mr. Yang said.

At first, they gave these objects away as gifts to the odd collection of Pennsylvanians who had adopted their cause, defending them in court and visiting them in prison. The volunteers included abortion-rights feminists, anti-abortion conservatives and people who remembered the St. Louis, a ship loaded with Jewish refugees fleeing the Holocaust that was turned back from America.

"There were liberal 60's bleeding-heart types and conservative pro-life Republicans," said Craig Trebilcock, the lawyer coordinating the defense of the Golden Venture detainees who remain at the New York prison.

Over the years, thousands of the detainees' artworks have been sold for more than \$100,000 to help pay for their prolonged legal battle. Their folk art is now on exhibit through April 6 at the Museum of Chinese in the Americas, at 70 Mulberry Street in Chinatown. "The pieces radiate furious industry and imagination," wrote Adrienne Cooper, a co-curator of the exhibition.

As the men turned their cellblocks into workshops, the people from New York and other nearby towns rallied around them. For 180 Sundays without fail, an ecumenical group has gathered for a vigil outside the low-slung, beige prison. They pray, light candles and wave. The men, silhouetted in the windows, wave back.

# The New York Times

MONDAY, FEBRUARY 3, 1997

2  
2

THE WHITE HOUSE

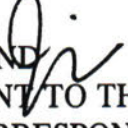
WASHINGTON

97 FEB 4 PM 5:08

February 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: MICHELLE HOUSTON   
DIRECTOR, WHITE HOUSE GIFTS

THROUGH: JAMES A. DORSKIND   
SPECIAL ASSISTANT TO THE PRESIDENT  
DIRECTOR OF CORRESPONDENCE  
AND PRESIDENTIAL MESSAGES

SUBJECT: Gift Unit Report for the Week Ending January 29, 1997

A. Gifts Delivered This Week: 253  
Gifts Processed This Week: 440

B. Highlights of the Gifts Received from January 23, 1997, through January 29, 1997:

1. **Gary Sisco.** Engraved pewter letter opener that reads "105th Congress January 9, 1997," that was used to open the ballots from the Electoral College. The appraised value is \$30.

Disposition: \_\_\_\_\_ Keep for personal use and send to:

\_\_\_\_\_ ☒ Oval Office

\_\_\_\_\_ Residence

\_\_\_\_\_ Designate for Archives

2. **Lawrence O'Brien.** Hardcover book titled, *The State of the Union*, by Derek Bok.  
The appraised value is \$35.

Disposition: \_\_\_\_\_ Keep for personal use and send to:

\_\_\_\_\_ ☒ Oval Office

\_\_\_\_\_ Residence

\_\_\_\_\_ Designate for Archives





3. **Dr. Joseph and Mrs. Carol Hankin.** Paperback titled, *A Great Big Ugly Man Came Up and Tied His Horse To Me*, written by Wallace Tripp, and inscribed by the donors. The appraised value is \$15.

Disposition: \_\_\_\_\_ Keep for personal use and send to:

\_\_\_\_\_ Oval Office

\_\_\_\_\_ Residence

\_\_\_\_\_ Designate for Archives

4. **Stephen Joel Trachtenberg.** Journal titled, *Partnerships for Peace, Democracy, and Prosperity*, with forwards by donor and the President. The appraised value is \$20.

Disposition: \_\_\_\_\_ Keep for personal use and send to:

\_\_\_\_\_ Oval Office

\_\_\_\_\_ Residence

\_\_\_\_\_ Designate for Archives

5. **Sgt. Gregory Binford.** Medallion that reads "Task Force Eagle Operation Joint Endeavor - One Team, One Mission Multi-National Division North." The appraised value is pending, but should be under the financial disclosure limit.

Disposition: \_\_\_\_\_ Keep for personal use and send to:

\_\_\_\_\_/\_\_\_\_ Oval Office

\_\_\_\_\_ Residence

\_\_\_\_\_ Designate for Archives

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR TODD STERN

FROM: JIM DORSKIND *JD*

DATE: February 4, 1997

SUBJECT: AUTOPEN AUTHORITY FOR REUBEN MUSGRAVE

I am requesting autopen authority for Reuben Musgrave, Director of Presidential Letters & Messages. Although, because ORM cannot distinguish among letters, I would like Reuben's authority to be the same as that of Maureen Hudson, i.e., for all letters and messages, I will initially only permit him to sign off on form language and general gift letters. He would sign off on other language only when a letter must go out immediately and neither Dan, Maureen, nor I is available. (He will be required to try to contact one of us first.) If this works out, down the line I plan to grant him broader discretion. This process generally has worked well in the past for Mark Miller, Jack Shock, and Maureen Hudson.

Reuben has been here since July, and he has shown that he has mature judgment, is loyal to the President, and is competent as an editor. Although Dan and I do still make corrections to some of his work, we are doing so more rarely as time goes on.

This should help alleviate some of the bottlenecks over here and afford Dan and me more time to manage the department.

If you agree with my recommendation, please sign the attached draft memorandum to Terry Good, and I will obtain an exemplar of Reuben's initials, get the original to Terry, and provide a copy to Carol for your files. Please give me a call if you have any questions.

Thanks for your consideration.

Approve

Disar

Todd - 2/5/97

This does not increase the number of people authorized to use the AP... it brings it up to the same number.

PhM

Todd - 2/5/97  
This does not increase the number of people authorized to use the AP... it brings it up to the same number.  
PhM

THE WHITE HOUSE  
WASHINGTON

February 4, 1997

MEMORANDUM FOR TERRY GOOD

Director, Office of Records Management

FROM:

TODD STERN  
Assistant to the President  
and Staff Secretary

*Pls for Todd - He approved on b+ page  
2/5/97*

SUBJECT:

APPROVAL OF PRESIDENTIAL SIGNATURES

The following additional individual is authorized to approve use of the President's signature pen in the areas of responsibility noted:

Reuben Musgrave

in accordance with approved procedures for correspondence not involving policy matters; for standardized policy materials after clearance by the Staff Secretary; for VIP personal correspondence; for photographs; and for Presidential messages -- and with any new policy language only after clearance by the Staff Secretary.

An exemplar of the sign-off that Reuben will use follows. Thank you.

*Reuben Musgrave*

*Sander M. Levin*

# Common Ground on Welfare

Republican governors are now calling for changes in provisions relating to legal immigrants in the bill on welfare reform passed by Congress last year. And it is certain that President Clinton will call for a similar change, as well as in several food stamp provisions, in his budget to be unveiled this week.

Whether Congress gives these proposals a fair and full hearing will be an early test of whether Congress can leave behind the deep partisanship of the 1995-96 session.

The chance for bipartisanship will be improved if certain misconceptions surrounding welfare legislation can be put aside.

**(1) This is not an effort to change the basic thrust of welfare reform.**

The fundamental aim of welfare reform is to restructure the system in order for people to move from welfare to work. A "paycheck instead of a welfare check" is essentially what most Americans mean by welfare reform. Reflecting this, the provisions on legal immigrants and food stamps were not included in bills originally introduced by Republicans or Democrats in the 1993-94 session.

The Supplementary Security Income (SSI) program that has covered legal immigrants is not "welfare" like the Aid to Families with Dependent Children (AFDC) program. It does not provide a monthly payment to people who can work but mainly to people who are disabled, many of whom because of illness or age would have serious difficulty passing the tests for citizenship.

**(2) Welfare reform has not been a Republican or Democratic idea.**

Changing welfare from basically an income-support to a work-related system has roots in both parties. It was reflected in the Family Support Act of 1988. It was at the center of both party's bills of 1993-94 and the initial Republican proposal after they gained the majority in the 1994 election.

Groups within each party favored a different emphasis in welfare reform: Republicans who favored an emphasis reducing the number of children born out of wedlock by curbing benefits to a child of a teenager or a second child; and Democrats who feared the results of greater state flexibility derived from a block grant of AFDC. But a major force emerged in both parties whose focus in welfare reform was the change from an income-support to a work-based system.

The existence of this common ground between the parties was overshadowed in the last two years by two issues: the battle over health care and day care that was central to the president's two vetoes and over whether the entitlement status of reformed AFDC should be retained or replaced by a block grant.

The first issue was resolved in the final legislation that retained Medicaid as an entitlement and

increased funding for day care. And the second issue had already been reshaped by the broad flexibility given to the states in presidential waivers and by the wide variety of experiments being undertaken by the states.

Efforts at bipartisanship also will be improved by resisting the temptation to focus on questions that were legitimate last year but would detract from effective action this year.

On the one hand, we must resist asking where were the Republican governors last year in the debate over provisions on legal immigrants and food stamps. Political polarization was the hallmark of last year, and undoubtedly was a factor in the silence of the Republican governors on those issues. The question this year is whether there is a legitimate role for a more bipartisan approach.

We also need, on the other hand, to go beyond the arguments over AFDC entitlement and time limits. They were indeed important issues. But a year before the Republicans decided to move on welfare reform by de-linking AFDC reform from any proposed changes in Medicaid, it was an open secret that the president would accept a bill that block-granted AFDC as long as those moving from welfare to work were ensured of health care and day care. As to the five-year time limit in the final bill, it should be remembered that there was a real time limit in the alternative bill that every Democrat in the House voted for in 1995.

Both parties now face the challenge of whether they can operate together to strengthen the likelihood that the welfare-to-work provisions in last year's legislation will truly work over the next five years. That means careful and sensitive

congressional oversight, encouragement of responsible outside research and a willingness to look carefully at how the president proposes to improve the chances that there will be adequate jobs to move from welfare to work.

Surely bipartisanship also means looking carefully at the president's proposals and the governors' suggestions on legal immigrants and food stamps. Unlike basic welfare reform itself, these provisions are not phased in over a period of years but begin affecting people's lives immediately.

What will make it more difficult is that these provisions represented three-quarters of the budget savings in the 1996 bill. But overlooked in the battle over welfare reform was the fact that more than two-thirds of increases in poverty among children ascribed to the pending welfare bill in several studies—including one the administration failed to release—related to the legal immigrants and food stamp provisions, not to reform of the basic AFDC system or the controversy over entitlement vs. block grant.

The president and the governors are proposing changes that would restore only a portion of the cuts for legal immigrants and food stamps, leaving in place the welfare-to-work provisions of the welfare bill. The response of Congress will be an important test of the willingness of both parties to sit down and reason together.

*The writer, a Democratic representative from Michigan, is the ranking member on the Human Resources Committee, which has jurisdiction over welfare reform.*

*Rahm  
Levin  
Dorey  
Bry*

**The Washington Post**

MONDAY, FEBRUARY 3, 1997

# Next Population Bulge Shows Its Might

By MELINDA BECK  
Staff Reporter of THE WALL STREET JOURNAL  
Call it "the piglet in the python."

A population burst unlike any since the heyday of the baby boom has entered the American system. And although its members are still children, their impact on business and society is already immense. Companies that sell toys, videos, software and clothing to kids have boomed in

FIRST IN A SERIES

recent years. Nine of the 10 best-selling videos of all time are animated films from Walt Disney Co. Club Med, the French vacation company, now earns half its U.S. revenues from family resorts. Last fall, many schools across the country reported severe overcrowding; in New York City public schools alone, there are 44,000 more students in kindergarten through third grade than there were five years ago, an increase of nearly 17%.

And this is just the beginning. It is this generation that will determine how—and how well—the baby boom will live in their old age. Indeed, the tastes, habits and beliefs of this group—call it Generation Y—will reverberate through American culture well into the next century.

The annual number of U.S. births started rising around 1980, ending the baby-bust years. In each of the years from 1989 to 1993, U.S. births exceeded four million for the first time since the early 1960s. Today there are roughly 57 million Americans under age 15—and more than 20 million in the peak years between four and eight. Many of their parents, born during the waning years of the baby boom, helped to remake America's social, political and economic institutions. And though Generation Y is much smaller than the baby boom, which lasted nearly 20 years and produced 78 million children, its members are plentiful enough to put their own footprints on society.

"Technologically, this generation is going to make the Gen-Xers look like fuddy-duddies," says Frank Gregorsky, a 41-year-old social historian at the Discovery Institute, a Seattle think tank. He predicts that within five years, members of Generation Y will be producing term papers with full motion video. "They're on fast-forward," he says.

Generation Y was born into a world so different from the one their parents entered that they could be on different planets. The changes in families, the work force, technology and demographics in recent decades will no doubt affect their attitudes, but in unpredictable ways. Among those changes:

- Nearly 60% of children under the age of six have mothers who work outside the home, compared with just 18% in 1960.
- Some 61% of U.S. children aged three to five are attending preschool, compared with 38% in 1970.
- Nearly 60% of households with children aged seven or younger have personal computers, according to IDC/LINK Resources Corp., a market-research firm in New York.
- More than one-third of elementary-school students nationwide are black or Hispanic, compared with 22% in 1974. If current trends continue, "minorities" will make up the ma-

jority of the U.S. population by 2050, according to the Census Bureau.

■ Approximately 15% of U.S. births in recent years were to foreign-born mothers, with origins so diverse that more than 100 different languages are spoken in the school systems of New York City, Chicago, Los Angeles and Fairfax County, Va.

■ Nearly one of three births in the early 1990s was to an unmarried woman. With approximately one in three marriages ending in divorce, that means a significant portion of this generation will spend at least part of childhood in a single-parent home.

■ One-quarter of children under age six are living in poverty—that is, with cash income of less than \$15,141 for a family of four.

Generation Y is also growing up largely untroubled by the threat of nuclear war, in contrast to the Cold War tensions and air-raid drills of the boomers' youths. But in other, more immediate ways,

children today are less innocent and insulated than their parents were—though, at the same time, less independent. Because of their exposure to the media or, increasingly, because of personal experience, young children now know more about guns, drugs, homelessness, mental illness and job insecurity. Many city schools have metal detectors at their doors. "You have young people, especially in urban areas, worried about being shot at the bus stop," says Carol J. De Vita, senior research demographer at the nonprofit Population Reference Bureau in Washington. "Whether that threat is real or more like the air-raid drills were for us, it still

Please Turn to Page B5, Column 1

Continued From Page B1

weighs on their minds. And that fear has spread into suburban areas."

It troubles parents, too. Today, most don't feel comfortable letting kids hop on a bike and take off for points unknown. Instead, many urban and suburban parents turn to indoor playgrounds. "Getting lost in a maze, and finding your way out, is really exciting. Psychologists call it 'safe risk-taking,'" says Steve Duesbury, national marketing director of Discovery Zone Inc., the chain of 210 indoor playgrounds, which is currently operating under Chapter 11 bankruptcy protection. As the peak of the boomlet has moved out of the sandbox years, Discovery Zone has added after-school activities and is testing a program called Night Zone, with fog machines, to appeal to older children.

Generation Y will also never know a world without computers. Global conversations—even chess games—over the Internet will bring distant cultures close. What's more, they won't even realize how remarkable that is. "This generation views computers as basic equipment, like pencil and paper, not something to be feared," says Larry Mondry, executive vice president, merchandising, at computer retailer CompUSA.

Furthermore, Mr. Mondry says that innovations that seem like gimmicks from "The Jetsons," such as using computers for instant video communication and to control the functions of the home, will be commonplace for this generation. "My son is seven, and the other day he asked me what videos I liked to watch when I was his age," Mr. Mondry says. "When I told him they hadn't been invented then, he was dumbfounded."

Generation Y is also driving the educational-software industry, which has grown to a \$600 million business from practically nothing in 1990. Titles like Baby-ROM from Byron Preiss Multimedia Co. are designed to help infants as young as six months learn to identify numbers, shapes, colors and body parts.

The same boomer compulsion to give their kids an educational edge is fueling the booming business of "educational playthings," sold by national retail chains like Noodle Kidoodle and Zany Brainy. Such stores tend to shun violent or licensed products and stress multimedia learning. Brian Lynch, vice president of operations at the Learningsmith, a chain of 36 stores based in Cambridge, Mass., says the motivation for the company was "quite frankly, the belief that consumers can't spend enough time with their children, and when they do, they want it to be something that will help them go to Harvard."

Like their parents, the members of Generation Y seem destined to be pressed for time. The afternoons and weekends that many baby boomers spent "just hanging out" have now been taken over by chess clubs, soccer leagues, tennis lessons and taekwon do. Diane Novick, owner of Creativities in Ridgefield, Conn., which sells craft materials, worries that with so little free time, kids today don't have enough opportunity to experiment, get

messy and invent new things. "Creativity takes time, and that's something this society has lost all conception of," she says.

At least this generation is reading and being read to. Publishers have responded with an outpouring of titles and series for young readers; annual sales of juvenile books have more than doubled, to \$1.4 billion, since 1987. "We have babies in here, and one-, two- and three-year-olds coming to our story hours," says Maureen Golden, vice president of merchandising for Barnes & Noble Inc. Ms. Golden says that for this generation, bookstores have become what local libraries used to be, while libraries are becoming more like college resource centers.

Apparel manufacturers from Ralph Lauren to Gap Inc. are also targeting the Gen-Y crowd, which infinitely prefers jeans, sports jerseys and baseball caps to dress-up clothes. Auto makers are courting their parents with minivans and sport-utility vehicles, many with built-in child seats. Hotels and cruise lines are offering kids' programs. Some malls, furniture stores and even supermarkets provide on-site baby-sitting. Restaurants are setting out crayons, putting changing tables in restrooms and offering more take-out services, all to serve families with children.

About the only sector of society that didn't react quickly to the arrival of Generation Y is the education system. Many demographers are amazed that school planners did not see the wave of children coming and start planning for their arrival years ago. But many communities that built schools for the baby boomers in the 1960s converted the buildings into senior centers or condos in the 1970s and '80s.

In affluent Westport, Conn., for example, where school enrollment has nearly doubled since 1987, residents are locked in a bitter dispute over whether to reclaim an old school that was converted into a town arts center. Urban areas have had even more trouble accommodating Generation Y. In Dallas's Vickery Meadow neighborhood, blocks of sprawling apartment complexes were built in the 1970s for twenty-something baby boomers. Now those boomers have moved on to bigger quarters, and have been replaced by mostly low-income minority families—a total of 4,000 kids, without a single library, park or school. "There's really no place to play," says a resident, Rosa Lopez, as she watches her four-year-old son and two friends run through a stairwell.

The gap between the haves and the have-nots of Generation Y is already wide, and in areas like technology and education, that could have a dramatic impact on the nation's economy in the 21st century. The former U.S. Office of Technology Assessment estimated that it will take more than \$50 billion over the next five years to provide a multimedia computer for every seven elementary-school students, the ratio some experts say should be the minimum. Although such an investment is unlikely, Education Secretary Richard W. Riley notes: "These young people represent the work force of tomorrow—the very people who will be working

THE WALL STREET JOURNAL  
MONDAY, FEBRUARY 3, 1997

To UP / Boud / Gen /  
ce Baer / Bolun

Fascinating

Bo

1/2

2/2

THE PRESIDENT HAS SEEN  
2-4-97

to support the baby boomers in retirement."

So far, they are off to a promising start. Trend forecasters say that besides being technologically adept, this generation is growing up environmentally conscious, achievement-oriented and far more tolerant of differences than their parents were. As toddlers, they loved the sweetness of "Barney." As they've grown, they've embraced cuddly low-tech toys like Beanie Babies and Tickle Me Elmo and been far more active in political projects for youth than the Gen-Xers were. "As they come of age, they will be team players and they will look for ways to solve big national problems collectively," predicts generational scholar Neil Howe.

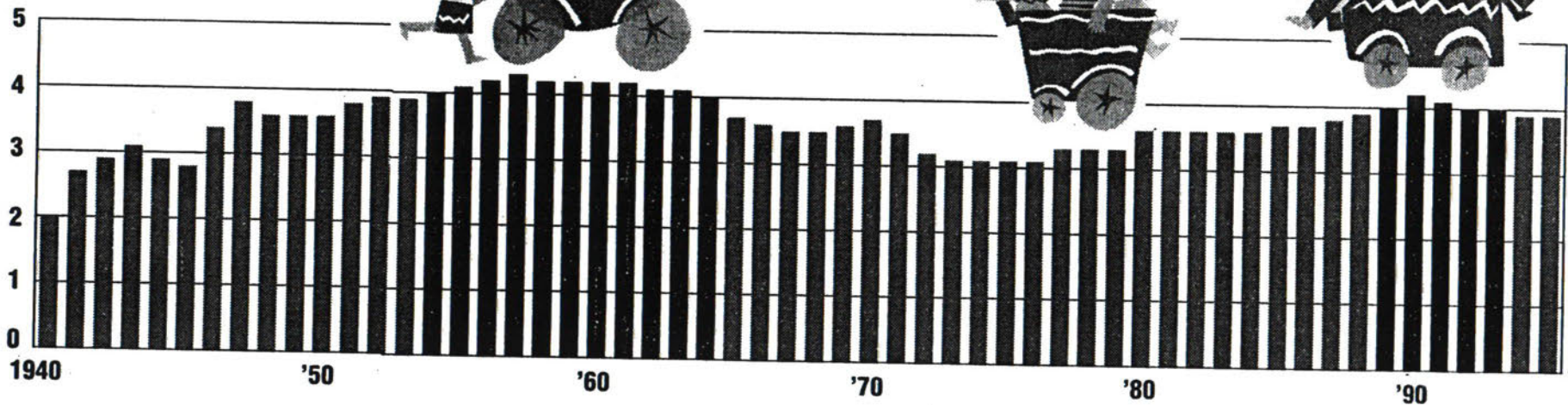
All in all, Generation Y is growing up "as good scouts," says Mr. Gregorsky of the Discovery Institute. "You can already see the beginnings of a generational shift: Teenagers aren't as angry as they used to be, and the generation right behind them shows much less hostility, much less nihilism."

What sort of world will these savvy, sociable preschoolers create in the 21st century? At this point, it's hard to see that far around the millennial corner. Members of Generation Y could easily live beyond the year 2070, which will make the 1990s seem like "The Flintstones."

—Louise Lee  
contributed to this article

## Population Peaks

U.S. births, in millions



Illustrations by Claude Martinot

Source: National Center for Health Statistics

# Global Phone Pact Appears Near But U.S. Conditions May Block It

By EDMUND L. ANDREWS

DAVOS, Switzerland, Feb. 1 — Trade negotiators from more than 100 countries are close to reaching an agreement on opening up government-protected telecommunication monopolies to competition, but the United States is still threatening to block the pact if it does not go as far as American officials would like.

With only two weeks left before a deadline set by the World Trade Organization, 10 countries have come forward in the last week with new or improved offers to open their domestic communication markets. And thanks in part to pressure from the Federal Communications Commission, officials at the trade organization say that considerable progress has been made on persuading many countries to start reducing their fees for completing international phone calls, which are often wildly expensive compared with American rates.

"I think we will have an agreement by Feb. 15," said Renato Ruggiero, head of the trade organization, in an interview here this weekend. "You can never be sure, but we have made a lot of progress. It is very encouraging."

A global deal would commit countries to move toward the same kind of competition in telephone and cable television services that is being opened up in the United States and the European Union. It would threaten the sky-high prices charged by many foreign telephone monopolies, by allowing rivals to set up new networks. And it would also open new opportunities for giants like AT&T, British Telecommunications or Sprint to build or buy their way into Latin America, Asia and Africa.

But the key to reaching a deal is the United States, which essentially vetoed an agreement last April on the ground that not enough countries had committed themselves to truly opening their markets.

In the last two weeks, officials of the trade organization said, 10 countries have submitted new proposals to open their markets and another 12 have said they will follow suit. But a critical question is whether, on close scrutiny, these offerings are as significant as they purport to be.

For the United States, the biggest obstacle to a deal may turn out to be Canada, America's biggest trading partner. Officials in Geneva, where the W.T.O. is based, and in Washington say that Canada has

refused to agree to scale back tough restrictions on foreign ownership of telephone companies. That is a subject of intense interest to the likes of AT&T, MCI Communications and British Telecommunications, which is hoping to buy MCI before the end of the year.

"We are not there yet," said Jay Ziegler, a spokesman for the United States trade representative.

The United States and the European Union are already knocking

down protective barriers in their telephone, cable television and data markets. But a global trade agreement would provide a powerful new weapon, by allowing rivals to go to international court under the W.T.O. if individual governments stalled competition for the benefit of their traditional telephone monopolies. And it would commit most of the world to the same principles of competition being put into play in the United States and Western Europe.

Mr. Ruggiero and others at the W.T.O. say that there are solid reasons for being optimistic about com-

pleting a final deal. One is that many countries are grudgingly giving up their determination to maintain extremely high "accounting rates" for international telephone calls. Accounting rates cover the price of completing international calls into and out of a country, and these prices are often many times more than their true cost in many countries because governments count on the revenue to subsidize other services.

The issue has been a source of contention between the United States and other countries for nearly a decade. But that issue has slipped into the background, in part because the F.C.C. recently imposed new regulations that block American carriers from paying their counterparts in other countries more than certain prescribed amounts per minute.

That, together with the fact that European countries are already well on the way to cutting their rates and introducing competition, has defused tensions over the issue at the World Trade Organization.

Because the American telecommunications market is so immense, and access to the American market is so crucial, the United States has what amounts to a veto on any global trade pact.

American officials have alternatives to a global agreement. The F.C.C. is putting in place policies that essentially set the stage for bilateral deals in which United States restrictions on foreign carriers are dropped if the other country has opened its market to American companies. The United States and Britain are close to establishing that kind of relationship, which is why British Telecommunications has a very strong chance of winning regulatory approval for its deal to buy MCI.

EB / Dan Fawcett  
We need to stay  
on top of these  
global calling decision  
is to Global  
RJ

The New York Times

MONDAY, FEBRUARY 3, 1997

# Marriage Found to Rein In Use of Illicit Drugs and Alcohol, but Not Tobacco

By John Schwartz  
Washington Post Staff Writer

It doesn't take a scientist to determine that many young people who leave home for college begin drinking to excess, smoking and even using illegal drugs. But a new, long-term nationwide study shows that alcohol and illicit drug abuse drop sharply after marriage, while the tobacco habit proves far more tenacious.

Researchers from the University of Michigan found that becoming engaged, getting married and having children are all associated with a steep drop in use of alcohol and illicit drugs—a phenomenon the researchers called the “marriage effect.”

Forty-one percent of single sub-

jects in the study reported heavy alcohol use in the two weeks before the survey, while 28 percent of the married subjects reported such behavior. Cocaine and marijuana use registered similar steep declines after marriage. Couples who live together without becoming engaged or marrying do not appear to clean up their lifestyles, the researchers found.

Divorce, on the other hand, was associated with a return to bad habits, while remarriages drive down drug and alcohol use once again.

The study subjects who married did not experience the marriage effect when it came to smoking. The researchers found about 18 percent of the group smoked while they were single and about 16 percent after marriage. Women, in part be-

cause of pregnancy, were more prone to quit cigarettes.

The researchers found that during pregnancy, some women quit smoking and show “dramatic” reductions in their use of alcohol and illicit drugs. Men, however, do not tend to kick the tobacco habit.

The report released today, “Smoking, Drinking and Drug Use in Young Adulthood: The Impacts of New Freedoms and New Responsibilities,” is based on data collected by the University of Michigan’s Institute for Social Research. That survey of young people, called “Monitoring the Future,” has been funded since 1975 by the National Institute on Drug Abuse and has collected information from more than 33,000 young adults between 1976 and 1994.

The Michigan researchers—Jerald Bachman, Katherine Wadsworth, Patrick O'Malley, Lloyd Johnston and John Schulenberg—continued to survey the Monitoring the Future subjects every two years for their book as the young people went on to college, marriage, divorce and other developments. Some of the subjects have been followed for as long as 14 years after graduation.

“If you say, ‘Why has that happened?’ it’s explainable entirely in terms of their living arrangements,” researcher Bachman said. Young people who leave home tend to increase their legal and illegal drug use whether or not they go to college. “It doesn’t have to do with the Halls of Ivy, or the liberal professors,” Bachman said. “It has to do with the living arrangements.”

Marriage then brings a return to stability, Bachman said: “There’s less going to bars. Different things take the place of that. There’s someone to whom you feel a sense of responsibility.”

Why do young marrieds cut back so readily on drinking and illegal drugs but not tobacco? To Brian Ruberry, a spokesman for the national Campaign for Tobacco-Free Kids, the answer is simple: “Nicotine addiction has a big role there. . . . It’s not a simple lifestyle change. They are addicted to a very powerful, powerful drug.”

A spokesman for the tobacco industry disputed Ruberry’s view. “I think this is what you’d call non-intoxication,” not addiction, said Thomas Lauria of the Tobacco Institute. “With a pleasant pastime like

smoking,” Lauria said, “you can smoke a cigarette and drive a car and do anything else you want to. It does not intrude [on the user’s lifestyle] the way drinking and illegal drug use do.”

Psychology professor Saul Shiffman of the University of Pittsburgh said the report provides new statistical grounding to prior work. “Alcohol and tobacco, though they’re both legal, are very, very different drugs socially,” Shiffman said.

Not only does tobacco interfere less with day-to-day activities and obligations than alcohol or drug abuse, Shiffman said, the vast majority of drinkers do not show the addiction that is characteristic of tobacco use. So “alcohol abuse is just much more malleable” as social roles change, he said.

*Reclus*  
*uterine*  
*De*

## The Washington Post

MONDAY, FEBRUARY 3, 1997

THE PRESIDENT HAS SEEN  
2-4-97

## At Home Abroad

ANTHONY LEWIS

# 'The British Genius'

LONDON

In the run-up to the British election, now likely to take place in May, it seems increasingly difficult to tell the two major parties apart. Two weeks ago Labor's shadow Chancellor of the Exchequer, Gordon Brown, went so far as to promise that Labor would not raise income-tax rates for five years if it won, or increase public spending for two years.

The political logic of the move is plain. Labor is generally thought to have lost in 1992 because it planned to raise taxes. Like Bill Clinton last year, party leaders want to anticipate and neutralize attacks from the other side.

Are there still real differences in what a Labor government would do? I put the question to Mr. Brown, and got a passionate answer.

He began with Britain's relationship to the European Union. Under pressure from Conservative anti-Europeans, Prime Minister John Major has sounded increasingly negative about the E.U., distancing himself in particular from its project to create a single European currency.

Mr. Brown reiterated Labor's position that it will decide about joining the single-currency plan in terms of the national interest. But he saw the increasingly xenophobic tone of Conservative opposition as the signal of a move toward leaving the E.U. altogether — which would be disastrous for Britain.

## Labor's vision of a national identity beyond self-interest.

"Right-wing Tories are trying to recreate a past that cannot be," he said, "in a world of free trade. They talk of sovereignty, as if NATO didn't exist. They talk of Britain's role in the world as centered on the special relationship with America, but with the end of the cold war that is not the only means by which we can play a part."

There has always been an insular element in British thinking, reflected in the famous newspaper headline "Fog in Channel, Continent Cut Off." Could a Labor government persuade the public that Britain's interests are wholeheartedly in Europe?

"I think people see the Conservatives on the sidelines of Europe," Mr. Brown replied, "carping, half in and half out, always wanting to blame Europe for everything that goes wrong."

"We can lead in Europe, and express our national identity better that way. I think people want to see the British spirit and character in the Community: openness, tolerance, a strong sense of fair play, inventiveness."

"The British genius lies in qualities that are wider than self-interest. That is why it is not anti-British to be internationalist. It is why we can express our sense of being British by being in Europe."

Mr. Brown tied those views to domestic policy, too. He said he had pledged not to increase public spending or income taxes because a modern left-of-center party could not be a tax-and-spend party. But it still could have a principled program, he said, to undertake government initiatives for community purposes.

More education and training are Britain's great needs, he said — to equip people for more sophisticated work. As it is, the country has a high level of long-term unemployment despite being in a rosy economic period. Official unemployment statistics do not count single-parent families headed by women and certain other categories. Altogether, he said, 19 percent of British families now have no one bringing in wages — compared with 11 percent in the United States.

"You can't continue supporting a fifth of the population," he said, with unemployment and other benefit payments. To make work more attractive than welfare, he would like when he can to cut the starting income-tax rate in half, from 20 percent to 10. "You need to equip people for work, and you need reform of taxation and benefits to make the work ethic more important."

"We can't be reduced to the notion that self-interested individualism is all Britain is about. A country also needs to have a sense of community, of trust."

Those themes may show up in the campaign when Mr. Major finally calls the election. Right now Labor has to beware of overoptimism. The latest poll gives it a 25 percent lead — a figure that may reflect not so much approval of reformed Labor policies as a widespread public feeling that the Tories are exhausted after 18 years in power. □

# When Foreign Aid Makes a Difference

By Jeffrey D. Sachs

CAMBRIDGE, MASS.

Secretary of State Madeleine Albright and the Republican leadership in Congress have expressed hope for renewed bipartisanship in foreign policy. One place to start is foreign aid, which has been much maligned and misunderstood.

Republicans have made stinging attacks on foreign aid in recent years, many on target. Their critique — that countries escape poverty not through handouts but through long-term economic growth — is supported by experience and research.

For developing countries to achieve rapid growth in today's global economy, they must embrace private, rather than state, ownership of business. They must be receptive to foreign trade, technology, ideas and investment, and they must have governments that accept the rule of law and curb corruption.

Open-ended foreign aid programs can frustrate long-term growth if they allow countries to avoid difficult political decisions, like ending corruption and special privileges for elites.

But a carefully designed program can make all the difference for reform-minded governments that are unstable and financially strapped. Of course, there will be times when, for strategic or humanitarian reasons, we will choose to send aid to countries that are not adopting market reforms.

History shows that assistance given on a temporary basis and for a specific purpose can do exactly what the Republican leadership has in mind: spread democratic capitalism, especially in countries emerging from Communism, war or foreign domination.

This after all was the goal of the greatest foreign aid success of all time, the post-World War II Marshall Plan for Western Europe. The Marshall Plan had two key features: It was conditional on policy changes in the countries that received assist-

Jeffrey D. Sachs, director of the Harvard Institute for International Development, has advised Russia, Poland, Ukraine and other countries on economic policy.

ance, and it was temporary — just five years.

Other highly successful American aid programs, like those in South Korea and Taiwan at the end of the 1950's, took a similar approach. And Poland was able to shift quickly to a market-based currency and free trade starting in 1990 because of \$200 million from the United States and \$800 million from Europe and Japan, assistance given specifically for that purpose. The result? Poland has had

Republicans are right to complain about waste. But the system can be fixed.

the fastest growing economy in Europe since 1993.

Virtually every economically successful country has benefited from at least a short period of foreign aid in its crucial years of reform. The point is not to deliver enough money to overcome poverty but to give countries breathing space so that they can help themselves.

A better focused foreign aid program need not cost more than we are spending now, though greater success would probably generate support for more spending. The key is to direct the aid to countries that are eager to reform their economies along free-market lines. Some governments that currently receive financial assistance from us would not pass that test.

Aid to particular countries should be limited in duration; from the beginning, there should be a plan to phase it out. And in the case of impoverished countries bankrupted by foreign debt, we should reduce their debt burden so that those willing to reform their economies can have a fresh start.

Dozens of countries, many of them still making the transition from Communism, are struggling to carry out democratic market reforms. The United States should take the opportunity to help shape the world in the direction of rising prosperity and democracy. □

The New York Times

MONDAY, FEBRUARY 3, 1997

Survey

This piece might be helpful w/ Congress

Bv

THE PRESIDENT HAS SEEN  
2-4-97  
Rep. Shuster's  
Ties to Backers  
Probed by U.S.

Boston Road Project  
Dispute Is at Issue

Associated Press

Federal investigators are looking into whether the chairman of the House Transportation and Infrastructure Committee aided two campaign contributors in a dispute over a Boston highway project, a newspaper reported yesterday.

Businessmen Richard Goldberg and Nicholas J. Contos reached settlements with Massachusetts in the early 1990s after their properties were taken to build a third tunnel under Boston Harbor and to put the Central Artery, an elevated highway, underground.

According to the Boston Globe, the U.S. attorney's office in Boston has delivered grand jury subpoenas to the Central Artery project office and the Massachusetts Port Authority for any correspondence they have had with Rep. Bud Shuster (R-Pa.) and his former top aide, Ann Eppard.

Eppard is now a Washington lobbyist. Her professional, political and personal ties with Shuster have come into question over the past year. The Globe, which based its report on unnamed sources, said the subpoenas are part of a wider Justice Department inquiry into Shuster and Eppard.

Shuster issued a statement yesterday saying he was aware of the news report but had received no notification of an investigation. He said his campaign contributions from the two businessmen were all properly reported.

He said he has routinely supported the nearly \$8 billion construction project, which he considered "crucial to the future well-being of the New England region." His statement did not touch on his ties to Goldberg and Contos, and his office did not respond to an interview request.

According to the Center for Responsive Politics, a campaign finance research group, Shuster has received \$6,000 from Goldberg since 1989 and \$4,000 from Contos since 1991.

Eppard described her involvement in the project as "routine" but said she could not comment further "because this investigation is currently ongoing." Her statement did not say whether she had independent knowledge of the federal probe.

Justice Department spokesman John Russell referred calls to the U.S. attorney's office in Boston, which refused to confirm or deny the report.

The Congressional Accountability Project, a Ralph Nader-affiliated group, called last year for an investigation into the ties between Shuster and Eppard, who was his chief of staff for 22 years. She left his office in 1994 to become a lobbyist and remains one of his top campaign aides.

FOR MORE INFORMATION

To review Shuster's résumé click on the above symbol on the front page of The Post's site on the World Wide Web at <http://www.washingtonpost.com>

Suspected Leader in Calif. Blasts Surrenders

Police Allege Attempt  
To Disrupt Drug Trial

By William Booth  
Washington Post Staff Writer

LOS ANGELES, Feb. 3—A felon suspected of engineering a series of bombings at a Northern California courthouse and bank in order to derail a drug trial that could imprison him for life surrendered today.

Kevin Lee Robinson, 29, allegedly hired several men to carry out the bombings so he could disrupt his cocaine trial at the Solano County Courthouse in Vallejo, a city north of San Francisco.

Robinson, previously convicted of drug and weapons charges, was facing "a third strike" trial that under

*"What they thought  
[stopping hearings]  
would accomplish,  
I'm not sure."*

— Vallejo Police Chief Robert Nichelini

California law exposes him to a prison sentence of 25 years to life. Robinson, described as the mastermind behind the bombings, was arrested this afternoon. He was scheduled to appear in court today on his drug charges.

"We believe it was an attempt to stop pending hearings," Vallejo Police Chief Robert Nichelini told reporters at a news conference today. "What they thought that would accomplish, I'm not sure."

Vallejo police said authorities received a call early this morning from someone who reportedly was in contact with Robinson and encouraged him to surrender. Police arranged to meet Robinson on the street this morning, then brought him in for questioning and placed him under arrest.

In addition to Robinson, police on Sunday arrested three other men, including Oston Osotonu, 24, who was captured at a Vallejo motel, his brother Army Osotonu, 34, and Francis Ernestburg, 40, who was arrested at a nearby residence. Today, two more suspects were arrested, Orlando Johnson, 30, and Jason Pascual, 22. All face a variety of charges, including conspiracy, explosives and weapons charges. Police said that as the investigation continues more suspects might be sought.

Police said the alleged bombers have no apparent ties to militias or gangs. Moreover, the explosions in Northern California do not appear to be connect-

ed to a trio of mail bombs found last week in the San Diego area. One of those bombs was delivered to the offices of the FBI there. No arrests have been made in the San Diego case.

The Vallejo case began on Jan. 25 when two children found a backpack with 30 sticks of dynamite and three detonators leaning against the city library. The next day a stick of dynamite exploded outside a Wells Fargo Bank branch, damaging three automatic teller machines.

On Thursday, a dynamite bomb tore a three-foot crater into the Solano County courthouse. Then on Sunday, investigators seized 500 pounds of stolen dynamite cached at a Vallejo house. They also uncovered more than 60 sticks of wired dynamite in the trunk of a car parked in a Vallejo garage. Vallejo Police Lt. Ron Jackson told reporters today that investigators suspect the trunk load of explosives was to be used for a second attempt to blow up the city library, where police use the basement to store evidence for upcoming trials.

Authorities are still searching for additional explosives in the area.

The arrests and the capture of explosives led police and federal agents to conclude that they have ended the rash of Vallejo bombings that rattled the nerves of city.

"If anybody had been around, [he] would have been seriously hurt," said Mike Morrissey, an agent with the U.S. Bureau of Alcohol, Tobacco and Firearms, whose agency assisted in the case. The ATF agent described the devices as not particularly sophisticated, but "effective and extremely dangerous."

Morrissey said that the amount of dynamite captured could have created catastrophic explosions. Noting that the Oklahoma City bombing used some 4,000 pounds of explosive, "imagine what you could do with a couple of hundred pounds," he said. "I've seen five pounds of dynamite strip a car of all its metal."

No one was injured in the two Vallejo blasts last week. The explosion at the courthouse, though, blew a crater into the building's wall. The shock wave from the blast blew out 22 windows in the courthouse. Another, smaller explosion at the row of ATMs did less damage. Police suspect that the ATM bomb might have been set as a distraction to confuse investigators.

The Washington Post

TUESDAY, FEBRUARY 4, 1997

## Clinton Budget Calls for Welfare Law To Be Revised to Aid Legal Immigrants

By CHRISTOPHER GEORGES  
And DANA MILBANK

Staff Reporters of THE WALL STREET JOURNAL  
WASHINGTON — President Clinton's new budget will call for reopening the welfare law to restore funding for legal immigrants, according to a draft of the document's welfare portion.

Vice President Al Gore seemed to suggest something different yesterday when he told governors that restoring some federal funding for legal immigrants "can be addressed without, quote, opening up welfare reform, end quote." Last year's landmark welfare-reform bill cut funding for legal immigrants by \$27 billion over six years.

Yet, White House aides explained that Mr. Gore, as well as the president, doesn't believe the legal-immigrant funding cuts included in the bill are welfare reform. Instead, they are "budget cuts tacked on to the bill," said Bruce Reed, a senior White House policy aide.

The president's budget, which will be presented to Congress later this week, "proposes to revise the [welfare] law so that legal immigrants who become disabled after entering the country can get Supplemental Security Income and Medicaid," according to a recent draft of the document.

The issue of "reopening" the bill is important because Republicans don't want to seem to be acknowledging that the popular measure is flawed. GOP congressional leaders have repeatedly insisted that the welfare bill not be reopened. Instead they, along with most Republican governors, have said that changes could be made but that they should be done in other ways, such as through separate budget measures.

Senate Majority Leader Trent Lott reiterated that position yesterday, speaking to the National Governors' Association meeting here. "We're talking about a substantial amount of money," the Mississippi Republican said. He promised to work with the governors but insisted there would

be no rewriting of the welfare law. "You open up that barn door," he said, "there will be a lot of horses running out."

Mr. Lott urged the governors to use funds saved from other programs to assist the immigrants. Because of declining welfare caseloads, most states currently have a surplus of welfare funds.

After President Clinton addressed the governors earlier in the day, White House spokesman Michael McCurry said that there would be no "wholesale rewriting" of the law but that the president would introduce "specific remedies" for immigrants.

Hinting at a departure from the budget wars of recent years, Mr. Lott also told the governors that Congress would give serious consideration to President Clinton's budget for fiscal 1998, which begins Oct. 1. "We're not going to pronounce it dead on arrival," he said. "We're just going to roll up our sleeves and say, 'Mr. President, let's get to work.'"

Sen. Lott and Speaker Newt Gingrich (R., Ga.) said yesterday they want to begin discussions quickly with the president on a "common agenda" for legislative action this year. In a letter sent to Mr. Clinton, the GOP leaders outlined five issues on which bipartisan agreement is possible: At the top of the list is balancing the budget by 2002; second is tax relief.

A spokeswoman for the speaker said the GOP leadership doesn't envision immediate budget negotiations with the president. But a high-level meeting could put the budget on a fast track this year.

Rep. Gingrich and Sen. Lott proposed to meet with Mr. Clinton tomorrow, but a White House official said the meeting would most likely take place next Tuesday.

The other areas for potential cooperation are improving education, curbing drug abuse and crime, and cleaning up toxic waste.

—Greg Hitt  
contributed to this article.

## Clinton Issues Rule On Poultry Safety, Stunning Critics

By BRUCE INGERSOLL

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The Clinton administration stunned consumer advocates by issuing a final food-safety rule that requires poultry inspectors to check only a few birds for fecal contamination at the end of production lines.

In a terse 11th-hour news release, Agriculture Secretary Dan Glickman touted the new rule as codifying and "strengthening" the Agriculture Department's so-called zero-tolerance policy on visible fecal matter on poultry. The rule says that contaminated birds won't be "allowed to enter" chilling tanks at the end of processing lines, because the water could spread bacterial contaminants to other birds.

No department officials could be reached last night to explain how the rule would be enforced.

But Kenneth May, a consultant to the National Broiler Council, said that twice each eight-hour shift, government inspectors will examine a 10-bird sample for fecal contamination to ensure that plant inspectors are catching contaminated birds before they go into the chilling tanks, and that the plant is operating in compliance with government regulations.

Consumer advocates and union leaders were taken aback by Mr. Gluckman's announcement and by the limited amount of end-of-the-line sampling.

"We've got plants producing 67,000 birds per shift, and they are going to sample only 20 birds per shift," said David Carney, chairman of the National Joint Council of Food Inspection Locals. "It sounds to me like this zero-tolerance rule is a big smoke screen."

That sampling rate is "about as low as you can go, and still call it sampling," said Caroline Smith deWaal, food safety director for the Center for Science in the Public Interest.

Bleed UP

What's  
the deal here?  
Should we be  
concerned

for

2-4-97

# After 11 years, \$4 billion, IRS computers don't work

**OUR VIEW** Now the agency doesn't know what to do. But taxpayers will pay. Blame bad management.

Think you're confused as tax time nears? Check out the disorder at the Internal Revenue Service.

After the IRS spent 11 years and over \$4 billion modernizing computers, Assistant Commissioner Arthur Gross declared last week that the agency's new systems don't "work in the real world." His best advice: start all over again.

That may now be inevitable. But with the IRS having squandered the equivalent of \$15 for every person in the country, only a fool would leave the agency to do the job by itself.

For decades, the IRS has been poked and prodded by scholarly commissions, outraged members of Congress and more recently government auditors. Their one agreement: IRS management is not capable of managing the massive change needed to make the agency more efficient.

The National Commission on Restructuring the IRS, a bipartisan panel created by Congress, is the latest reviewer. It won't report to Congress until July 1, but at a hearing last week, the public got an indication of just how bad the snarl has become from Gross, brought in 10 months ago to speed reform. He acknowledged the agency lacked the "intellectual capacity" to develop the computers needed.

Others have drawn similar conclusions. Congress' General Accounting Office has issued repeated warnings about cultural and organizational flaws in IRS management since it began auditing the agency in 1992. Rep. Jim Lightfoot, who chaired the House Appropriations subcommittee overseeing the IRS, declared last year, "It's clear the IRS cannot handle the job."

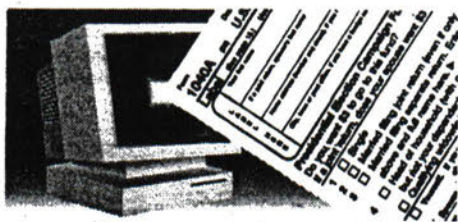
Yet the computer fiasco continued, illustrating how badly the agency's management is floundering.

As envisioned by the IRS in 1986, a "Tax System Modernization" was intended to introduce new technology to handle the growing number of tax returns. At the time, the IRS computer system was so chaotic that getting information on one taxpayer could involve nine different computer systems. It still does.

The IRS's goal was to centralize most information in one data bank. That would allow IRS customer service representatives to answer taxpayer questions in one phone call. Instead of pulling paper forms or requesting computerized information from other offices, they'd just call up information on a terminal.

The concept never came close to reality, but the IRS pushed stubbornly ahead anyway with Congress writing checks. As the GAO concluded in a report last September, the gap between reality and the vision remains great. The experimentation costly.

Just one example: The IRS spent \$284 million on a new scanning system that would "read" paper tax returns and enter them into a computer. Even that simple task proved beyond the agency's capability. It killed the project as a dead loss, and it



## IRS high-tech problems

Before 1992, the Internal Revenue Service escaped the kind of scrutiny it imposes on taxpayers. But since then, the General Accounting Office (GAO) — Congress' investigative agency — has conducted yearly reviews, documenting a pattern of serious and pervasive problems and deficiencies. Some GAO findings:

► IRS is "plagued" by poor quality of both cost and performance information, making it impossible for the GAO to verify the agency's financial statements from 1992 through 1996.

► Progress on computer modernizations has sputtered because systems development cost more than estimated, took longer than expected and delivered less efficiency than anticipated.

► Even IRS programs that do work, such as electronic filing, fail to attract large numbers of tax filers because of the agency's ineffective marketing strategy. One result: only 10% of tax returns are filed electronically or by telephone.

modernization programs.

For this the blame lies squarely on the IRS' constantly changing leadership, the succession of presidents who have failed to professionalize the agency and a Congress that has failed to exercise strong oversight. Part of the problem is turnover. The IRS has had three commissioners in five years. Another is an abundance of tax and legal expertise at the expense of technological know-how.

The IRS continued to harvest its upper management from within its own ranks rather than recruiting visionaries with technological backgrounds who could make the tough calls on needed upgrades. Then having made that mistake, it ignored the recommendations of the outside panel that it had asked to review its work.

Today, there's little to show for the taxpayers' money. No solution is in sight.

The Committee on Review of Tax System Modernization, a panel of outside-government experts, recommended in 1993, as have others, ditching the pie-in-the-sky vision of overhauling the entire system at once.

Instead, it recommended smaller, slower steps toward improvement, as have the GAO and outside business experts. That seems an obvious step, as does improving technological expertise at the top levels of IRS management.

President Clinton can take those steps. Or Congress can force them through its control of funding. Either way, the IRS has proved it can't manage the job itself.

The agency is past its deadline, its accounting is \$4 billion dollars short, and its excuse basically is that the dog ate the homework.

The IRS deserves all the leniency it would give a taxpayer in similar straits.

*What should we do about this?*  
*UP*

USA TODAY  
 TUESDAY, FEBRUARY 4, 1997

# German Puzzlers Piece Together the Stasi Secrets

By CACILIE ROHWEDDER

Staff Reporter of THE WALL STREET JOURNAL  
ZIRNDORF, Germany — Hundreds of paper scraps, some as small as a fingernail, cover Heinz Lay's desk. They bear bits of awkward handwriting, faded photocopied images and the smeared letters of low-quality typewriters.

The giant puzzle is a byproduct of the heady days when communism collapsed in East Germany and the Stasi, or state security police, tried to destroy its darkest secrets. Shredding machines overheated and broke down, and frenzied Stasi officers took to tearing up the evidence by hand.

Mr. Lay, along with 50 other puzzlers in a building in this suburb of Nuremberg, is now piecing the torn papers back together with clear cellophane tape. It's a publicly funded project designed to expose the workings of totalitarianism and fill in the gaps in the biographies of millions of eastern Germans.

The project has sparked controversy in Germany and outside, as it turns up secrets that shake lives and shatter careers. No other former socialist state has gone so far to unearth the records of dictatorship. Yet German officials say this is a can of worms that must be opened, so that Germany can face up to an ugly chapter in its history and avoid repeating the postwar silencing of Nazi misdeeds.

"After the war, everything was swept under the rug," says Joachim Gauck, a former Protestant minister who is administering the vast Stasi archive. "Nobody had seen anything, nobody knew anything. People thought it was good to suppress what happened and allowed Nazi elites in power positions. This time around, we're doing it differently."

The piecing together of the Stasi documents takes place in a bleak, brick low-rise in Zirndorf that once processed asylum seekers; that operation was reduced when Germany tightened its asylum regula-

tions. Mr. Lay and others who once worked handling asylum claims have now been reassigned as puzzlers.

## Political History and Private Details

Mr. Lay has found that the fragments reveal not only personal tragedies but powerful moments of political history: notes on West German terrorists with new names and plastic surgery sponsored by the Stasi; detailed briefings on Mideast terrorism by friendly Arab visitors to East Berlin; and on-site reports from the killing of 11 Israeli athletes during the 1972 Olympic Games in Munich. Most of all, there are endless details on the lives of East German writers, priests and dissidents.

"I didn't know the reach of Stasi activities," says Mr. Lay, a 45-year-old Bavarian and longtime West German civil servant whose puzzle work has given him his first encounter with the other Germany. "For me, East Germany was a foreign country. I never went there. Public servants would get in trouble going there. I had no idea what they did to people."

On the floor beside him is a large paper sack of shreds, one of 5,650 bags deemed to contain information worth trying to recover. Stasi spies filled over 17,000 bags with their ripped-up records. Even the best puzzlers need at least three months to reconstruct a single bag. Some pages consist of four or five scraps, but more meticulous Stasi staffers tore pages into minuscule parts — the current record being 98 pieces of paper for a single page.

"The most important thing is to keep the window shut," says Horst Friedrich, who shares an office with Mr. Lay. A gust of wind can ruin a week's work.

## Terrorist's File

Another colleague, Lothar Flessner, says he has always liked detective stories but never much cared for puzzles. But the 42-year-old believes in his job. "It makes

sense what we're doing," says Mr. Flessner, who himself lived in East Germany until his family moved to Bavaria in the late 1950s.

He is dealing with a somber piece of the past. Together with his wife, Anita, who also works for the puzzle project, he is reconstructing the file of Silke Maier-Witt, a West German terrorist involved in several high-profile assassinations during the 1970s. Piece by piece, the scraps trace how she arrived in East Germany from Czechoslovakia in 1980 and received shelter, a new face and a new name, "Anja Weber." The terrorist also received job training, both as a nurse and as a Stasi informer.

A few doors down from the Flessners, another puzzle job underlines East Germany's role as a support center for international terrorism. The file relates how "Guest," a high-ranking official from the Palestine Liberation Organization, used East Berlin as a hub to switch planes with full cooperation from the Stasi.

During one of his stops, Guest told the Stasi what, in the eyes of the PLO, had gone wrong during the 1985 hijacking of the Achille Lauro, an Italian cruise ship, which ended with the terrorists' capture in Italy. He also shared PLO plans for a retaliatory attack on a U.S. embassy or airline, should Italy pass a tough verdict on the hijackers. His Stasi file meticulously notes Guest's travel itineraries and the outfits he wore on each visit.

Occasionally, the puzzlers come across some curious items: an order signed by Adolf Hitler; a memo to Erich Honnecker, the former East German leader, instructing him how to phrase an invitation to the pope; a report from the day Soviet leader Leonid Brezhnev died and the radio played a joyful marching tune. But entertaining days are rare. The Zirndorf puzzle isn't much of a game.

# Japan Auctions Key Tokyo Properties; Solid Prices May Bolster Weak Market

By ROBERT STEINER

Staff Reporter of THE WALL STREET JOURNAL  
TOKYO — Japan auctioned key Tokyo properties for 372.3 billion yen (\$3.07 billion), a stronger-than-expected sale price that may lift sentiment in Japan's tattered stock and property markets.

The government said Monday it accepted bids from a number of developers for 52,580 square meters (63,096 square yards) of land, at a price of about 7.1 million yen per square meter. The government has thus put into private hands part of a huge, vacant lot in downtown Tokyo, a former government train yard called Shiodome that has come to symbolize the dismal state of Japan's finances.

The sell-off could benefit private corporations if the sale helps boost turnover in Japanese property, whose value has been falling now for five years. Banks have disclosed more than \$200 billion in problem loans because of the property swoon, a big reason that investors have dumped bank shares and driven Japan's stock market down this year.

The final price for the huge sale was "a bit higher than I had expected," said Shinya Iwata, a spokesman for Mori Building Co., a leading property developer. Makoto Hayashi, a representative at Real Estate Management Research Center Co.,

a real-estate consulting firm, said the sale will act as a benchmark for other properties in the area.

Commercial property values in Tokyo, however, are now down about 80% from their 1991 peak, and many warn they have further to fall before they hit bottom. Jardine Fleming Securities Ltd. expects commercial property to fall another 15% from 1996 levels before leveling off. And when the Shiodome property is finally developed, it could end up flooding Tokyo with an oversupply of office space, says Akiyoshi Inoue, a property appraiser.

Shiodome is the size of 70 soccer fields in the heart of one of the world's most expensive cities, and Monday's sale covers only a quarter of the total Shiodome plot. In 1987, Japan's national railway system decided to sell Shiodome and other properties to pay off 25.5 trillion yen in debts that cropped up after the railway system's privatization, a gaping hole in government finances that Monday's auction only begins to fill.

Alderney Investments Pte., a Singapore developer, won one of the lots in a syndicate with Mitsui Fudosan Co., a major developer, and Matsushita Electric Works Ltd. Nippon Television Network Corp. and Dentsu K.K., an advertising agency, each won one lot as well.

THE WALL STREET JOURNAL

TUESDAY, FEBRUARY 4, 1997

*DB Study*  
*Fyler*  
*Boz*

THE PRESIDENT HAS SEEN  
2.4.97

# Investors Unload Italian, Spanish Bonds On Concern Over Admission Into EMU

By SILVIA ASCARELLI  
And SARA CALIAN

Staff Reporters of THE WALL STREET JOURNAL  
Investors unloaded Italian and Spanish bonds yesterday, on fears that Germany could block those countries' early participation in a single European currency.

The selling, albeit small compared with the impressive rally these bond markets have enjoyed in just the past four months, could signal that the widely anticipated shakeout in Italian and Spanish bonds may have arrived, analysts said.

"I'm not so sure we're going to repair this quite so easily," said Sean Corrigan, senior bond strategist with I.D.E.A., a London forecasting firm. Particularly worrisome is that Italian and Spanish bond yields climbed so sharply even as the U.S. and German markets were going in the opposite direction, he said.

The benchmark 10-year Italian government bond yielded 7.34% at the end of European trading, up 0.07 of a percentage point from Friday. More worrisome, the risk premium over Germany expanded by 0.13 percentage point to 1.64 percentage points.

The story in Spain was similar: 10-year yields jumped 0.09 percentage point to 6.77% and the spread jumped 0.14 percentage point to 1.06 percentage points.

The day's declines "are a disaster if you got sucked into the rally last week," Mr. Corrigan said. "But if you've been riding it for a year, this is just a pimple." Italian 10-year bonds were yielding about 2.50 percentage points more than German debt only four months ago. In Spain, the

gap was around 1.85 percentage points.

While analysts have long cautioned that investors may have gotten too bullish about Spain and Italy's chances to join monetary union in 1999, it took a series of remarks from the World Economic Forum in Davos, Switzerland, to tip the balance. On Sunday, senior German bankers warned against including the so-called Club Med countries from the start.

"If Italy and certain other countries are in, a time bomb is ticking within EMU," predicted Ulrich Cartillieri, a member of Deutsche Bank AG's management board. And Ernst-Moritz Lipp, a member of Dresdner Bank AG's board said that while Spain could qualify for the first round, he doubted Italy would. Yet politically, it wouldn't be possible to include Spain and not Italy, he added.

The remarks reflect growing unease among Germans that the new currency, the euro, will be weaker than the mark, in part because countries that don't have a lengthy track record of stability-oriented policies will be included.

There are signs that message is getting through to Bonn. German Chancellor Helmut Kohl has stayed out of the fray, declining last week to comment on whether he believes Spain should join EMU at the beginning. But the No. 2 man in the German finance ministry, Juergen Stark, last week said some countries who qualify on paper should stay out for a time. While not naming any countries, his remarks were interpreted as meaning the southern European countries.

Nevertheless, some analysts suggest the bond sell-off won't get much bloodier.

"We are not going to have a massive, dramatic sell-off," says Kirit Shah, chief market strategist at Sanwa International in London. "But there is a major reassessment going on. Investors are realizing there are longer-term risks than they originally thought."

Mr. Shah said investors are shifting their money into U.K. and U.S. bonds. He said Italy now appears to have longer-term political risks and a weakening of the lira is also fueling worries among investors. "It's a double whammy," Mr. Shah said.

THE PRESIDENT HAS BEEN  
2-4-97

Do Sunday  
By  
Re  
↓

## To China's Press, the U.S. Is Crowded With Liars Who Prefer Pets to Kids

By KATHY CHEN

Staff Reporter of THE WALL STREET JOURNAL

**BELJING**—More than 90% of Americans lie frequently. Some Americans so love guns that they sleep with them. Others are habitually sadomasochistic. And when they die, many Americans leave their estates to their pets, not their children.

That, at least, is a view of Americans Chinese can glean from reading the country's state-controlled press. While Beijing is ratcheting up a campaign against the Western media for biased reporting of China, Chinese media aren't entirely innocent when it comes to screwy depictions of the other side of the Pacific. Just as some Western reports about China may paint a distorted view of China, some of China's portrayals of the U.S. speak volumes about the misperceptions that color the two countries' ties.

Consider these recent findings from the Chinese press:

- The Beijing Youth Daily reported Nov. 22 that three out of 10 people killed by police in the U.S. threw themselves in the line of fire to commit suicide.

- Many Americans are addicted to lying. A state newspaper reported in October a survey showing that 79% of Americans admit to giving fake names and phone numbers to strangers on airplanes; 91% often lie, and 20% say they can't get through a day without lying. People lie most about their weight, age, money and hair color, the newspaper said.

- "Survival of the fittest" best describes relations between employers and employees in the U.S., and there is no need to curry favor, as bosses never want lasting relations with staff, the Sichuan Workers' News told readers.

- One newspaper asserted that Americans like to leave inheritances to their pets, instead of their children. After all, a

third newspaper found, incidents of mothers abusing or even killing their children occur often. "No doubt, the world that American children live in is full of darkness, violence and cruelty."

Qian Ning, son of China's Foreign Minister Qian Qichen and author of a best-selling book about Chinese studying in the U.S., says he only learned that "the U.S. is very normal — American masses are like [China's] masses, its farmers are . . . down-to-earth like [our] farmers, and its businessmen are more savvy, like [our] businessmen" — after living in the U.S. for six years. Growing up in China and reading its newspapers, he recalls, "I had gotten the impression that the U.S. was a very strange country."

The negative tone of many news stories on the U.S. also may reflect the attitude of Chinese leaders, who often use the state-run news outlets to push their own propaganda. When Sino-U.S. ties plunged to new lows in 1995 and last year, the official Chinese media were filled with stories about how the U.S. dominated other nations. During the 1996 Summer Olympics in Atlanta, Beijing ordered Chinese reporters to play down U.S. medal wins and positive aspects of U.S. life in their articles.

But with relations now on the upswing and after two decades of economic reforms, Chinese media coverage of the U.S. increasingly consists of a confusing mixture of begrudging admiration, outright stereotyping and — as with media everywhere — a healthy dose of titillation.

Despite the Chinese media's odd depictions of the U.S., many Chinese still retain a glowing — indeed, overly rosy — impression of life in America. Many believe the U.S. government is a bully and U.S. crime rates are frighteningly high, but they also cherish the U.S. as a land of opportunity.

THE WALL STREET JOURNAL  
TUESDAY, FEBRUARY 4, 1997

# Century Bonds' Days May Be Numbered

## Clinton Budget Would End Tax Break for 100-Year Debt

By FRED R. BLEAKLEY

Staff Reporter of THE WALL STREET JOURNAL

Is the party over for 100-year bonds?

In recent months, a number of U.S. companies have been tapping the market for so-called century bonds, taking advantage of low interest rates and the strong appetite among some institutional investors for such long-term debt.

But the days may be numbered for this rather obscure part of the bond market. The Treasury Department is proposing to eliminate the corporate tax deduction for interest paid on the last 60 years of century bonds, effectively killing the securities. The proposal is included in President Clinton's fiscal 1998 budget, which will be unveiled Thursday.

The Treasury argues that 100-year debt should be treated the same as equity because the bonds are more like permanent capital. Since stock dividend payments can't be deducted from taxable earnings, the Treasury says, interest payments on the last 60 years of 100-year debt shouldn't be deductible either.

Corporate treasurers and Wall Street underwriters say they will fight the proposal. They contend that ending the tax break for 100-year bonds will put U.S. companies at a competitive disadvantage to foreign-bond issuers, which aren't subject to U.S. tax.

For now, prospects for the tax change are unclear. When the idea surfaced in December 1995, it cast a pall over century-bond issues. The market recovered only after congressional tax committee chairmen said any changes wouldn't affect bond issues completed before their committees take action.

In the meantime, century bonds are likely to remain a popular financing tool for corporate treasurers, especially if interest rates remain low. The reason is clear: The bonds offer really long-term money at a relatively cheap price. Institu-

### Century Bond Club

Recent U.S. corporate issuers of 100-year bonds

| COMPANY                                | ISSUE DATE     | TOTAL VALUE (MILLIONS) | YIELD TO MATURITY |          |
|----------------------------------------|----------------|------------------------|-------------------|----------|
|                                        |                |                        | 100-YEAR          | 30-YEAR* |
| Dresser Industries                     | Aug. 6, 1996   | \$300                  | 7.62%             | 7.45%    |
| Anadarko Petroleum <sup>1</sup>        | Sept. 17, 1996 | 100                    | 7.73              | N.A.     |
| Union Carbide                          | Oct. 2, 1996   | 200                    | 7.86              | 7.71     |
| News America                           | Oct. 17, 1996  | 100                    | 8.33              | 8.13     |
| Apache                                 | Oct. 31, 1996  | 150                    | 7.67              | 7.52     |
| Union Pacific Resources                | Oct. 31, 1996  | 150                    | 7.52              | 7.37     |
| Times Mirror                           | Nov. 7, 1996   | 148                    | 7.28              | 7.18     |
| Circus Circus Enterprises <sup>2</sup> | Nov. 21, 1996  | 100                    | 6.74              | N.A.     |
| IBM                                    | Dec. 3, 1996   | 850                    | 7.22              | 7.12     |
| Crown Cork & Seal                      | Dec. 12, 1996  | 150                    | 7.63              | 7.48     |
| U.S. West Capital Funding              | Jan. 16, 1997  | 500                    | 8.03              | 7.90     |

\* Estimated yield of a comparable 30-year bond of same issuer

<sup>1</sup> Investors can sell the bonds back to the issuer at 30 years

<sup>2</sup> Investors can sell the bonds back to issuer at 7 years

Sources: Morgan Stanley; Standard & Poor's Corp.

tional investors, in turn, like the bonds because they offer a predictable rate of return that is better than what companies—or the U.S. Treasury—offer for 30-year debt.

During the fall, a wide range of companies from International Business Machines Corp. to Crown Cork & Seal Co. raised a total of more than \$2 billion at rates just a fraction above what they would pay for a 30-year bond. The bonds proved so popular, in fact, that IBM's issue in December had to offer only 0.1 percentage point above what the company would pay for 30-year debt. That compares with a 0.4-point premium that Walt Disney Co. had to pay for a 1993 issue.

"All things considered, a longer-term

instrument in the capital structure is a plus to most corporations; it indicates a predictable source of funds and credibility from the market," said Kenneth Pinkes, Moody's Investors Service Inc.'s chief credit analyst. "This is more of a plus for lower-rated companies," he added.

The pace of issues has slowed recently after long-term rates inched up nearly half a point. In fact, U.S. West Inc. has been the only American company to launch a century-bond issue since the beginning of the year. But rates have begun falling back in recent days to levels that corporate treasurers find attractive to issue 100-year bonds. Yesterday, the benchmark 30-year Treasury bond yield was 6.73%, two-tenths

Please Turn to Page A4, Column 4

Continued From Page A2

of a percentage point lower than a week ago.

"If the Treasury bond yields between 6.5% and 6.75% over the next month, there are likely to be several 100-year corporate issues," predicts Mark Seigel, a managing director of Morgan Stanley & Co.

Companies are quick to boast that investors believe in them enough to buy 100-year bonds. "That's the marquee value of the transaction," said Glenn Schaeffer, president of Circus Circus Enterprises Inc. The Las Vegas gambling company issued \$100 million of century bonds in November.

The risk/reward decisions investors are making are crucial to the popularity of century bonds. One risk with most of the offerings is that interest rates can shoot up, leaving the investor with a stream of payments that are woefully weak in future years and a trading price that would result in a big loss if the bonds are sold in the open market. So too, there is less chance a company will be in business in 100 years than in the next 20 or 30 years.

Most of the railroad companies that issued century bonds in the 1860s and 1870s weren't around when it came to paying back bondholders. Of the companies and institutions recently issuing century bonds, only a few have met the 100-year test already. Yale University, founded in 1701, is one. Crown Cork & Seal, founded in 1892, is another.

But oddly, long-term risk of default isn't stopping institutional investors from snapping up the issues. That is partly because century bonds trade well in secondary markets.

THE WALL STREET JOURNAL

TUESDAY, FEBRUARY 4, 1997

Bo Gurs  
Rfg  
B

# Let's Keep The Pol In Politics

TUESDAY, FEBRUARY 4, 1997  
The New York Times

The American people returned to office a President of one party and a Congress of another. Surely they did not do this to advance the politics of petty bickering and extreme partisanship they plainly deplore. No, they call all of us instead to be repairers of the breach.

— President Clinton, second inaugural, 1997

The meekness of Quakerism will do in religion, but not in politics.

— De Witt Clinton, 1803

By Christopher Buckley

WASHINGTON  
President Clinton has a touch of the preacher in him, and the thought of binding our wounds with malice toward none (and all that) was probably harder to resist than a Krispy Kreme doughnut. Preachers can be forgiven their syllogisms. But as we will likely hear more on the theme of the evils of partisanship in tonight's State of the Union Message, it may be the time to drive a sharp, rusty, tetanus-bearing nail into the idea that Americans send their elected officials to Washington to get along with one another.

The President has in fact already shown signs of wearying of this false truce. The day after his inaugural, he was back at it, complaining that Republicans had raised more soft money than his party had during the campaign. How does the saying go — time wounds all heals?

For his part, Speaker of the House Newt Gingrich was his usual self, bristling at Democrats for sticking him with a \$300,000 parking ticket, but then you never heard Newt waxing warm and fuzzy about bipartisanship.

Christopher Buckley, editor of *Forbes* FYI magazine, is the author of "Thank You for Smoking."

Making nice is not what politics is all about. Henry Adams wrote, "Politics, as a practice, whatever its professions, has always been the systematic organization of hatreds." Fair enough; doesn't mean we can't get together for lunch every now and then. But trying to make politics into sweetness and light is like fitting wings on a pig: You and the pig look ridiculous, and the pig still isn't going to fly.

I have a friend who, whenever he hears a politician say in a big-hearted way, "Now is not the time for partisanship," logically asks: "All right, when would be a good time for partisanship? Next Tuesday, 10 A.M.?"

The notion that squabbling is deplorable or somehow un-American is the latest form of literal political correctness. It certainly bears all the telltale signs of P.C.: earnestness, blandness, piety, disapproval, humorlessness and — worst of all — joylessness. Politics is bad enough without being dull.

Anyone with cable TV can watch the British Prime Minister answering questions in the House of Commons every week. It makes "Crossfire" look like "The Dating Game." A typical exchange sounds like this:

"The right honorable gentleman has the morals of a stoat!"

(Loud murmuring.) "Hear, hear! Off with his head!"

"I will not dignify the right honorable gentleman's comment, as he is obviously afflicted with bovine spongiform encephalopathy. I can only assume he caught it from his mother."

"Hear, hear! To the Tower!"

Occasionally, you can catch a really good dust-up in the Russian Duma, with deputies throwing roundhouse punches at each other. The Italian Parliament also provides excellent extreme partisanship of the kind newspapers like to describe as "stormy debate." Taiwan, too, is frequently an example of democracy at its most vibrant. A few years ago, a newspaper photo ran with this cap-

tion: "Women in Taiwan's often raucous Parliament break into a brawl Friday as Su Chih-yang slaps rival party member Kuo Su-chun while Wang Hsieh-feng..."

Historically, our own legislative chambers have not been lacking in muscular democracy.

Every American schoolchild sits up and starts paying attention when the teacher gets to 1856 and Senator Charles Sumner receives his savage bastinadoes at the hands of the intemperate Representative Weston Brooks — in the Senate chamber! Every so often C-Span jolts you awake in the dim hours with a speech by the House minority leader, David Bonior, comparing Newt Gingrich to Jabba the Hutt.

There is nothing wrong with these scenes. It would make me nervous to see Messrs. Bonior and Gingrich having a good, healing hug in the cloakroom and whispering in each other's ear, "The people did not send us here to bicker."

Bickering is how things get done, whether it's passing civil rights legislation or the North American Free Trade Agreement or welfare reform. To paraphrase another memorable line in Mr. Clinton's second inaugural, nothing big ever came of being nice.

As Orson Welles says to Joseph Cotten in the famous scene on the ferris wheel in "The Third Man": "In Italy, for 30 years under the Borgias, they had warfare, terror, murder and bloodshed, but they produced Michelangelo, Leonardo da Vinci and the Renaissance. In Switzerland, they had brotherly love; they had 500 years of democracy and peace — and what did that produce? The cuckoo clock."

The President's namesake, De Witt Clinton (1768-1828), was in his day a United States Senator, Mayor of New York City and three-time

Governor of New York. He introduced the 12th Amendment to the Constitution, establishing the Electoral College, and championed public education and Irish immigration. He removed voting restrictions on Roman Catholics, fought against slavery laws and imprisonment for debt.

He established New York Hospital, the Humane Society and the orphan asylum. He built the Erie Canal. He got things done. In his spare time, he wrote treatises on swallows, passenger pigeons and wild rice.

The first Mr. Clinton didn't give a fig for bipartisanship. "His temperament," one historian wrote, "was such that his achievements won him respect rather than affection." He was, incidentally, a Republican but was "unwilling to yield to party regularity." Another historian bestowed on him the honorable and grand title "Clinton, Divider of Parties."

President Clinton may be itching to go down in the history books as the Great Healer, but he might have a better shot at greatness if he dedicated himself to being another Great Divider. □

Rain  
What do you really  
9:00 - 9:30  
Senior 2  
2/4-97

THE PRESIDENT HAS BEEN  
2-4-97

THE WHITE HOUSE  
WASHINGTON, D.C. 20500

DATE: 2/4/97

TO: SYLVIA MATHEWS  
GENE SPERLING  
FRANKLIN RAINES  
FROM: Staff Secretary

Forwarded to you for appropriate  
action.

THE WHITE HOUSE

WASHINGTON

February 3, 1997

MR. PRESIDENT:

As you have discussed with your economic team, on Thursday the Administration will also announce specific policies on how your budget would balance under CBO assumptions -- this year's budget balances on OMB assumptions only.

The economic team is in agreement on two things to achieve balance in a CBO world: 1) the tax cuts would be suspended in 2001; and 2) across-the-board reductions would be broader.

The question presented is whether to include Medicare/Medicaid in the base to be cut under CBO assumptions. If they are included, the across-the-board cut to all Federal spending would be 2.2% (except Social Security); if Medicare/Medicaid are excluded, the across-the-board would be 3.8% (except non-Social Security COLAs). A sub-option in Frank's memo under excluding Medicare/Medicaid would be to phase-in the COLA savings over two years, leaving half of the COLA in place each year.

In the attached memo from Frank, with a covering memo by Gene, the options and the pros and cons of each are discussed more fully. *Gene, Frank, Erskine and Bob Rubin* favor the inclusion of Medicare/Medicaid. *John Hilley* is ambivalent, leans slightly to excluding, but is fine with including. *Leon Panetta* was strongly opposed to inclusion fearing that Democrats would think we would be encouraging across-the-board Medicare cuts in future budget negotiations. *Rahm* agrees with Leon but feels if Medicare/Medicaid is included, there should be a ceiling on the percentage of cuts to them similar to Gramm/Rudman.

Option 1

Option 2

- ☒ Include Medicare/Medicaid
- ☐ Exclude Medicare/Medicaid
- ☐ Excl. w/COLA reduction in 2001
- ☐ Excl. w/COLA reduction split in 2001/2
- ☐ Discuss

Phil Caplan 

THE WHITE HOUSE  
WASHINGTON

'97 FEB 3 PM 1:39

February 3, 1997

MEMORANDUM TO THE PRESIDENT

From: Gene Sperling  
Subject: Economic Team Recommendations on  
Spending "trigger"

**Two Options on Spending Policies to Reach Balance Under CBO:** Attached is a memo from Frank that lays out the two options under consideration for the policy steps (previously called triggers) that we will need to announce on Thursday to show how our budget will balance under CBO. As Frank mentions in the attached memo, we are all in agreement that we should publicly describe and defend our budget as the OMB budget and defend why our past record makes clear that we have every reason to believe our assumptions are accurate if not conservative.

Nonetheless, we have all agreed that on the day we announce the budget we will also announce the specific policies we will implement to show how our budget will balance under the CBO baseline. (We will not know until later how CBO will actually score all of our savings).

**Agreement on Reductions Across Wider Base:** As discussed in prior meetings with you, everyone has been in agreement on two things concerning how to show balance under CBO: One, we should suspend the tax cuts, and two, that our reductions in spending policy be across a broader spectrum of savings than our last balanced budget proposal. In that balanced budget plan, our spending cut "trigger" affected only non-defense, non-priority discretionary spending. Because all of the extra "cuts" were on such a small base, it led to severe outyear cuts in non-defense, non-priority spending in the outyears.

This year, everyone is in agreement that the base that should be cut should be significantly broader. This approach ensures that the cut to any particular program will be relatively small -- in the 2.2%-3.8% range. It will be far easier for your Cabinet and Economic team to explain that if and only if the highly accurate OMB assumptions did not occur, we would only have to ask for a few percentage points cut from each program to make sure the budget was in balance. Nonetheless, you should realize that there will be some downsides to this broader approach. Defense spending and programs such as Head Start, WIC and mandatory programs like, SSI and food stamps will now be subject to an across-the-board cut.

**Recommendations on Whether to Include Medicare/Medicaid In Base for Across-the-Board Cut:** The main policy choice we are presenting to you is whether or not we should include Medicare and Medicaid in the base to be cut. If Medicare and Medicaid are included in the across the board cuts, the percentage across the board cut is 2.2%. Excluded from the cuts, the across the board is higher at 3.8% (In both of these options, adjustments are made to ensure that benefit programs are not cut by more than the COLA).

Most of your advisors including myself believe you should include Medicare and Medicaid in the across-the-board cut, because we believe it is easier to explain such a small percentage cut and because we do not have to explain why we spared Medicare, but not SSI, food stamps or veterans. Frank, Esrkine, Bob Rubin and myself all favor this approach. John Hilley is ambivalent (a slight preference for excluding Medicare and Medicaid), but is fine with the recommendation to include Medicare and Medicaid in the base for the trigger. Nonetheless, I want to make sure you are fully aware of the downsides of such inclusion.

For example, Leon Panetta was strongly opposed to such inclusion of Medicare and Medicaid, fearing that Democrats would fear we would be encouraging across the board Medicare cuts in future budget negotiations. Furthermore, Republicans -- and some of the elite Media -- will assume that the across-the board cuts will happen, and will add them to our saving totals. Therefore, some will refer to our Medicare cuts as \$143 billion and not \$138. Likewise, Medicaid will also be \$3 billion higher. Some will also feel that the relative advantage of having a 2.2% cut compared to a 3.8% is not worth the political costs of including Medicare and Medicaid. Such people feel that 3.8% will sound virtually as small to average voters as 2.2%.

Under either option, our strategy will be to not acknowledge that such cuts will ever have to take place but to insist, that 1) we believe the record shows that our assumptions will be right and our budget and tax cuts will be implemented: 2) that if we are wrong, we will have a expedited procedure to work with Congress to come up with new, specific savings.



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

January 31, 1997

'97 FEB 3 PM 1:40

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines 

SUBJECT: **DECISION REQUESTED** -- Mechanism for Reaching a Balanced Budget under CBO Assumptions

At our budget meeting last week, we discussed with you the various mechanisms we are considering to ensure that the Congressional Budget Office (CBO) will score your budget as achieving balance by 2002 using their own economic and technical assumptions. On January 28, CBO released their baseline deficit projections, which in 2002 are \$66 billion higher than the baseline deficit OMB projects. Under OMB projections, your budget produces a surplus of \$17 billion in 2002, which means the mechanism will need to produce an additional \$49 billion in policy savings in 2002 to balance under CBO projections. Since we have already decided to use a broad-based mechanism that cuts both discretionary and mandatory programs, the purpose of this memorandum is to address the narrower question of whether to include Medicare and Medicaid in the mechanism.

**Description of the Trigger Mechanism**

We will design the trigger mechanism in the 1998 budget to ensure that CBO scores the budget as reaching balance in 2002. To obtain CBO scoring last year, the 1997 budget was designed to reach balance with a "trigger on" of additional resources in 2001 and 2002 if OMB proved to be correct. While we again will have to propose a similar "trigger on" to obtain CBO scoring, we have made a concerted effort to avoid any impression that the "real" Administration budget is anything less than the full budget based on OMB scoring.

Unlike last year, when the budget contained proposals designed to reach balance under both OMB and CBO assumptions, this year's budget will contain only proposals designed to reach balance under OMB assumptions. In fact, while we requested the CBO baseline in November, it was not provided to us until January 28, after we sent the budget to the printer. We will describe the trigger in a separate technical document submitted to CBO for scoring after the budget is released, and we will publicly describe the OMB budget as one that "triggers off" certain resources shown in the printed budget as necessary to reach balance under CBO assumptions.

We are considering two primary options. Under both options, the tax cut sunset and the discretionary cuts begin in 2001, in order to generate sufficient outlays in 2002. The mandatory and non-Social Security COLA cuts begin in 2002.

- **Option 1** applies an across-the-board cut of 2.2 percent to all Federal spending (except Social Security) to reach balance under CBO assumptions.
- **Option 2** exempts Medicare and Medicaid from further cuts, bringing the across-the-board cut in discretionary and other mandatory spending up to 3.8 percent. The one exception to the across-the-board cut is in non-Social Security COLAs. Because the 3.8 percent cut is greater than the amount of the COLA (2.7 percent), we would have to limit the COLA cut to 2.7 percent in 2002.

An alternative approach to COLA programs would be to phase in the COLA savings over two years, leaving half of the COLA in place in each year. We would still describe it as an across-the-board approach, with a phased-in elimination of one COLA. The across-the-board reduction in discretionary and other mandatory outlays would still be 3.8 percent.

Under both options, the major tax cuts sunset -- that is, they begin in 1998 and stop in 2001. (The major tax cuts are the child tax credit, education incentives, expanded IRAs, and the distressed areas incentives.) Republicans are positioning themselves to use the tax cut sunset as evidence that the 1998 budget is not credible. Although we used the tax cut sunset in the 1997 budget, we were starting a year earlier and the tax cuts were in effect for four years; now the trigger would limit the tax cuts to three years if CBO is right.

You were asked in your press conference earlier this week whether your budget will include a net tax cut. You answered correctly that the budget will include a net tax cut; the \$98 billion in tax cuts and \$76 billion in revenue-raisers net to a \$22 billion tax cut. Your critics may argue, however, that with the mechanism, the budget actually includes a net tax increase due to the tax cut sunset. (The \$22 billion tax cut in the printed budget, minus the \$29 billion over two years in the tax cut sunset, could be viewed as a \$7 billion net tax increase under CBO assumptions.)

### **Pros of Including Medicare and Medicaid**

- The larger the base of spending to which we apply the trigger mechanism, the smaller the percentage we have to cut in 2002 to reach balance under CBO's baseline. If our mechanism produces the additional \$48 billion in savings by cutting all Federal spending (except Social Security) and turning off the tax cuts, the percentage across-the-board cut in 2002 would be 2.2 percent. If we narrow the base by excluding Medicare and Medicaid, the cut in all remaining spending rises to nearly 4 percent. The smaller the percentage cut, the more credible it will be.
- The limited nature of the trigger mechanism allows us to include more programs at lower risk. Because the Gramm-Rudman-Hollings (GRH) sequester was supposed to eliminate the deficit, with potentially large sequesters, it was designed to protect certain programs

-- primarily low-income programs -- from potentially enormous cuts. Thus, the original GRH exempted Social Security, Food Stamps, SSI, and the EITC. While it did not exempt Medicare, it capped the Medicare sequester at 2 percent. The Budget Enforcement Act of 1990 raised the cap on the Medicare sequester to 4 percent.

- The additional Medicare cuts are small. Under Option 2, the 2.2 percent Medicare cut produces about \$5 billion in additional Medicare savings in 2002, compared to the \$34.6 billion in Medicare cuts in 2002 in the printed budget. This is a 14 percent increase in Medicare savings in 2002.
- The more programs we include in the mechanism, the smaller the contribution each individual program makes to achieving balance in 2002. For example, if we exempt Medicare but not Medicaid, our critics may argue that we are unfairly cutting low-income programs. If we exempt both Medicare and Medicaid, they will argue that we are allowing the burden of deficit reduction to fall on the remaining low-income programs (Food Stamps, the new welfare block grant, and SSI, etc.).

#### **Cons of Including Medicare and Medicaid**

- Using a mechanism that cuts Medicare and Medicaid creates a precedent that will allow the use of such a mechanism in the future, for purposes other than balancing the budget.
- Many Congressional Democrats, who think the Medicare and Medicaid savings policies in the budget are too large, will not like exposing those programs to further cuts. Based on this concern, Leon Panetta argued strongly against further cuts to Medicare and Medicaid.
- If we remove Medicare and Medicaid from the mechanism, the across-the-board cut rises from 2.2 percent to 3.8 percent. Both cuts are substantially smaller than the one used in the 1997 budget to balance under CBO assumptions.

#### **Recommendation**

On balance, I think that the advantages of a broad base -- one that includes Medicare and Medicaid -- outweigh the costs. Frankly, those who wish to criticize the budget will not like the trigger mechanism no matter how carefully we craft it. A broad trigger that we believe will never be used (because our deficit projections will be more accurate than CBO's) will be easier to defend than a mechanism that implies we have made careful choices about what to exempt and what not to exempt.

Gene Sperling has attached a separate memo indicating the recommendations of other members of the economic team.

Option 1: Include Medicare and Medicaid in the mechanism to reach balance under CBO assumptions (Recommendation) \_\_\_\_\_

Option 2: Exempt Medicare and Medicaid from further cuts in 2001 and 2002 \_\_\_\_\_

COLA reduction in 2001 only \_\_\_\_\_

COLA reduction in 2001 and 2002 (half in each year) \_\_\_\_\_

Discuss further \_\_\_\_\_

Attachment

24197

2er Phil Caplan

Send to Derkskind  
for reply.

C. Cawley

CMR 405 Box 1626  
APO AE 09034  
January 27, 1997

'97 FEB 4 PM 4107

Dear President Clinton:

I listened to your weekly radio address of December 22, 1996, and was pleased to hear you are making literacy one of your goals.

Inviting parents to read with their children, putting books in the home, and offering credit to college students in the "America Reads" work/study program are all worthy means of fostering the goal of literacy. I support you fully in these endeavors.

However, are you aware that in an effort to reduce costs many of the Reading Improvement Specialist positions have been or will be eliminated from the Department of Defense Dependents Schools? DoDDS is balancing its budget at the expense of childrens' learning by reducing the staffing and removing reading teachers from the manpower documents.

There is only one Reading Specialist in all of the Baumholder area schools. Only Neubruecke Elementary School with an enrollment of about 200 students has a Reading Specialist/Reading Recovery teacher. Baumholder High, Smith, and Wetzel Elementary schools with a combined enrollment of over 1200 students have no specialized reading instruction available to the students. We have not had a Reading Improvement Specialist at Wetzel Elementary School in Baumholder, Germany for two years. Because of this, none of our over 540 students have had the opportunity to receive remedial reading instruction from a qualified reading specialist! THIS IS AN INJUSTICE TO THE STUDENTS IN THE BAUMHOLDER MILITARY COMMUNITY.

Please use the power of your office to persuade Dr. Gonzalez to restore the reading specialist positions to each and every DoDDS school worldwide.

In addition, I hope you will find a way to establish the "America Reads" program in DoDDS. The DOD school system is probably the largest school system in the nation; yet because our schools are located overseas and not near a college campus, our students will be unable to receive the support of this valuable program.

Thank you for your time and attention to this most important issue. Your continued interest and support will help ensure that our military children learn to read.

Sincerely,

*Donna Meeker*

Donnie Meckes, president  
Baumholder Area Education Association and first grade  
teacher at Wetzel Elementary School

cc:

Dr. Lillian Gonzalez  
Dr. John Davis  
Mr. Terry Kacik  
Mr. Robert Richards  
Dr. Margaret Otto  
Dr. Tom Dignan  
Mr. Richard Snell  
Mrs. Carolyn Becraft  
Mr. William Cohen  
Ms. Jan Mohr  
Ms. Ingrid Ahlberg

HONORARY PARTICIPATION REQUEST

Please return to Room 457

Today's Date: February 4, 1997

Date of Request: 1/10/97  
Request for: POTUS/FLOTUS  
Type of Request: Honorary Co-Chairs  
Requestor Name: Mr. Anthony S. Harrington

97 FEB 4 PM 2:45

Ms. Susan G. Baker

Organization: The National Alliance To End  
Homelessness, Inc.  
Suite 206  
1518 K Street, N.W.  
Washington, D.C. 20005

Contact Tel. #: 202/408-0808

Event Date: 3/20/97 [Immediate Print Deadline]

Event Description: Annual Awards Ceremony

Notes: The group is a membership organization that brings together public, private, and nonprofit organizations to create and implement solutions to homelessness. This year's event will honor Detroit Mayor Dennis Archer, Baltimore Gas & Electric Company, and the YWCA of Seattle and Snohomish County. The President and First Lady accepted in 1993, 1994, 1995, and 1996. Eli Segal, a member of the group's Board of Directors has asked that the President accept this request.

The President and First Lady should ACCEPT.

Recommendations:

MW \_\_\_\_\_ TS Accept EL \_\_\_\_\_  
(Unless otherwise noted, a yes answer  
will automatically generate a message).

Comments:

Original given  
to Matt Millikin.



## THE NATIONAL ALLIANCE TO END HOMELESSNESS, INC.

January 10, 1997

The President of the United States  
and Mrs. Hillary Rodham Clinton  
The White House  
Washington, D.C. 20500

Dear President and Mrs. Clinton:

The National Alliance to End Homelessness has been honored to have you serve in prior years as Honorary Co-Chairs of our Annual Awards Ceremony. We would ask that you again lend your support to this important cause. The Eighth Annual Awards Ceremony will be held on March 20, 1997 at 7:30 pm at the Terrace Theater of the Kennedy Center. Roy Neel of the United States Telephone Association and Tom Kuhn of the Edison Electric Institute will be the Chairmen of the event.

Mr. President and Mrs. Clinton, we are deeply grateful for the leadership you have provided by acting as Honorary Chairmen of this event for the past four years, as President and Mrs. Bush did before. This year, in particular, we strongly urge you to underline your commitment to the poorest Americans by attending the Awards Ceremony on March 20. Legislation signed in the past year will have a dramatic effect on how we help our nation's poor to escape poverty. It is critical that during the transition to a new set of rights and responsibilities, people do not fall through the cracks and become homeless. Your attendance at this event will send a strong and welcome message that homelessness is not acceptable in our great nation.

As you know, the National Alliance to End Homelessness is the only national membership organization that brings together the public, private and nonprofit sectors in a bipartisan partnership to create and implement solutions to homelessness. The Alliance's 2,000 member organizations and agencies come from all fifty states and range from nonprofit organizations such as Our House in Little Rock, to national public sector representatives such as the U.S. Conference of Mayors.

As in the past the Alliance Awards Ceremony will honor those from the public, private and nonprofit sectors who have made outstanding contributions in the struggle to end homelessness. Awards this year will be presented to Mayor Dennis Archer of Detroit, Michigan for public sector achievement; Baltimore Gas & Electric for private sector achievement; and the YWCA of Seattle & Snohomish County for nonprofit achievement. These organizations and individuals demonstrate the role that each of us can play in preventing homelessness.

VP DIRECTORS

men  
n G. Baker  
ery S. Harrington  
rment  
ars J. Eastwelling

sheth Doyle Roberts

y M. Parsons

e Director  
chill J. Gibson IV

sherry C. Alkan

n E. Akrilge, III

rdave Bradley

ry Coelho

Jie Corafeld-Uffner

phen Cryle

ran A. Davis

Raymond DePaulo Jr. M.D.

mes A. Johnson

wenas L. Kauffman

ren P. Lewis

stph de Costa Nover

, Eric Pogue

i J. Segal

raan R. Sinkov

ch Vile

obert D. Villenoy

avid L. Warrock

jeoffrey F. Warden

L. J. Young

Chairmen

Labi Martin Siegel

uma W. May, Jr.

Tufford L. Alexander, Jr.

ENT BY:NAEH

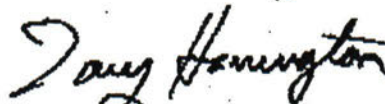
; 1-30-97 ; 9:26AM ;

Our entire Board joins us in the hope that you will again act as Honorary Co-Chairs of the National Alliance to End Homelessness Annual Awards Ceremony, and that you will be present with us on March 20.

Yours truly,



Susan G. Baker  
Co-Chairman



Anthony S. Harrington  
Co-Chairman



Tony Coelho  
Director



Barbara J. Eastelling  
Vice Chairman

P.S. I know that our fellow directors  
Eli Segal and Jim Johnson join in  
our hope that you can be with us  
on March 20, as does Roy Neal.  
Tony

PAGE FOUR

## HONORARY CHAIRMEN

The President and Mrs. Clinton

## HONORARY COMMITTEE

Sen. Conrad Burns  
Sen. Thad Cochran  
Sen. Pete Domenici  
Sen. Byron Dorgan  
Sen. Dianna Feinstein  
Sen. Charles Grassley  
Sen. Bob Kerrey  
Sen. John Kerry  
Sen. Frank Lautenberg  
Sen. Patrick Leahy  
Sen. Connie mack  
Sen. Carol Mosely-Braun  
Sen. Patty Murray  
Sen. Harry Reid  
Sen. Jay Rockefeller  
Sen. Paul Sarbanes  
Sen. Ted Stevens  
Sen. Paul Wellstone

Rep. Ken Bentsen  
Rep. Rosa L. DeLauro  
Rep. Vic Fazio  
Rep. Bob Filner  
Rep. Barney Frank  
Rep. Henry Gonzalez  
Rep. Steny Hoyer  
Rep. Joe Kennedy  
Rep. Jim Kolbe  
Rep. Patsy Mink  
Rep. Bob Ney  
Rep. Charles B. Rangel  
Rep. Martin Olav Sabo  
Rep. Bernard Sanders  
Rep. Christopher Shays  
Rep. J. Lawrence Slaughter

Rep. Charles Stenholm

01/30/97 11:09

202 775 8881

S D I/WASHINGTON

005

*cont'd from page 4*

Rep. Louis Stokes  
Rep. Bruce Vento  
Rep. Melvin Wat

THE WHITE HOUSE

WASHINGTON

February 4, 1997

TO: DOUG SOSNIK

FROM: Phil Caplan

How do you want to handle?

**PASTEUR MÉRIEUX CONNAUGHT USA**  
1401 EYE NORTHWEST, SUITE 200  
WASHINGTON DC 20005

January 30, 1997

'97 FEB 4 PM 12:59

The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Mr. President,

I was deeply saddened that my party (The Democratic National Committee) disinvited me to a dinner honoring you at the Sheraton Carlton in Washington on January 28.

I have been actively involved in Democratic politics all of my adult life. As a legislative and then administrative assistant to Senator Abe Ribicoff, as the Democratic nominee for Congress in 1976 in Connecticut's Fourth District, as a Deputy/Assistant Secretary of the Treasury for Legislative Affairs under President Carter, and as an early supporter of yours (serving on the original Vic Raiser steering committee) I have been deeply and actively involved in the American political process.

Now, because I work for a French-owned company I am relegated to second-class political status and told that I may not play a role in my party's activities.

Let me tell you a little about my "French" company. Pasteur Merieux Connaught (formerly Connaught Laboratories) will be celebrating its 100th anniversary in the United States this year. We are located in the heart of the Poconos in northeastern Pennsylvania and our employees numbering around 800 are Americans proud to be in the business of making and selling vaccines and doing the research to produce new therapies. They work and live in the United States and are hardworking taxpayers dedicated to their jobs, their families and their communities in Pennsylvania, New Jersey and elsewhere in the US.

It is employees like these who have led the way in developing vaccines which have eradicated polio, stopped the scourge of small pox, developed ever safer vaccines to stop diphtheria and tetanus, pertussis and rabies and who are working on promising medicines to fight diseases ranging from Lyme Disease to AIDS. These are the American workers you extol as being the best and the brightest on the planet. Our global partnership has helped make these achievements possible. Now, because we happen to be owned by a French company, the Democratic National Committee has decided that our contributions to the National Democratic party are somehow "tainted." Somehow, our contributions are now less "American."

It is distressing to think that I and my company have become second class political citizens because we are part of the global economy which you constantly discuss as a normal part of an evolving economic system.

Pasteur Merieux Connaught has always been proud to be part of the political process and we have been pleased to be able to support the activities of both major political parties as well as provide direct support to candidates for Congress and the Senate who share our philosophy and concerns.

Yes, campaign finance reform is needed but it must be fair and non-discriminatory.

If the National Democratic Party continues its policy of discriminating against American workers simply because they work for an American subsidiary of a foreign-owned company, we will redirect our political giving to those who consider our company a full partner in the American political process.

Please use your good offices to reverse the DNC's discriminatory policy.

I look forward to hearing from you. I can be reached at (202) 898-3193.

Sincerely

A handwritten signature in black ink, appearing to read 'Geoffrey Peterson', with a long horizontal flourish extending to the right.

Geoffrey Peterson  
Director of Government Affairs  
and Public Policy

DATE: 2/4

TO: Kitty Higgins

FROM: Staff Secretary

I circulated this to  
Anne, Stephanie et al and they  
would prefer that your office submit  
it as a scheduling request.

Phil



**EXECUTIVE OFFICE OF THE PRESIDENT**  
**OFFICE OF NATIONAL DRUG CONTROL POLICY**  
Washington, D.C. 20503

**January 27, 1997**

97 JAN 30 PM 2:36

**MEMORANDUM FOR THE PRESIDENT**

**FROM: Barry R. McCaffrey**

**SUBJECT: Engaging the television industry in anti-drug effort**

1. **Purpose:** This memorandum recommends you and Mrs. Clinton speak at a major anti-drug event associated with the Academy of Television Arts and Sciences 50th anniversary celebration. Many of Hollywood's most prominent executives, celebrities and creative talents will attend as part of a demonstration of the Academy's renewed commitment to solving the nation's drug problem.
2. **Background:** Earlier this month in Los Angeles, met with leaders of the entertainment industry to enlist their help in changing youth perceptions about drugs. In the past, Hollywood's enormous creative talents have been instrumental in changing how alcohol use and alcoholism are depicted in the media, and also in promoting the use of seat belts. We asked the Academy for similar effort in realistically portraying drug use and its negative consequences.
  - A. We met with leadership of Writers Guild; Actors Guild; Entertainment Industries Council; Caucus for Producers, Writers and Directors; and the Academy of Television Arts and Sciences. Members of these organizations represent the core of "Hollywood's" creative community and have major influence on how issues such as drugs are depicted in productions.
  - B. A major reason for increased drug use among children and adolescents in recent years has been a measurable decline in the level of risk that young people associate with using drugs. There are more powerful and seductive pro-drug messages bombarding youth (and fewer anti-drug messages). The mixed messages they receive from entertainment media, parents, and role models also play a key role in shaping their perceptions and attitudes.
  - C. There is a great need for systemic change in the way the television industry handles the drug issue. The proposed Academy of Television Arts and Sciences event is an excellent vehicle to start. It also offers an opportunity for you to remain visibly involved in this issue and add to your demonstrated leadership in solving the problem of youth drug use. This audience is a key one that can play an integral role in shaping the perception, and ultimately the behavior, of young Americans on this issue.

MEMORANDUM FOR THE PRESIDENT - PAGE 2

3. **Event:** On April 6, almost 2,000 entertainment industry leaders will converge on Los Angeles for the 50th anniversary gala event. The Academy of Television Arts and Sciences President, Richard Frank believes this is an appropriate time to signal the television industry's renewed commitment to helping solve the nation's drug problem. He has proposed a separate event with many of these individuals where the focus would be exclusively on drugs.
- A. In addition to pledging the industry's resolve, Frank would announce that the Academy has agreed to produce an animated anti-drug special for young children (using popular cartoon characters from different movie studios) that would be shown on all broadcast networks and many cable systems simultaneously. A similar special produced by the Academy eight years ago reached almost 20 million children. Such collaboration among major networks is very rare.
- B. This is an opportunity for you to publicly thank the industry for its past contributions in advancing critical public health issues, and ask for their further support in ensuring that drug use in the media is portrayed in a manner that does not glamorize, legitimize or condone such behavior. Your remarks would be followed by two or three panels of industry leaders, each focusing on a different segment of the industry (writers, producers, etc.). The theme would center upon how industry can be part of the solution to the nation's drug problem
4. **Proposed Date:** April 5, 6, or 7 (luncheon or breakfast) in Los Angeles

Note: The Academy would also like you to address its Gala event on the evening of April 6. It will be recorded for later broadcast on HBO (but the drug issue would not be part of the agenda).

5. RECOMMENDATION

That you address the anti-drug event (on April 5, 6 or 7) and if your schedule permits also attend the gala (April 6).

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

V/12

  
Barry R. McCaffrey  
Director

THE PRESIDENT HAS SEEN  
2-5-97

PRIME MINISTER  
GOVERNMENT OF THE  
PEOPLE'S REPUBLIC OF BANGLADESH

His Excellency  
Mr. William J. Clinton  
President  
United States of America



**PRIME MINISTER**  
**GOVERNMENT OF THE PEOPLE'S REPUBLIC OF**  
**BANGLADESH**

**THE PRESIDENT HAS SEEN**

২-৭-৭৭

**February 3, 1997**

**His Excellency**  
**Mr. William J. Clinton**  
**President**  
**United States of America**

**Dear Mr. President,**

I would like to extend my greetings and best wishes to you and Mrs. Clinton and the people of the United States.

On behalf of the Government and the people of Bangladesh, it is my privilege and pleasure to invite you, Mrs. Clinton and your lovely daughter Chelsea to visit our country at your earliest available opportunity.

The Bangladesh independence day celebration is on March 26. The people of Bangladesh will be grateful if you please consent to be the Chief Guest and Mrs. Clinton the Guest of Honour on this occasion.

Our people have deep respect for you and the American people. We will never forget the moral support US Senate and particularly the Democratic Party leaders gave Bangladesh during our struggle for independence and our journey towards democracy.

It is my sincere wish that you will honour Bangladesh by accepting this invitation and allow our people to demonstrate the goodwill and gratitude they feel for you, your country and your people. I request you to join us in celebrating our achievements of the past and our hopes for the future.

Sincerely,

**(Sheikh Hasina)**  
**Prime Minister**