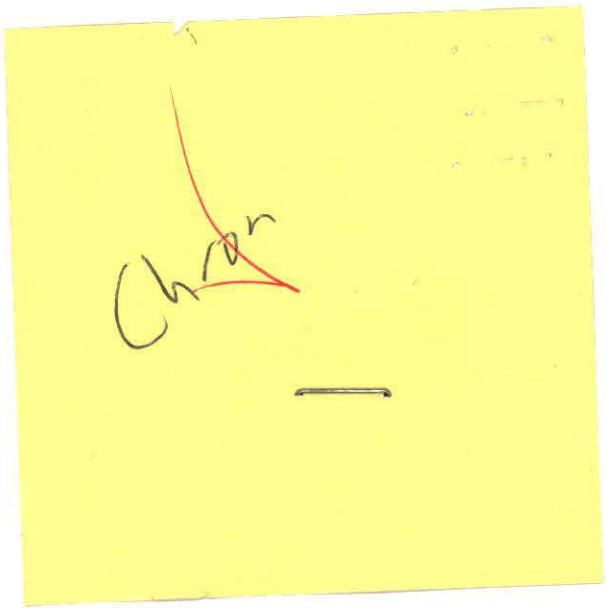
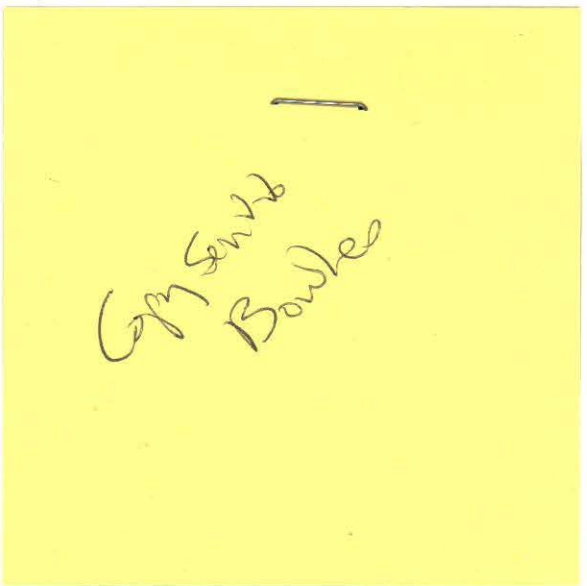

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THE WHITE HOUSE

WASHINGTON

February 21, 1997 THE PRESIDENT HAS SEEN
2-24-97

MEMORANDUM FOR THE PRESIDENT

FROM: **KITTY HIGGINS**

SUBJECT: **Summary of Cabinet Weekly Reports**
February 14 - February 21, 1997

DEPARTMENT OF TREASURY

- **Netanyahu Meeting:** On February 14, Prime Minister Netanyahu and Secretary Rubin discussed the fiscal, monetary and structural reform issues now facing Israel. Netanyahu agreed that more needed to be done to meet his ambitious economic goals. He listed his priorities as: 1) restraining spending; 2) privatization and breaking up monopolies; and 3) controlling inflation. His key question to Secretary Rubin was how to sell Israel to U.S. investors. Rubin suggested a Commerce-led trade mission and described the potential for a large-scale privatization effort. Netanyahu appeared intrigued with this proposal to harness the skills of market players by offering them a financial incentive. As an indication of the likely timing of reform efforts, Netanyahu said that he is seeking to make two major policy decisions every six months (e.g., the FY97 budget cut and the Hebron redeployment).

- **UK Labour Party:** On February 20, Secretary Rubin met with Gordon Brown, UK "Shadow" Chancellor of the Exchequer, who would likely become Chancellor if the Labour Party wins the elections held in May. Unlike the negative Tory stance on British participation in European Monetary Union, Labour has opted to leave the question open, and has promised a referendum first if a Labour government were to decide in favor.

- **Connie Lee Privatization:** On February 7, Treasury received Salomon Brothers' appraisal of the Connie Lee stock held by DOEd. Treasury will work with Connie Lee to complete the transaction prior to February 27. The proceeds are to be provided to DC for school construction. Treasury will explore the possibility of an event with school officials from D.C., the Control Board and Secretary Riley.

- **Tax Treaties:** On February 17, Vice President Gore and South African Deputy President Mbeki signed a new US-South Africa tax treaty in Cape Town. A previous tax treaty was terminated in 1987 under the US Anti-Apartheid Act. Treasury is hopeful that the new treaty will be submitted to the Senate in time for review and ratification this year.

- **Exchange Rate Report:** On February 21, Treasury released its Annual Report to Congress on International Economic and Exchange Rate Policy. The report reviews developments in U.S. international economic policy, including exchange rate policy, for the period April-October 1996. The report notes that during this period, world economic expansion continued at a moderate pace, inflation was generally low and the dollar appreciated moderately. The report presents an updated assessment that none of our major trading partners has manipulated its exchange rate against the dollar to prevent balance of payments adjustments or gain an unfair competitive advantage in international trade.

- **Forfeiture Fund:** For the third year in a row, a surplus of $32 million in the Treasury's Forfeiture Fund allows the Fund to make a contribution to the Special Forfeiture Fund of ONDCP.

- **D.C. Initiative:** On February 20, Director Raines testified before the House D.C. Subcommittee on the Administration's D.C. Initiative. Working through the interagency process, Treasury officials recently finalized details, including legislative drafting, on the $260 million tax incentive package for D.C. that is mentioned in the budget. The package contains a mixture of capital market and labor market incentives designed to promote economic development.

- **Community Development Financial Institutions (CDFI):** On February 25, Secretary Rubin and CDFI Director Moy will testify before the Senate VA-HUD Subcommittee to discuss the Fund's FY98 Appropriations request. On February 26, Director Moy and Senior Policy Officer Jacokes will meet with Representative Meeks to discuss microenterprise.

- **Press Activity:** On February 23, Secretary Rubin is scheduled to appear on *CBS Face the Nation* to discuss your budget and the balanced budget amendment.

DEPARTMENT OF JUSTICE

- **Don't Ask Don't Tell:** Philips v. Perry (9th Cir.; W.D. Wash.) Petty Officer Philips was discharged from the Navy based upon his statement to his superior officer that he is a homosexual. The district court sustained the discharge under the portion of the policy relating to homosexual acts without addressing the portion of the policy relating to statements of homosexuality. The Ninth Circuit has now affirmed on the same basis. In

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rejecting Philips' equal protection claim, the majority accepted DOJ's position that the rational-basis test applies and that great deference is owed to the political branches and the military.

- **Lorton Reformatory:** On February 11, Judge T. S. Ellis III dismissed Commonwealth of VA v. Janet Reno, et al. (E.D. VA), in which the Commonwealth sought an injunction requiring the closure of the Lorton Reformatory. VA alleged that both the federal government and D.C. lack the constitutional authority to operate a prison facility in VA for D.C. offenders. The court concluded that the Property Clause of the Constitution empowers Congress to regulate and control all federal lands, including the Lorton facility.

- **CA Religious Freedom:** Flores v. City of Boerne [S. Ct.; 5th Cir.; W.D. TX]. Archbishop Flores filed suit challenging the City of Boerne's refusal to permit expansion of St. Peter's Catholic Church, in Boerne, TX. The City based its denial of the construction permit on the Church's location within a historic district. Archbishop Flores contends that the denial of the permit violates the Religious Freedom Restoration Act (RFRA), as well as a number of constitutional provisions. The City argued that RFRA is unconstitutional. DOJ intervened to defend the constitutionality of RFRA.

- **TVA Sues DOE:** TVA filed suit against the U.S. in the Court of Federal Claims alleging a breach of contracts between it and DOE under which DOE provided enriched uranium to TVA for electrical generation. TVA's complaint is substantially identical to that in Yankee Atomic Electric Co. v. U.S., currently on appeal. Approximately 25 other utility companies have filed similar suits against DOE.

Child Pornography: On January 27, a trade association representing publishers of sexually explicit materials and several of its members filed suit challenging the constitutionality of the Child Pornography Prevention Act of 1996 on the grounds that the statute violates the First and Fifth Amendments.

- **HUD Contractor Case:** On February 12, in Ervin & Assocs, Inc. v. Dunlap (D. DC), the district court declared its intention to deny DOJ's motion to dismiss and to permit the plaintiff, a formerly successful HUD contractor, to take discovery on its first amendment claim that it was "blackballed" at HUD after its principal publicly criticized HUD officials.

- **PA Gender Bias:** On February 18, DOJ sued the Southeastern Pennsylvania Transportation Authority, alleging that the agency violated Title VII of the 1964 Civil Rights Act by requiring female applicants for transit police positions to meet certain physical fitness standards that have no bearing on successful job performance.

- **CA Drug Dealer Sentence:** On February 13, in the Southern District of CA, Miguel Angel Andalon-Silva was sentenced to 240 months of imprisonment and five years of supervised release.

- **Hong Kong Law Enforcement Hearing:** On February 25, the Senate Foreign Relations Subcommittee on East Asia and the Pacific plans to hold a hearing on U.S. law enforcement interests in Hong Kong. The subcommittee is especially interested in alien and drug smuggling and U.S. law enforcement's ability to continue to operate in Hong Kong after the July 1 reversion.

- **Drugs and the Southwest Border Hearing:** On February 28, the House Government Reform and Oversight Subcommittee on National Security, International Affairs and Criminal Justice will hold a hearing on Illegal Narcotics Flooding the Southwest Border. DEA, INS and DOJ's Criminal Division have been invited to testify.

- **D.C. Initiative Hearings:** On February 20, the D.C. Subcommittee of the House Committee on Government Reform and Oversight held a hearing on the D.C. initiative with OMB Director Raines as the only witness. Next week, the subcommittee will hold a second hearing with representatives of the city. Beginning the week of March 3, the subcommittee anticipates holding a series of hearings on the individual proposals in the plan.

- **Attorney General's Schedule:** On February 27, the Attorney General will address the National Sheriffs' Association.

- **Media Inquiries:**
  - The *Arkansas Democrat Gazette* is doing a story on the rising trend in state and federal prosecutions of environmental crimes.
  - *NBC News* and the *Arkansas Democrat-Gazette* are asking about the rules surrounding "mock trials" done in preparation for trial.
  - *LA Magazine* is doing a story on methamphetamine use in Hollywood, CA.
  - *NPR* may be doing a story on housing discrimination suits against municipalities.

- **FOIA Requests:**
  - JMD received a request from Amey Scott, Project on Government Oversight, for all financial statements pertaining to the Radiation Exposure Compensation Trust Fund.
  - George Canning requested records referenced in a *Boston Globe* article that Senator Kerry delivered evidence to DOJ in the late 1980s of the CIA bringing drugs into minority communities in the U.S.

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DEPARTMENT OF COMMERCE

Export Violation: Silicon Graphics has acknowledged that it sold two high performance computers to the Russian Arzamas-16 and Chelyabinsk-70 nuclear centers in violation of U.S. export controls. The company had not sought the necessary export licenses from BXA. The Russian Government has confirmed the sales. DOJ is currently reviewing the case for legal action.

- **Anti-Boycott Case:** On February 26, BXA may announce a major anti-boycott compliance discrimination case. The case involves two federal departments and a private defense contractor. BXA expects to announce a settlement with at least one party and the issuance of charging letters against those who do not settle.

- **WTO Shrimp Dispute:** On January 22, at a meeting of the WTO Dispute Settlement Body, Thailand and Malaysia requested the formation of a dispute settlement panel regarding U.S. restrictions on shrimp imports. The U.S., which blocked this request for a panel, must agree to a renewed request which could be made at the next DSB meeting on February 25. The U.S. was required pursuant to a court order to impose a worldwide embargo on imports of shrimp harvested in a manner that may adversely affect certain endangered species of sea turtles.

- **Transatlantic Business Dialogue:** On February 26, Under Secretary Eizenstat and European Commission Director General for Industry, Stefano Micossi, will co-chair the Transatlantic Business Dialogue Joint Steering Committee of U.S.-EU government and industry representatives, at DOC. The Steering Committee will explore the TABD's priorities for 1997 and the relationship to the June and December U.S.-EU Summit meetings.

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

Advance Report on Durable Goods, Manufacturers' Shipments and Orders (January)	February 27
GDP (4th Q - preliminary)	February 28
Personal Income and Outlays (January)	March 3
Value of New Construction Put in Place (January)	March 3
New One-Family Houses Sold and For Sale (January)	March 4
Housing Completions (January)	March 5
Manufacturers' Shipments, Inventories and Orders (January)	March 6

- **Anti-Terrorism Task Force:** An Anti-Terrorism Task Force has been established within BXA to undertake a comprehensive review of current anti-terrorism export controls. The task force will streamline, tighten and simplify the use of the controls. In addition, the task force will create a "Designated Terrorist List" which will prohibit exports or reexports those identified on the list.

- **Grants to Support Cuban Democracy:** BXA is providing guidance to a USAID grantee on export license requirements for medicines, computers and other items for export to Cuba. Under a Presidential initiative, USAID has provided a grant to sponsor cooperative programs that support democratic reform in Cuba. BXA also expects to provide guidance to other USAID grant recipients on similar projects. USAID has received $500,000 for the initial program and anticipates receiving an additional $2 million.

- **Record Number of Export Licenses for Crude Oil:** Last week, BXA issued export licenses for crude oil valued at over $250 million. These licenses include one large transaction for use and consumption in Canada, and two smaller transactions involving the sale of CA heavy crude oil for use as a blendstock for the West Coast bunker fuel market. An additional CA heavy crude oil case is expected to be licensed soon. These licenses are significant because they allow U.S. firms to compete in world markets and to earn additional revenue to reinvest in domestic petroleum exploration and development.

- **ITA Success Story:** On February 4, Cascade Communications announced its successful bid to provide the Chinese government with switches that will be used to build that country's first nationwide digital network. This contract has an estimated value of $4-6 million, all of which is U.S. content. Cascade Communications, facing stiff foreign competition, sought and received support from the Advocacy Center.

- **Media Inquiries:** On February 14, the *Wall St. Journal* and *Newsday* inquired about reports of supercomputer sales to Russian nuclear sites. Under Secretary Reinsch (BXA) spoke with Royce, who wrote a story for the February 16 *Newsday*. Fialka's story appeared in the February 18 *Wall St. Journal*.

DEPARTMENT OF LABOR

- **Detroit Newspapers:** On February 14-17, six unions, which have been on strike at the *Detroit News* and the *Detroit Free Press* for 19 months, submitted unconditional offers to return to work. They stated that the action was part of a new strategy which also called for expanding the boycotts and campaign activities. The papers responded by claiming that if the union issued unconditional offers, the strike is "legally and officially over."

- **Supreme Court Cases:** On February 18, the Supreme Court issued decisions in two cases directly involving DOL. All decisions were favorable to DOL.
  - In California v. Dillingham Construction, the Supreme Court held that CA's prevailing wage law, which sets minimum compensation for workers on state construction projects, was not preempted by the federal Employee Retirement Income Security Act. The CA law permitted lower wages to be paid to apprentices, if they were part of a state-approved program under the National Apprenticeship Act, which is administered by DOL.
  - In Ingalls Shipbuilding v. Director, Office of Workers' Compensation Programs, the Supreme Court held that DOL had legal standing to participate in federal appeals court cases involving benefit disputes under the federal Longshore and Harbor Workers' Compensation statute.
  - In a third decision, Robinson v. Shell Oil Company, which could serve as a precedent for anti-discrimination laws enforced by DOL, the Supreme Court agreed with the Administration's position that the Civil Rights Act (1964) protects a former employee from retaliation for filing a discrimination charge with the Equal Employment Opportunity Commission.

- **Child and Youth Labor Conference:** On February 24-25, the National Administrative Office will host a conference on child and youth labor in North America in San Diego, CA to examine ways to eliminate inappropriate workforce activities of children. The conference, an activity of the U.S., Canada, and Mexico, is conducted under the North American Agreement on Labor Cooperation.

- **Dislocated Worker Grants:** On February 28, DOL's Employment and Training Administration will announce grants for dislocated workers in OR and CO. OR will receive up to $970,000 for workers dislocated by recent floods to provide temporary jobs in the clean-up, repair and recovery efforts. CO will receive up to $2.3 million to provide reemployment services to workers dislocated from US WEST. Next week, DOL will release a grant for $2.9 million for workers dislocated from Stokely-USA food processing plant in WA state.

- **Immigration and Naturalization:** On February 28, OSHA will issue citations to DOJ's INS. If the citations had been issued to a private-sector employer, the total assessed penalty would have been $1,015,000. The citations are the result of inspections at nine INS facilities along the TX and Mexico border.

- **Hawaii Teachers:** In HI, a tentative agreement was reached just before the February 20 strike deadline. The agreement averts a strike by the State Teachers Association.

- **American Axle:** On February 17, the UAW and American Axle and Manufacturing reached tentative agreement on a contract that averts a threatened strike at five plants in MI and NY. The plants are the main suppliers of truck axles to General Motors.

- **Sweatshop Initiative:** On February 18, DOL released the results of a "strike force" effort in the New York City, NY, and Los Angeles, CA, garment industries. The initiative resulted in the recovery of more than $230,000 in back wages for more than 600 employees. DOL also notified 122 manufacturers and two retailers that some of their goods had been produced in sweatshops. DOL requested that the manufacturers voluntarily refrain from shipping the particular goods.

- **Adult Education:** On February 25, the House Education and the Workforce Subcommittee on Postsecondary Education will hold a hearing on Adult Education. The Department will not testify.

- **Fair Labor Standards:** On February 26, the Senate Labor and Human Resources Committee will mark-up the Family Friendly Workplace Act and the TEAM Act. The first bill amends the Fair Labor Standards Act to allow private-sector employers to offer compensatory time in lieu of overtime and schedule employees on an 80 hours per two week work schedule. The TEAM Act amends the National Labor Relations Act to allow employers to establish employer-dominated labor organizations. The Administration is opposed to both bills as written.

DEPARTMENT OF TRANSPORTATION

- **American Airlines Strike:** In preparation for the American Airlines pilots' strike on February 15, FAA increased its surveillance of American and found no significant safety problems. DOT set up command centers to deal with strike-related issues. The centers ceased operations when you set up the Emergency Board and the pilots returned to work. DOT will continue to monitor the situation.

- **Maritime Accident Victims:** On February 24, Secretary Slater will attend a memorial service to be held for two MARAD employees in honor of their outstanding service and dedication. On February 18, these employees were killed by an out-of-control vehicle that struck them in a pedestrian crossing three blocks from DOT.

- **Secretarial Address:** On February 24, Secretary Slater will address all DOT employees in the DOT Courtyard to discuss your vision of Transportation for the 21st Century and how DOT's success depends on the contributions of each and every employee.

- **ISTEA Hearing:** On February 26, Secretary Slater will testify before the Senate Environment and Public Works Committee. On February 27, the Secretary will testify before the House Transportation and Infrastructure Subcommittee on Surface Transportation.

- **CA Airport Extension:** DOT intends to commit $750 million toward the $1.167 billion project to extend BART to the San Francisco, CA, airport. On February 14, Mayor Brown, Senator Feinstein and Representative Pelosi hosted a meeting among the San Francisco airport, BART and United Airlines. They reached an agreement that BART would make payments to cover costs of certain operating systems that will be constructed with airport funds.

- **Cuba:** FAA and the U.S. Coast Guard are working to prepare for the Brothers to the Rescue's planned commemoration of the February 24, 1996, shootdown of a civilian plane near Cuba. On February 24, the organization intends to hold a flyover near Cuban airspace.

UNITED STATES TRADE REPRESENTATIVE

- **Japan Film:** On February 20, the U.S. submitted its opening brief in the WTO case against Japan to challenge Japanese measures that adversely affect imports of foreign photographic film and paper. Ambassador Barshefsky held a press conference to discuss the brief. Japan's reply is due April 3, and oral argument begins on April 16. USTR is working closely with Kodak on a media strategy.

- **Fast Track:** On February 21, Ambassador Barshefsky met with environmental CEOs and senior officials in an effort to broaden support for fast track negotiating authority.

- **Japan Apples:** Last week, Ambassador Barshefsky and Secretary Glickman sent a joint letter to Japan's Minister of Agriculture, Forestry and Fisheries regarding Japan's refusal to approve additional U.S. apple varieties without lengthy testing. The letter contained a detailed testing protocol for Japan's approval before the next technical meeting scheduled for early March 1997.

- **Taiwan WTO Accession:** On March 12-14, USTR and Taiwan's Board of Foreign Trade will hold the next set of bilaterals on WTO accession. Taiwan would like to be able to close issues involving wine and spirits, services and government procurement. Agricultural and procurement issues will require substantial movement before those categories can be settled.

- **WTO Telecom:** On February 15, Ambassador Barshefsky announced the successful conclusion of the basic telecom negotiations. The agreement covers over 95 percent of world telecom revenue and was negotiated among 70 countries, both developed and developing. It ensures that U.S. companies can compete against and invest in all existing carriers and the industry could triple within the next ten years. The agreement was widely praised within the industry. Ambassador Barshefsky was joined by telecommunication executives Robert Kinzie, Chairman of the Board, Iridium; John Zeglis, Senior Executive Vice President, AT&T; Jonathan Sallet, Senior Vice President, MCI; and John Hoffman, Senior Vice President, Sprint.

SMALL BUSINESS ADMINISTRATION

- **Administrator Confirmed:** On February 13, Administrator Alvarez was confirmed unanimously by the Senate. On February 28, the Vice President is tentatively scheduled to officially swear her in.

- **Budget Hearings:** On February 26, the Senate Small Business Committee will hold a hearing on the SBA's FY98 budget. On February 27, the House Small Business Committee will hold a hearing on the same topic. Administrator Alvarez will testify at both hearings.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Lead poisoning:** Average blood levels for children and adults in the U.S. have dropped more than 80 percent since the late 1970s, but some children continue to be at risk of lead exposure, according to an article published in the February 20 *Morbidity and Mortality Weekly Report*. The report finds that the decline may be attributed to the removal of lead from gasoline and from other sources, such as household paint, food and drink cans, and plumbing systems. In an effort to reach children who are at risk, the Centers for Disease Control and Prevention are proposing updated lead screening guidance to be used by state and local health officials.

- **AIDS Policy Changes:** On February 13, an independent, non-government consensus panel convened by NIH strongly endorsed the use of behavioral intervention programs including needle exchange, drug abuse treatment and youth education on safer sex as a significant step in reversing the epidemic of HIV infection in the U.S.

- **Oral Contraceptives:** Next week, FDA will publish a *Federal Register* notice requesting that manufacturers submit supplemental new drug applications for emergency use of oral contraceptives, "morning after pills." The "morning after pill" is intended to prevent pregnancy in women who have had unprotected sexual intercourse.

- **Mammography:** On February 25, the National Cancer Advisory Board and the National Cancer Institute will discuss the recent Consensus Conference on Mammography Screening and the data in order to make their own evaluation of the benefits and risks of screening mammography for women aged 40 to 49.

- **Drug Labeling Proposal:** On February 26, HHS will propose greatly improved labels for over-the-counter (OTC) drugs on which Americans depend for the vast majority of their day-to-day health care needs. The new labeling for OTC drugs will provide consumers with easier-to-read and more understandable information. FDA has worked with industry and consumer groups for several years to improve OTC labeling.

- **Child Support Enforcement:** Secretary Shalala's report on a new Child Support Enforcement incentive formula will be transmitted to the Congress in early March. The recommended formula will provide incentive payments to states that perform well in a range of key child support activities. HHS is coordinating with the White House for your possible participation.

- **Medical Use of Marijuana:** On February 19-20, an NIH workgroup on the medical utility of marijuana met. The workgroup will issue its report to the NIH Director in about four weeks.

- **NY Foster Care Funds:** Since 1983, NY has submitted Federal Financial Participation claims which included claims for ineligible social services activities. The potential for a very large disallowance for NY, including New York City, for ineligible claims has resulted in Mayor Giuliani's request that Secretary Shalala become directly involved. The disallowance for New York City alone, according to a letter from the Mayor, might approach $100 million. The Secretary is expected to talk to the Mayor next week regarding the potential disallowances.

- **NM Waiver:** On December 5, 1996, NM submitted a Section 1915(b) waiver request to the Health Care Financing Administration. NM is proposing a mandatory statewide Medicaid managed care program that will enroll both AFDC and SSI beneficiaries into full-risk, capitated managed care plans that will provide medical, dental, and behavioral health care services. NM expects to enroll almost three-fourths of all beneficiaries in HMOs upon the effective date of the waiver.

- **Steroids Warning:** On February 18, FDA reissued a warning against the use of gammahydroxybutryric acid (GHB), a chemical that has been promoted for years as a steroid alternative for body building and for "recreational" uses because of its intoxicating effects. Recently there has been a resurgence of GHB abuse and related injuries, including deaths. FDA is working with state attorneys general around the country to arrest, indict, and convict those responsible for the illegal distribution of GHB.

- **Food Safety:** On March 5, HHS, USDA and EPA will hold a public meeting to discuss your new initiative to improve the safety of the nation's food supply.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Secretary's Schedule:** Secretary Cuomo is in FL for the U.S. Conference of Mayors' Winter Working Meeting. He planned to participate in working meetings with mayors on a variety of issues, focusing on the need to reform HUD's Section 8 homeless assistance program.

- **Housing Starts Up:** Housing starts rose from 1.32 million in December to 1.35 million in January, boosted by a jump in single-family housing construction. The regional picture was mixed: construction advanced strongly in the Northeast and West, while falling in the Midwest and South.

- **Insurance Partnership:** Allstate Insurance Company and the National Fair Housing Alliance (NFHA) joined HUD in announcing the resolution of fair housing complaints filed by NFHA against Allstate. Allstate and NFHA will partner to expand Allstate's programs to promote homeowner insurance opportunities, including its Neighbor partnership Program to provide insurance education in targeted areas.

- **MD Empowerment Zone:** Sylvan Learning Systems opened its international headquarters this week in Baltimore's Empowerment Zone. It is the first major corporation to move to Baltimore, MD, in two decades. Sylvan is the lead tenant of a $32 million office complex in the Inner Harbor area.

- **MA Mortgage Bias:** A study released last week by the MA Commission against Discrimination found different treatment of whites and blacks in mortgage applications. Minority applicants were less likely to be pre-approved for a mortgage, or encouraged to apply for a mortgage, than white borrowers.

- **Housing Discrimination:** A report issued by the Fair Housing Council of Greater Washington, D.C., received widespread coverage last week. The report found lower rates of housing discrimination compared to 1993, but found persistent discriminatory practices. The Council claimed that minorities encountered discrimination in 28 percent of the tests in D.C., 49 percent in metro MD and 47 percent in metro VA. Montgomery County scored the worst, with blacks treated less favorably than whites in 59 percent of their inquiries. The Council referred some cases to HUD for investigation.

VETERANS AFFAIRS

- **Medical Care Reimbursements:** On February 26, the Senate Veterans Affairs Committee will hold a budget hearing on the proposal to let VA keep third-party reimbursements and veterans' co-payments for medical care, shifting about $468 million from Treasury receipts (on the mandatory side) to VA medical care spending (discretionary). The Veterans Affairs Committees are raising concerns that they might be forced to make PAYGO cuts in VA benefits in order to enact this proposal. VA believes they need to work with the Budget Committees to fashion an FY98 budget resolution paving the way for the proposal without PAYGO offsets in the veterans' area.

- **Winter Sports Clinic:** Last week, VA announced that the 11th National Disabled Veterans Winter Sports Clinic will be held at the Crested Butte Mountain Resort in CO, March 23-28. More than 250 disabled veterans are expected to participate at this learn-to-ski clinic sponsored by VA and the Disabled American Veterans. The Winter Sports Clinic, hosted by the Grand Junction, CO, VA Medical Center, is opened to all U.S. military veterans with spinal cord injury or disease, certain neurological conditions, orthopedic amputations, visual impairments or other disabilities.

- **Gallup Survey:** Results from an independent Gallup Health Care Group highlighted that Veterans Integrated Service Network 3, the NY and NJ Network of eight VA medical centers, achieved a high level of patient satisfaction. The group found that over 63 percent of patients were very satisfied with the care provided, and about 65 percent were satisfied with the care provided to them over the past two months. The survey group concluded that provider courtesy and respect received a score of 82 percent.

- **Nurse Training:** In the spirit of government reinvention, VA is collaborating with staff of DoD's Uniformed Services University of the Health Sciences on a pilot project to determine the feasibility of sharing a new nurse training program. The project would offer family nurse practitioner curriculum to clinical nurse specialists using electronic learning technologies. A pilot project will run from March-June 1997. The program would increase the number of VA nurse practitioners by 200 percent.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **U.S.-Mexico Threat Assessment:** ONDCP has postponed the release of the U.S.-Mexican threat assessment scheduled for February 21. A decision to delay resulted from the announcement by Mexico on February 18 that the recently installed head of their DEA-equivalent (INCD) organization had been arrested. On February 21, Mexican Foreign Minister Gurria called Director McCaffrey February 21 to discuss this and related issues.

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- **Drug Strategy Rollout:** On February 25, Director McCaffrey will join you and selected members of the Cabinet and anti-drug non-governmental organizations in the release of the 1997 National Drug Control Strategy.

DEPARTMENT OF INTERIOR

- **Emergency Supplemental Appropriations:** DOI has requested a total of $329.1 million in emergency FY97 supplemental appropriations to repair damage from recent catastrophic storms. One-half of the total damage was sustained at Yosemite National Park, CA, during early January, due to the worst flooding from the Merced River in over 40 years.

- **Lake Tahoe Summit Proposed:** Senator Reid has invited you to convene a federal summit on the future of Lake Tahoe. This summit would focus attention on the environmental problems confronting the lake and surrounding basin and to develop approaches for addressing them. The summit is being proposed for June or July, but could occur earlier.

- **Wildlife Recreation Impacts:** A recent analysis, 1991 National Economic Impacts of Nonconsumptive Wildlife-Related Recreation, concluded that the direct expenditures of the $18 billion spent for wildlife observation, feeding, and photography resulted in $39.9 billion in total economic activity, 766,000 jobs and about $3 billion in state and federal tax revenues. The report will be available in late February.

- **FDR Memorial:** The National Organization on Disability is insisting that the memorial to President Franklin D. Roosevelt include a prominent statue clearly showing the former President in a wheelchair. Decisions on these and similar matters fall under the FDR Memorial Commission, and the National Park Service cannot overrule them. The organization claims they are building a national coalition of disabled people to stage visible and vocal protests during the memorial dedication in early May.

- **Employee Housing Costs Questioned:** In late February, NPS will issue an Action Plan addressing and explaining the housing costs called into question by the Office of the Inspector General (OIG). OIG issued a report in December questioning the high cost of employee housing in Grand Canyon and Yosemite National Parks; the OIG report states that costs for some single family dwellings ranged from $300,000 to $600,000. NPS disputes some of the numbers.

- **Glacier Bay:** On February 13, Assistant Secretary Frampton signed a proposed rule that would end all commercial fishing in Glacier Bay proper within 15 years. The proposed rule would ban commercial fishing during the primary visitor season (May 1-Sept. 30) by summer 1998.

- **Wild Horse Program:** Interim Director Sylvia Baca announced this week that BLM has adopted all of the recommendations made by an emergency evaluation team to improve the Wild Horse and Burro Program, including moving the program management responsibility to Washington, D.C. The review was undertaken by BLM in the wake of severe drought conditions during the first half of 1996.

- **U.S.-Mexico Treaty Meeting on Maritime Boundaries:** On February 25, Representatives from DOI, State and Shell Oil Co. will meet to discuss the prospects of concurring on the need and benefits of Senate ratification of the 1978 U.S.-Mexico treaty that would establish maritime boundaries between the two countries. Mutually recognized international boundaries would avoid disputes about mineral rights in the Gulf of Mexico. Mexico has ratified the treaty, but the U.S. has not. Ratification would make possible discussions for partitioning an area beyond 200 nautical miles. The area is circumscribed by either U.S. or Mexican waters and could be divided between the two countries.

- **Headwaters Deadline:** On February 25, DOI must report to Charles Hurwitz (the owner of the Headwaters tract) and Senator Feinstein on how it will pay for the old-growth redwoods property. The federal share is $250 million, and CA has committed to contributing an additional $130 million. The current proposal is to transfer to Hurwitz the oil and gas mineral estate from the top 25 producing BLM oil and gas sites in CA and a 30 acre parcel (basically a large parking lot) Laguna Niguel, CA. By Hurwitz's estimates, those properties will still leave the federal government about $60-80 million short of its $250 million commitment. Unless he is satisfied that DOI has a mechanism to cover the shortfall, he can terminate the Agreement, salvage log in the Headwaters tract and resume his takings lawsuit.

- **MT Delegation:** On February 27, Secretary Babbitt and Secretary Glickman are scheduled to meet with the MT Congressional delegation on the bison issue.

- **Grand Staircase Monument:** At the request of Senator Murkowski, GAO has initiated a review of the Grand Staircase Monument in UT. The review will focus on existing resource uses, leases of different minerals, grazing permits, commercial recreation permits, existing claims for locatable minerals; existing salable minerals, wilderness acreage and other existing uses.

- **Policy Workshops:** Senator Murkowski has called for 4-5 recreation policy workshops in Washington, D.C., beginning in March. It is apparent that the Senator intends to use the recommendations of these workshops to craft an omnibus bill that deals with issues critical to the National Park Service: recreation fee reform, concession reform, Land and Water Conservation Fund reform, and the National Park Foundation.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Civil Rights Action Team:** On February 28, Secretary Glickman will announce actions he will take in response to recommendations of the USDA Civil Rights Action Team.

- **"Mad Cow" Disease:** The week of February 24, USDA will hold a teleconference with other federal agencies to discuss Bovine Spongiform Encephalopathy, commonly known as "mad cow" disease, to address the status of the science and the risk to humans, as well as further actions USDA should take.

- **Canadian Meat Inspection:** On February 20, Secretary Glickman announced new procedures effective the week of February 17 to strengthen food safety reinspection and verification of Canadian red meat imported into the U.S. under the U.S.-Canada Free Trade Agreement. Every Canadian shipment now has a random chance of being reinspected.

- **Cheese to Be Offered in Food Program:** USDA announced February 20 that cheese will be added to the Commodity Supplemental Food Program, which provides food packages for needy women, children, and elderly. This action will also address dairy farmers' concerns about declining milk prices.

- **AK Timber Contract:** USDA and DOJ are consulting with Governor Knowles, the AK Congressional delegation, the borough of Ketchikan, and environmental groups, on terms of an agreement implementing the commitment Leon Panetta made to Senator Murkowski during negotiations over the 1996 omnibus parks bill. The agreement would provide Ketchikan Pulp Company an assured timber supply as a transition to closure of its Ketchikan pulp facility.

- **Disaster Assistance:** On February 13, USDA approved a request for secretarial disaster declarations for 28 FL counties due to crop damage caused by a severe freeze January 18-19. On February 19, Governor Chiles requested additional food assistance for migrant farm workers displaced by the freeze. Requests have also been received and are under review from the governors of MT, ND, and SD for secretarial disaster declarations for all counties in those states due to severe winter storms. The potential for flooding is a concern in the Dakotas, and USDA anticipates that many producers may file "prevented planting" claims.

- **AR Timber Sales:** On February 12, the U.S. District in AR ruled that USDA could proceed with four timber sales on the Ozark National Forest challenged by environmental groups. In January, the court found the Forest Service violated the Wild and Scenic Rivers Act and ordered it to prepare a plan for areas affecting six designated wild and scenic rivers, but also made clear that the violation did not warrant injunction of the timber sales. The sales are moving forward while the plan is prepared, and USDA is not contemplating any policy decisions until court proceedings are completed.

- **Agricultural Trade Developments:**
  - On February 13, USDA announced a $35 million short-term credit program to help U.S. exporters do business in Indonesia, Malaysia, the Philippines, and Singapore in FY97.
  - Over 1.4 million metric tons of Argentine corn, priced cheaper than U.S. corn, has been booked for before-May delivery to South Korea, in which the United States held a 95 percent market share in marketing year 1995-96.
  - The Mercosur and Andean Pact delayed talks aimed at the creation of a free trade area until Andean pact members decide how Peru can particpate.
  - Venezuela may re-open its doors for U.S. pork following the recent finding of Porcine Respiratory and Reproductive Syndrome in Venezuelan swine.
  - The February 24 USDA *Outlook For U.S. Agricultural Exports* will highlight major FY97 exports and factors, particularly in the oilseeds sector, that could slightly raise U.S. export projections from the $55.5 billion forecast in December 1996.

- **National Food Safety Initiative:** USDA and several other federal agencies will convene two public conferences to discuss your initiative. The first conference will be March 5 at USDA headquarters, Washington, D.C. The date and location of the second conference are yet to be determined.

- **Hospitals on the Internet:** USDA is working with FCC and HHS to focus on your challenge to link all hospitals across the country to the Internet. This initiative is feasible through USDA's distance learning and telemedicine loan and grant program.

- **Empowerment Zone Update:** Business developers and the TX Rio Grande Valley Empowerment Zone are helping a fledgling ferry from Port Isabel to Honduras become a success. The ferry will put local businesses in a better competitive position with urban businesses.

- **Gleaning Update:** On February 4, as part of the Administration's food rescue efforts, USDA contributed 150 lbs. of beef, pork and fish products to the Central Mission Kitchen of Washington, D.C.

- **Milk Prices:** On February 13, the Senate passed a resolution urging Secretary Glickman to delink the basic formula price for milk from National Cheese Exchange price information.

- **Budget Hearings:** The Appropriations committees will conduct hearings on USDA's FY98 budget request next week:
  - February 26 - House - Secretary Glickman will testify.
  - February 27 - Senate - Secretary Glickman will testify.

- **Secretary's Schedule:** Secretary Glickman will participate in the following events:
  - February 24 - Address National Association of State Departments of Agriculture, Washington, D.C.
  - February 25 - Meet with Democratic state commissioners and directors of agriculture, Washington, D.C.
  - February 28 - Address National Farmers' Union, Nashville, TN.
  - March 3 - Address National Association of Counties conference, Washington, D.C.
  - March 10 - Address NC Governor's Agricultural Summit, Raleigh.

- **Media Requests:**
  - *NBC News* is working on a story on the USDA Forest Service Timber Sales Program annual report and how the cost of forest roads are addressed.
  - *NBC News* is investigating USDA civil rights issues for a story to be broadcast in late February.
  - *NBC Dateline* is researching recent earthquake activity and the U.S. Geological Survey's subsequent low-level volcano watch alert at Mammoth Lakes on the Inyo National Forest in CA for a story expected to air February 26.
  - *ABC World News* interviewed USDA Chief Economist Keith Collins February 18 for a story on milk prices and the National Cheese Exchange.
  - *CBS News* is looking into dairy pricing.

DEPARTMENT OF ENERGY

- **Secretary Peña Nomination:** On February 26, the Senate Committee on Energy and Natural Resources is scheduled to hold a business meeting to consider the nomination of Secretary-Designate Peña and the nuclear waste bill.

- **Brookhaven Tritium Contamination:** On February 19, Assistant Secretary for Environment, Safety and Health O'Toole held a press conference with Senator D'Amato and Representative Forbes at Brookhaven National Laboratory on Long Island to discuss DOE's efforts to remediate the tritium groundwater contamination near a research reactor. Senator D'Amato expressed confidence that DOE is now on top of things.

- **Chilean President's Visit:** On February 24-28, President Frei of Chile will visit the U.S. In Chicago, IL, he will participate with Mayor Daley in a signing ceremony establishing a partnership of the DOE Clean Cities Programs in Santiago and Chicago.

- **Cleanup Contract:** The issuance of an Oak Ridge Request for Proposals (RFP) that was reported in last week's Weekly Report has been postponed. In the coming weeks, DOE expects to brief OMB and the Office of Federal Procurement Policy on its RFP for a contract worth approximately $2.8 billion over five years to perform environmental cleanup activities. The RFP represents a shift in the way DOE does business. Under its provisions, a smaller Management and Integrating contractor would manage services necessary to clean up the Oak Ridge, TN, Paducah, KY, and Portsmouth, OH, sites. The new contract would go into effect on April 1, 1998.

- **Clean Pigeon River, TN, Cleanup:** DOE technology developed at Oak Ridge for uranium isotope separation may have useful applications in cleaning wastewater discharged at pulp and paper mills. Having been granted an exemption to the Clean Water Act by the EPA, the Champion Paper Corporation's NC mill was discharging extremely fine particulate material that created an unacceptable brown color in the Pigeon River. The company has visited DOE's Oak Ridge site to discuss the use of the technology. By March 10, there will be a demonstration project of the technology and plans will be made for implementation.

- **Heating Prices:** Heating oil spot prices held steady through February 13. An announcement of a large stock draw was balanced by reports of several refineries' return from maintenance as well as forecasts for seasonally warm temperatures on the eastern seaboard.

- **Gasoline Prices:** Spot prices for unleaded gasoline in the New York Harbor went from 61.43 cents on February 7, to 61.78 cents per gallon on February 13, (retail price is $1.28, about the same as last year). Stocks of motor gasoline moved higher last week, increasing for the seventh consecutive week.

- **CA Science Lectures:** Approximately 375 students have been attending a science lecture series at DOE's Lawrence Livermore National Laboratory near Oakland, CA. For the series' first topic, scientists tackled the complicated concept of nuclear fusion and the $1 billion National Ignition Facility to be built by DOE.

- **Chrysler Fuel Cell Development:** Assistant Secretary for Energy Efficiency and Renewable Energy Ervin will participate in a press conference hosted by DOC with the Chrysler Corporation. They will announce Chrysler plans to develop a concept vehicle in two years powered by fuel cells, a highly efficient and environmentally benign power source. Over the past 30 months, DOE has provided over $7 million to Chrysler and

Arthur D. Little for fuel cell development. Ervin will highlight the Federal Government's role as a catalyst for moving research to commercial development. The event is not yet scheduled and may occur in Washington, D.C., or in Detroit, MI. Major media coverage is anticipated.

- **Press Inquiry:** The *Nashville Tennessean* continues to print a series of critical articles on environmental and safety issues at DOE's Oak Ridge site. The articles focus on a mixed-waste incinerator, public involvement in decision-making, worker health, and environment.

DEPARTMENT OF EDUCATION

- **Math Report:** On February 27, Secretary Riley will release the National Assessment of Educational Progress report on students' performance in mathematics at a press conference. The report includes results of scientific sample testing of American students in grades 4, 8 and 12, conducted in 1996. Results for each grade showed statistically significant improvement over results from 1992.

- **DC Education Issues:** On February 10, DOEd staff met with General Becton of the D.C. Public Schools (DCPS) to discuss an upcoming review by DOEd of DCPS compliance with Part B of the Individuals with Disabilities Education Act (IDEA). Citizens' testimony and documentation provided at two open meetings suggest that DCPS is not meeting its responsibilities under IDEA to provide a free appropriate education to students in need of special education services.

- **PA Education Summit:** On February 28, Secretary Riley will kick off Philadelphia's effort to engage city, community and school leaders in a months-long discussion of education reform.

- **Congressional Meetings:** On March 4, Secretary Riley is scheduled to meet with Democratic members of the Subcommittee on Oversight and Investigations of the House Committee on Education and the Workforce, with particular attention to concerns raised by Republican members about the number and intrusiveness of federal education programs.

- **Secretary's Schedule:** Secretary Riley will participate in the following events:
  - February 24 - The American Association of Community Colleges/Association of Community College Trustees in D.C.
  - February 25 - The Citizenship Education Fund Conference on Education in Chicago.
  - February 26 - The United Negro College Fund in D.C.

- **Technology Challenge Grant Fund:** On February 20, DOEd announced the Technology Challenge Grant awards to NC for $3.6 million, IN for $3 million, PA for $8.6 million, and WA for $2.8 million.

- **Media Inquiries:** DOEd is preparing a response to a *Washington Post* request for all records of contacts with Don Fowler and Marvin Rosen of the DNC.

ENVIRONMENTAL PROTECTION AGENCY

- **Children's Environmental Health Network:** On February 21, Administrator Browner addressed the Children's Environmental Health Network's national research conference. The Administrator presented the Agency's current and future actions to implement EPA's Children's Initiative which will consistently take into account children's unique risks and exposure patterns in environmental risk assessments.

- **Administrator's Schedule:** On February 24, Administrator Browner will travel to New Bedford, MA, to present a pollution prevention award to the Acushnet Rubber Plant and to speak to the New Bedford Chamber of Commerce. That evening she will speak to the Kennedy School at Harvard University. On February 25, Administrator Browner will meet with members of the Urban Initiative in Boston, MA.

- **Nuclear Waste -- Yucca Mountain:** Markup by the Senate Energy and Natural Resources Committee on Senator Murkowski's bill, which would create an interim nuclear repository in Yucca Mountain, NV, is scheduled for February 26. Bills sponsored by Senators Bryan and Reid would grant credits to commercial nuclear utilities to offset the cost of storing spent fuel and would create a Presidential Commission to determine an environmentally sound solution to the problem of nuclear waste. The Administration continues to oppose Murkowski's legislation on the grounds that it would remove EPA from the standard setting negotiations and instead mandate an unsafe radiation exposure standard.

OFFICE OF PERSONNEL MANAGEMENT

- **Welfare to Work:** On February 19, OPM provided the White House (DCP) with an options paper outlining steps the federal government can take to lead by example in helping people move from welfare to work. We suggested a number of options including:
  - Expanding the use of existing Federal hiring programs designed to attract low-skilled individuals, such as Worker-Trainee appointments.
  - Creating a new hiring avenue specifically targeted to individuals receiving public assistance.
  - Increasing availability of child care and possibly subsidize part of the cost.

- Locating Federal offices in areas affording ready access to public transportation.

- **Media Inquiries:** The *Washington Post* is working on a story about Presidential Appointees requiring Senate confirmation. OPM provided statistics showing that the you have appointed an unprecedented number of women in the highest levels of the federal government.

UNITED STATES INFORMATION AGENCY

- **Deng's Death Broadcast:** On February 19, VOA's Mandarin language service pre-empted its regular programming to focus on Deng's passing, and his mixed legacy of economic reform and political repression. Your comments from Boston and those of Secretary Albright from London were included.

- **South Africa Fulbright Commission:** On February 17, Vice President Al Gore and South African Deputy President Thabo Mbeki signed an agreement to establish a Fulbright Commission in South Africa following the U.S.-South African Binational Commission meetings in Cape Town.

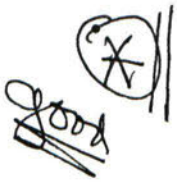
- **U.S. Presence in Vietnam:** On February 17, USIA donated a 2,000-volume collection of books about U.S. democracy, economics, literature and society to Hanoi University. The Rector of Hanoi University announced plans to increase significantly the number of American Studies courses taught at the University, leading up to a full-fledged U.S. Studies degree program in the future.

- **Au Pair Case:** On February 9, the child who was allegedly injured by an au pair sponsored by USIA's au pair unit died. The original charges of assault and battery have been changed to murder. On February 14, the au pair's bail was denied and she is being held without bail until March 6, at which time there will be a pre-trial hearing. USIA's au pair unit released a statement indicating that they will cooperate with the authorities and are committed to helping to clarify the circumstances that led to the tragedy. There has been significant local and international media interest.

GENERAL SERVICES ADMINISTRATION

- **Electronic Government Services:** On February 11, Administrator Barram introduced the new interagency Access America Plan. Access America is a roadmap to improve the way government serves the people by enabling them to receive government services electronically. Access America also recognizes the special needs of Americans in rural areas and other underserved areas, as well as those with disabilities.

THE PRESIDENT HAS SEEN
2-24-97



Computers to Schools: On February 20, the Pembroke, NH, School System will receive over 200 pieces of excess computer equipment valued at over $20,000. GSA is facilitating the transfer of the equipment from six different Federal agencies in the Boston area. The Pembroke schools have coordinated with a group of retirees who have volunteered to upgrade this equipment to working order at no cost to be available for student training in the near future.

SOCIAL SECURITY ADMINISTRATION

- **Fraud Hearing:** On March 4, the House Committee on Ways and Means, Subcommittee on Oversight will hold a hearing on federal programs which have been identified by GAO in its High Risk Series of reports as being particularly vulnerable to waste, fraud and abuse. Twenty-five programs have been placed on this list including the Supplemental Security Income program where overpayments have grown to over $1 billion and over 5 percent of total outlays per year.

- **Press/Media Inquiries:**
  - *ABC*'s *20/20* is working on a segment regarding proposals to privatize the Social Security program. SSA expects the piece to explain the pros and cons of privatizing the program through the eyes of various economists and social insurance experts. The segment is not expected to air before early March.
  - In late February, *CBS This Morning* is planning to produce a short segment on the financial health of Social Security and the various proposals suggested recently by the Social Security Advisory Council to solve the program's long-term financial problems.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Request:** On December 23, 1996, Governor Pataki requested a major disaster declaration as a result of the TWA Flight 800 crash on July 17, 1996. The Governor's request is under review. On February 19, FEMA met with the NTSB to discuss options available to communities in the aftermath of catastrophic air incidents.

cc:

The Vice President
Erskine Bowles
Bruce Reed
John Podesta
Sylvia Mathews
Ron Klain
Rahm Emanuel
Maggie Williams
Michael McCurry
Doug Sosnik
Marcia Hale
Don Baer
Maria Echaveste
John Hilley
Janice Kearney
Craig Smith
Ann Lewis

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN
2-24-97

February 21, 1997

Copy sent to E. Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

BISON

I received your note regarding the bison at Yellowstone National Park. The unusually harsh winter conditions at Yellowstone continue to force the park's wild bison herd to follow migration routes onto private and National Forest lands, which has led to the killing of more than 920 bison so far. The National Park Service, and the Department of Agriculture's Animal and Plant Health Inspection Service and the Forest Service have asked Montana to suspend the shooting of bison on National Forest lands adjacent to the park and minimize the killing of bison on private land while preventing cattle from commingling with wild bison. Because starvation and bison removal have reduced the bison population to below 2,000, the integrity of the wild bison herd could be compromised.

If Montana wouldn't change Gov. said they did. Why can't we?

The federal government is still killing bison (although at a much reduced rate) because we have a two year old agreement with the State of Montana that commits us to this course. Secretaries Babbitt and Glickman met yesterday and reached an agreement among themselves to acquire additional winter range for the bison, manage the bison herd size, and develop a vaccine for brucellosis in bison. While these are admittedly mid and long term solutions, in the short term it can be said that the federal government has reduced, although not halted, the slaughter of bison migrating from the park. Those testing negative for the virus that have migrated north are being held in a capture facility just outside the park and are being fed. Approximately 16% are found infected and are shipped to slaughter.

The State of Montana is still shooting bison that migrate out of the park to the west even after our assurances that this migration does not endanger Montana's brucellosis-free status.

Secretaries Babbitt and Glickman are scheduled to meet on February 27 with the Montana congressional delegation to discuss the bison situation at Yellowstone.

2-24-97
THE PRESIDENT HAS SEEN

NEW WORLD MINE

As you know, Governor Racicot has been developing a "Montana Initiative" that would satisfy the terms of the agreement between the U.S. and Crown Butte, Inc., while producing economic benefits for the State of Montana. We are not committed to his solution although we have encouraged his efforts. Just this week, the critics of the "Montana Initiative", the conservation community, urged Governor Racicot not to give up his campaign to frame a trade to satisfy the agreement. They have urged him to revise his proposal, consult with the conservation community and put together a proposal that would have broad support. Today the Montana state legislature threw its support behind the Governor.

We intend to tell Governor Racicot that we appreciate his hard work in this effort and particularly the good faith efforts of Plum Creek Timber, Westco Resources (a Montana coal company) and the conservation community on developing and evaluating the feasibility of the "Montana Initiative." We will be willing to evaluate proposals which Governor Racicot may present to us. In the meantime, we will continue our effort to develop a federal assets package which we could present to Crown Butte should the Governor's effort hit a snag.

AGREEMENT CONCLUDED WITH KETCHIKAN PULP COMPANY - TONGASS

You will recall that a final stumbling block to last year's passage of the Omnibus Parks bill was Senator Frank Murkowski's (R-AK) insistence on addressing issues with the pending termination of the Ketchikan Pulp Company's (KPC) long-term contract for timber supply on the Tongass National Forest. Those discussions concluded with an agreement between Leon Panetta and Senator Murkowksi that committed us to negotiations with KPC over cancellation of the contract and related issues.

Good

Today, we announced that an agreement had been reached with KPC for cancellation of the contract and that a specified amount of close-out timber would be provided over the next three years. The agreement provides that KPC's parent company, Louisiana Pacific, will guarantee financial responsibility for meeting KPC's significant financial obligations for clean-up of waste sites. The agreement also requires KPC to provide that a significant number of jobs in its sawmills will be preserved to help provide for an economic transition in communities heavily affected by the pulp mill's closure.

HEADWATERS

As I noted in an earlier report, Charles Hurwitz estimates the market value of our oil and gas interests at between $140 and $160 million, leaving us with a potential $40 to $60 million shortfall. We had agreed to look at three additional opportunities to provide an "insurance policy" to make up this shortfalll, which included additional leases, geothermal leases, and undeveloped production zones. Unfortunately, the Bureau of Land Management estimates that the most we can squeeze out is an additional $10 million from nine more oil and gas leases. The other options provide legal and policy complications which render them infeasible.

Recycled Paper

Thank you for your continued interest —

THE PRESIDENT HAS SEEN
2-24-97

Unless we quickly find cash (such as our commitment to seek a supplemental appropriation) or assets, we will have to tell Mr. Hurwitz at our upcoming Tuesday meeting that we cannot provide the "insurance". Efforts to find additional assets are simply not yet panning out.

In addition, per the Headwaters agreement we identified Forest Service lands to give to Red Emmerson in exchange for his 9,600 acre Headwaters buffer area, most of which would in turn go to Mr. Hurwitz. Both Mr. Emmerson and Mr. Hurwitz are pushing for $30 million in cash for Mr. Emmerson's property rather than the Forest Service lands. Although not necessarily vital to the deal, this would be ideal in that we would avoid opposition, save 45 days of administrative hurdles, and simplify any potential ownership issues between the federal government and State of California. This means we would have to find another $30 million in cash, making our potential shortfall $60 to $80 million.

I am not confident at this point that we will identify sufficient assets by Tuesday. With no insurance, Mr. Huwitz will likely back out of the agreement. The irony is that we are gaining momentum in garnering support for this deal. There is growing bipartisan support in the California state legislature. Also, while tentative, we are receiving some positive signs from the environmental community. Finally, the Habitat Conservation Plan and other environmental compliance measures are moving full speed ahead.

THE WHITE HOUSE

WASHINGTON

cc: Bill Riley

February 24, 1997

Ms. Alice Waters
Chez Panisse
1517 Shattuck
Berkeley, California 94709

Dear Alice:

Thank you for your thoughtful letter and your kind words of support. I regret that your letter did not reach my desk sooner. I share your concern for improving the health and nutrition of our nation's children, and I intend to keep it a top priority in my second term.

Local initiatives like the Edible Schoolyard project -- a community-based, holistic approach to improving nutrition -- teach children important social skills, values, and healthful eating habits that will benefit them throughout life. This project complements the steps my Administration has taken to improve the nutritional health of our nation's children through the Department of Agriculture's Team Nutrition initiative -- a program I know you have long supported.

Promoting school gardens as an educational tool and providing American children with a better understanding of the link between agriculture and health is a key element of Team Nutrition. I'm proud to say that edible gardens are part of the curricula now being used in over 16,000 Team Nutrition schools across the country -- a number that continues to grow!

Through Team Nutrition, other USDA projects such as Agriculture in the Classroom, and local initiatives -- and with the continued help and support of concerned people like you -- we are making a difference.

Again, thank you for your continuing advocacy on behalf of the nutritional health of all Americans and particularly our nation's children.

Sincerely,

Bill Clinton

I'll scan your letter with Sec. Riley too —
Thanks

:CHEZ:PANISSE:

Read through
Mr Scott
Office
1/15/97

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

December 18, 1996

Dear Mr. President:

The prospect of your second term fills me with hope—hope that you'll seize this opportunity to help bring about vital change. Last year I wrote you a letter about how communities are brought together when people care about what they eat. I had hoped that the urgent issue of food and community would be addressed publicly during the campaign; now I am daring to hope that it is an issue that will become an important element of your second inaugural, for I believe our destiny as a nation depends very much on how we nourish ourselves.

I also continue to believe that the very best way to bring people together is by changing the role food plays in our national life. There is a growing consensus that many of our social and political problems have arisen because we are alienated from meaningful participation in the everyday act of feeding ourselves. The ways in which we produce, prepare, and eat food express the bedrock values on which our public and private lives are built.

In just two generations, the number of farmers has declined so much that very few Americans know anything about the people who grow their food. Even fewer have ever met a farmer, or know what it means to take care of the land. In the same span of time, a majority of American families have given up sitting down and eating together. How can we teach basic human values—such as courtesy, civility, honesty, and generosity—without that daily demonstration to our children that actions have consequences, that survival requires cooperation, and that people and nature are interdependent? These are precisely the lessons that are instilled in an elemental way by the family meal. It is also clear that they are *not* instilled by a reliance on processed and fast food, a way of eating that teaches us that we can fill our bodies with cheap, impersonal, quick fixes and that eating is little more than refueling, devoid of any seasonal, agricultural, or social context.

If these lessons aren't being taught at home, isn't it the responsibility of public education to teach them? The public school system is our single most democratic institution, and it offers the best chance of reaching all our children. Yet—as most Americans know—it is

a system that now delivers what Jonathan Kozol has called "savage inequities." The inequality of opportunity we inflict on the children of the inner-city poor is a national disgrace.

The condition of the worst schools is a frightening symbol of the kind of nation we have allowed ourselves to become—a nation where new prisons are cleaner, safer, and more comfortable than old schools. Rebuilding the schools so that they are physically inviting, and inspiring—and perhaps even beautiful—is at least as important as wiring them for computers. We cannot expect computers to function as a kind of substitute for schools. Just as agribusiness, processed food, and supermarkets utterly fail to provide the benefits of real communities—the kinds of communities nurtured by small-scale local agriculture, home-cooked family meals, and farmer's markets—the virtual classroom can never replace the real classroom in creating a socially responsible public.

Children deserve to be educated in places they can be proud of. To become the nation we ought to be, we must therefore commit ourselves wholeheartedly to the physical restoration of our public schools. As William Julius Wilson and others have advocated, a federally-funded WPA-style program of employment could be an immediate solution to the epidemic of inner-city joblessness. Such a program could also function as a restoration corps for the schools in those same inner cities. If the inner-city poor and unemployed were to be put to work renovating the schools in their own neighborhoods, the children who attend them would receive a powerful message of empowerment and hope. Such a program could alter these children's vision of their future. And as Wilson has demonstrated, without jobs to grow up into, children have little or no sense of discipline, honor, purpose, or community.

But we need much more than the physical renovation of the schools. We need to renovate the meaning of education itself. The aim of education should be to provide children with a sense of purpose and possibility, and with the skills and habits of thinking that will help them to live in the world, whether or not they go to college. I believe that the one key thing children can learn that teaches these skills and habits is how to eat well and rightly. A curriculum which educates both the senses and the conscience—a curriculum based on sustainable agriculture—can inspire children by teaching them a moral obligation to be caretakers and stewards of the finite resources of our planet.

This is why we envisioned the program known as The Edible Schoolyard here in Berkeley at Martin Luther King Jr. Middle School. Our mission at King School has been to create and maintain an organic garden and landscape that is integrated with the school's academic curriculum and lunch program and that involves students in all aspects of farming the garden—as well as in preparing, serving, and eating the food they grow. This will stimulate and educate their senses and teach them the transformational values of community responsibility, good nourishment, and good stewardship of the land.

The students have helped create the garden through active partnerships with teachers, neighbors, and businesses in the community, who have all volunteered goods, services, and time to transform blacktop into topsoil and to restore deteriorated buildings and grounds.

These students are hungry, physically and spiritually: for real food, and for role models. Thanks to our volunteers, many of whom are young people from Americorps, the students have been made to feel that there are people who care about them and who want to make their school a beautiful place.

A program like The Edible Schoolyard ought to be in every school in the country, starting in the earliest grades, demonstrating to a new generation of citizens how our decisions about food affect the survival of us all, and how eating can become a consuming habit that can give us pleasure every day of our lives. Such a program can create a public for whom growing, harvesting, cooking, and eating food creates a binding sense of social responsibility that gives meaning to life.

Rebuilding the schools and reforming the curriculum should be our number one national priority. It is my hope that you will support a restoration corps to help restore physical integrity to public education. It is also my hope that you will support a national curriculum based on the principles of The Edible Schoolyard, to restore its purpose and meaning.

Respectfully yours,



Alice Waters

1/23/97

:CHEZ:PANISSE:

Marsha Scott
The White House
OEOB Room 94
Washington, DC. 20015

Thursday, December 19, 1996

Dear Marsha,

I have tried to think of who could deliver this letter to the President. Aside from a hand delivery from Susie, you are the only one that I know who might be willing and able to do this for me. Thank you so much. As I said to you in my fax: I'm obsessed. I feel the President must address these issues in his inaugural speech!

Affectionately,

Alice

Alice L. Waters
Chez Panisse Restaurant

WEATHER: Mostly cloudy. High 65, low 55. Details, A-2.

MONDAY: November 18, 1

The Oakland Tribune.

FIFTY CENTS

FRIEND OF THE PEOPLE IT SERVES

★★ LATE SPORTS FI

HOMEWORK YOU CAN EAT



NICK LAMMERS — Staff

Martin Luther King Middle School sixth-graders Sharde Bell and Zundra Bradley tug the hose and water the flowers and vegetables in the Berkeley school's Edible Schoolyard Project, the brainchild of Chez Panisse chef Alice Waters. See story, A-13.

In Zaire, a picture's worth 1,000 troops

'CNN factor' may have played a role

ASSOCIATED PRESS

WASHINGTON — Not long after taking office, Secretary of State Warren Christopher said U.S. decisions on committing troops to save lives in distant lands would not be dictated by television's graphic images of human suffering.

CNN, he said, would not be the "north star" guiding U.S. policy decisions.

But U.S. officials said last week "the CNN factor" in no small way influenced President



ASSOCIATED PRESS

Rwandan refugees ask for food in a street in Goma, Zaire, on their way to the Rwanda-Zaire border Sunday.

- The flood of refugees started to slow Sunday, with the remainder expected to cross the border by truck.
- Those who left hope to return to their former ways of life.

A-6

relief as I see it has not gone away," Perry said.

But he said, "The nature of the need is changing dramatically by this migration of refugees from Zaire into Rwanda."

Perry said no final decision has been made on dispatching American troops. He said 40 military officers are now in Rwanda, where the government has indicated it wants aid, but considers a military presence

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The POLITICS Of Citizenship

BY DICK KIRSCHTEN

The saga of the Clinton Administration's effort to naturalize 1 million new American citizens in time for last fall's elections adds a new twist to the reinventing government story.

Less than two months before Election Day, immigration authorities booked a major football stadium for a mass ceremony—the largest that ever had been held—to swear in newly naturalized citizens. After a federal magistrate administered the oath, the Vice President of the United States, traveling at the expense of his ticket's reelection campaign, stepped to the microphone and urged the cheering crowd of more than 9,700 newly enfranchised Americans to recognize "how important the vote is."

As the throng dispersed, many queued up immediately at voter registration tables staffed by county workers outside the stadium. Federal immigration officials say the unprecedented number of participants in the event was the result of a concerted campaign by local community organizations to get longtime residents naturalized.

That was 12 years ago at Miami's Orange Bowl. The Vice President was George Bush and most of the immigrants naturalized that day came from South Florida's Republican-leaning Cuban-American population. A Bush campaign spokesman declared at the time that the naturalization ceremony was a "good event for us. . . . You know when they register they're going to be voting for Reagan-Bush."

In 1996, sports arenas, including Texas Stadium near Dallas and Chicago's Soldier Field, were once again sites for large-scale citizenship ceremonies. And as before, the Vice President, this time Democrat Al Gore, was conspicuously involved in election-year activities that bestowed voting rights upon record numbers of new Americans.

Although Gore did not take part in the ceremonies, he and his staff played a hands-on role in expediting the naturalization process. In the acrimonious closing days of the election, in fact, angry Republicans charged that an Immigration and Naturalization Service initiative to speed naturalizations called Citizenship USA had "literally been hijacked by the Office of the Vice President for the sake of political gain." GOP critics in Congress asked that an independent counsel look into the matter.

Adding large blocs of immigrants to the voter rolls before elections is a time-honored ritual of America's pluralistic political scene. But even allowing for the partisan hyperbole of GOP complaints, the technocratic Gore appears to have advanced the art to a new level by applying the expertise of his much ballyhooed staff of government reinventors, the National Performance Review.

GOP critics contend that the Administration, in its haste to mint more than a million new voters, overlooked cheating on citizenship tests and failed to wait for criminal background checks. White House officials insist that they simply responded to increasing demands from legitimate applicants and

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that standards were not lowered. But the story of how NPR's specialists in the arcana of government management were called in to help quell a political blaze adds an interesting chapter to the saga of government reinvention.

Birth of a Reinvention Lab

When Doris M. Meissner took office as INS Commissioner in October 1993, the agency's citizenship caseload was less than a third of today's level. Applications were on the rise, however, and Meissner—whose immigration expertise was honed during a five-year stint as a top INS official during the Reagan Administration—knew that things were about to change in a big way.

But she didn't know how big. Legislation passed with Reagan's approval in 1986 had resulted in the legalization of 2.6 million immigrants who would become eligible for citizenship starting in about 1995. The agency was braced to see naturalization applications double to about 700,000 a year, says David Rosenberg, the project director of Citizenship USA. "They weren't expecting it to go over a million." But that's exactly what happened in 1995 and 1996.

INS officials believe the numbers have gone up in response to a recent rise in anti-immigrant political rhetoric and initiatives such as California's Proposition 187, a ballot initiative approved in 1994 to deny public benefits to illegal immigrants. Many immigrants, says Rosenberg, a former top official in Massachusetts' Office for Refugees and Immigrants, began to decide that "citizenship was the best way to protect themselves and their families for the future." A new INS "green card replacement" program entailing a fee just $25 less than the $95 required to for file for citizenship was an added inducement to naturalize.

Meissner began early to prepare the INS, long known for its law enforcement mentality, for an expanded immigrant-service effort. She made it known at her confirmation hearing that she intended to put the 'N' and the 'S' back in INS and to work with community organizations.

But naturalization was hardly the only item on Meissner's plate. Beefed up border enforcement was the top priority in Congress and at the White House and INS funding for that function increased at rate that was difficult to absorb. As an agency in the throes of change, the INS bought heavily into the government reinvention program, capturing a dozen of Gore's Hammer Awards in the process.

During 1994, INS' Office of Policy and Planning explored ways to streamline the citizenship process and sought comments on proposals, such as waiving naturalization interviews for selected groups of applicants, suggested by an internal working group on naturalization.

The big push to find ways to deal with the mounting caseload came in the spring of 1995. An outside management consulting firm, PRC Inc., of McLean, Va., was brought in for six weeks of brainstorming sessions



THE DALLAS MORNING NEWS/LOUIS DeLUCA

with a cadre of 20 INS managers from Washington headquarters and key field sites. The result was a May 1995 report entitled "Reengineering the Naturalization Process."

The report, laced with terms such as "radical redesign" and "fundamental rethinking," concluded that "a value system based on customer satisfaction is not presently built into naturalization work practices." It sharply criticized the agency's outdated and paper-intensive procedures and its reliance on aging technology.

The following August, the Citizenship USA project was formally unveiled. It targeted five INS districts—Chicago, Los Angeles, Miami, New York City and San Francisco—that collectively accounted for 75 percent of the pending naturalization caseload. The project's goal was to eliminate backlogged cases—those pending for six months or longer—by the end of fiscal 1996.

Within a week, the Citizenship USA initiative was formally named a "laboratory of reinvention" by the Justice Department's NPR entity, a designation that Meissner had requested in late June.

Out of Obscurity

As one of nearly 200 "reinvention labs" scattered about the government, Citizenship USA operated in relative obscurity for the first five months of its existence.

Then, in late January of last year, Father Miguel Vega, a Los Angeles-based leader of the Active Citizenship Campaign, a national coalition of grass-roots ethnic groups, publicly complained that "INS incompetence will stop 300,000 California new citizens from voting in the 1996 presidential election."

Alarm bells went off in the White House. On Jan. 30, Meissner met with coalition representatives from the five Citizenship USA target cities, along with Rep. Xavier Becerra, D-Calif., but failed to allay their concerns.

A Feb. 14 memo to Clinton and Gore from Housing and Urban Development Secretary Henry Cisneros called their attention to the continuing complaints of the grass-roots activists as well as to the "sense of urgency" attached to the issue by the Roman Catholic cardinal of Los Angeles, Roger M. Mahony.

Within days, Citizenship USA project director Rosenberg received an offer of help from Gore's office. The Vice President, as it happened, was already scheduled to visit California for a March 9 appearance with Clinton. The Gore itinerary was quickly expanded to include a day in Los Angeles.

Elaine Kamarck, Gore's senior policy adviser, and NPR troubleshooter Doug Farbrother flew out a day in advance of the Vice President to talk to employees at the INS Los Angeles district headquarters and its Laguna Nigel service center. The idea was to observe the entire naturalization process from the viewpoint of the applicants, Kamarck explained. The two even sat in on an interview—the critical meeting at which an INS adjudicator determines whether a candidate is qualified for citizenship.

On March 8, Gore arrived to meet with community activists, including Vega. But first, he met with a small group of INS officials, including Rosenberg, executive associate commissioner for programs T. Alexander Aleinikoff, and three key career officers from the Los Angeles District.

"He asked very tough questions," Rosenberg says. "He wanted to know how we were going to correct various problems and get needed staff on board."

The Vice President then met for close to two hours with leaders from a broad array of community groups. A memorandum of "talking points" prepared for Gore's use stressed the Administration's interest in applying reinvention techniques to the problem of clearing up naturalization backlogs.

Gore promised to cut red tape in Washington to speed up the hiring of temporary officers and clerks and to put the arm on the General Services Administration to get additional office space and permit extended working hours. The Interior Department, he added, was being asked to help out with "large spaces for ceremonies." He said he hoped that a separate NPR project would expedite FBI fingerprint checks of naturalization candidates.

Rosenberg says he was delighted by Gore's performance. "He defended us and essentially endorsed the effort we were already making and did not take on any new commitments."



Critics call mass naturalization ceremonies, like the one at Texas Stadium in September, election-year antics to sign up voters.

THE THUNDERLIZARD FACTOR

When Republicans on Capitol Hill combed White House documents for evidence of a politically motivated push to add immigrants to the voter rolls this year, they turned up some intriguing nuggets from the pen of a career civil servant named Doug Farbrother, who works at the National Performance Review.

Farbrother, who's on loan to the NPR from the Defense Department, protests that "I'm hardly a political operative or a senior Gore aide." But he's not exactly your ordinary government bureaucrat, either. If you don't believe it, just check his business card, on which he lists his White House title as "Raging Inexorable Thunderlizard of Reinvention."

Although he's a charter member of the Senior Executive Service and has spent 23 years toiling in the administrative jungles of the Pentagon, the 52-year-old Farbrother views himself as an agent of change. A former professional musician, Farbrother eschews the standard coat-and-tie uniform of the bureaucracy, opting instead for blue jeans and sports shirts.

But Farbrother's penchant for writing breezy internal memos, combined with his take-no-prisoners approach to cutting red tape and laying waste to "stupid rules and regulations," provided GOP investigators with ammunition for questioning the Administration's motives for speeding up the processing of citizenship applications in an election year.

Designated last March as an NPR troubleshooter for an Immigration and Naturalization Service initiative called Citizenship USA, Farbrother became a central figure in a memo trail that leaves little doubt that the White House wanted maximum results in time to register new citizens for November's elections.

On March 21, after repeated complaints by immigrant advocacy groups and ethnic politicos about backlogs of naturalization cases, senior Gore policy adviser Elaine Kamarck sent Farbrother a message saying "the President is sick of this and wants action. If nothing moves today, we'll have to take some pretty drastic measures." Farbrother shot back, "I favor drastic measures. . . . If I don't get what we need, I will call for heavy artillery."

A day later, Farbrother sent e-mail to Gore noting, "I bet Elaine $10 that the [INS'] L.A. manager won't get what he needs Tuesday. Do you want in on the action?" The following week, the INS delegated hiring authority to officials in the key city and authorized increased spending for naturalization. But an unhappy Farbrother complained that the new order failed to permit the use of "temporary service agencies (like Kelly Girls)."



JOHN EISELE

Memos from NPR's unorthodox unbureaucrat, Doug Farbrother, about the naturalization effort raised eyebrows.

A seemingly bemused Gore, e-mailed back on March 27 inquiring, "Was that $10 bet about Kelly Girls?" Farbrother's response couldn't have been more explicit: "No sir, the bet was not just about Kelly Girls. I had bet Elaine that INS would not give managers in Los Angeles, San Francisco, Chicago, New York and Miami enough authority, in general, to make me confident they could produce a million new citizens before Election Day."

Farbrother says the option of lowering citizenship standards was never meant to be taken seriously.

Farbrother concluded his note to Gore with the assertion that "unless we blast INS headquarters loose from their grip on the front-line managers, we are going to have way too many people still waiting for citizenship in November."

On March 28, in an e-mail memo to Kamarck and Stone, the irrepressible Farbrother suggested: "Make me the INS deputy commissioner. From there, I could do more, faster." By way of justification, he argued: "We should be putting proven reinventors into lots of agencies anyway. Having people who don't 'get it' in top jobs has turned out to be [reinvention's] No. 1 stumbling block."

Farbrother also suggested that "to blunt any charge that we are running a citizenship/Clinton voter mill, I am working with the FBI to tighten up the ridiculously loose fingerprint check system. . . . A breakthrough here will look good to the anti-alien lobby."

Another Farbrother document that raised eyebrows on Capitol Hill was a proposed decision memo for President Clinton, laying out options "to expedite the naturalization of nearly a million legal aliens who have applied to become citizens." One of the options: "Lower the standards for citizenship" by training INS naturalization adjudicators to "be more liberal" in exercising their "broad latitude" to interpret the statutory standards for citizenship and to decide who meets them. Kamarck says the paper never reached Clinton or Gore.

Interviewed after the election, Farbrother insisted that the option of lowering citizenship standards was never meant to be taken seriously. The idea, he said, was "Let's get it out on the table and have everybody say, 'No. No. We don't want to do that shit. Let's do something smart.'"

Farbrother attributed the impatient—if not downright pushy—tone of his memos to his years of battling against centralized bureaucracies that stifle creativity at the point where services are delivered. "I guess that's why I get frustrated in such a hurry." But he quickly added, "I haven't lost my zest for the fight."

So, who won the $10 bet? "I thought for a while that Elaine owed me 10 bucks. But since they got all these people processed and the backlog down, I think I owe her," he said.

Farbrother and Rosenberg immediately took off on a whirlwind inspection tour of the remaining four Citizenship USA field sites. Such visits are standard "when we need to find out what's really going on," says NPR project director Bob Stone, who reports to Kamarck.

For the staff of a reinvention lab, Farbrother argues, the folks at Citizenship USA "weren't running very fast." While it's true that NPR staff generally tries to pay attention to the progress of the labs, he says, "This was a special case. They were really not getting anywhere."

Kamarck says the situation was "a classic" case for NPR intervention. She noted that Citizenship USA had the green light from Congress and had the capacity to pay its own way through the fees it collects. "The money was there, the problem was there, but the bureaucracy wasn't dealing with the problem," she says. "Any problem like that in the whole government is going to come to us."

Farbrother, a passionate proponent of providing flexibility to field managers, wasted little time rattling cages at INS headquarters. He railed at what he believed was excess rigidity on the part of top INS managers, who only recently had reclaimed centralized control over district directors whose independent fiefdoms sometimes had produced embarrassing results. At one point, Farbrother lobbied unsuccessfully to have himself installed as the INS' deputy commissioner.

It was clear that red tape was preventing Citizenship USA from hiring badly needed temporary help. Farbrother recited a nightmarish scenario under which INS job openings in Miami had to be advertised through an Office of Personnel Management office in Memphis, Tenn., which then reviewed the responses and shipped them to a central INS facility in Minneapolis, which—after further review—sent the list of applicants to an INS regional office in Burlington, Vt.

By the time the dust settled, additional hiring authority—although not as much as Farbrother had suggested—was delegated to field managers, as well as authority to shift additional funds to the naturalization project. When the 1996 fiscal year ended on Sept. 30, the INS had processed 1.3 million naturalization requests and had approved citizenship for 1.1 million of the applicants—more than twice the number naturalized the year before.

Politics or Performance?

In an election year in which anti-immigrant sentiment appeared to be widespread, Kamarck argues that "it would have been pretty stupid and pretty risky for our own politics" to have embraced expedited naturalizations as an electoral strategy.

She also rejects the assumption that new citizens would necessarily flock to support the Democratic Party. "Frankly, in many of these places we didn't know who was going to vote for us and who wasn't. Asians . . . are not a Democratic vote. And the Cubans in Miami sure aren't. That may change over time, but you certainly couldn't have predicted it."

Kamarck accuses the Republicans who have taken potshots at Citizenship USA of misunderstanding where the "political pressure" was coming from. "The occasional references to Election Day were not coming from us," she contends, "they were coming from the community groups that were yelling at us."

In fiscal 1996, INS approved 1.1 million citizenship requests—more than twice the naturalizations in 1995.

That's not how the Republicans see it. In his Oct. 31 request for the appointment of an independent counsel, Rep. William H. Zeliff Jr., R-N.H., the departing chairman of the House Government Reform and Oversight Committee subcommittee on national security, international affairs and criminal justice, charged that "the Clinton Administration—motivated by the belief a large number of new citizens naturalized and registered to vote through the Citizenship USA program would provide a substantial benefit for the Clinton-Gore ticket in the upcoming elections—put heavy and enormous pressure on the INS to naturalize as many new citizens as possible, regardless of the consequences."

Those consequences, according to Zeliff, included an "alarming" pattern of fraud in the citizenship testing program run by private contractors and a "shocking" number of cases in which "violent criminals" obtained citizenship because the INS failed to wait for the results of FBI fingerprint checks or review court records.

Zeliff's panel held hearings in September featuring testimony from witnesses identified as INS whistleblowers. The INS is currently locked in a bitter dispute with subcommittee staff members over the actual number of cases in which ineligible persons may have been naturalized. The agency denies that it failed to adhere to its standard practice of waiting at least 60 days for the FBI to provide notification of past criminal records before moving forward to confer citizenship.

In late October, the House oversight panel publicized the fact that it had obtained records indicating that 50,000 people naturalized during the Citizenship USA initiative had fingerprints on record with the FBI. FBI officials cautioned the committee, however, that "the mere existence of such a record does not mean the person at issue has a criminal conviction."

California Gov. Pete Wilson weighed into the debate, saying he was troubled by reports that "perhaps thousands of criminal aliens have been granted citizenship as a result of the Clinton Administration's rush to naturalize new voters before Election Day." That brought a scolding response from Meissner, who noted in an Oct. 29 letter that the INS' denial rate for citizenship request over the last year was 18 percent, "which is at or above traditional levels."

The heated rhetoric about naturalization in the closing days of the election campaign may have had an effect at the ballot box. A pre-election poll of California Hispanics conducted by the Tomas Rivera Policy Institute, a Claremont, Calif., think tank, showed a sharp increase of support for the Democrats. At an Oct. 22 news conference, institute director Harry P. Pachon said: "Six years ago the new Latino vote was up for grabs. It appears that the drumbeat of anti-immigrant rhetoric has moved the Latino electorate the Democratic Party."

On Election Day, Pachon's prediction was borne out. Clinton carried both California and Florida with greater shares of the Hispanic vote than he had won four years earlier. The President also won 53 percent of California's significant Asian vote, up from 39 percent in 1992.

But the election did not end the debate. In a Nov. 15 letter to Attorney General Janet Reno, Zeliff said his subcommittee was reviewing 60,000 cases and that he believes "thousands of ineligible and dangerous criminals" were naturalized within the last year among them "murderers, rapists, drug traffickers [and] child molesters."

At the INS, however, officials predicted that very few—perhaps a fraction of 1 per cent—of the 1.1 million people who have become citizens since August 1995 will be found to be unqualified.

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2-24-97

AMERICAN
DEMOGRAPHICS
a publication of Dow Jones & Company, Inc. February 1997



An Emerging Culture

A new world view is rising in America. Its adherents are passionate about the environment, children, and spiritual growth.

Banking on the Right Customers

How to Build a Strong Home Town

Tipping: It's a Give-and-Take Situation

The (Un)Employment Picture

Asian Americans in 2001


ZEN TIMES
CARLSON

THE EMERGING CULTURE

Nearly one in four American adults lives by a new set of values, according to this decade-long study. People who believe in environmentalism, feminism, global issues, and spiritual searching are scattered across the country and found in all social groups. These "Cultural Creatives" tend to be affluent, well-educated, and on the cutting edge of social change. By catering to the new values, businesses can serve the leading edge of many consumer markets.

BY PAUL H. RAY

A major change has been growing in American culture. It is a comprehensive shift in values, world views, and ways of life. It appeals to nearly one-fourth of American adults, or 44 million persons. People who follow this new path are on the leading edge of several kinds of cultural change. They are interested in new kinds of products and services, and they often respond to advertising and marketing in unexpected ways.

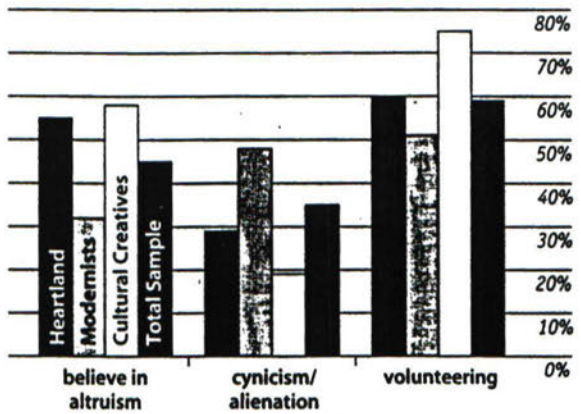
This emerging group has been labeled Cultural Creatives by American LIVES of San Francisco. In numerous surveys and focus groups, we have seen that Americans live in three different worlds of meaning and valuing. Each world creates distinctive contexts for a wide array of consumer purchases, political convictions, and civic behavior. And within each world are class divisions that create different subgroups that share the same broader views.

The first world view is Traditionalism. It is the belief system for about 29 percent of Americans (56 million adults) who might also be called Heartlanders. In America, traditionalism often takes the form of country folks rebelling against big-city slickers. Heartlanders believe in a nostalgic image of small towns and strong churches that defines the Good Old American Ways. That image may owe as much to John Wayne and Jimmy Stewart movies as to any historical reality, but for them it is a powerful reminder of how things ought to be.

The second world view is Modernism. It holds sway over about 47 percent of Americans, or 88 million adults. Modernism emerged 450 years ago as the governing world view of the urban merchant classes and other creators of the modern economy. It defines modern politicians, military leaders, scientists, and intellectuals. Modernists place high value on personal success, consumerism, materialism, and technological rationality. It's not too far off to say that Moderns see the world through the same filters as *Time* magazine.

THREE SUBCULTURES AND THEIR OUTLOOKS

(percent in three subcultures according to beliefs in altruism and cynicism/alienation, and percent who do volunteer work, 1994)



Source: Author's survey

Of the three major subcultures, Cultural Creatives are the least cynical and the most likely to do volunteer work.

THREE SUBCULTURES AND THEIR DEMOGRAPHICS

(selected demographic characteristics of three subcultures and U.S. average for the total sample, 1994)

Demographics	Heartland	Moderns	Cultural Creatives	total sample
Males:Females	46:53	54:46	40:60	48:52
Average age	54	42	44	46
Median age	53	39	42	43
Average family income	$31,200	$60,000	$52,200	$45,883
Median family income	$23,750	$42,500	$47,500	$36,250
Income >$60,000	11%	30%	29%	25%
No college	60	39	32	44
College graduate	14	27	30	24
Managers/Professionals	9	26	23	20
Retired/Not in labor force	64	22	27	36
African Americans	11	8	6	9
Hispanics	8	9	4	8

Note: These summary measures on age, income, education, and occupation are used only to show the central tendency of each aspect of socio-economic status. In reality, it is important to remember that there are at least a few people at every age, income, education, and occupation level in each of the subcultures.

Source: Author's survey

Demographics don't predict values, but the three subcultures do have some broad demographic differences.

The third and newest world view goes beyond Modernism. Its current adherents are the Cultural Creatives, who claim 24 percent of U.S. adults (44 million). Trans-Modernism began with cultural spiritual movements such as 19th-century American Transcendentalism. It gained strength as Western intellectuals discovered the diversity and coherence of other religions and philosophies. It caught fire in the 1960s, as millions of young people joined "movements" for human potential, civil rights, peace, jobs, social justice, ecology, and equal rights for women.

Conservative commentators often believe that each of the social movements listed above exists in isolation and is important only to a few. But from women's issues to environmentalism, the emblematic values of the 1960s are being embraced by more and more Americans. Few in the media recognize it, but these ideas are coalescing into a new and coherent world view. When Cultural Creatives look at Modernism, they see an antique system that is noisily shaking itself to pieces.

In Cultural Creative circles, it's common to meet women asking, "Where are all the good men?" The answer is most men are Moderns.

Cultural Creatives may be disenchanted with the idea of "owning more stuff," but they put a strong emphasis on having new and unique experiences. On the deepest level, they are powerfully attuned to global issues and whole systems. Their icon is a photograph taken by an astronaut that shows the earth as a blue pearl hanging in black space.

WHERE ARE ALL THE GOOD MEN?

Cultural Creatives are slightly more likely than average to live on the West Coast, but they are found in all regions of the country. They are altruistic and often less concerned with success or making a lot of money, although most live comfortably with middle to upper-middle incomes. They are far more likely than Modernists or Heartlanders to have graduated from college. Their median age (42 years) is close to the national average for adults, but they tend to cluster around their mid-age point with relatively few elderly and young adults.

Demographics don't predict values. But Cultural Creatives do have one outstanding demographic characteristic: six in ten are women. In Cultural Creative circles, it's common to meet

women asking, "Where are all the good men?" The answer is that in the middle- and upper-class neighborhoods where Creatives live, most men are Moderns.

Despite their numbers, Cultural Creatives tend to believe that few people share their values. This is partly because their views are rarely represented in the mainstream media, which is mostly owned and operated according to the Modern world view. Yet little of what they read gives them any evidence of their huge numbers. It's a paradox, but Creatives are likely to be information junkies. They follow the news all the time and read a great deal, although they watch a lot less TV than the average American.

Cognitive style is a key to understanding the Cultural Creatives. While they take in a lot of information from a variety of sources, Creatives are good at synthesizing it into a "big picture." Their style is to scan an information source efficiently, seize upon something they are interested in, and explore that topic in depth.

Much of today's advertising and marketing does not appeal to the Creatives because it violates their preferred cognitive style. They are suspicious of bullet points that march to the bottom line. They want whole-process stories instead, and they are likely to want the stories behind the stories as well.

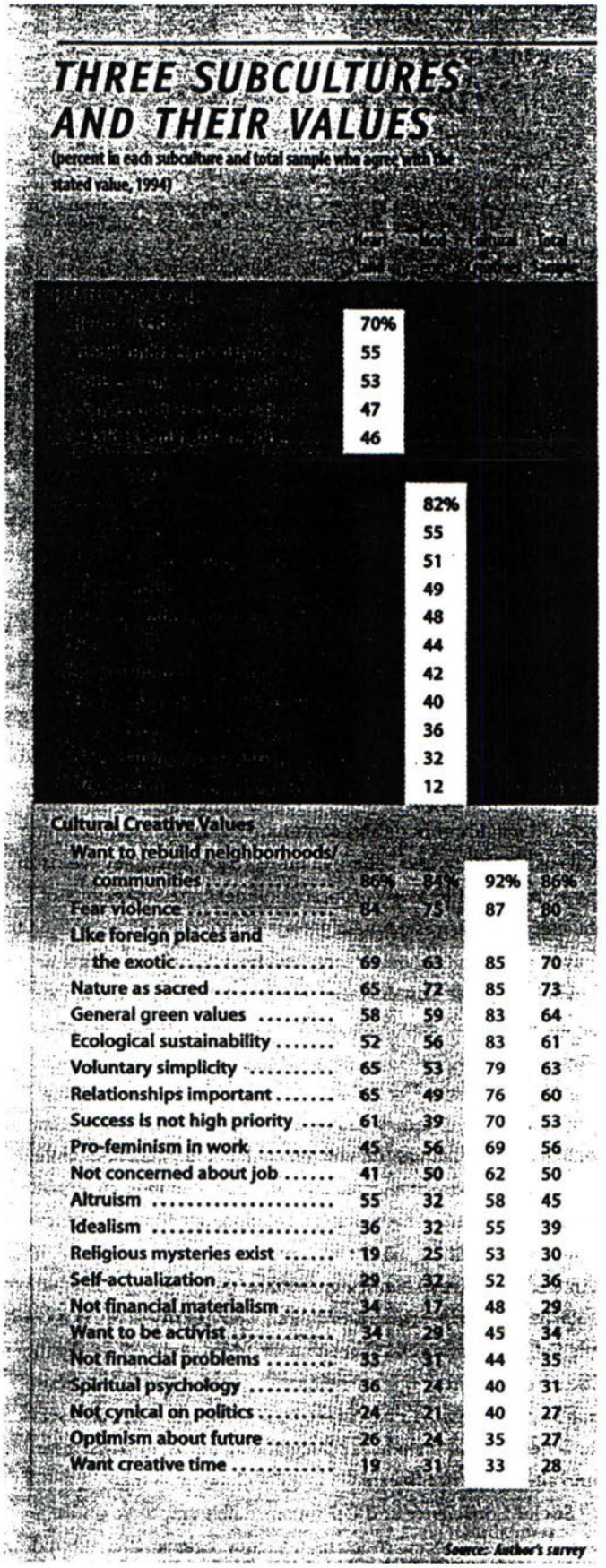
Cultural Creatives appear to fall into two subgroups. Core Cultural Creatives are a little less than 11 percent of adults, or 20 million people. They combine a serious concern with their inner lives with a strong penchant for social activism. They tend to be leading-edge thinkers who are in the upper-middle class, with 46 percent in the top one-fourth of the U.S. household income distribution. Their male-to-female ratio is 33 to 67, or twice as many women as men.

Greens are 13 percent of adults, or 24 million Americans. Their values are centered on the environment and social concerns from a more secular view, or from the view that nature itself is sacred. They show just an average interest in spirituality, psychology, and person-centered values, and they tend to have a conventional religious outlook. Their world views are less thought out than those of the Core group, and their values are often more pragmatic and less intensely held. Their male-to-female ratio is 47 to 53, close to the national adult ratio of 48 to 52. Greens are also more uniformly middle class.

VALUES OF THE CULTURAL CREATIVES

The distinctive values of Cultural Creatives separate them from the rest of American society. They tend to reject hedonism, materialism, and cynicism. For this reason, many are disdainful of modern media, consumer, and business culture. They also reject world views based on scarcity or fear, as well as the non-ecological orientation of ultra-conservatives and intolerance of the Religious Right.

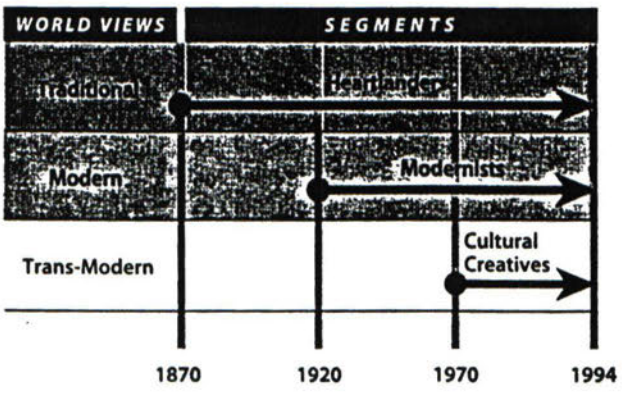
The positive values of the Creatives suggest an outline for the "Trans-Modern" world view, or what is emerging beyond Modernism. They are:



Heartlanders, Modernists, and Cultural Creatives live in three different worlds of meaning.

A TRIO OF MINDSETS

(approximate dates from which today's American world views, values, and idealized images derive)



Source: Author

On the eve of the 21st century, American society contains three world views, compared with two a generation ago.

Ecological Sustainability. If you can name an aspect of ecology and sustainability, Creatives are leading the way. They are eager to rebuild neighborhoods and communities, committed to ecological sustainability, and believe in limits to growth. They see nature as sacred, want to stop corporate polluters, are suspicious of big business, are interested in voluntary simplicity, and are willing to pay to clean up the environment and stop global warming.

Globalism. If Sustainability is one of the top values for the Creatives, the other is Xenophilism, or love of foreigners and the exotic.

Women's Issues. The fact that six in ten Creatives are women is a major focus for understanding this subculture. Their focus on issues women claim as their own includes concerns about violence and abuse of women and children, the desire to rebuild neighborhoods and community, the desire to improve caring relationships, and concerns about family. Yet they are about as likely as other Americans to live in family households.

Altruism, Self-Actualization, and Spirituality. This is a complex of highly interrelated beliefs and values centered on the inner life. Creatives are forging a new sense of the sacred that incorporates personal growth psychology, the spiritual realm, and service to others. It also includes a stronger orientation to holistic health and alternative health care.

Social Conscience and Optimism. Their emphasis on the personal includes social concerns, for they believe that rebuilding and healing society is related to healing the self, physically and spiritually. With that goes a guarded social optimism.

Cultural Creatives tend to walk their talk. They are the most altruistic and least cynical of the three major subcultures, and they are particularly critical of the cynicism they see in the Modernist world view. Three-fourths of Creatives are involved in volunteer activities, compared with a national average of about six in ten adults. Creatives also spend a median of four hours a month volunteering, compared with a national average of one hour a month. Heartlanders have an average share of volunteers and a median of two hours a month. Only about half Modernists do volunteer work, and they volunteer a median less than one hour each month.

CREATIVES AS CONSUMERS

Over the last decade, American LIVES has conducted dozens of surveys and hundreds of focus groups for clients. From these have come many insights into how the values of Cultural Creatives inform their consumer decisions. For example:

Print and radio, not TV. Creatives buy more books and magazines than average. They also listen to more radio, especially classical music and public radio, and watch less television than the other groups. They are literate and discriminating, and they dislike most of what is on TV.

Arts and culture. Creatives are aggressive consumers of cultural products. They also produce culture: they are more likely than average to be involved in the arts as amateurs or pros, to write books and articles, and to go to cultural meetings and workshops.

A good story. Creatives appreciate good stories. They demand a system-wide view of the "whole process" of whatever they are reading, from cereal boxes to product descriptions to magazine articles. They want to know where a product came from, how it was made, who made it, and what will happen to it when they are done with it. They hate reading materials that put on a specialist's blinders or refuse to deal with longer-term implications. For these reasons, they actively resent advertising on children's TV programs.

Careful consumers. Creatives are the kind of people who buy and use *Consumer Reports* for most of their purchase decisions on durable goods. For the most part, they read up on a purchase first and do not buy on impulse. All consumers are supposed to read labels, but the Creatives are practically the only ones who actually do it.

A different kind of car. Creatives are far more likely than average to want safety and fuel economy in a mid-priced car. They are also looking for an ecologically sound, high-mileage, recyclable car. In fact, American LIVES estimates that automakers pass up about 1 million new-car sales a year because they ignore those concerns. The Volvo speaks to many Creatives, but so do well-made Japanese cars. They express a greater dislike of car dealers than the average person does. The Saturn, with its fixed price and dealer service, is designed for Cultural Creatives.

Technology moderates. Although they're inquisitive, Creatives are not likely to be among the first to jump on a new technological

Modernists and Heartlanders

CULTURAL CREATIVES are on the leading edge of change. But more than three-fourths of American adults belong to the other two subcultures, according to the American LIVES typology. Six subgroups exist within these two subcultures.

MODERNISTS are 47 percent of adults (88 million). They are more likely to be men than women, but their age profile, educational attainment, and income fit neatly into national averages. A group this large is far from uniform and has within its broad confines four subgroups, largely determined by social status:

Economic Conservatives are the most affluent segment of Modernists, at about 6 percent of adults (almost 11 million). These are upper-middle to upper-class free-market conservatives, with 59 percent in the top one-fourth of household incomes. They believe in the American Way, with a materialist focus on success and a heavy dose of the work ethic. Though they are often interested in personal growth, they are likely to oppose those who preach ecological sustainability. The Modern world favors this group, who strongly believe the world should not change.

Conventional Moderns are 12 percent of adults (23 million). They dislike both Heartland and Cultural Creatives' values and beliefs. They stay strongly within mainstream opinion, seeing only Modernist beliefs as "correct." They are more cynical and less success-oriented than are other Moderns. Yet they are about as affluent as the previous group, with 61 percent in the top income quartile.

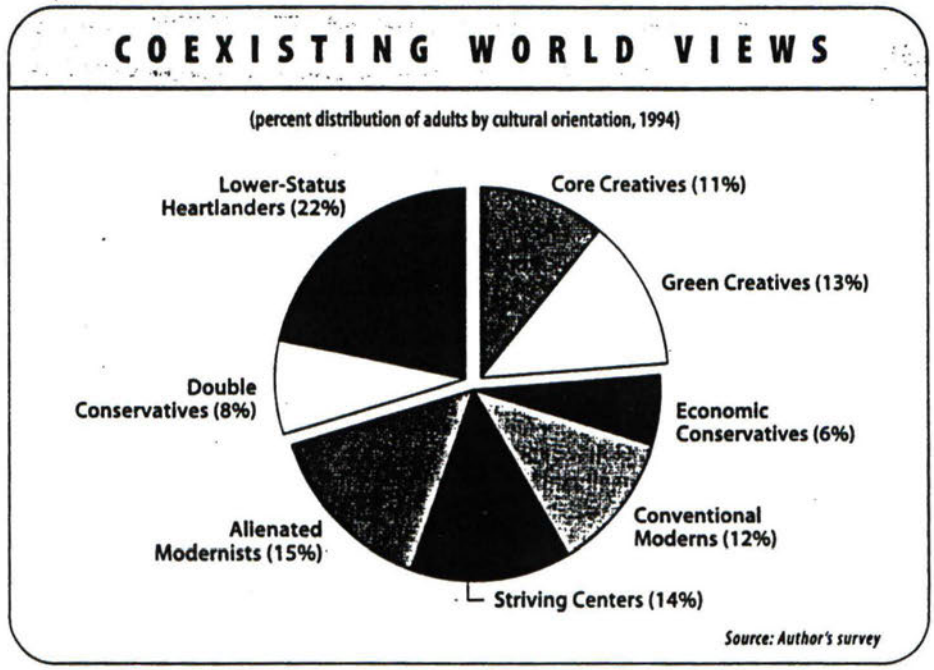
Striving Centers are 14 percent of adults, (26 million). Most in this group are lower-middle to middle class, and they are intensely interested in moving up the income ladder. They yearn for spiritual meaning, but upward mobility is their real creed. Many belong to ethnic minorities. Striving Centers mix cultural and religious conservatism with many of the same person-centered concerns of Cultural Creatives.

Alienated Modernists are 15 percent of adults, or 29 million Americans. Half of them hold blue-collar jobs. Many are "sliders" who have lost better-paying jobs, while others have poor job prospects. Clearly, America in the 1990s is not working for them. They are the most alienated and cynical group, but are by no means the worst off. Their alienation stems more from dashed prospects than from poverty.

HEARTLANDERS are defined by their traditional and conservative values and beliefs.

Double Conservatives are 8 percent of adults, or 15 million Americans. This group forms the core of the religious right. This cultural conservatism draws on symbols and images of an idealized past. The higher they are in social class, the more they also take on big-business conservatism.

Lower-Status Heartlanders are 22 percent of adults, or 41 million Americans. They include many elderly people with low incomes and education, for whom conservatism is rooted in longing for a simpler world. Surveys show that many in this group are pro-ecology and anti-big-business.



Modernists make up nearly half of the population, although their specific values and socioeconomic status divides them into four distinct subgroups.

They are, on average, older and less-educated than Modernists or Cultural Creatives, but this group also includes upper-middle-class people who are conservative in both a cultural and economic sense. Heartlanders are 29 percent of the adult population (56 million). Retirees and the poor bring the median family income of this group down to $24,000.

Middle-class Heartlanders are more sympathetic to business interests, while lower-class members are more sympathetic to environmental protection. This family-centered group shares a low regard for civil liberties and is much more likely to trust the political teachings of religious leaders. A number of ethnic minorities are also in this subculture, as well as union supporters who may be more politically liberal.

Heartlanders include two subgroups:

The other side of this group is younger people in the lower classes of American society. They tend to be traditional but have also absorbed much of modern culture. Many in this group are conflicted about values, for their traditional beliefs often do not fit well into their program for economic survival.

Heartlanders have difficulty handling complexity and the modern world, and they are suspicious of change. As time goes by, their numbers are likely to decline: their current median age is about 53, and Heartlanders are dying faster than they are being replaced by younger people.

—Paul H. Ray

Using Values to Study Customers

Values speak to what is most important in our lives. Values change on a time scale of generations, not months or years. Attitudes and opinions, on the other hand, change quickly because they grow out of attempts to reconcile long-held values with a constant stream of new information. If you want to use values instead of attitudes in a market segmentation, here are four things to consider.

First, values usually don't follow demographics. There are some broad correlations: Heartlanders do have more elderly and poor members than the other two groups, and Cultural Creatives have proportionately more women, college-educated people, and professionals. But on a more practical level, two households with identical demographics can live in entirely different worlds of meanings and values.

Second, values do not predict all purchase behaviors. They work best on products and services that are laden with meaning and symbolism; on large, complex purchases; or on goods and services that are status markers. Values segmentation usually aren't useful for predicting consumer behavior related to packaged goods and commodities. Its best use is for durable goods, like houses and cars; symbolic goods like food and clothing; and lifestyle-defining activities, such as vacation travel, books, and media use.

Third, values are context-specific. That is, the way people use values to buy a home is different than the way they use values to make a charitable donation. If you are used to predicting consumer behavior with multiple regression models, think of the meanings of each situation as intervening variables between values and the predicted behaviors. If you are comfortable with market segmentation, then think of values as providing a benefit segmentation that is elaborated by the multiple meanings of each situation. You can crosstabulate that elaborated benefit segmentation with the values segmentation to show a matrix of behaviors. Each meaning-laden benefit segment works differently in the context of each values subculture.

Finally, values subcultures are slow-changing. The ideas in this article will still apply several years from now, with only slow changes in overall consumer preferences. Opinions and attitudes will shift; for example, consumers may adopt a radically different idea about the price of your product in a single year, as they regularly do for computers. The meanings that each segment uses to filter their reactions to products and services may change, too. But you can explain these alterations and predict further shifts, as long as you keep track of which values come to bear on particular purchase situations. ***—Paul H. Ray***

product. Innovators are more likely to be technology specialists or impulse buyers who want techno-toys. The mantra of the 1980s, "He who dies with the most toys, wins," describes Modernist values.

The Foodies. Creatives do tend to be innovators and opinion leaders for knowledge-intensive products such as fine foods, wines, and boutique beers. They like to talk about food before and after consuming it. They also like to cook with friends, eat out a lot, do gourmet and ethnic cooking, and try natural and health foods.

Desire for authenticity. Creatives invented the term "authenticity" as consumers understand it. They lead the rebellion against things that are fake, imitation, or poorly made. They eschew high fashion in favor of high integrity. If they buy something in a traditional style, they want it to be authentically traditional, with a story about its traditions. If it is to be in a modern style, then it must be an authentic Bauhaus or Herman Miller chair.

A different kind of new house, please. Creatives tend to buy fewer new houses than most people of their income level, because most new houses are not designed with Creatives in mind. So they buy existing houses and fix them up the way they want. They abhor status display homes that show off to the street. Instead, they prefer their homes to be hidden from the street by fences, trees, and shrubbery. They also prefer established neighborhoods. All of this militates against the kinds of new homes that builders are now making for the upper-middle class. Creatives rate builders down there with car dealers.

The home as nest. When Creatives buy homes, they like to buy "nests" with a lot of privacy inside and out. They like private spaces within, separating children's spaces from adult spaces, and with lots of interesting nooks and niches in each space. They are more prone to live out of the living room and not bother with a family room.

Creatives also like authentic styling in homes, but the style itself is less important. You can sell them an authentic New England salt box, authentic Georgian, authentic desert adobe, or an authentic contemporary Californian. Whatever fits into its proper place on the land is good. Creatives want access to natural and social ecosystems, so they go for walking and biking paths, ecological preserves, historic preservation sites, and master plans that show a way to re-create community.

Personalization of the home. Interior decoration for Creatives is typically eclectic, with a lot of original art on the walls and crafts pieces around the house. Many think that a home is not complete without walls of books. The same house that is invisible from the street should on the inside say a lot about its occupants. Cultural Creatives do not go in for a single decorator style that runs through the whole house, and they do not use interior decorators.

Experiential consumers. Core Cultural Creatives are the prototypical consumers of the experience industry, which sells intense, enlightening, enlivening experiences rather than things. Creatives buy psychotherapy, weekend workshops, spiritual gatherings, and

continued on page 56

The Emerging Culture

continued from page 34

personal growth experiences in all forms. Providers of these services have to be Cultural Creatives, too, or they fail the "authenticity" test.

The leading edge of vacation travel. Creatives define the leading edge of exotic vacation travel. They are looking for trips that are adventuresome (but not too dangerous), educational, genuine, altruistic, and spiritual. These include tours of temples in India, tours of the back country, tours where tourists don't go, eco-tourism, photo-safaris, fantasy baseball camps, vacations that involve rebuilding a Mayan village, and a Zen-Vipassana-Sufi-Yoga retreat instead of a vacation. They don't do package tours, fancy resorts, or cruises, and they resent having to take the kids to Disney World.

Holistic everything. Creatives are the core market for psychotherapy, alternative health care, and natural foods. What ties these together is the belief that body, mind, and spirit should be unified. Creatives may include a high proportion of people whom some physicians describe as "the worried well," those who monitor every twitch and pain and bowel movement in minutely detailed attention to the body. As a result, they spend more on all forms of health care, even though most are fairly healthy. This is a stark contrast to the Modernist pattern of treating the body like a machine that you feed, exercise, and otherwise ignore until it breaks down.

CREATIVE LIMITATIONS

The emergence of Cultural Creatives is the larger change that lies behind recent articles on the "Me Generation," the "New Age," the "Culture of Narcissism," "Inner Directeds," or even the views of baby boomers. All of these labels describe aspects of a cultural shift in shared values and beliefs.

People who disapprove of these labels are missing the point, because psychological development is not the issue. Selfishness and self-indulgence are as common among Modernists and Heartlanders as among Cultural Creatives, although they show up in different forms. Within any given subculture, people range from dumb to smart, from immoral to moral, and from unaware to enlightened.

The appearance of the Cultural Creatives in America is a very hopeful thing for our society, for it offers a chance to create a more positive new culture. Business can play a major role in that cultural development, and serve the leading edge of many consumer markets by catering to the new values.

Paul H. Ray, Ph.D., is executive vice president of American LIVES in San Francisco, a market research firm specializing in the Lifestyles, Interests, Values, Expectations, and Symbols of Americans.

BEHIND THE NUMBERS

The author has written a longer description of the American LIVES typology and its historic context in a journal article, "The Rise of Integral Culture," in *The Noetic Sciences Review*, Spring 1996; and in book form as *The Integral Culture Survey: A Study of the Emergence of Transformational Values in America*. Both are available from The Institute of Noetic Sciences, 475 Gate Five Road, Suite 300, Sausalito, CA 94965. American LIVES is at 2512 Filbert Street, San Francisco, CA 94123; telephone (415) 921-1946.

Much of the information on Cultural Creatives was drawn from an American LIVES survey mailed to a representative national sample of the population by National Family Opinion in November and December 1994, using its panel of persons who have pre-agreed to be available for a mail survey. National averages cited in this article are drawn from the total sample and compared with the Census Bureau's 1994 Current Population Survey to ensure its comparability to the total U.S. population. This research was sponsored by the Fetzer Institute and the Institute of Noetic Sciences.

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Bowles

THE PRESIDENT HAS SEEN
2-24-97

Melanne Verveer Bruce Reed Nancy - to Kay
Eyes only
Re
1/16/97

Cynthia P. Schneider
17201 Norwood Rd.
Sandy Spring, Md. 20860
tel. 301-570-4782 (h) 202-687-6995 (w), fax 301-570-9497
Jan.10, 1996

President William Jefferson Clinton
The White House
Washington D.C. 20500-2000

Dear Mr. President:

Thank you for your eloquent and powerful words of support at the National Medal of the Arts and Frankl Prize ceremony. I cannot tell you what it means to the embattled arts and humanities communities to hear those strong and heartfelt words from you. No one listening had any doubt that you spoke of the value of the arts and humanities from your own personal experience.

I hope that you will use your persuasive powers in the next four years to lead the country in a continuation of the "American Journey" begun at the Inauguration, a journey of discovery and re-discovery of our collective heritage and accomplishments, leading towards a deeper understanding of what it means to be an American at this moment in history. The journey would culminate in a millennium celebration, during which Americans would take pride in our creative heritage and our living culture. Today, America is acknowledged all over the world as a leader in the arts and humanities as well as in business and politics, yet how many Americans realize that we lead in any area other than TV?

With your leadership and that of the First Lady, Americans could celebrate the kind of national renewal and celebration at the millennium that escaped us at the Bicentennial because of low national morale in 1976. (Interestingly, Bruce Reed told me at Hilton Head that he and others in the White House also had been thinking of the millennium as a second chance to capture the true potential of the Bicentennial).

The President's Committee in the Arts and Humanities has been developing plans for this type far-reaching millennium celebration, and we will soon begin to develop a strategy working with the First Lady and Melanne. Since our ideas dovetail so perfectly with the American Journey theme of the Inauguration, I wanted to share them with you now, in case they might be useful over the next two weeks. Please forgive me if you have already heard all this from Hillary, but since Tom and I do not have enough time to share everything with each other, I thought that might occasionally happen to you!

We envision <u>preservation</u> of our collective past for our future and <u>celebration</u> of our living culture as components of the four-year long millennium commemoration. The bicentennial celebration included many outstanding efforts to research and preserve our

historical past. Now is our chance to build bridge to the future (!) by preserving our collective heritage -- everything from our national documents to local archives and letters -- and making it accessible by putting it on line. This initiative would be a grass roots effort, but would require national coordination, and, of course, private contributions --in kind or otherwise. With your leadership, the twin goals of preserving and opening up our heritage could be realized. You would leave a powerful legacy for all time and for all people.

The second major component of the millennium commemoration would be a celebration of our cultural life at the turn of the century, using the White House to highlight our greatest accomplishments. This could include anything from concerts, dances, and performances, to fireside chats between yourself and/or the First Lady, and our nation's great thinkers (remember Crag Venter!), to historical programs in which the you lead us on journeys through our cultural and historical past. You could help build the bridge to the next century by bringing together different generations of performers in the White House to show how traditions, whether indigenous American or foreign, evolve as they are incorporated into the American melting pot.

These are just a few of the possibilities the millennium celebration affords. I look forward to working on these ideas with Hillary and Melanne, and I hope that some of them might interest you. Bill Ivy (head of the Country Music Hall of Fame and Museum in Nashville), a member of the President's Committee on the Arts and Humanities, has given a lot of thought to the type of millennium celebration outlined above. I attach some quotations from him and from me that might be useful for speeches.

Thank you for your hospitality last night. Jennifer Holiday was incredible --all the more so now that I know a bit of her life story --and dancing at the White House is always a thrill.

All the best,

Cynthia P. Schneider

Cynthia P. Schneider

Bill Ivy
Cynthia P. Schneider

Millennium and Inauguration Speech Ideas

"It is finally time for us to honor what has truly been the American century. During the next four years, we will together explore the cultural heritage that defines us as Americans; we will make sure that this precious living heritage will be preserved for future generations; we will ensure that every young American has access to the ideas and artistic expression that have made our nation the envy of the world. This will be a voyage of discovery and, at the end of our journey, we will understand...perhaps for the first time....what it truly means to be an American: to be a proud citizen of our unique American experience."

Revision that links millennium to Inauguration's "American Journey"

BEFORE INAUGURATION:

"In a week/few days, we will embark together on an 'American Journey' as part of the Inauguration festivities. At a series of events at the Mall -- open to everyone -- we will explore and celebrate our cultural life, past and present, through a breathtaking array of performances. We will also learn from listening to great Americans whose accomplishments have helped to shape our world. But I do not want this American Journey to end with the Inauguration. (THIS PARAGRAPH WAS USED BY HILLARY AT NATIONAL MEDAL OF THE ARTS CEREMONY)

"During the next four years, we will continue with you on this Journey, exploring together the cultural heritage that defines us as Americans. We will make sure that this precious living heritage will be preserved for future generations; we will ensure that every young American has access to the ideas and artistic expression that have made our nation the envy of the world. This will be a voyage of discovery and, at the end of our journey, we will understand...perhaps for the first time....what it truly means to be an American: to be a proud citizen of our unique American experience."

AFTER INAUGURATION:

"At the Inauguration, we shared an extraordinary "American Journey" in which we explored and celebrated our cultural life, and we learned from the accomplishments of outstanding Americans who have helped to shape today's world.

"But I do not want this American Journey to end with the Inauguration.

"During the next four years, we will continue with you on this Journey, exploring together the cultural heritage ...."

THE WHITE HOUSE

WASHINGTON

DATE: February 24, 1997

NOTE FOR: Carol Rasco

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

Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:

Phil — 2/24/97
~~Todd~~

For your approval — We will send note (copy) and the book to Carol Rasco - if you agree —

Yes ✓ to Jim for reply

no

C.

THE PRESIDENT HAS SEEN
1-24-97

Do TY to
Crew + to Johnson
send this with Books
to Barro — sun wing
want to cum Gals to
help — TR

notified gift clerk for file

Carl Hamilton
1100 Oak
Mineola
Jonesville
72401

President Clinton —

Congratulations on a great victory & thanks for all you do for america.

My friend, John Gile, is a writer and presents readings to school youngsters. He asked me to send you and your family this copy of "Keeping First Things First." He signed this copy and wrote a special comment to you on page 85. Mr. Gile has written other

(over)

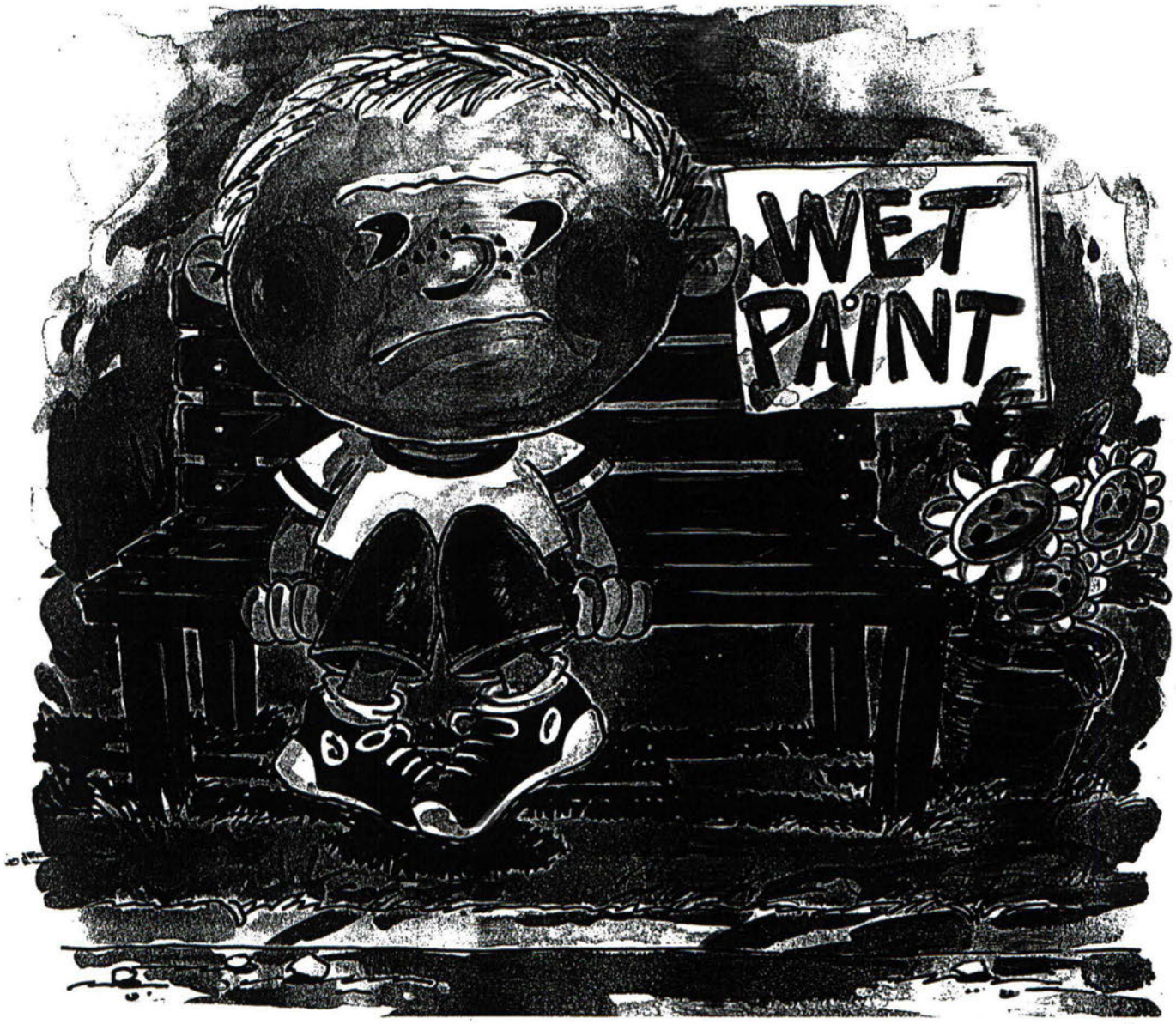
books for children - one is
"Oh, How I Wished I Could Read."
When he visits schools he
reads to the children, gives
a testimony about not being
a good student and encourages
them to READ, READ, READ.

I hope you enjoy these
two books - keep on keepin' on.

Mr. John Gile - 1710 N. Main
Rockford, Illinois 61103

Cecil

Oh, How I Wished I Could Read!



WRITTEN BY JOHN GILE • ILLUSTRATED BY FRANK FIORELLO

THE PRESIDENT HAS SEEN
2-24-97

Herbert S. Miller sends his proposal for **Celebration 2000 - A Bridge To The Future** on January 1, 2000, a forum where the presence and commitment of the world's leaders can be focused to rally around your vision of a new era in global communications and commerce.

THE PRESIDENT HAS SEEN
2-24-97

AMERICAN MALLS INTERNATIONAL
2620 P STREET, N.W.
WASHINGTON, D.C. 20007
(202) 338-5200 FAX (202) 338-6014

ami

January 20, 1997

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC

Dear Mr. President:

You suggested at last month's Holiday Dinner that I send you this proposal for **Celebration 2000 - A Bridge To The Future**. This global millennium celebration on January 1, 2000, has been conceived as a forum where the presence and commitment of the world's leaders can be focused to rally around your vision of a new era in global communications and commerce.

I believe that an international event of this magnitude, building upon expectations of this significant date, would make manifest your Administration's world leadership in bringing the planet closer together through world telecommunications and commerce. Economic cooperation is the best foundation for world peace.

I would be pleased to assist whomever in your Administration is responsible for furthering this concept.

Sincerely,

Herbert S. Miller

P.S. After we met, I ran into Bob Burkett who felt that Michael Ovitz would love to sink his teeth into Celebration 2000.

Celebration 2000 - A Bridge To The Future

On January 1, 2000, in cities around the world, celebrations are planned to welcome in the new year, new century, and new millennium. From small to grandiose, these preparations reflect the western world's fascination with the coming era, and its hopes for a peaceful and prosperous future. Despite their good intentions, however, these celebrations lack a single unifying element: the presence and commitment of the world's leaders to begin a new era in global communications and commerce. We propose that on January 1, 2000, a series of events coordinated with these significant national and international celebrations will occur, to demonstrate a new international vision by the world's leaders for the new millennium: **Celebration 2000 - A Bridge To The Future**.

Beginning from Japan, world leaders would travel in relay fashion with the sun during the 48 hours that constitute January 1, 2000. They would travel via supersonic transport to major cities in China, Europe, Africa, South America, and North America. In each location, a significant national event symbolic of international cooperation and trade will be visited and celebrated to welcome in a new millennium of global connectedness.

At each site, the host nation would propose a celebration meaningful to its own vision of trade and cooperation. These events would be linked by advanced telecommunication facilities, bridging the distances between nations with instantaneous participatory voice and vision transmitted via broadcast, cable, and Internet text, audio, and video.

As an example, **Celebration 2000**'s east coast U.S.A. component could include the celebration of the decade of The New District Of Columbia. The Nation's Capital is poised to step onto the world stage as a pivotal location for international commerce and communication. The Washington Center Alliance is actively planning to integrate downtown planning elements such as the new World Convention and Telecommunications Center which is scheduled to open on January 1, 2000.

Each of the selected events would be attended by several world leaders, who would move on to the next event via supersonic transport, where they would be greeted and joined by other world leaders who would then take over the ceremonial duties and travel to the next destination. These legs could occur simultaneously or otherwise as necessary to maintain the timing of the events. In this way, the spirit of cooperation would fly around the world with the sun: a powerful and compelling gesture of unity drawing the attention of the whole world to those projects and policies representing the new millennium, setting the agenda for the next generation.

THE WHITE HOUSE
WASHINGTON

February 24, 1997

TO: Sylvia Mathews

FROM: Helen Howell

The attached memo was in the front flap of the President's Trip Book for New York and Boston which was given to him on February 17, 1997. We have not received the original back from the President yet.

cc: Jason Goldberg

THE WHITE HOUSE

WASHINGTON

Front Pocket
Item
Copies of Item

February 17, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
LYN HOGAN

SUBJECT: Welfare Caseload Statistics

We have been working with HHS to compile a series of estimates which you may find useful as you talk about the challenges ahead in welfare reform. The numbers are daunting, but not as impossible as you might think.

I. Caseload Reduction, 1993-96

When you took office, there were 14.1 million people on welfare, including nearly 5 million adults. By October 1996 (the latest figures available), the caseload had dropped to 11.9 million people, fewer than 4.3 million of them adults. The 2.25 million decline (a 16% decrease) is the largest caseload drop in history.

The decline is even more striking when you consider that the caseload did not peak until March 1994, when it reached 14.4 million (5.1 million adults). The caseload dropped 18% between March 1994 and October 1996.

If these trends hold, the total decline from January 1993 to January 1997 should be more than 2.5 million people and between 900,000 and 1 million adults.

No studies have been done to determine how much of the recent caseload decline is due to a good economy and how much to state welfare reforms. Historically, the food stamp caseload has closely tracked the business cycle, but the welfare caseload has not. More than half the welfare caseload has never worked; an economic downturn is not what landed them on welfare. A CRS study of the surge in welfare rolls during the Bush years attributed most of the increase to the rising number of births to never-married mothers, not the 1990 recession.

Over the last four years, the largest drops have come in states with the most aggressive welfare reform experiments -- including 40% declines in Wisconsin and Indiana. The past four years have been a time of unprecedented state experimentation in welfare reform, and all the tough talk from Washington on down has probably had some behavioral impact as well. (The caseload drop was sharpest during the three-month period around the signing of the welfare law, even though no recipient was affected by the new law during that period.)

Still, it would be a mistake to give welfare reform all the credit for caseload changes over the past four years. Virtually every state with a vigorous statewide effort has cut caseload by a quarter or more. But some states did little or nothing to reform their welfare systems, and others experimented in only a few counties.

Four states had caseload increases between January 1993 and October 1996: Alaska, Hawaii, New Mexico, and most important, California, which has 20% of the national caseload. In each state, a mix of factors is at work: None of them has done much statewide on welfare reform, and each has experienced population growth. California was late to join the economic recovery, and leads the nation in child-only cases -- U.S.-citizen children of illegal immigrants who are eligible for welfare because they were born here.

II. Key Facts about the Caseload

Family Size: The average size of a welfare family is 2.8 people. Moving 360,000 adults off welfare will reduce the caseload by 1 million people.

Able-Bodied Recipients: HHS estimates that 80-90% of adult welfare recipients are capable of joining the workforce. The other 10-20% are considered unable to work because of health, age, or severe mental or physical disabilities.

III. Meeting the New Work Requirements

Under the new welfare law, every able-bodied adult is supposed to work within 2 years of receiving benefits. (About 35% of current recipients have been on the rolls less than 2 years.) It is up to the states whether to enforce that requirement. The only enforceable federal requirements are the 5-year lifetime limit on federal benefits and the work participation rates.

Time Limits: Every welfare recipient now has a 5-year lifetime clock, which begins ticking when a state's new plan is certified complete, and stops every time the recipient goes off welfare. States can exempt 20% of the caseload from the 5-year limit, and use state dollars to exempt others if they choose. Most recipients will take longer than 5 years to reach the 5-year limit, because all but the permanent underclass (about a quarter of recipients) cycle on and off the caseload. Until we have a national time clock -- which was envisioned in our 1994 bill, but not

included in the final law -- some recipients also may be able to circumvent the lifetime limit by moving from state to state.

Work Participation Rates: Under the new welfare law, states must have 25% of their adult caseload in work activities in 1997, 30% in 1998, 35% in 1999, 40% in 2000, 45% in 2001, and 50% in 2002 and beyond. But states get credit for people they move off welfare altogether in the meantime. If a state's caseload has dropped since FY1995, the state's work participation rate is reduced accordingly. Effective work rates for this year and beyond have already been reduced 8% nationwide by recent declines in the caseload. (Many states have lowered their caseloads and their effective work rates by twice that much. A few haven't lowered their caseloads at all.)

The following projections were calculated by HHS but are considered preliminary and are under review. About a quarter of the adult caseload is exempt for a variety of reasons, primarily the exemption for parents with children under one. By these estimates, states will be required to put 1 million adults into work activities by the year 2000, and 1.1 million by the year 2002. That number will be lower if caseload declines are greater than projected. (The current caseload is already slightly smaller than the FY2000 projection.)

	FY 95	**FY 96**	**FY 2000** (projected)	**FY 2002** (projected)
Average monthly caseload	4.9 million	4.5 million	4.3 million	4.0 million
Non-exempt adult caseload		**3.3 million**	**3.2 million**	**2.9 million**
Work participation rate			40%	50%
Caseload reduction from '95		6.7%	8%	12%
Effective work participation rate (minus caseload reduction)			32%	38%
Total number of adults required to work (Effective work rate multiplied by non-exempt caseload)			**1 million**	**1.1 million**

Only a portion of the 1 million would be in subsidized work programs in the private or public sector. States can count vocational education as "work" toward a fifth of its participation requirement. Several states may raise their earnings disregards so that they can count more of the working poor toward their participation rates.

We will ask HHS to run these numbers on a state-by-state basis as well. By these estimates, New York State, with more than 9% of the national caseload, will have to place around 100,000 in work by the year 2000.

IV. Hiring Power in the U.S.

There are 826,000 U.S. businesses with more than 20 employees.

There are 135,119 congregations with more than 200 members, and 205,583 congregations with more than 100 members.

There are 1.1 million nonprofit organizations (not including congregations).

We will run these numbers on a state-by-state basis as well.

V. Miscellaneous Statistics

State Plans: So far, 42 states have submitted their new state plans to HHS under the new law. Of the 42, HHS has certified 35 complete (including New York).

Work Supplementation: As of August 22, 1996, when you signed the welfare law, 11 states had received waivers to modify work supplementation rules. Oregon and Missouri pioneered this concept. Most of those waivers sought to combine AFDC and food stamp benefits to subsidize jobs.

Out-of-Wedlock Births: The birth rate for unmarried women dropped 4% in 1995, the first decline in 19 years. The proportion of all births to unmarried mothers declined slightly to 32.0% in 1995, from 32.6% in 1994. Three years ago, Senator Moynihan predicted that the ratio would rise to 40% or even 50% over the next decade.

Teen Pregnancy: The teen birth rate has declined four years in a row by a total of 8% between 1991 and 1995. Half a million teenagers 15-19 give birth every year. Moynihan wrote an op-ed last month criticizing us for taking credit for reducing teen pregnancy when the illegitimacy ratio for teenagers actually rose (from 70% in 1992 to 72% in 1995). But the teen birth rate fell faster than the teen illegitimacy ratio went up, and the overall illegitimacy ratio has stopped rising.

Child Support: Child support collections increased 50%, from $8 billion in 1992 to $12 billion in 1996.

Paternity Establishment: Paternity establishments have increased under the Clinton

Administration from 554,637 in 1993 to 903,000 in 1995.

Poverty: The number of people in poverty dropped by 2.9 million between 1993 and 1995, after four straight years of increases.

VI. Other Questions

Childless Adults: Most states do not provide welfare benefits for single, childless adults. This population will be hit hard by the 3-month time limit on food stamps. Our budget would restore their eligibility (unless they turn down a work slot), provide states with funds for 380,000 new work slots, and make childless adults eligible for our expanded Work Opportunities Tax Credit, which gives employers a 50% credit on the first $10,000 in annual wages.

Organizing CEOs: Eli Segal has drafted a strategic plan for a non-profit organization to recruit businesses to hire people off welfare. He will send us a copy after his board approves it next week. Eli will probably serve as president of the organization, with most of the CEOs you met as a governing board.

Organizing Non-Profits and Religious Organizations: We have spoken with Maria Echaveste about the need for a full-time staffer in Public Liaison to organize religious institutions, non-profits, and businesses to move people from welfare to work.

Copy sent to
E Bartlett

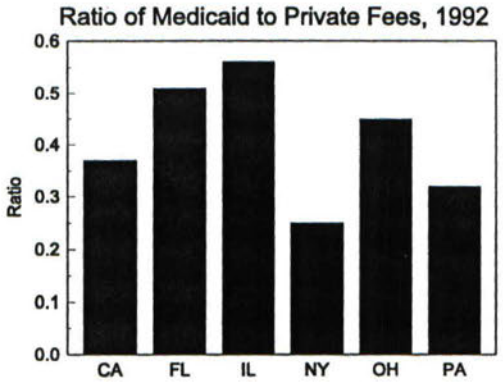
THE PRESIDENT HAS SEEN
2-24-97

SPECIAL ANALYSIS

Medicaid Fee Policies and the Health of Infants

Many state Medicaid programs pay very low fees for the services of obstetrician/gynecologists. Research suggests that raising ob/gyn reimbursement rates for Medicaid patients could be an effective policy for improving infant health outcomes.

Medicaid payments for ob/gyn services. Medicaid reimbursements for ob/gyn services are quite low compared to those in the private sector. In 1979 the ratio of Medicaid to private fees was about 55 percent nationally. By 1992 it had crept up to about 58 percent. Despite the modest upward trend, Medicaid payments remain substantially below those in the private sector in virtually all states (see chart for the ratios in some large states). Many observers claim that the supply of obstetrician/gynecologists willing to treat Medicaid beneficiaries is inadequate. The Physician Payment Review Commission found, for example, that 38 states identified low fees as a major cause of low physician participation rates in the Medicaid program.



Medicaid policies and pediatric health. Expansions in Medicaid over the past several years have made more pregnant women eligible for the program. But the low fees paid to ob/gyns appear to have restricted the supply of doctors willing to provide these services and have limited access to such care. The lack of adequate prenatal care raises the probability that pregnant women and their newborns will require expensive medical services in hospitals. Even after this expensive care, however, many of these infants may be less healthy than if their mothers had received appropriate care while pregnant.

Effects of raising Medicaid fees. Research suggests that higher Medicaid payments for ob/gyn services can result in improved infant health outcomes. One recent study predicts that a 50 percent rise in Medicaid fees would decrease the incidence of low birthweight babies (for women on Medicaid) by more than 20 percent. A second analysis finds that a comparable increase in Medicaid fees would significantly reduce the infant mortality rate.

Interestingly, these studies find that the cost increases associated with higher ob/gyn reimbursement rates are likely to be quite modest. Most evidence suggests that roughly 75 to 100 percent of the direct cost is offset by reductions in expensive hospital services. In short, higher Medicaid ob/gyn fees may be a very cost-effective method of improving the health of infants.

Copy sent to
E Burke

THE WHITE HOUSE

WASHINGTON

2-24-97
THE PRESIDENT HAS SEEN

February 22, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Hilley/Brophy update on bipartisan working groups.** You and the Congressional Leadership identified 5 issue areas for early bipartisan cooperation: taxes; juvenile justice; welfare-to-work; education; and the District of Columbia. On Thursday, John and Susan met with chiefs of staff of the House and Senate Leadership to discuss composition of the task forces, possible agendas, and timing. The working groups will identify areas of bipartisan agreement, and acknowledge and lay aside areas where such agreement is unlikely. Each group will include 25 principals (6 each from the Ds and Rs in the House, 4 to 5 each from the Ds and the Rs in the Senate, and 3 to 5 from the Administration). The Congressional principals likely will be the chairs and ranking members from the authorizing committees and some appropriators, and the Administration positions will be filled by Cabinet officials and WH policy staff.

(B) **Sec. Glickman follow-up on seasonal base plans in Federal milk marketing orders.** Rep. Charlie Norwood gave you a letter on your trip to Augusta about the negative impact of the expiration these plans on dairy farmers in the Southeast. The authority to operate these plans, which reward producers for shifting production from the spring to the fall, when milk is often in short supply, expired on December 31, 1996. We fought to extend the authority in the 1996 Farm Bill and in our FY 97 appropriations legislation but were unsuccessful. We will seek legislative authority again this year. Usually, USDA must conduct rulemaking before it implements changes in Federal milk orders. However, our current legislative proposal is drafted to simply reinstate the previous seasonal base plans without going through a new rulemaking. The proposal is in the clearance process now and will be sent to Congress as soon as possible. In addition, Senators Cochran, Coverdell and Helms recently introduced legislation to accomplish the same outcome. USDA would support the bill if some technical changes are made. Rep. Norwood also wants to introduce a bill, and USDA will provide him technical assistance.

OK-Meaks sure Norwood knows I back up my Glickman

(C) **Higgins memo on a drug war success, the Coast Guard's Operation Frontier Shield.** The Coast Guard's initiative to interrupt drug trafficking in the Eastern Caribbean -- Puerto Rico, the Dominican Republic and the lesser Antilles -- is conducted with support from Customs, INS, DOD and DOJ. Kitty was briefed on the program on her visit to the Coast Guard in San Juan over Christmas. Launched October 1, 1996, Operation Frontier Shield

Copy sent to

E Bowles

9-23-97
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0976

THE WHITE HOUSE

WASHINGTON

97 FEB 14 PM 6:25

February 14, 1997

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL R. BERGER

SUBJECT: Telephone Call to Former Israeli PM Shimon Peres

Purpose

To touch base with former Israeli PM Peres and give him a brief update on peace process issues.

Background

Peres had asked to meet with you while touring the United States. You agreed to call him in lieu of a meeting.

He has been visiting a number of U.S. cities at the invitation of the National Jewish Community Relations Advisory Council. He will speak to that group, as will I, on Sunday afternoon, February 16.

RECOMMENDATION

That you make a brief telephone call to Peres.

Attachment
Tab A Talking points

Call to Shimon Peres
THE PRESIDENT HAS SEEN
2-23-97

Sandy -
There calls should be scheduled for a specific time

2/16/97
Sunday
Sunday, I didn't do them
Sorry - I thought you
were going to call
— As I said in letter
Sorry for
misunderstanding
BSR

cc: Vice President
Chief of Staff

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
FORMER ISRAELI PRIME MINISTER SHIMON PERES

- Understand you're just finishing up a long trip in United States. What are you hearing from the community here?

- Bibi and I had good exchange on Thursday. He has come quite a way.

- Told him to keep working on relationship with Arafat. Partnership important, something you know so well.

- Had full discussion on Syria track. Hope we can make some progress.

- How is your new Institute coming along?

Copy sent to E Bale

CC: Hillary
Would you like to do this?
Now? Me?

THE WHITE HOUSE

THE PRESIDENT HAS SEEN
2-24-97

WASHINGTON

February 21, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY

97 FEB 21 P5:12

SUBJECT: MEETING WITH DR. JOHAN REINHARD, NATIONAL GEOGRAPHIC SOCIETY

Per our conversation at the Alfalfa Club dinner, I met last week with Dr. Johan Reinhard, the Explorer-in-Residence at the National Geographic Society. Dr. Reinhard led the team that discovered the Inca "Ice Maiden." You will recall that you introduced me to Dr. Reinhard at the Alfalfa Club dinner. I asked Andrew Friendly to have a more lengthy visit with Dr. Reinhard, Gilbert Grosvenor, Chairman of the Board, and Bill Allen, Editor of the National Geographic Magazine. Andrew reported the following.

As an explorer and anthropologist, Dr. Reinhard has spent 13 years living in the Andes and 10 years in the Himalayas. He is interested in sharing his work with you, Hillary and Chelsea, and telling you how he has been able to use the Internet and other technology to share his finds with school children all over the world. Just last summer he discovered three more "mummies" in the Andes.

Dr. Reinhard has offered to give a lecture, slide show, or just discuss his work and Latin America before your trip to the region. He also offered, as did Gilbert Grosvenor in a separate letter, to work with your Administration in improving education standards especially with regard to geography. Dr. Reinhard offered to be involved in any White House initiative or conference that could benefit from his highly visible work. We will have someone from the Education Department be in touch with them to follow-up on their offers.

Dr. Reinhard asked us to pass on to you copies of his articles and videos on the "Ice Maiden" and the Andes. We can reach Dr. Reinhard if you or Hillary would be interested in meeting with him.

Attachments

Send to Stephen + Paulos

SPECIAL ANALYSIS

THE PRESIDENT HAS SEEN
2-24-97

Can a Pension Plan Be a Tax Trap?

A few high-income savers may find that they have fallen into a tax trap, according to a recent study. Because some academic economists have accumulated large sums in their defined-contribution pension plans, this study was a hot topic of conversation at the recent American Economic Association meeting.

What's the hubbub? Pension plans are tax-favored because generally no income tax is collected on either qualified contributions to the plan or accrued earnings. Withdrawals from plans are then included in taxable income and taxed at rates up to approximately 40 percent for the Federal income tax and 10 to 12 percent for State and local income taxes.

If very large withdrawals (over $155,000 in a year) are made from a pension plan, a non-deductible 15 percent excise tax is imposed. Similarly, if pension assets in an estate are excessively large, the same 15 percent excise tax is imposed on the pension portion of the estate. These excise taxes are intended to limit the tax subsidy for pension savings so that it supports only reasonable levels of retirement income. (In the Small Business Job Protection Act of 1996—the minimum wage bill—Congress temporarily suspended the excise tax on excess distributions through 1999.)

When assets are passed on to heirs, an estate tax may be imposed on the transfer. Spousal transfers are tax-exempt, but transfers greater than $600,000 to other heirs may be subject to tax. Estate tax rates range from 37 percent to 55 percent on the largest estates (those in excess of about $21 million).

When these three layers of taxes are combined, the tax burden on the transfer of pension assets can be 90 percent or more. To some, tax rates this high seem confiscatory.

But these tax rates are misleading. First, relatively few taxpayers are affected. Less than 1.25 percent of taxpayers face marginal income tax rates of 36 percent or higher, and fewer than 2 percent of all decedents have estates subject to taxation. Furthermore, the 15 percent excise tax on excess withdrawals applies only to the small fraction of people (substantially less than 5 percent of the population) who have more than $155,000 of income.

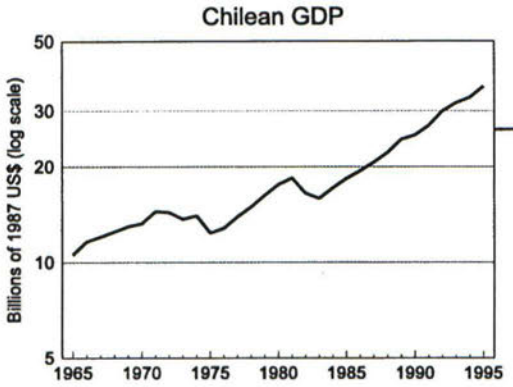
Second, the tax benefit provided to pension saving is tax deferral, not tax forgiveness. Hence, income tax rates on withdrawals must be viewed in the context of "settling up" tax liability. Simply adding up the income, excise, and estate taxes misses the point that the income tax component reflects tax collections that otherwise would have been due years earlier if not for the special tax treatment of pensions.

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2-24-97

ARTICLE

Free Markets Plus Pragmatic Intervention Equals Economic Success for Chile

Chile is the economic superstar of Latin America. Riding free-market policies, the country has achieved strong economic growth averaging more than 7 percent per year since 1983 (see chart). Some of Chile's success, however, seems to have come from tempering predominantly free-market policies with occasional pragmatic government intervention. This blend had provided important lessons on successful growth strategies for other developing countries around the world.



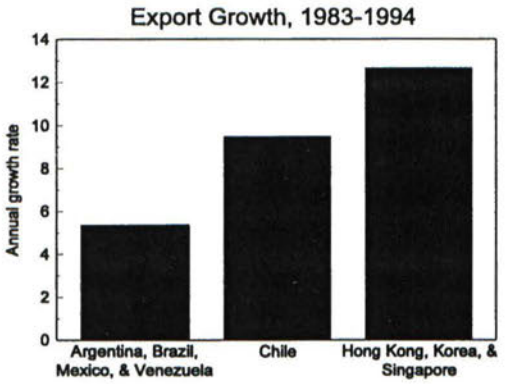
Economic reform. After the military seized power in 1973, Chile instituted a host of structural economic reforms that put it in the forefront of Latin America's move away from the inward-looking government-directed policies most countries had pursued in the 1950s and 1960s. Chile's reforms included

- deregulation of financial markets and the liberalization of interest rates
- liberalization of international trade, with tariff reductions and the lifting of nontariff barriers
- liberalization of some restrictions on international financial transactions, including the removal of restrictions on direct investment from abroad
- sharp cuts in the government budget deficit
- elimination of domestic price controls and subsidies
- a rapid and broad privatization program

An early stumble followed by success. Initially, these reforms lacked the regulatory structures needed to prevent excesses. Economic problems eventually followed, culminating in the debt and financial crisis of 1982. This crisis was due to unsupportable external borrowing, coupled with an overvalued exchange rate and a failure to supervise the liberalized banking system.

After a deep recession in 1982-83, Chile began a strong, export-based economic recovery. Policies to prevent the overvaluation of Chile's real exchange rate encouraged export industries. Although exports fell last year, they grew at more than 9 percent per year between 1983 and 1995. This growth rate is better than those for other Latin American countries, but still below that of the Asian tigers (see chart on next page). Inflation has slowed in the last few years and is now below 10 percent.

THE PRESIDENT HAS SEEN
2-21-97



This inflation rate is moderate by the standards of some of Chile's Latin American neighbors.

Capital controls. Chile has departed from pure market principles in its approach to international capital movements. While other Latin American countries experienced surging capital inflows in the early 1990s, Chile restricted such inflows, not only to prevent an appreciation of the peso that would have slowed the growth of exports but also to preclude a repetition of its earlier experience with overindebtedness. The primary restriction, which has been in place since 1991, is a requirement that foreign providers of investment funds must deposit a percentage of those funds in a non-interest-bearing account for one year. This requirement acts as a tax that discourages short-term financial transactions and favors long-term investment in the country.

Along with its high saving rate and strong copper prices, Chile's relatively limited reliance on short-term capital may have been a factor that insulated the country from the financial pressures felt by Mexico, Argentina and Brazil when the Mexican peso crisis hit in early 1995. The restrictions on capital inflows have also allowed Chile to maintain a stable real exchange rate.

The pension system. No discussion of the Chilean economy would be complete without a discussion of its pension system. In 1981, Chile began to transform its public pension system into a fully funded system that relied on privately managed funds investing in Chilean stocks and bonds. The system has been heralded as a major contributor to raising the country's saving rate. As a pension program, however, it has been plagued by very high administrative costs (almost 20 times those of the U.S. Social Security system as a fraction of benefits) and limited participation (about half of workers). The system also subjects pensioners to the risk of adverse movements in Chilean stock and bond markets, although a minimum pension paid out of general government revenues is guaranteed in the event of a shortfall. In 1995 the funds, on average, had a negative return.

Conclusion. Chile has pursued economic policies that rely heavily on the benefits of free markets. But, as the willingness to impose controls on capital inflows demonstrates, Chile's approach is far from being one of complete *laissez faire*.

THE PRESIDENT HAS SEEN
2-24-97

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Economists Weigh In on Climate Change. More than 2,000 U.S. economists, including six Nobel laureates, have endorsed a statement on climate change recognizing that global climate change carries with it significant environmental, economic, social, and geopolitical risks, and that preventive steps are justified. According to the statement, use of market-based mechanisms, such as the auction of emissions permits or carbon taxes, is the most efficient approach to slowing climate change. The economists also call for a cooperative approach among nations, such as an international emissions trading agreement. Finally, they contend that market-based policies to limit greenhouse-gas emissions could ultimately prove beneficial to the U.S. economy by improving productivity in the longer run.

Baby Bell's Entry into Long-Distance Will Have to Wait. Last week, Ameritech (a Regional Bell Operating Company) withdrew its application to the Federal Communications Commission to provide long-distance service in Michigan. The application was the first one filed since enactment of the 1996 Telecommunications Act, which lifted the antitrust decree that kept RBOCs from providing long-distance service. In order for a Baby Bell like Ameritech to offer long-distance service in its local telephone markets, it must, among other things, show that it has agreed to deliver calls to and from other local service competitors. In its application, Ameritech offered as evidence a proposed agreement that would have allowed AT&T to offer local service in Michigan. The FCC, however, determined that this proposed agreement, which had not been signed by either party, was not binding. Ameritech says it intends to refile once the status of its contract with AT&T in Michigan is resolved.

Pilot Welfare-to-Work ProgramWorks in New York. New York's welfare reform initiative, the Child Assistance Program (CAP), has helped move able welfare recipients to work since it was implemented in 1988, according to a recently released study. CAP is a voluntary alternative to AFDC, designed to motivate recipients to take steps toward financial self-sufficiency by allowing them to retain more of their earnings. Although the initial payment to CAP recipients is lower than AFDC, CAP benefits are reduced by only 10 cents per dollar on the first several hundred dollars of monthly earnings and 67 cents thereafter (compared to nearly a dollar for dollar reduction in AFDC benefits). As a result, more CAP households worked and those employed earned more. The per-household administrative outlay is higher for CAP than for AFDC, but that additional expense is more than recouped through lower assistance payments and increased Social Security, Medicare, and sales tax revenues.

cc Bruce should encourage Ameritech to do this - TBL

THE PRESIDENT HAS SEEN
2-24-97

INTERNATIONAL ROUNDUP

Surge in Unemployment Makes Maastricht Target Tougher for Germany. The unemployment rate in Germany rose to 12 percent in January, its highest level since at least 1960. Normally, a weakening economy is associated with a rising budget deficit as transfer payments increase and tax revenues fall. The Finance Ministry stated, however, that Germany is prepared to introduce spending controls and other corrective measures if revenues fall short of projections. Fiscal austerity in a weak economy is difficult, however, and could have adverse social consequences. Thus, many economists are now openly speculating about whether Germany will meet the Maastricht deficit target of 3 percent of GDP in 1997, a question that seemed unimaginable when the treaty was initially crafted. If monetary union is not delayed, a German failure to meet the treaty provisions could make it more difficult to keep countries with weaker macroeconomic fundamentals out of the single currency. In response to these concerns, Germany recently reaffirmed its commitment to taking the actions necessary to achieve the Maastricht deficit target. This case provides an illuminating example of how a deficit constraint (or balanced budget amendment) can interfere with other economic policies.

Telecom Agreement Marks End to Successful U.S. Negotiations. The global telecommunications agreement just clinched in Geneva represents a spectacular success for U.S. negotiators, for U.S. industry, and for economic efficiency around the world. The agreement will open up the $600 billion dollar world telecom industry to U.S. companies who are among the most competitive in the world. Meanwhile, the enhanced competition should encourage better service, lower prices, and more innovation. In addition to being an important victory for U.S. trade policy, the telecom agreement contrasts sharply with the conventional wisdom in political economy that only multi-sector negotiations can be successful. The conventional argument is that while the United States, a net exporter in this market, may favor liberalizing world telecommunications, a country that imports these products or services would oppose liberalization. In addition, consumers in the foreign country would be too diffuse to organize and lobby for a freer market, hence the foreign country's position would be dictated solely by the import-competing industry. By this reasoning, the only way for the United States to achieve telecom liberalization would be to offer liberalization of its own market in some other sector of interest to its trading partners. The telecom agreement did not use this multi-sector "bundling" approach yet still succeeded admirably. It is possible that because telecommunications goods and services are an input into nearly every industry in every country, export industries abroad lobbied in favor of liberalizing their domestic telecom market to lower their own costs and enhance their international competitiveness. In this sense the problem of organizing diffuse consumers is overcome.

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BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

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E. Bowles

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THE WHITE HOUSE

WASHINGTON

February 22, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED BR/ek

SUBJECT: DPC WEEKLY REPORT

1. Welfare caseload decline accelerates: New HHS data show that the national caseload dropped 2% (230,000 people) in a single month, from October to November 1996. A separate USA Today survey through December shows the year-end caseload at 11.5 million, a 2.6 million drop since January 1993. The January 1997 figures should bring the total caseload decline in your first term to nearly 2.8 million, which would represent a 20% drop. In the memo we sent you earlier this week, we estimated that 1 million jobs would be needed to meet the welfare law's work requirements in the year 2000. This new decline could reduce that estimate to around 900,000.

2. Mammography screening recommendation: On February 25, the National Council Advisory Board is scheduled to make its final recommendations on mammography screening for women in their 40's. The Board is likely to give greater weight than before to evidence on the advantages of early screening. The Board, however, probably will not go so far as to recommend that women in their 40's have annual mammograms. It is our strong belief that we should defer to the Board's recommendations in this regard: we should not, and should not appear to, pressure the Board (or HHS) to modify its views. We should make certain, however, that communication of the Board's recommendation is handled sensitively and in a way that promotes consultations between women and their doctors on the advisability of mammography screenings. We also should consider taking the position that all insurers, whether public or private, should pay for mammography screenings that doctors, in consultation with their patients, determine to be medically necessary.

3. Children's health executive order: The DPC, NEC, CEQ, and OSTP are making good progress on an executive order designed to ensure that the federal government considers the special needs of children when taking regulatory action. The executive order, as currently drafted, requires every agency to determine whether a regulation may impose disproportionate risks on children and, if so, to evaluate the specific effects of the regulation on children. The executive order will highlight the importance of recognizing the unique needs of children in the context of federal policy making. We may wish to announce the action at or around the time of the White House Conference on Early Learning and the Brain.

4. Naturalization of individuals with disabilities: The INS expects to publish a final rule as early as next week implementing legislation that exempts some people with disabilities from

2-24-97
THE PRESIDENT HAS SEEN

naturalization requirements. The regulations and supporting guidelines address INS's responsibilities to accommodate an individual's disabilities during the naturalization process. The regulations are widely anticipated and generally should be welcomed by the immigrant and disability communities. One issue, however, will remain controversial: the Department of Justice's conclusion that Congress did not authorize waiver of the oath. The INS will continue to require all applicants to demonstrate some understanding of the nature of the oath in order to become a citizen. This interpretation will prevent some severely disabled individuals from obtaining citizenship and could result in a loss of benefits.

Does Congress could do -

5. Service summit: We are continuing to address your concerns about the service summit. Erskine and I recently met with Harris Wofford on the Corporation's activities in preparation for the summit. I also met with Rick Little, who will run the non-profit that will follow up on the summit; he is the founder and director of the International Youth Federation, a worldwide service organization, and is thoroughly non-political. My deputy, Elena Kagan, and a DPC staff member, Diana Fortuna, met with Stuart Schapiro, the CEO of the summit, who is a former aide to Mayor Rendell. Steve Silverman from Cabinet Affairs will join Harris in attending the summit's regular planning meetings to ensure a prominent role for Americorps and the Administration. We also will run an interagency group to consider proposals for the federal government's commitment to the summit: one proposed approach is to focus on the District of Columbia. Two of the most impressive private commitments to the summit have focused on Administration initiatives: Scholastic Inc. is donating 1 million books to America Reads and the California university system is donating 200,000 hours of work study each year to tutoring.

* ~~[illegible]~~ is sound great but any about 800 students with it?

6. Medicare trust fund figures: On Monday, the Treasury Department will release its monthly report on the status of the Medicare Trust Fund. It will show a seemingly significant $9 billion drop in reserves. This finding is not unexpected, and the current status of the Trust Fund is still almost exactly in line with projections from the June 1996 Trustees Report. But when a bad monthly report is released, some House Republicans use it as ammunition against us, suggesting that we continue to ignore the Medicare "crisis." Our response, as usual, should be that this finding is not out-of-line with the projections of last year's Trustees report, that fluctuations are normal and expected, and that the Trust Fund still has more than $125 billion left in reserves. We then should point out that we still must take prompt action to strengthen the Trust Fund, as we have advocated in three successive balanced budget proposals.

7. Policy meetings on education, welfare reform: The substantive meetings you requested on education and welfare are now on your schedule for March 6th and 7th. For the March 6th meeting on educational standards, we would like to bring in a handful of experts from across the political spectrum who support what you're trying to accomplish and have ideas for how to advance this effort: Marc Tucker, Diane Ravitch, Hugh Price (a big supporter of standards), and E.D. Hirsch (who has his own network of support for high standards and "cultural literacy"). For the March 7th welfare meeting, we would like to bring in a few experts from the field who are actually moving people from welfare to work: Gary Stangler (who designed the Kansas City program), Peter Cove (who runs America Works), and Toby Herr (who runs Project Match in Chicago). Let me know if this sounds like what you had in mind.

OK

OK

Yes

2-24-97
THE PRESIDENT HAS SEEN

DEPARTMENT OF COMMERCE



- **Export Violation:** Silicon Graphics has acknowledged that it sold two high performance computers to the Russian Arzamas-16 and Chelyabinsk-70 nuclear centers in violation of U.S. export controls. The company had not sought the necessary export licenses from BXA. The Russian Government has confirmed the sales. DOJ is currently reviewing the case for legal action.

- **Anti-Boycott Case:** On February 26, BXA may announce a major anti-boycott compliance discrimination case. The case involves two federal departments and a private defense contractor. BXA expects to announce a settlement with at least one party and the issuance of charging letters against those who do not settle.

- **WTO Shrimp Dispute:** On January 22, at a meeting of the WTO Dispute Settlement Body, Thailand and Malaysia requested the formation of a dispute settlement panel regarding U.S. restrictions on shrimp imports. The U.S., which blocked this request for a panel, must agree to a renewed request which could be made at the next DSB meeting on February 25. The U.S. was required pursuant to a court order to impose a worldwide embargo on imports of shrimp harvested in a manner that may adversely affect certain endangered species of sea turtles.

- **Transatlantic Business Dialogue:** On February 26, Under Secretary Eizenstat and European Commission Director General for Industry, Stefano Micossi, will co-chair the Transatlantic Business Dialogue Joint Steering Committee of U.S.-EU government and industry representatives, at DOC. The Steering Committee will explore the TABD's priorities for 1997 and the relationship to the June and December U.S.-EU Summit meetings.

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

Advance Report on Durable Goods, Manufacturers' Shipments and Orders (January)	February 27
GDP (4th Q - preliminary)	February 28
Personal Income and Outlays (January)	March 3
Value of New Construction Put in Place (January)	March 3
New One-Family Houses Sold and For Sale (January)	March 4
Housing Completions (January)	March 5
Manufacturers' Shipments, Inventories and Orders (January)	March 6

Copy sent to
E Bowles

THE PRESIDENT HAS SEEN
2-24-97

February 21, 1997

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

From: Craig Smith

Subject: Political Update

ALABAMA

Lieutenant Governor Don Siegelman (D) has not announced his candidacy for governor, but has been meeting with Democratic fundraisers and saying privately he intends to run. Governor Fob James (R) is expected to run for re-election.

CALIFORNIA

A Field Poll conducted February 11 - 17 of 1,045 Californians tested the favorablities of the state's top elected officials, including Senator Barbara Boxer (D) and Governor Pete Wilson (R). Senator Boxer is up for re-election in 1998. The poll showed Governor Pete Wilson at his lowest approval rating either as a U.S. Senator or as governor. Governor Wilson is term-limited.

Senator Boxer	Fav	41%	Governor Wilson	Fav	39%
	Unfav	30%		Unfav	51%

As expected, Los Angeles Mayor Richard Riordan (R) formally announced Wednesday he would run for re-election. Mayor Riordan is expected to win easily, but will face a challenge from state Senator Tom Hayden (D), who has a propensity to run successful, low-financed, guerilla-like campaigns. The election is April 8.

FLORIDA

Real estate developer Jeb Bush (R) informally announced his candidacy for governor on February 20. He will have a formal announcement this fall. Bush, son of the former president and brother to Texas governor George Bush (R), barely lost the gubernatorial race to Governor Lawton Chiles (D) in 1994. Lieutenant Governor Buddy MacKay is the only announced Democratic candidate.

Diamond merchant and state Senator John Ostalkiewicz (R) is reportedly considering challenging U.S. Representative Bill McCollum (R) in Florida's 8th Congressional District. Ostalkiewicz's personal wealth gives him instant credibility as a candidate in this media savvy district and 12-term incumbent McCollum is considered weakened by recent anti-McCollum advertisements sponsored by term-limit activists. McCollum recently announced he would not be a candidate for the U.S. Senate, ending speculation he would challenge U.S. Senator Bob Graham (D).

THE PRESIDENT HAS SEEN

2-24-97

IOWA

Senator Tom Harkin's (D) recent comments about a possible gubernatorial bid have set off a flurry of press speculation and polling. A Mason-Dixon poll of 810 likely voters conducted February 14-16 showed Harkin beating Branstad and Grassley. Attorney General Tom Miller leads a Democratic field without Harkin.

GENERAL ELECTION MATCHUPS

Harkin	45%	Harkin	53%	Miller	42%	Grassley	43%
Grassley	39%	Branstad	35%	Branstad	36%	Miller	36%

	FAV/UNFAV	SHOULD BRANSTAD RUN AGAIN?	
Harkin	61%/23%	Yes	33%
Grassley	52 %/18%	No	59%
Branstad	49 %/27%		

DEM PRIMARY (w/o Harkin)

Miller	26%
Fitzgerald	11%
Murphy	10%
Vilsack	8%
Hubbell	-
Undecided	42%

That same Mason-Dixon poll showed Grassley in a strong position to hold his Senate seat, with former U.S. Representative Jim Ross Lightfoot taking the Republican nod if Grassley chooses not to run. Former U.S. Representative David Nagle (D) does surprisingly well for the Senate seat -- beating U.S. Representative Leonard Boswell (D) and U.S. Attorney Steve Rapp (D) with a plurality in the primary and beating Lightfoot in the general election matchup.

DEM PRIMARY		FAV/UNFAV	ID
Nagle	29%	30%/15%	78%
Boswell	21%	22% / 8%	69%
Rapp	10%	8% / 5%	47%
Undec.	40%		

Boswell is a very appealing candidate - pols won't run -

Meanwhile, Branstad is reportedly "giving serious consideration" to a presidential run. U.S. Representative John Kasich (R) also seems to be considering a White House run and plans an Iowa appearance soon, though he says he "wasn't aware" of it because "he doesn't do his own scheduling."

KENTUCKY

U.S. Representative Jim Bunning (R) is being mentioned as a possible candidate to run for the U.S. Senate in 1998. Bunning has not yet made any public announcements on the race. He has publicly speculated which candidates he believed would run for his vacant U.S. House seat. Bunning is expected to announce his decision at the end of March. U.S. Senator Wendell

Ford (D) has not yet announced his intentions for the 1998 campaign.

LOUISIANA

Senator John Breaux (D) announced his intention to seek a third term on February 19, ending public speculation that he aspired to be named ambassador to France. A formal announcement will be made at a later date. There are no other announced candidates. He just finished a four-day statewide trip to meet with key finance contacts.

Louisiana Democratic Party chairman Jim Nickel will resign his post on March 15 to become Senator Breaux's state director. Nickel was the Clinton/Gore authorized representative for Louisiana during the 1996 campaign.

NEW MEXICO

Santa Fe County Commissioner Javier Gonzales withdrew his name from consideration to succeed U.S. Representative Bill Richardson (D). The 89-member state committee will decide the Democratic nominee on March 1. Democrats running for the seat include New Mexico Corporation Commissioner Eric Serna, Santa Fe Mayor Debbie Jaramillo, state Senator Roman Maes, ex-Santo Domingo Pueblo governor Ernie Lovato, attorney Francesca Lovato and ex-New Mexico Supreme Court justice Dan Sosa. Five Republicans and two Green Party candidates have also announced. The special election is scheduled for May 13.

OHIO

As expected, U.S. Senator John Glenn (D) announced on Thursday that he will not seek a fifth term next year. Former Cuyahoga County Commissioner Mary Boyle (D), who narrowly lost the '94 Democratic nomination to Joel Hyatt, is considered the most likely candidate and the frontrunner at this point though other Democrats are considering the race as well including: former Governor Dick Celeste, former U.S. Representative Dennis Eckart and U.S. Representative Marcy Kaptur. Joel Hyatt is said to be uninterested in the race and U.S. Representative Sherrod Brown (D) is more likely to wait and take on U.S. Senator Mike DeWine (R) in 2000.

VIRGINIA

U.S. Representative Tom Davis (R) has created a PAC to assist moderate GOP candidates. Davis is considered a strong fundraiser, having generated $1.3 million for his last campaign. Others speculate Davis is possibly using this PAC, named the Tom Davis Virginia Victory Fund, to line the coffers of his own U.S. Senate campaign in 2000 against Senator Chuck Robb (D).

WISCONSIN

Senator Herb Kohl (D) would not have to give up his Senate seat to run for governor and will likely wait until filing papers are due next summer to let anyone know of his decision.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

2-24-97

February 7, 1997

MR. PRESIDENT:

Gene Sperling also thought you may want to note that your Medicare number ($138 billion over 6 years) is precisely the number of the Medicare savings in the Coalition budget from last year, and the $100 billion over 5 years is slightly higher than their 5-year number.

Helen Howell

Call to Congressman Stenholm re the budget

To be made by Saturday evening 1/8

2/24/97
Call made but Stenholm not available - message left -

'97 FEB 7 PM8:49

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
2-24-97

February 7, 1997

RECOMMENDED TELEPHONE CALL

TO: Congressman Charles Stenholm

DATE: By Saturday Evening, January 8, 1997

RECOMMENDED BY: John Hilley
Barbara Chow

PURPOSE: Express desire to work together on the budget.

BACKGROUND: As you know, Congressman Stenholm has been leading the Democratic effort in the House to secure passage of the constitutional balanced budget amendment. He is personally angry about your high profile opposition to the amendment and in particular your emphasis on Social Security. Stenholm believes that it is disingenous to raise fears about Social Security and provide tacit cover for the Democratic alternatives to the BBA (which exclude Social Security) at the same time the Administration's own 1998 budget relies upon Social Security surpluses to reach balance in 2002.

Copied Bailey

Congressman Stenholm also believes that the best way to combat the Social Security argument is to attack the credibility of your budget--pointing to its weaknesses and gimmickery as a justification for the constitutional requirement. For this reason, he has issued a press release which attacked the Administration's 1998 request as too backloaded and rising near-term deficits as evidence that the budget lacks credibility.

As he has in the past, Congressman Stenholm (and the 20-30 Democrats with whom he is influential) will play a key role in brokering a budget agreement in the House. Stenholm is in the process of developing the Blue Dog budget but believes that the Social Security balanced budget debate has endangered his capacity to produce a budget since a key component (adjustments to the CPI) has now become somewhat politically toxic.

It should be noted that the Administration position on the CPI is support for an accurate CPI, not cuts in Social Security. Nothing in your remarks with regard to the balanced budget amendment should hinder the Coalition's capacity to move ahead with a more accurate CPI.

It is very important to touch base and reestablish relationships with Congressman Stenholm and encourage him to continue work on the centrist budget.

TALKING POINTS:

1. I am anxious to work with you and your colleagues to produce a budget that reaches balance in 2002 and stays in balance long after that. This goal, which you have pursued for so long, so vigorously and with such integrity is finally within grasp. But I need your help.

2. I know that we disagree about the Balanced Budget Constitutional amendment. However, I hope that this disagreement does not dampen our capacity to work together to achieve a balanced budget agreement. I urge you to keep working on the centrist budget and to keep the lines of communication open. It is only through our common and hard work that our mutual commitment to a balanced budget will be achieved.

3. **FYI:** Rep. Stenholm's son, Carey, is getting married tomorrow, Saturday, January 8, in a small ceremony at the U.S. Capitol. You may want to congratulate him on this.

CONTACT PERSON AND TELEPHONE NUMBER:

Charles Stenholm:	
Lois Auer:	(h)301-262-4517
Congressman Stenholm in DC:	(h)703-533-1509

DATE OF SUBMISSION: February 7, 1997

ACTION: _____

THE PRESIDENT HAS SEEN

1-24-97

Do TY to Chris + to John Gile
send this with 1 Book to Barro - gun nuts want to arm Gils to help — TC

received gift Exch

Exit Dorskind
1100 Oak
Riverdale
Georgetic
72451

JIM DORSKIND:

Please coordinate the reply

President Clinton -

Congratulations on a great victory & thanks for all you do for America.

My friend, John Gile, is a writer and presents readings to school youngsters. He asked me to send you and your family this copy of "Keeping First Things First." He signed this copy and wrote a special comment to you on page 85. Mr. Gile has written other

(over)

books for children - one is
"Oh, How I Wished I Could Read."
When he visits schools he
reads to the children, gives
a testimony about not being
a good student and encourages
them to READ, READ, READ.

I hope you enjoy these
two books - keep on keepin' on.

Mr. John Gile - 1710 N. Main
Rockford, Illinois 61103

Cecil

We don't want a job - we would like to get to know you & encourage an internship

cc: W/ incoming:
Peter Eichsen
Counsel's Office
(Intern App was sent to sm)

THE WHITE HOUSE

WASHINGTON

February 21, 1997

Copy sent to Tonkelson COS

Gerald F. Posner
Posner, Posner and Posner
712 Penobscot Building
Detroit, Michigan 48226

Dear Jerry:

Thank you for your thoughtful letter of December 18. I apologize for the delay in responding, but I only just received it. As you well know, I'm very grateful for all your support and for your willingness to serve on the federal bench. I've made Charles Ruff, my Counsel, aware of your interest.

I'm glad you, Eva and Zach were able to be here for the Inaugural. Having our old friends all around us meant so much to Hillary and to me. My best to all the Posners.

Sincerely,

Bill

POSNER, POSNER AND POSNER
ATTORNEYS AND COUNSELORS AT LAW
712 PENOBSCOT BUILDING
DETROIT, MICHIGAN 48226

(313) 965-7784

SAMUEL POSNER
GERALD F. POSNER

ROBERT L. FIX

ELIZABETH F. POSNER
(1916-1995)

December 18, 1996

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

Dear Mr. President and Mrs. Clinton:

Once again, I am thrilled to be able to offer my congratulations to you on your election. The campaign was tough, and at the end nasty and personal as the Republicans tried desperately to gain ground, but you remained above it, stood firm in confining the campaign to issues, and the American people responded.

Now comes the really tough part. As I wrote you four years ago, the presidency is just a starting point, a beginning, an unparalleled opportunity to shape and change our nation, to mold the future, to improve the lot and life of both our current generations and future generations to come, and to change the entire attitude of Americans toward their government and their personal role in America's future. You have accomplished much toward the goals we both share, but there is so much more to do and working with this Congress will be a tremendous challenge, to say the least. I can also only hope that the debate in Congress will be confined to the issues, and not to witch hunting and personal attacks. Please know that you have our wholehearted support, and that we really feel for you every time the witch hunting sinks to a new low.

As for dealing with Congress and the issues of importance to us in the years to come, there will be no lengthy words of wisdom in this letter, but only one short word: Remember. Remember how things were two years ago, when the prospects of accomplishing anything at all seemed bleak and the prospects of reelection seemed remote. At the dinner for our Yale group in the White House, you even wondered whether is wasn't already too late to do anything about it. Remember how you took to heart the advice of those of us who stood firmly behind you, who believed not only in your vision, but in you as a person, and in your powers and abilities. We urged you to focus, to lead, to show strength, and you decided to stand up for that in which you believed. You were firm and

Nancy, I have had an intern application sent to him

Pam

(1) needs to intern into manner for his pos- see p. 3

(2) needs R from POTUS

adhered to your principles and the American people responded as you won their respect, and ultimately reelection. Your campaign was premised on remaining firm on Medicare, Medicaid, education and the environment, and your strength was rewarded. In the years to come, and in the difficult struggles with Congress, I can only urge you to please remember what won you the respect of the American people and returned you to office.

It was good to see both of you in the closing weeks of the campaign, you, Hillary, at the pizza party in New Haven, and you, Mr. President, at the reception in Detroit at the Fox Theater. Eva and I are looking forward to the inaugural events, and hope to be able to see you at some of them. This time our son Zach, who is in his second year at Albion College, shamed us into bringing him along. Jan Schneider has assured me that I should be able to get extra tickets to some of the events for Zach, and I hope she's right. We're happy to be able to be part of the celebration.

Eric Clay was, naturally, quite relieved when your reelection became official. He had hoped to have his nomination for the Sixth Circuit go through before the election, since he passed through the Judiciary Committee, but I had told him that he was dreaming, even when he first received the nomination. It didn't take any great prophecy to be able to recognize political reality. Eric will make a great addition to the court, which now is a rather mediocre one. You are going to have the opportunity to make quite an impact on the Sixth Circuit, where there are going to be two more seats up, as well as on the local federal bench in Detroit, the Eastern District of Michigan, Southern Division, where there are also two seats up now, and perhaps more in the years to come. I've heard some rumblings about political deals for some of the seats, some good, some not so good. As always, having been a litigator for 22 years with a great knowledge of the local attorneys and local bench, I'm available to supply candid and honest opinions on potential nominees should anyone want them. Of course, the way that some people want to reveal the contents of confidential communications, I may be tempted to premise my comments with "Eat this letter after reading". In any event, I am also still interested in being able to serve on the federal bench, and would love the opportunity to show what I could do and to become the type of judge I have always enjoyed practicing before. It would be appreciated if you could convey my interest to whoever you are going to have handling those matters.

By the way, I would like to selfishly thank you for using up the rain in Hawaii. We leave for Maui tomorrow, and I hope you used it all up. Golfing, or even snorkling, in the pouring rain is not one of my favorite pastimes.

Hope to see you next month and please remember not to hesitate to call if there is anything at all I can do, or Eva can do, either in the near future or in the years to come, to help accomplish those things which matter so much to you and to us and to the nation.

Your classmate,

Jerry

Gerald F. Posner

Yale Law School
Class of 1974

P.S. If you happen to come across anyone looking for a political intern this summer, Zach is interested, and I'd appreciate if you could pass along my name and phone number or tell me where to look. Thanks.

Send to Dorskind

Yes ✓

No ____

C.

MORTON REINSTEIN
Certified Public Accountant

4311 KENNEDY BOULEVARD
NORTH BERGEN, N.J. 07047
(201) 865-7200
Fax No. (201) 865-0222

February 13, 1997

The White House
First Floor - West Wing
1600 Pennsylvania Avenue
Washington, DC 20502

ATTN: Ms. Nancy Heinreich

Dear Ms. Heinreich:

It was suggested that I forward the enclosed letter to you, with the hope that it will come to the attention of our president.

The suggestion was made to me by Ms. Denise Rich, with whom I believe you are acquainted, and who is the Managing Trustee of the Democratic National Committee.

Your kind attention to this matter will be most sincerely appreciated.

Very truly yours,

Morton Reinstein

NEW HORIZONS
BEAUTY SCHOOL

. . . FOR A BETTER TOMORROW . . .

5518 BERGENLINE AVE. WEST NEW YORK, N.J. 07093

(201)866-4000

February 3, 1997

The Honorable William Jefferson Clinton
President of the United States of America
Pennsylvania Avenue
Washington, DC 20500

Dear President Clinton:

Please accept my sincere best wishes for your continued success during the next four years.

I, for one, am looking forward to crossing that bridge into the 21st century.

By way of introduction, I am a Certified Public Accountant, in my own practice for more that 40 years.

In 1980 I opened a beauty school in Hudson County, New Jersey. In 1983 we became accredited thereby becoming eligible to participate in the Guaranteed Student Loan Program as well as the Pell Grant Program.

Hudson County is the second largest Cuban American Community in the United States, Miami, Florida being the largest. In 1980 the State of New Jersey approved bilingual courses, and as such New Horizons applied for and received approval to teach in both English and Spanish. We employ certified bilingual teachers, and we have texts in English and Spanish, and visual material also in both languages.

The State of New Jersey allows our students to take their State Licensing examination in either English or Spanish depending upon the student's need. We are even provided with various brochures in both English and Spanish as published by the U. S. Department of Education.

The Department of Education monitors our default rates annually. Simply stated, if a school has a default rate of 25% or more for the latest three years, that school is removed from the loan and grant programs, which is understandably tantamount to closing the school. I do not believe that default rates are any way to measure the quality of an institution, especially since the student applies for the financial aid, not the school, the student files the financial aid application with the Department of Education and the Department subsequently decides whether to grant the loan or deny it. Therefore, even though the school has nothing to do with the selection process, the school is still punished if a student defaults on the repayment of their loan.

New Horizons is currently seriously close to losing its loan programs. We currently have three consecutive default rates which the Department has reported to be in excess of 25%.

One of our three latest years is the cohort year 1993. The New Jersey Office of Student Affairs, our guaranty agency, is currently reporting our 1993 default rate at 25.6% or 7 tenths of a point over the threshold.

In that particular year, cohort year 1993, I appealed the rate to NJOSA which is the agency that reports the default rate to the Department of Education. I listed for NJOSA their errors in their computations, especially as to 5 students who were defaulters, however according to the formula clearly printed and stated in the federal register they should have been reported as defaulting in cohort year 1992 and not cohort year 1993 as they are currently reported. If these 5 student were analyzed as per the code, they would not be considered as defaulting in cohort year 1993. That correction would serve to bring our cohort year 1993 default rate well under 25% and as such I would not be writing to you at this time seeking your interest and possible assistance.

The 5 students in question all either graduated or dropped from the school in March of 1992. The code clearly states that a student enters repayment 6 months and one day after his or her last day of attendance. For example if a student leaves the school on March 16, 1992, 6 months and one day after would be September 17, thereby reporting the student as a default in cohort year 1992. However some of the local lending agencies Sallie Mae et al round the date to October 1, 1992. This is very significant since October 1, 1992 is the beginning of cohort year 1993. As a result of this rounding out by the lending agencies, whom I believe profit by the additional days they hold the loan, 5 of our students are reported as defaulting in cohort year 1993 rather than properly, by the code, be reported as defaulting cohort year 1992. Remembering that my cohort 1993 default rate now stands at 25.6% these 5 students, whom I believe were erroneously reported, can be the cause of our down fall.

The irony is that certain lenders use what is called the day specific computation which holds to the 6 months and one day as defined in the code, while other lenders use what is referred to as the month specific method of determination which moves the significant date up to the first of the next month. Because we are dealing with federal funds and the federal code, how can different lenders in different states apply different methods to compute the federally prescribed default rates?

Our National Association, The American Association of Cosmetology Schools is currently in litigation with the Department of Education as it pertains to this specific matter. In the briefs submitted, New Horizons is cited as the example school threatened with possible closure because of the arbitrary methods that different agencies use to compute default rates.

The litigation I previously noted is Case #96-451 RMT (cwx) AACS vs Richard W. Riley, Secretary of Education. This case was served upon the U.S. District Court for the Central District of California, Western Division on October 21, 1996. To date no ruling has been made.

Within the next two weeks I must provide the Department of Education with my appeals to their determinations, based on NJOSA's computations. The Department's response to my appeals may be published prior to the judge rendering his decision as to the merits of our class action. If that be the case, and if the Department basis its decisions on allowing the lending agencies to

use their arbitrary method of rounding off to the next month to calculate when a student defaults, I will be terminated from the loan programs without the opportunity of having the federal court decide on the validity of our contentions. I consider this to be highly unfair.

I petitioned NJOSA for an explanation as to why they allow the lenders to use arbitrary methods and there response to me, dated July 3, 1996, was, "In reviewing claims of erroneous data for cohort appeals, the NJOSA determined the correct "date of repayment" based upon the date utilized by the lender in servicing the loan. In some instances lenders/servicers continued to utilize a month specific repayment date. While regulations concerning the day specific repayment date became effective February 19, 1993, the regulations were not enforced by the Secretary of the United States Department of Education (USDE). The recent Dear Colleague Letter dated March 1996, clarified that the lender or guarantor should, if practicable, provide for day-specific grace end dates and repayment begin dates for enrollment information received on a day-specific basis. However, enforcement of day-specific provisions would not become effective until the National Student Loan Data System (NSLDS) Student Status Confirmation Report (SSCR) is implemented. Therefore, the position this agency has taken is consistent with USDE regulations as interpreted by the USDE itself."

I respectfully call your attention to the phrase, if practicable, it is this casual interpretation of the code that now dangerously threatens New Horizons.

I have communicated with our Congressman, Robert Menendez, and our Senator, Frank Lautenberg as to this issue. Both made inquiries of Secretary Riley, and both received identical responses, specifically, that because the matter was in litigation he was not able to comment as to the issues.

My appeals must be filed timely or I will be automatically disqualified from the loan programs. My fear is that those appeals could be reviewed and concluded prior to District Court Judge Robert M. Takasugi rendering his decision.

In 1992 I contacted the Department of Education asking if I would be allowed to "Buy" the defaulted loans caused by my students, from the Department. I explained that I would take over the notes and I would take the risk of collecting the funds. I was denied the opportunity. I explained that because of the Hispanic Community we serve, and because their collection records, which I had the opportunity to review, all cited problems in telephone communications with the students, since most spoke only Spanish, and the callers from the lending agencies did not speak Spanish. Please recall we are licensed to teach in Spanish and the State examinations are given in Spanish, yet the callers whose job it is to avoid defaults were not able to communicate with those whom they were calling. When I appealed to the Department based upon this apparent weakness in the system, I was denied, with no explanation.

Mr. President, I could go on and on as to the flaws in the Title IV program and the inequities which I have attempted to clearly explain. Be assured I can document all the statements contained in this letter.

I have worked very hard to build New Horizons into the largest free standing Cosmetology school in New Jersey. Our tuition is the lowest in the State and all our third party audits including those made by the Department and our accrediting agency have met with sterling results. I feel it highly

unfair that 7/10 of one point, caused by computation errors and arbitrary application of the published rules could be allowed to lead to the demise of New Horizons.

I have listened to your thoughts as to educating our youth and your intent to remove individuals from assistance programs by preparing them to be self sustaining and yet for 7/10 of one point and because of incorrect determinations made, as previously explained, New Horizons can be removed from the federal assistance programs, thereby denying certain individuals the ability to attend a Spanish speaking school in the Northern New Jersey area.

I even attempted to communicate with Congresswoman Roukema when she was actively attempting to curtail the federal loan programs. I wrote to her at her New Jersey office, inviting her to visit our school, unannounced if she wished, to see for herself that there are good schools providing a needed service to the Community. I never received a response.

I may only hope and pray that you delegate a member of your staff to look into the allegations and explanations presented herein. This request is made on behalf of the approximately 250 students currently enrolled, the seventeen individuals New Horizons employs, and myself.

Thank you.

Very truly yours,

Morton Reinstein
Executive Director

MR/il

Send to Dorsking?

Yes ✓

No ____

THE WHITE HOUSE
WASHINGTON

Nancy,
Since Maggie's not
here - I thought you
could handle -
It's from Alma Brown
I think she just wants
them to get a response

ALMA ARRINGTON BROWN

Peggy:

hi -

Pls. see that the attached letters are given to the appropriate person(s) for a response.

Thanks!

A.

thru staff &c.

University of the District of Columbia
College of Arts and Sciences

Department of Languages and Communication Disorders
4200 Connecticut Avenue, N.W.
Washington, D.C. 20008

Telephone (202) 274-7405

'97 FEB 24 P1:40

January 17, 1997

Mr. William Clinton
President of the
United States of America
Washington, D.C.

Dear Mr. Clinton:

You may not know that the late Mr. Ronald Brown served as Chairperson of the Board of Trustees of the University of the District of Columbia.

With the concentration of the media on the budgetary crisis of the University, you may not know the University of the District of Columbia currently enjoys the maximum accreditation available to a university: A ten year unconditional (perfect) reaffirmation of accreditation from the Middle States Association of Colleges and Universities.

UDC, a land grant institution, is, for the District of Columbia the low cost comprehensive four year "state" university with graduate programs found in the other jurisdictions of the United States. Indeed, statistics reveal that many jurisdictions with 600,000 residents have even more than one such state funded institution of higher learning.

I write this letter to urgently and respectfully request that you, in memory of Ron Brown whose selfless visionary efforts laid the ground work for this important institution, act to reverse the dismantling of UDC by providing for the total financing as a permanent item in the federal budget. UDC is a land grant institution. University funding is a state function, and UDC must be provided for by its state or the federal government.

The immediate financial jeopardy requires the following be also accomplished before the end of January:

1. An immediate financial supplement to meet the current (1997) $ shortfall.

2. An immediate freeze on the further elimination of programs.

3. A halt to the firing of current faculty and staff.

4. A freeze on the selling of University properties, including the radio and television stations (as they are teaching tools for student interns and may later assist in fundraising radiothon and telethon efforts for the institution).

Certainly the entire nation will reap the benefits of these actions. I close wishing you God's blessings in this effort.

Yours truly,
Edna Nicie Sims Phone 202 488 4278

Edna Nicie Sims, Ph.D.
Professor of Romance Languages

N.B. I have asked Mrs. Alma Arrington Brown to deliver this to you.

Peggy.

This letter is from some professors at the Univ. of DC.

Send to NSC ?

Yes ✓

No ____

C.

PRIME MINISTER

REPUBLIC OF TRINIDAD AND TOBAGO

January 27, 1997

The Honourable William J. Clinton
President
White House
1600 Pennsylvania Avenue
North West, Washington D.C. 20500
UNITED STATES OF AMERICA

Dear Mr President,

I am pleased to express, on behalf of the Government and people of Trinidad and Tobago, sincere congratulations on your recent Inauguration as the 42nd President of the United States of America.

During your first term of office, the bilateral relationship between Trinidad and Tobago and the United States was strengthened in many important ways, manifest in increased trade between our two countries and an expansion of US investment in Trinidad and Tobago. On a per capita basis, Trinidad and Tobago now ranks second in the hemisphere as a recipient of investment from the United States. Additionally, the conclusion of bilateral agreements on investment and on the protection of intellectual property rights has further enhanced the national investment climate.

During the first four years of your Administration, we were gratified by the improvement in cooperation between Trinidad and Tobago and the United States in the fight against drug trafficking, both in terms of supply interdiction and demand reduction. We have also taken steps to combat ancillary activities to the drug trade such as money laundering. The Government of Trinidad and Tobago hopes to be able to build on these achievements over the next four years.

We look forward to continuing cooperation with the Government of the United States of America in the framework of hemispheric arrangements.

Please accept, Mr President, the assurance of my highest consideration.

Arthur N. R. Robinson

Arthur Napoleon Raymond Robinson
Prime Minister a.i.

DER BUNDESPRÄSIDENT
DER SCHWEIZERISCHEN EIDGENOSSENSCHAFT

Berne, January 10th, 1997

Dear Mr. President,

For your kind message of congratulations on my recent election as President of the Swiss Confederation, I wish to thank you sincerely.

Together with the Federal Council, I share your trust that the traditionally friendly relations between our two countries will continue to prosper. Our increasing cooperation in many areas of mutual interest will no doubt be beneficial to our nations.

Please allow me to wish you all the best in your high function.

Sincerely,

A. Koller

Arnold Koller

2/24/97
Send to NSC?
Yes ✓
No ___

His Excellency
Mr. William J. Clinton
President of the United States of America
Washington D.C.

C.

Embassy of the United States of America

January 30, 1997

N O T E

Ms. Jamie Shell Williams
Director for Greetings/Comments
Room 39
Executive Office of the President
Old Executive Office Building
1600 Pennsylvania Avenue
Washington, D.C. 20500

The American Embassy has received, from Swiss President Koller, a letter thanking President Clinton for his message of congratulations on Koller's recent election to the Swiss Presidency.

Please pass the attached letter from President Koller to President Clinton. Thank you for your assistance.

Attachment (1)

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

SAM J. ERVIN, III
U.S. CIRCUIT JUDGE

POST OFFICE DRAWER 1488
MORGANTON, NORTH CAROLINA 28680-1488

TEL (704) 438-4222
FAX (704) 438-9041

February 10, 1997

The President of the United States
The White House
Washington, DC 20500-2000

Dear Mr. President:

Several years ago at a Renaissance gathering, you urged those of us in attendance to write to you when we had matters of concern. I am taking advantage of your willingness to listen to our problems.

Last Wednesday I testified before the Judiciary Subcommittee on Administrative Oversight and the Courts, chaired by Senator Grassley of Iowa. Our Chief Judge also testified and expressed his opinion that our circuit did not need to have two existing circuit court vacancies filled. One of these vacancies has existed since 1990 and is the oldest unfilled judicial vacancy in the United States. The other was created when my colleague Judge J. Dickson Phillips took senior status more than two and one-half years ago. In my testimony I took issue with Chief Judge Wilkinson's thesis and tried to explain why I thought it was necessary for these positions to be filled.

It is not my intention to comment on the motives of those who are advocating that existing vacancies remain unfilled and that no new judgeships should be created. Based upon Senator Grassley's own statement at the hearing it is clear that similar arguments are going to be made by judges in many circuits throughout the country. I have reliable information that the next round of hearings may well involve your home circuit.

My purpose in writing is to point out two consequences that will follow if this concerted effort succeeds. First, you will be deprived of the opportunity to appoint a number of federal judges, particularly at the circuit court level. Second, my own state, North Carolina, which is the most populous state in the circuit, will be left with only one active circuit judge and one senior circuit judge. By contrast, South Carolina has four active judges and one senior judge; Virginia has three active judges and one senior judge; Maryland has three active judges; and West Virginia has two active judges.

2/24/97
Send to ~~Counsel's~~ Dorsey Ofc
Yes ✓
No ____

Coord reply with Counsel C.

I am taking the liberty of enclosing copies of the statements that Chief Judge Wilkinson and I made at the Subcommittee hearing.

I appreciate your giving me this opportunity to communicate with you. Anything that you or your staff can do to help in this matter would be deeply appreciated.

With kindest personal regards and best wishes to you and the First Lady, I remain

Sincerely yours,

Sam J. Ervin, III

SJE:wmw

Enclosures

HONORABLE SAM J. ERVIN, III

CIRCUIT JUDGE
UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

February 5, 1997

Mr. Chairman and members of the Subcommittee, my name is Sam J. Ervin, III, of Morganton, North Carolina. I am an active United States Circuit Judge for the Fourth Circuit, having been appointed in May, 1980. I had the honor of serving as the Chief Judge of that Circuit from February, 1989 until February, 1996. I appreciate the Subcommittee's willingness to hear my views.

I support the actions of the Judicial Conference of the United States in its efforts to address the important issue of judgeship needs. I commend Chief Judge Julia Gibbons and the other members of the Judicial Resources Committee for establishing a principled method for evaluating these needs.

I am in agreement with my good friend and colleague, Chief Judge J. Harvie Wilkinson, III, that the federal judiciary should remain of limited size and jurisdiction. Should anyone present doubt my commitment to those principles, I quote from a resolution that I introduced on June 24, 1993: (which was unanimously adopted by the Article III Judges of the Fourth Circuit)

> CHIEF JUDGE ERVIN: If I may, I would like to submit for consideration a resolution reading as follows:
>
> "RESOLVED that the future role of the federal courts should remain complementary to the role of the state courts in our society. They should not usurp the role of state courts."
>
> "To achieve that goal, it is the consensus of the Conference that the Congress might consider such issues as the federal courts remaining an institution of limited size and jurisdiction. The ability of the federal courts to fulfill their historical limited and specialized role is dependent on the willingness of Congress to maintain jurisdictional balance and curtail the federalization of traditional state crimes and causes of action."

My appearance here today, however, is necessitated by Chief Judge Wilkinson's proposal that we do not need to fill the two

judicial vacancies that presently exist in our circuit. It is my conviction that our failure to do so would be a serious mistake.

First, a brief history leading up to the subject of whether these two existing vacancies should or should not be filled:

On October 9, 1985, when the late Harrison Winter was our Chief Judge, the circuit judges, with a single dissent, voted to ask for four additional active judges for the Fourth Circuit.

On October 4, 1989, we again indicated by another formal action that while we did not desire a court of more than 15 active judges, we unanimously reaffirmed our earlier request for four additional judges.

Legislation was passed in 1990 authorizing a number of additional judgeships, including four new circuit court judges for the Fourth Circuit. Thereafter, three of these so-called Omnibus Bill judges were nominated and subsequently confirmed: Judge Hamilton (S.C.) in July, 1991; Judge Luttig (V.A.) in August, 1991; and Judge Motz (M.D.) in June, 1994.

The fourth (and final) Omnibus Bill judgeship has remained unfilled since it was created in December, 1990. As of this date, there is no pending nomination for this vacancy, and I believe that this is the only 1990 circuit judgeship that remains unfilled.

The second Fourth Circuit vacancy was created when Judge J. Dickson Phillips, Jr., of North Carolina, took senior status, effective July 31, 1994. More than two and one-half years later, the Honorable James A. Beaty, Jr., a District Court Judge in the Middle District of North Carolina, was nominated to succeed Judge Phillips, but no action has been taken on that nomination by the Senate Judiciary Committee.

To my knowledge, the judges of the Fourth Circuit have never taken any formal action to indicate an unwillingness to stand by our requests that these two vacancies be filled.

* * * * * * * *

In order to evaluate the Circuit's needs for these two judgeships, I suggest that we must realistically assess our present situation:

Present Active Judges: At this time, the Fourth Circuit has 13 active judges. Five of these judges are 70 years of age or older. Their present ages are: 90, 78, 76, 73, and 70. Is it realistic to expect that all of these judges will be able to continue to serve indefinitely?

Present Senior Judges: The last printed report from the Administrative Office is outdated in reflecting that we have 4 senior judges. One of the four retired on July 31, 1995, and is no longer eligible to sit.

Another has indicated that he does not plan to sit any more. The remaining two, whose current ages are 79 and 74, have each been sitting 2 days per court week, thereby constituting 4/5 of one judge.

Necessary Panels: For the past several years, we have been averaging 5 panels of judges each court week. With our present complement of active and senior judges, we lack a sufficient number of judges to fill 5 panels without bringing in district judges from our own circuit or senior judges from other circuits.

Current Statistics: Rather than burden you with more numbers, I will simply refer to the latest figures published by the Administrative Office. I am confident that those statistics fully justify the filling of the two existing vacancies. In fact, as I understand it, if the numerical portion of the existing formula were applied (the 500 filings per panel with pro se appeals weighted as one-third of the cases) the Fourth Circuit would be eligible to receive 20 judgeships. We have never requested more than 15.

North Carolina: I note that Judge Gibbon's Judicial Resource Committee has listed as a factor to be considered in allocating judgeships, geographical considerations within a circuit. At the risk of being thought provincial, I emphasize the special impact that a failure to fill the two presently unfilled seats on the Fourth Circuit will have on North Carolina. The expectation has been that these seats would be assigned to that state. I, of course, recognize that there is no law which requires that this allocation be made--actually this is a matter for the executive and legislative branches to determine--but it seems to be the fair thing to do for the following reasons:

a. North Carolina is the most populous state in the circuit.

b. North Carolina has one of the highest numbers of filings in the district courts in the circuit.

c. North Carolina, like West Virginia, has had only two seats, while both Virginia and Maryland have three each, and South Carolina has four. Filling the two existing vacancies from North Carolina would do no more than to restore that state to parity with our sister states. I point out that should I decide to take senior status--as I am eligible to do--North Carolina would have no active judge. That situation would

create some insurmountable problems for both the bar and litigants of that state.

d. While it has been suggested to me that this imbalance could be remedied by assigning seats now held by judges from other states to North Carolina as they are opened by death or retirement, that seems an unpredictable solution--especially in the present political climate.

Above all else, I seek to be as sure as it is humanly possible to be that our circuit has a sufficient number of judges to enable us to render swift and certain justice in all of the cases that come before us. Some recent legislation and our adoption of new internal operating procedures may well reduce our caseload to some degree but countervailing circumstances, including the continuation of the federalization of numerous state crimes, the creation of new private rights of action, the rapid population growth of the region, and the increased complexity of both the criminal and civil cases now coming to the federal courts (to mention only a few of the relevant factors) will, I fear, more than offset any decreases in our workloads. I do believe that we would have sufficient personnel to enable us to do the work that is assigned to us in a fashion acceptable to all if these two vacancies are filled--at least for the foreseeable future.

Mr. Chairman, in the Questionnaire which you sent to the members of the judiciary some time ago, you raised the legitimate question of whether we as judges were being required by our respective workloads to delegate more of our judicial functions than was ideal--or even healthy--to elbow law clerks, staff law clerks or other non-judicial employees. I was not privy to the answers my colleagues returned to those questions, but I strongly suspect that many of us would admit that the degree of delegation required in the courts of appeals is greater than is ideal. Speaking only for myself, I would like to be able to devote greater personal attention to every matter that comes before me than I am now able to do.

I sincerely believe that our present ability to carry out our duties in a manner pleasing to this Subcommittee, to the public, and to ourselves would be enhanced by the filling of these two long vacant positions.

Sam J. Ervin III

SAM J. ERVIN, III

Testimony of
Honorable J. Harvie Wilkinson III
Chief Judge
United States Court of Appeals for the Fourth Circuit
before the Subcommittee on Administrative Oversight and the Courts
Senate Judiciary Committee
February 5, 1997

Summary

Unrestrained expansion of the federal judiciary will lead to a variety of adverse consequences. Most significantly, growth in the number of federal judges will impair the federal-state balance as surely as uncontrolled growth in the federal budget would. Growth will increase the number of federal rulings and the opportunities for federal judicial intrusion into state and local problems. The cumulative effect of this will be to enlarge the sphere of federal law at the expense of the states.

More specifically, the addition of new judges to the Fourth Circuit will increase our burdens, not lighten them. This will be so for many reasons. In the Fourth Circuit, individual panels have traditionally circulated opinions to the full court for comment before filing them. This system, which we wish to retain, is already strained to the breaking point. More judges will mean more intra-court correspondence, more monitoring of colleagues' work, and more delay before litigants hear from the court. Additional judges and panels will also increase the number of intracircuit conflicts and the need for en banc decisions to resolve them. The en banc court itself will become an unwieldy instrument as polls on whether to go en banc take longer to complete and as we labor to get a majority of eight judges to agree on a single opinion. Additional judges will further exacerbate our lack of courtroom space and discourage initiatives within the court designed to improve the efficiency of our operations. It finally makes little sense to add yet more judges to that circuit court which already has the fastest median time from filing of a notice of appeal to final disposition.

Nationally, growth in federal judgeships must be looked at in conjunction with growth in federal jurisdiction. Growth in the number of federal judges encourages the expansion of federal jurisdiction. Enlarged federal jurisdiction, in turn, increases the need for additional judges to handle it. Such a self-sustaining cycle of expanding judgeships and expanding jurisdiction ultimately threatens to place basic democratic freedoms in the hands of a large establishment of life-tenured judges. The federal courts are, to be sure, an important American institution which must interpret laws of national import and safeguard the values embodied in our Constitution and the Bill of Rights. But with unrestrained growth the federal courts will become an all-important institution, and I cannot imagine a more unhealthy development for our society.

It is a pleasure for me to be here today. I appreciate so much the interest that this Committee is taking in the issue of growth in the federal judiciary. Many of us in the Third Branch have been deeply concerned about that issue for some time.

Uncontrolled growth in judges and jurisdiction is the single greatest problem the federal judiciary has to confront. The adverse consequences of expansion will begin to manifest themselves in many different ways. For one thing, growth will begin to change the basic character of the federal judicial system. Growth threatens to turn courts into bureaucracies and to destroy the humane values that inhere in collegial decision-making.

Even more fundamentally, unrestrained growth in the federal judiciary threatens to upset the federal-state balance just as much as uncontrolled growth in the federal budget would. With more federal judges will come more federal rulings. The cumulative effect of this will be to smother states and localities under a pervasive blanket of federal decisional law.

Growth in the number of judges also invites growth in federal jurisdiction. Every kind of dispute can be brought to federal court on the assumption that there will always be plenty of judges around to entertain it. There will be no incentive to return purely local matters to state court if the federal judicial resource is conceived to be limitless. I am also convinced that as the judicial branch grows, so will the temptation grow to interfere in matters that ought to be left to the legislative and executive branches and to state and local governments to resolve. In sum, the unexamined course of growth on which we have embarked threatens

to cede the basic democratic freedoms of the American people to an ever more powerful establishment of life-tenured federal judges.

I do not wish to be misunderstood. There will always remain a vital role for the federal courts in resolving questions which are plainly of national import and which involve fundamental civil rights and civil liberties. The growth in federal judges and federal jurisdiction, however, has not conformed to those two criteria. It is especially disappointing that the course of growth in the federal judiciary has been almost entirely formulaic. Until very recently, the assumption was that an additional judgeship was justified whenever the workload reached 400 weighted filings per year for a district judge and 255 merits dispositions for a circuit judge. Recently, the formula for evaluating circuit judgeship requests has been changed by the Judicial Conference to a standard of 500 filings per panel, with pro se appeals weighted as one-third of a case. The formula is to serve as one factor in the assessment of judgeship needs along with such other factors as the median time from filing to disposition for appeals and the views of the majority of the members of the court from which the additional judgeships are sought.

The use of a mechanical formula as a benchmark for federal judgeship needs has many drawbacks. I would like to quote from a letter which then Chief Judge Gerald Tjoflat of the Eleventh Circuit and I wrote last May to Judge Julia Gibbons, the chairwoman of the Judicial Conference Committee on Judicial Resources:

> Unless combined with some meaningful restriction upon the growth in circuit judgeships, a formula would have significant

drawbacks. In the past, a formula geared to the number of merit dispositions per judgeship has set the judiciary upon a course of unexamined growth. The formula, in fact, presupposes that if the cases are there, then the judges will always be provided to match them. Thus construed, the formula has served as a one-way ratchet for expansion. For whatever reason, it has never been employed to suggest a reduction in the number of authorized judgeships.

Moreover, a formula may seem superficially objective, but it is, in reality, just as subjective as most other approaches to the subject of growth in the circuit courts of appeal. Those who favor growth will wish to set at a relatively low level the number of merits dispositions per judgeship, while those who oppose significant growth will wish it set at a relatively higher level. Either way, it may become a subject of political tinkering, as the pressures to revise it ebb and flow.

Perhaps most unfortunately, the formulaic approach to judicial growth ignores all the fundamental questions about the judiciary's future. Simply put, the formula, even when it is combined with other factors, lets both the courts and Congress off the hook. Among those questions a formula begs are: (1) how many judges constitute an optimal size for a circuit court; (2) at a certain point, does the addition of new judges create more work for a circuit court than it helps to resolve; (3) what efficiencies can be employed to eliminate the need for unnecessary growth in judgeships; and (4) what priorities should be placed on the exercise of federal jurisdiction, and on the creation of new federal criminal offenses and new federal civil causes of action.

It may be that the only device that will get us to grapple with all the adverse consequences of growth is some sort of cap -- an outer limit of say, 1,000 judges, beyond which the judiciary may not expand. Then, and only then, will we be able to assess the

effects of growth without the easy expedient of adding judgeships always on the table.

I would like to turn now to the specific question of growth as it pertains to my own circuit -- the Fourth Circuit Court of Appeals. My basic view is that any increase in the number of judges in the Fourth Circuit will make us a less efficient court than we presently are. In sum, it will add to our burdens, not lighten them. It will also change -- and not for the better -- the way we have historically gone about our business. The bottom line is that the public will be less well served by the Fourth Circuit than I hope and believe it has been served in the past.

I should say that my remarks represent my own views. I know these views are strongly shared by many of my colleagues, and I also would anticipate that others of my colleagues would take exception to them. I do wish to emphasize that my remarks are not directed at any individual who has been nominated or may be nominated to our circuit court. That is obviously beyond my province. I should note that my own opposition to growth stretches back some years. Indeed, I worked in 1991 and 1992 with Judge Robert Parker of the Judicial Conference's Court Administration and Case Management Committee in developing a report that would draw attention to the dangers of unexamined and unjustified expansion for all levels of the federal judiciary.

I would like to be quite specific about my view that the addition of any new judges will add to our burdens as a circuit court. The Fourth Circuit has long had the practice of circulating

opinions to each and every member of the court prior to their release. We do this in an effort to maintain the consistency and uniformity of circuit law and to get the benefit of the views of judges who did not sit on the original hearing panel. This practice is a good one, but it also entails a price. The price is one of additional correspondence among the judges and additional delay for the litigants. Our practice of pre-filing circulations is already strained to the breaking point. The addition of more judges will mean more acknowledgements that each judge must await, more intra-court correspondence, more monitoring of colleagues' work for consistency, and more delay before litigants will hear from the court about their case. The time we spend in corresponding among fourteen or fifteen judges is time we cannot spend preparing for new cases or getting our pending work out. I fear that additional judges will force us to the unhappy choice of abandoning what has long been a salutary practice within our circuit or putting up with a much longer disposition time. While the change from thirteen to fifteen judges may seem to be an incremental one, it is precisely a series of incremental changes that have brought us to the very limits of what we can efficiently accommodate.

Unfortunately, this is not the only way in which the addition of more judges will burden and complicate our operations. As you well know, conflicts in circuit law must be resolved by the entire circuit court sitting en banc. An en banc court of fifteen active judges (plus in some cases one senior judge) will be a most

unwieldy instrument. You can only imagine what kind of experience it will be for an advocate to be bombarded by fifteen different questioners. Just as importantly, it is going to take more time even to get our en banc decisions out. Getting a majority of eight or nine judges to agree on a single opinion will be no easy feat, and court opinions will increasingly be characterized by strings of separate opinions, which is not in the long run a desirable development. Some of these same concerns were, I think, at the heart of the opposition to the 1937 court-packing plan. The more judges one adds to the decision-making process, the more difficult it is to arrive at a decision. With fifteen judges, polls on whether to go en banc will also take longer to complete. Litigants will have to wait longer before their case can be finally resolved. And with more judges, there is also the prospect that there will be more intra-circuit conflicts, so the need for the en banc mechanism may be expected to increase. In short, I see nothing about a bigger en banc court that will serve the public interest in any way and much that will disserve it.

Now I recognize that the Ninth Circuit, for example, has opted for mini en banc courts comprised of eleven judges. That is not, however, the road that we wish to pursue. An en banc decision should ideally represent the voice of the whole court, not some part of the court that may or may not be representative.

There are in addition some practical impediments to growth in the Fourth Circuit which I think I should mention. Whenever the full court convenes in Richmond, Virginia -- our seat of court --

we are forced to borrow the courtrooms of the district judges in order to hear our cases. I should add that the district courts have been most accommodating about this, but it is nonetheless regrettable that we have to move them out of their chambers and courtrooms during the time we are in Richmond. I have done everything that I could to move along the construction of an additional Fourth Circuit courtroom. With schedules being as they are, however, the courtroom is not expected to be completed until late 1999 at the earliest. Even with the addition of that courtroom, we will still be required to bump some district judges when we sit. If we continue, however, to add new judges and new panels, then the problem of displacing district judges with circuit panels sitting in Richmond may only become more acute.

Similarly, we have had the longstanding practice of inviting various visiting judges to sit with us. Our visiting judges fall generally into three categories: (1) all new district judges who have been recently confirmed; (2) other district judges from around the circuit; and (3) occasional senior judges from other circuits. We invite visitors for a variety of reasons. We do it to acquaint district judges with the work of the circuit, and to acquaint ourselves with the problems and perspectives of the trial bench. We also believe it makes our circuit a less parochial court if we have the occasional benefit of views from senior circuit judges from around the country. Adding new circuit judges would substantially curtail this practice by reducing or eliminating the few panel slots currently available for the occasional visiting

judge whom we invite to sit with us by designation. One option to preserve panel slots for visiting judges would be to expand the number of panels. Unfortunately, this would exacerbate the aforementioned problems of monitoring circuit opinions for consistency and creating additional intra-circuit conflicts.

The Fourth Circuit is not standing still. We are experimenting with changes in our own rules and operations that will make us a better and more efficient court. I would like to mention just a few of the many things that we have done to manage our caseload better without the addition of new judges. One has been to initiate a pre-argument conferencing program designed to encourage litigants to voluntarily settle their cases. The program began in 1994, and Justice Harry Martin, formerly of the North Carolina Supreme Court, agreed to head it up. We now have three settlement attorneys. In fiscal year 1995, the first year of the program, we settled 189 cases. In fiscal year 1996, our most recent year for which figures are available, we settled 229 cases. The program has met with a good response from the organized bar, and I have every expectation that it will help to relieve docket pressures without the need for additional judgeships. A second measure we have undertaken is also illustrative. Some time ago we had panels of circuit judges listening to staff presentations of pro se appeals in lieu of hearing counseled cases at oral argument. We have now switched to telephonic conferences which take place during a time when we are not scheduled to be hearing oral argument. Telephonic presentations by staff attorneys to the

judges deal only with the simplest and most straightforward of pro se cases, but they have resulted in enormous efficiencies in our work. We have also served notice in a recent series of cases that our most prodigious pro se litigators -- frequent fliers, as they are called -- will no longer be immune from the sanctions authorized by Federal Rule of Appellate Procedure 38.

I fear the incentive to achieve efficiencies in court operations will be undermined if we rely instinctively on throwing more circuit judges at all our problems. Inventiveness is stimulated when both Congress and the judiciary face the fact that increasing federal judgeships and expanding federal jurisdiction is not the first option. I have seen good things happen on our court, and I doubt that they would have happened if we had simply shrugged our shoulders and awaited the arrival of more judges. A leaner outfit can often be a more productive one.

One of the factors that has been considered in assessing the need for new judgeships is the median time it takes a circuit court to resolve a case. The best overall measure of a circuit court's efficiency seems to me to be the time interval from filing a notice of appeal to final disposition. This is the time interval that a litigant would regard as most important because it addresses the overall time that the court of appeals takes to resolve the case. By this measure, the Fourth Circuit ranks first among the circuit courts in its overall ability to promptly decide the cases before it. The median time interval for all circuit courts for the twelve month period ended September 30, 1996 is 10.4 months from the

filing of the notice of appeal to final resolution. The figure for the Fourth Circuit is 7.8 months. The figures for all of the circuits range from 7.8 months to 14.7 months. It makes little sense to add yet more judges to that circuit court which has the promptest overall disposition time in the country.

You can understand why I am proud of the Fourth Circuit's record of service. I also would like to say how much I admire and respect my colleagues. I have never been associated with a finer group of men and women in my life. The question is often asked me whether we work hard in order to keep current with our docket. The answer is that we do work hard. But we love what we do, and we work no harder than members of Congress and members of the private bar who are as enthusiastic about their chosen callings as we are about ours. The point, however, is that the addition of more judges will not relieve our work load. For the reasons I have suggested, I think it will only succeed in adding to our burdens and, more importantly, lengthening the time that it takes us to decide a case.

In the long run, if the drawbacks of growth are to be avoided, we will need much help from the Congress. It is no answer to simultaneously limit federal judgeships and expand federal jurisdiction. Those of us in the Third Branch worry constantly that domestic relations disputes and basic criminal offenses, which rightfully belong in state court systems, will be federalized.

There have been some hopeful signs, however. The Prison Litigation Reform Act recently passed by Congress should be a real

help. As you know, that Act requires prison litigants, at least in section 1983 cases, to pay court filing fees and costs on an installment basis from their prison trust accounts. That legislation was aimed at relieving the federal courts from the incessant burden of frivolous lawsuits, and I am hopeful that it will do some real good. The Act addresses itself to a real problem in our circuit. State prisoner petitions alone constitute between 25 percent and 32 percent of our circuit's docket. Filings in this category have increased a whopping 77.4 percent since 1990, with the largest annual increase, 41.9 percent, occurring from 1994 to 1995. It will take time, however, to tell exactly what the effects of the PLRA on the problem of prisoner petitions are. The clerk's offices and prison administrators around our circuit are still working to devise a smooth method of administering the statute, and it can be expected that the inventive jailhouse litigation industry will do what it can to thwart the purposes of the Act. Waiting to assess the effects of recent legislation such as the PLRA seems preferable, however, to simply adding new judges to the courts. Congress has also tightened up on habeas filings with the Antiterrorism and Effective Death Penalty Act by imposing, among other things, a much stricter standard for second and successive petitions. As Chief Justice Rehnquist has noted, this is another salutary development, and it makes sense to assess its effects on the caseload problem before throwing new judges at it.

I would like to conclude by saying how much I respect the federal judiciary and the role that the federal courts perform in

our society. The federal courts are the bulwark of our liberties as a people. The bright side of the federal judicial system is one that safeguards the Bill of Rights and that interprets the often complex legislation that Congress has passed in furtherance of the public welfare. The unfortunate side of the judiciary, however, is one that intrudes upon the daily comings and goings of our citizens and that will not let the processes of democracy or the institutions of state and local government resolve even the smallest controversies in our classrooms, our prisons, our planning commissions, our city council chambers, and the like. The branch that exists to safeguard our liberties ironically poses a threat to our self-governance. With larger courts will come more diffuse law and more errant decisions. With more judges will come more and more opportunities for intrusion into local affairs. Such growth in judges is a powerful invitation to assign more and more of the nation's business to the federal courts.

I have heard it said that those of us who favor limits on growth of the judiciary are nothing more than elitists supporting a small and exclusive club. Nothing could be further from the truth. The real elitists are those who would take away the right of the people to determine their own destiny and lodge our collective fate in an overgrown federal judicial establishment. We play an important role, but with growth it will become an all-important role, and I cannot imagine a more unhealthy development for our society.

I thank you for the opportunity to give this statement, and I welcome any questions you may have.

ESTHER AVIVA
448- 58th Street
Oakland, California 94609

February 14, 1997

President Clinton
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20500-2000

Dear President Clinton:

I am a California voter writing to urge you to continue the current moratorium on sales of advanced fighter aircraft to Latin America. Considering the human rights record of nearly all of the governments presently in power, be they outright dictatorships or "democratorships," the sales of such aircraft can only ensure that peasants will continue to be massacred.

U.S. arms makers already have the largest share of the Latin American market and yet they are pressuring you to change the policy on economic grounds. According to the U.S. Arms Control and Disarmament Agency, between 1983 and 1994, the U.S. sold 196 combat aircraft to the region. This is more than all other countries combined. Furthermore, the choice by those countries to purchase these expensive attack jets will cause scarce investment capital to be diverted from non-military, domestic development purposes. That in turn will result in non-military North American firms losing business in the region.

The defense industry does not need any further handouts, whether they be in the form of tax dollars or favorable legislation. Please decide in favor of Latin American **lives** instead of Latin American **deaths** and continue the moratorium.

2/24/97
Send to Dorskind?
Yes ✓
No ____

Very truly yours,

Esther Aviva

Esther Aviva

Coordinate w/NSC?
Yes ✓
No ____

2/24/97

Send to Inskeep
Yes ✓
No —

coordinate w/NSC?
Yes ✓
No —

February 3, 1997

The President
The White House
Washington D.C., 20502

Dear Mr. President:

Cable News Network's application to open a U.S. news bureau in Cuba, as reported on in the enclosed *Los Angeles Times* editorial, places you in the extremely precarious position of having to decide whether or not to support it. I strongly urge you to do so.

Despite the fact the Cuban Democracy Act does allow for a free exchange of information between the U.S. and Cuba, the American public still remains seriously ill-informed on the situation there. A U.S. news bureau based in Havana could help improve this.

As you may know, I am an Arkansan and free-lance journalist who travels to Cuba for research and who has written about Cuba in *The Los Angeles Times*, *The New York Times* and various other publications. While in Havana, I have talked extensively with Cubans regarding their political views and they are almost all in favor of a complete transition to a democracy there after Fidel Castro leaves office. However, they are unanimously opposed to anyone from the Cuban-American community here having anything to do with this transition or being involved politically following it. They are equally mistrustful of the U.S. government which they see as having a 35-year history of harassment toward them. In spite of all this, they remain our ardent friends.

It is the conservative Cuban-American community -- mostly based in Miami -- that is so vehemently opposed to factual information coming out of Cuba, and their control by intimidation of the media on this subject has allowed them to filter, distort and even block anything that does not support their aim of eventually regaining the political and economic control of that country.

Because of this, the exchange of free information between the U.S. and Cuba is one-sided. Many Cubans own satellite discs and regularly view American news and entertainment programs including CNN. It is the American public that knows so little about them. We are supposed to be the best informed people on the planet, and yet, because the media reports on Cuba are so distorted, we often have little to read on the subject that is really truthful. We are faced with difficult decisions like whether or not to support our economic boycott there, and yet we often do not have the information we need to fully understand it and to decide for ourselves.

In the end, I believe you will make your decision from your heart as you have always done on difficult and controversial issues in the past. Please do consider supporting this. I, for one, believe you should because free and uncensored news is a fundamental right of all people who live in a true democracy.

Keep up the great work you are doing for our country. We appreciate it more than you will ever know.

Thank you,

Claude Brickell

343½ N. Curson Avenue
Los Angeles CA 90036

Shady Acres
Clarendon AR 72029

Los Angeles Times
MONDAY, FEBRUARY 3, 1997

Dateline Havana

U.S. should show support for a CNN news bureau in Cuba

Cable News Network has been trying to establish a news bureau in Havana for some time, and two months ago the Cuban government assented. Now President Clinton will have to decide whether to support the application of a U.S. news organization to report in and from Cuba. We think he should, on free press grounds and more. Restrictions on reporting are a detriment to better international relations, and particularly in this case.

At present, American correspondents can travel in and out of Cuba only at the whim of Cuban authorities. No U.S. news organization has a bureau there.

Technically, the CNN application must go through the Treasury Department, which ever since the Kennedy administration imposed an economic embargo on the Castro regime in 1961 has been responsible for licensing any U.S. company that seeks to do business in Cuba. But the issue is not technical, it is political, a sensitive decision that only the president can make.

News organizations such as CBS, the Associated Press, the Inter-American Press Assn. and the American Society of Newspaper Editors have expressed their support for CNN's bid. CNN President Tom Johnson has been making the rounds in Washington, seeking support for the application from members of Congress and administration officials. So far, he says, he's "guardedly optimistic."

Some supporters of the move believe an American news bureau in Havana would hasten the downfall of Fidel Castro, but that is not a function of the press. People change governments; news bureaus don't. Nevertheless it takes people with reliable information to build an open society.

The Associated Press was the last American news organization with a base in Cuba; its Havana bureau closed in 1969. If CNN breaks the ice, other news organizations surely will follow. President Clinton, who just last week made clear his interest in reviving the economy of a post-Castro Cuba, should see a Havana news bureau as a starting point.

Hands on DC 1997
Better Schools. Brighter Futures.

P.O. Box 1125
Washington, D.C. 20013
202/667-5808
ForDCKids@aol.com
www.incacorp.com/handsondc

February 12, 1997

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

Dear President Clinton:

We're writing with an unusual request — that you donate a handprint to Hands On DC, an annual work-a-thon to renovate District schools and raise scholarship funds for low-income students.

The first two events drew 4,000 volunteers to 50 different schools and raised $100,000 for college scholarships. Thousands more will take part in Hands On DC 1997 on Saturday, April 12.

Because we are entirely volunteer-run and hold pre-event fundraisers to cover our costs, *all* donations from the work-a-thon go to local organizations that provide scholarships and academic support to DC students.

We would be very honored if you would lend us a hand, literally, with this year's fundraising effort by taking part in "Hands ***Of*** DC." We have invited a select group of Washington celebrities — politicians, athletes, performers, journalists and others — to place an ink handprint and autograph on a sheet of their official stationery. The prints will be matted and offered at a silent auction on March 22.

All of us on the organizing committee are very excited that you and Mrs. Clinton have focused attention on the District in recent weeks, and we hope that you will become one of the Hands Of DC. Your print will encourage others to participate, and help us raise the money we need to purchase supplies. Last year, we spent $30,000 on 15 miles of masking tape, 25 tons of mulch and 670 gallons of paint.

Enclosed is everything you need — instructions, *washable* ink, and a felt-tip pen. Also attached is information about Hands On DC, and names of others we have asked to donate a handprint.

Thank you very much for considering our request. Should you have any questions, please call Michael Briggs at (202) 667-8227 x120 or e-mail mbriggs@interaction.org.

Sincerely,

Keith Finch
Co-Chairs

Gina Schaefer

2/24/97
Send to Donskind
Yes
No

Advisors:

Hon. Eleanor Holmes Norton
U.S. House of Representatives

Hon. Tony P. Hall
U.S. House of Representatives

Hon. Peter DeFazio
U.S. House of Representatives

Maureen Konschnik
Vice President, First National Bank of Maryland

James Scheibel
Vice President, Corporation for National Service

Terrance Sheehy
Partner, Howrey & Simon

Karen Mulhauser
President, Mulhauser & Assocs.

Billy Shore
President, Share Our Strength

The Washington Post

AN INDEPENDENT NEWSPAPER

A Brighter Day for D.C. Schools

THERE'S A new look in store for at least 49 D.C. public schools, effective tomorrow—and anybody who cares can show up and take credit for it. After a most successful premiere last April, "Hands On D.C." will rally volunteers—students, teachers, parents, businesspeople, neighbors and whoever else wants to pitch in—for a session of refurbishing and scholarship fund-raising efforts for the city's schoolchildren.

The young men and women who organized this splendid venture last year enlisted some 1,700 volunteers then. Through pledges for the volunteer hours worked, they raised $44,000 for local student scholarships and mentoring programs run by the College Bound and Funds for the Community's Future organizations. This year, "Hands On" leaders are hoping for at least 3,000 people who can fan out for hundreds of projects from basic upkeep to beautification inside and outside. The organizers say that all hands on deck will find work and, we're willing to bet, personal satisfaction. All skills are welcome, as a sampling of some of the projects shows:

There's carpeting to be done at Shaw Junior High, to replace what's left of a 23-year-old carpet; a locker room to be painted at Anacostia High, where the football players and their coach will lead the effort; graffiti removal at Banneker High, Garrison Elementary, Lincoln Multicultural Middle School and Terrell Elementary; and wall, ceiling and floor tile work at Chamberlain High and the Sharpe Health School. The list goes on—landscaping, ball-field tilling, weeding and lining, artwork (a mural at Thomson Elementary and another at Malcolm X Elementary).

The all-volunteer inspiration behind this effort has generated private sponsors as well as an advisory board of members of Congress, school officials and business leaders. Washington Bullets star Chris Webber will help kick off the day at a 9 a.m. rally tomorrow at Shaw Junior High School, 10th Street and Rhode Island Avenue NW. Coordinators can be reached at 202-232-6151 or by e-mail to DCHandsOn@aol.com. With a strong turnout at the city's time-worn school buildings—average age 50—the "Hands On" volunteers hope for another dramatic demonstration of what a difference a day makes.

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PHOTOS BY JAMES A. PARCELL—THE WASHINGTON POST

Shawn Polk, of Washington, in foreground, along with other volunteers, spruces up the baseball diamond next to Shaw Junior High School in Northwest.

Bringing a Bright Look to D.C.'s Dingy Schools

More Than 3,000 Volunteers Turn Out for a Day of Painting, Landscaping and Cleaning

By Yolanda Woodlee
Washington Post Staff Writer

Every since Erma Withers came to Shaw Junior High School as a teacher in 1977—more than 20,000 students and 40,000 feet ago—the halls have been blanketed with that same old, green carpet.

But yesterday, Withers, now principal, watched as the faded, fraying and filthy carpet in the school's front lobby was replaced with a new, blue floor covering.

"On Monday, the students are going to be extremely surprised," Withers said. "I can't wait to see their faces."

Shaw Junior High School in Northwest Washington was one of 49 D.C. public schools spruced up by the more than 3,000 volunteers, including Washington Bullets star Chris Webber and D.C. School Superintendent Franklin Smith, who took part in the Hands On D.C. work-a-thon.

The two-year-old volunteer organization rallied with school officials, community activists, students and plain old good Samaritans, to paint, landscape and clean up for eight hours.

They planned to use 670 gallons of paint, or, as they say, "enough to paint the Washington Monument," to shovel 25 tons of mulch, and to plant thousands of colorful pansies.

Three little boys watched in awe as Webber helped shovel some soil in the planter at Shaw before they shoved sheets of paper and a pen in front of him for his autograph.

"It's important because the kids need to see us be an example," said Webber, whose team is a Hands On D.C. sponsor. "If they see the people they look up to out making an effort, hopefully it will inspire them."



A group of volunteers help install a carpet at Shaw Junior High School.

Hands On D.C. does more than just inspire children, it helps to finance college scholarships.

"It's a work-a-thon for education," said Drew McMorrow, a co-chairman of the event.

"We're working to clean up at the same time we're working to send kids to college. A lot of people in the D.C. community don't ever get to see the schools, they only see negative headlines. We hope to make positive headlines."

Last year, Hands On D.C. attracted 1,700 volunteers, planted 2½ acres of flowers and raised $44,000 for scholarships. This year, they nearly doubled the volunteers and estimated pledges at $80,000 for scholarships. Several corporations chipped in the $33,000 it cost for paint, landscaping and office supplies.

As he pulled up Shaw's carpet, Shawn Polk, a U.S. Department of Education employee, said he had raised $1,060, adding it was "a great way to help out D.C. schools."

At Cardozo High School, 15 volunteers prepared to repaint the dingy green walls of a girls' restroom with a bright pink. Outside, about 40 others were already digging up layers of rocks and trash before adding a rich dark topsoil and pansies to planters.

"Anyone seen any worms yet?" Bryn Neubert, 25, asked her four friends at Cardozo. They chuckled as one murmured that the dirt was as old as the Northwest Washington school, and that, therefore, any signs of life were long gone.

Steve Schrodel, 25, one of Neubert's friends, said they both live in the neighborhood and felt this was a way of giving something back. The bright sun and the hilltop view of the Washington Monument, didn't hurt, they agreed.

"That's why we picked this spot," Schrodel said, admitting that his gardening skills needed honing. "I planted of bunch of flowers in my front yard, but they're not doing too well."

Superintendent Smith said the message these volunteers spread was invaluable.

"You can't measure the good they're doing by beautifying the schools, but the message . . . is one of giving back to the community," he said.

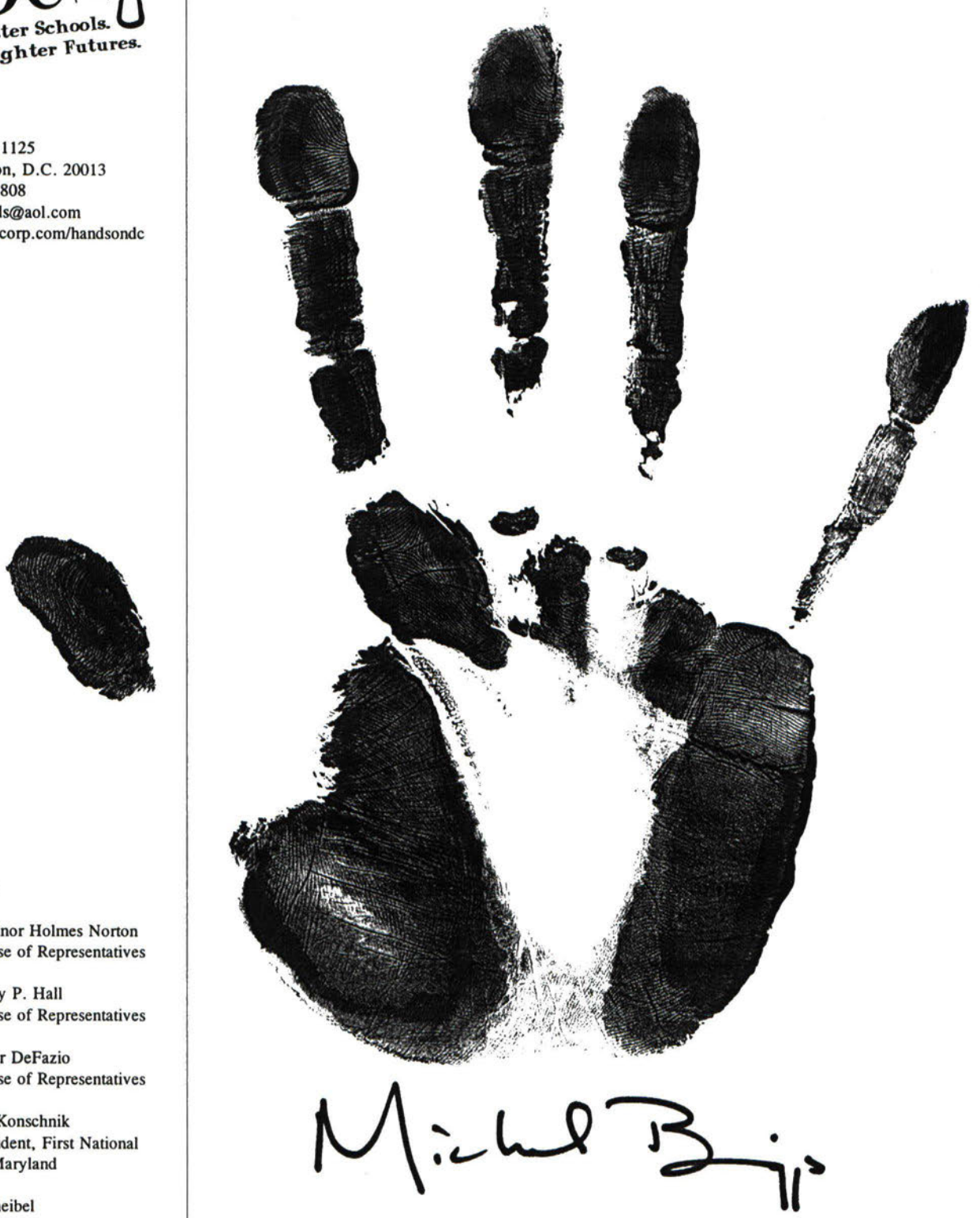
Simone Blanchard and Shayla Jackson, both 15, said they felt proud to participate as they left Shaw to go paint at Paul Junior High School.

"They don't have money to fix up the schools, and this will help," Simone said. Shayla added, "I think it's good that the community comes out together."

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Hands on DC 1997
Better Schools. Brighter Futures.

P.O. Box 1125
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202/667-5808
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Advisors:

Hon. Eleanor Holmes Norton
U.S. House of Representatives

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Maureen Konschnik
Vice President, First National Bank of Maryland

James Scheibel
Vice President, Corporation for National Service

Terrance Sheehy
Partner, Howrey & Simon

Karen Mulhauser
President, Mulhauser & Assocs.

Billy Shore
President, Share Our Strength

Hands On DC is an all-volunteer service project of College Bound, Inc., a tax-exempt entity under § 501(c)(3) of the Internal Revenue Code

"Hands Of DC" Instructions

Creating a handprint to benefit Hands On DC is easy, quick and not as messy as you might think! The whole process should take less than 5 minutes.

1. Use the enclosed tube of washable ink. Squeeze an amount the size of a Hershey's Kiss onto a letter-sized sheet of scrap paper.

2. Using either hand, spread the ink around so that your palm and fingers are evenly covered.

3. Press your hand firmly in the center of a sheet of your official stationery. Be sure to leave room for your signature.

4. Wash your hands with soap and water. The ink will come off *completely* — we promise!

5. Let your handprint dry for 48 hours (a little longer if you used a lot of ink).

6. Use the enclosed marker, or a favorite pen, to sign your handprint.

7. Making sure the ink is completely dry, place the signed print in a file folder or other protective sleeve, and return it in the enclosed envelope. Don't worry about returning the ink and marker.

(We've enclosed a sample print, but feel free to do yours any way you like. You might also add a drawing, message or some other personal touch — there's plenty of room for creativity, even in Washington!)

That's it! The completed prints will be mounted on posterboard and placed in special Hands On DC 1997 mats. Accompanied by a certificate of authenticity, each will be offered at a March 22 silent auction at The Mansion on O Street (2020 O Street NW). The event will be widely publicized, and we will seek the highest possible bid for each print.

Each print will be sold to the highest bidder, with minimum bids ranging from $25 to $250. Hands On DC will use 100 percent of the auction proceeds to defray the costs of our April 12 work-a-thon. Should proceeds exceed our costs, the remainder will be donated, along with money raised during the work-a-thon, to local organizations that provide needy students with academic support and college scholarships.

97 FEB 24 AM 11:58

Mississippi State Senate

SENATOR ROBERT H. "Rob" SMITH
Copiah-Covington-Rankin-Simpson Counties
1401 U.S. Highway 49-S
Richland, Mississippi 39218
601-939-8445

COMMITTEE ASSIGNMENTS:
Juvenile Justice, Chairman
Interstate and Federal Cooperation, Vice Chairman
Finance, Vice Chairman
Constitution
Corrections
Highways and Transportation
Public Health and Welfare
Rules

BOARD MEMBER:
SREB-Southern Regional Education
FAGO-Vice Chairman, SLC
SLC Management Committee
ITD-Institute of Technology

February 19, 1997

The Honorable Bill Clinton
President
United States of America
The White House
Washington, D.C.

Dear Mr. President:

I am surprised at how many times our paths have crossed on important issues affecting the people we serve.

In September, 1992, it was issues concerning arts in public schools; in November 1992, it was those of us who endorsed your campaign for the Presidency; in 1990, it was the rural development issues that you worked on in Arkansas, and I had written in Mississippi. Now, in February, 1997, we are once again addressing the same issues. Just days before you announced Adopt 2002, the Mississippi State Senate passed a bill I had introduced to improve the adoption process for children in foster care.

Our friendship certainly means a great deal to me as does that of the Arkansas delegation. My daughters, Tarance, 13, and Karla, 10, continue to ask me when they will meet the President because I get so much correspondence. I have assured them that it will happen one day while I am in Washington or you are in Arkansas.

I appreciate what you have done for the Southern states and for our country, and wish you continued good fortune.

Sincerely yours,

Robert H. "Rob" Smith

RHS/ag

2/24/97
Send to Doskocil?
Yes ✓
No

Capitol: P.O. Box 1018, Jackson, MS 39215-1018 • 601-359-3935 (Fax)

cc: Marcia Hyde
Yes ✓ done
no

Linda Hay Crawford
7601 Connecticut Avenue
Chevy Chase, Maryland 20815
(301) 951-5090

February 10, 1997

President William Clinton
The White House
Washington, D.C.

Dear President Clinton:

It was one year ago that Vic's back broke from his smoking related cancer and he was admitted to the hospital never to come home again. But the sadness of the week soothes when I remember how you honored Vic's memory and effort last August when you let me introduce you during the Rose Garden ceremony on the FDA regulations.

As the parties meet to review a "deal" on the state tobacco lawsuits I watch with fascination for the resolve. For I see no one in those negotiations beyond those influenced by politics and money. I keep hearing this voice saying to me - the lawsuits keep the issue and the message in the face of the public as much as any recouping of money - which is the best gift you can give American kids - the constant message that tobacco kills. It is difficult to say whether the FDA regulation is the perfect or correct fix but it keeps the issue on the run and our kids might be spared. You and I both know that a political fix for a health care issue doesn't serve anyone anymore.

I was encouraged that you mentioned tobacco advertising in your State of the Union speech and your commitment to not targeting kids. It gave you your largest applause and a cheer. Keep up your wonderful leadership. I know that any activity involving tobacco and protecting our children has your careful attention and that you will think deeply about our Government's responsibility to protect our children and prevent their harm.

I hope you are well.

Sincerely,

Linda

Linda Hay Crawford

Linda Hay Crawford
7601 Connecticut Avenue
Chevy Chase, Maryland 20815
(301) 951-5090

February 19, 1997

Ann Stock
Assistant to the President
Office of the Social Secretary
The White House
Washington, D.C.

Dear Ann:

I would appreciate you putting this into the President. His leadership really shows on the smoking issue and I would hate for this to get lost among ~~the~~ all the maneuvering on the issue. You can always count on my support to help as I may be helpful.

On a personal note, all is well. I have lost 80 pounds and had a face lift and recouped my health and strength. I am very grateful and excited to tryout the new me in the coming year.

Warmest regards,

Linda Crawford

THE WHITE HOUSE
WASHINGTON

February 24, 1997

TO: Rahm Emanuel

FROM: Staff Secretary

Linda Hay Crawford
7601 Connecticut Avenue
Chevy Chase, Maryland 20815
(301) 951-5090

February 10, 1997

'97 FEB 20 AM 11:14

President William Clinton
The White House
Washington, D.C.

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Linda

Linda Hay Crawford

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Chevy Chase, Maryland 20815
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Assistant to the President
Office of the Social Secretary
The White House
Washington, D.C.

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Linda

Linda Crawford

THE WHITE HOUSE
WASHINGTON

February 24, 1997

TO: Marcia Hale

FROM: Staff Secretary

'97 FEB 24 AM11:58

Mississippi State Senate

COMMITTEE ASSIGNMENTS:
Juvenile Justice, Chairman
Interstate and Federal Cooperation, Vice Chairman
Finance, Vice Chairman
Constitution
Corrections
Highways and Transportation
Public Health and Welfare
Rules

SENATOR ROBERT H. "Rob" SMITH
Copiah-Covington-Rankin-Simpson Counties
1401 U.S. Highway 49-S
Richland, Mississippi 39218
601-939-8445

BOARD MEMBER:
SREB-Southern Regional Education
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ITD-Institute of Technology

February 19, 1997

The Honorable Bill Clinton
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The White House
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I appreciate what you have done for the Southern states and for our country, and wish you continued good fortune.

Sincerely yours,

Robert H. "Rob" Smith

RHS/ag

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 2/24

TO: John Holly
Marcia Hale

FROM: **Staff Secretary**

FYI

cc: Jim Dorskind
Chris Walker] for replies
Phil Caplen

SENATOR JOHN BREAUX
LOUISIANA

'97 FEB 22 PM2:10

United States Senate

WASHINGTON, D. C. 20510

February 11, 1997

Dear Mr. President:

I am enclosing a copy of the correspondence from State Senator Randy Ewing, President of the Louisiana Senate, and Speaker Hunt Downer, Louisiana House of Representatives.

I would like to strongly recommend that you consider this invitation to address the Louisiana Legislature on education. I hope it will fit into your schedule.

Best regards.

Sincerely,

JOHN BREAUX
United States Senator

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

This would be very Good if We can make it Work - It's all Education!
John

Louisiana Legislature

RANDY L. EWING
President of the Senate

H. B. "HUNT" DOWNER, JR.
Speaker of the House of Representatives

February 10, 1997

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

Dear Mr. President:

On behalf of the Louisiana State Senate and the Louisiana House of Representatives, we would be honored to have you address a joint session of the Louisiana Legislature.

Governor Foster has proposed numerous educational reform issues. The Legislature is not only considering the Governor's proposals but has many initiatives on its own. Enclosed please find information concerning the various educational proposals to be considered by the Legislature. Your State of the Union address was music to our ears as you addressed your educational initiatives.

Because Louisiana, like you, Mr. President, is seeking a new nonpartisan commitment to education, we too have drafted a plan that calls for politics to stop at the schoolhouse door. For too long, our children have been at the mercy of politics and the mismanagement of money, and thus, they have had to endure a poor education system and a grim job market. For the first time Louisiana is seeking schools that work and methods that teach our children how to learn to earn for a lifetime, because with the 21st century three years away, *now* is the right time to do this for the right reasons.

We look forward to your return visit to Louisiana.

Sincerely,

Randy L. Ewing
President, Louisiana Senate

H. B. "Hunt" Downer, Jr.
Speaker, Louisiana House of Representatives

RLE:HBD:pdd

Enclosures

Crossing the Threshold of the Future
(the United States of America)

In the State of the Union Address, President Clinton proposed the following for education:

1. A national crusade for education standards that includes testing every 4th grader in reading and every 8th grader in math.

2. A plan to increase and, thus reward, the number of teachers who receive national certification as master teachers and a plan to "quickly and fairly remove those few who don't measure up."

3. A plan to launch the America Reads initiative.

4. A plan to expand Head Start to one million preschool-age children by 2002.

5. A plan to "help America to create 3,000" charter schools by the next century.

6. A plan to teach Character Education that will "promote order and discipline...remove disruptive students from the classroom, and have zero tolerance for guns and drugs in school."

7. A plan to "expand the frontiers of learning across a lifetime."

8. A plan that will "bring the power of the Information Age into all our schools."

Crossing the Threshold of the Future
(Louisiana)

In Louisiana, the following is proposed for education:

1. A plan to establish high academic standards and appropriate assessments for all students, including testing students in the 4th and 8th grades.

2. A plan that will establish an accountability system with rewards and corrective measures based on school performance, leadership development courses for principals and perspective principals, an increase in the number of days teachers must work to give them more staff development time, and an assessment plan, which includes pairing new teachers with a mentor or master teacher.

3. A preemptive strike at K-3 reading fundamentals to ensure that every child leaving the third grade has basic reading skills.

4. An investment in preschool instruction for at-risk three- and four-year olds.

5. A plan that will make it easier to create charter schools free of most state regulations but will receive some state funding.

6. A plan that will help create a state-wide system of alternative schools to create additional choices for students and to assist those with discipline and/ or other learning concerns.

7. A plan that will create a Louisiana Workforce Commission to continue the work of the Governor's Office of Workforce Development to improve the literacy rate by developing literacy tests and requiring welfare recipients without a diploma to attend adult education or workforce development classes, to encourage partnerships among state Departments of Education, Economic Development, and Labor, non-profit groups, and private industry, and to move youths at risk of dropping out of school into adult education programs using school-to-work programs that combine basic skills with workforce training.

8. A plan to invest $75 million in computers and hardware in the classrooms.

THE PRESIDENT HAS SEEN
2-24-97

Herbert S. Miller sends his proposal for **Celebration 2000 - A Bridge To The Future** on January 1, 2000, a forum where the presence and commitment of the world's leaders can be focused to rally around your vision of a new era in global communications and commerce.

THE PRESIDENT HAS SEEN
2-24-97

AMERICAN MALLS INTERNATIONAL
2620 P STREET, N.W.
WASHINGTON, D.C. 20007
(202) 338-5200 FAX (202) 338-6014

ami

cc: Miller just through 2. Should see Jeff

cc: Melanne Verveer
via bad idea

BC

Need reply

January 20, 1997

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC

JIM DORSKIND:

Please coordinate the reply.

Dear Mr. President:

You suggested at last month's Holiday Dinner that I send you this proposal for **Celebration 2000 - A Bridge To The Future**. This global millennium celebration on January 1, 2000, has been conceived as a forum where the presence and commitment of the world's leaders can be focused to rally around your vision of a new era in global communications and commerce.

I believe that an international event of this magnitude, building upon expectations of this significant date, would make manifest your Administration's world leadership in bringing the planet closer together through world telecommunications and commerce. Economic cooperation is the best foundation for world peace.

I would be pleased to assist whomever in your Administration is responsible for furthering this concept.

Sincerely,

Herbert S. Miller

P.S. After we met, I ran into Bob Burkett who felt that Michael Ovitz would love to sink his teeth into Celebration 2000.

Celebration 2000 - A Bridge To The Future

On January 1, 2000, in cities around the world, celebrations are planned to welcome in the new year, new century, and new millennium. From small to grandiose, these preparations reflect the western world's fascination with the coming era, and its hopes for a peaceful and prosperous future. Despite their good intentions, however, these celebrations lack a single unifying element: the presence and commitment of the world's leaders to begin a new era in global communications and commerce. We propose that on January 1, 2000, a series of events coordinated with these significant national and international celebrations will occur, to demonstrate a new international vision by the world's leaders for the new millennium: **Celebration 2000 - A Bridge To The Future**.

Beginning from Japan, world leaders would travel in relay fashion with the sun during the 48 hours that constitute January 1, 2000. They would travel via supersonic transport to major cities in China, Europe, Africa, South America, and North America. In each location, a significant national event symbolic of international cooperation and trade will be visited and celebrated to welcome in a new millennium of global connectedness.

At each site, the host nation would propose a celebration meaningful to its own vision of trade and cooperation. These events would be linked by advanced telecommunication facilities, bridging the distances between nations with instantaneous participatory voice and vision transmitted via broadcast, cable, and Internet text, audio, and video.

As an example, **Celebration 2000**'s east coast U.S.A. component could include the celebration of the decade of The New District Of Columbia. The Nation's Capital is poised to step onto the world stage as a pivotal location for international commerce and communication. The Washington Center Alliance is actively planning to integrate downtown planning elements such as the new World Convention and Telecommunications Center which is scheduled to open on January 1, 2000.

Each of the selected events would be attended by several world leaders, who would move on to the next event via supersonic transport, where they would be greeted and joined by other world leaders who would then take over the ceremonial duties and travel to the next destination. These legs could occur simultaneously or otherwise as necessary to maintain the timing of the events. In this way, the spirit of cooperation would fly around the world with the sun: a powerful and compelling gesture of unity drawing the attention of the whole world to those projects and policies representing the new millennium, setting the agenda for the next generation.

Recommended calls
to Senators
Torricelli and Biden
re Balanced Budget
Amendment
by Tuesday 2/18/97

2/24/97

Per Betty Currie, POTUS talked to Torricelli by phone & saw both Torricelli & Biden in person. POTUS also talked to them when he saw them.

d bird

2-21-97

'97 FEB 14 PM 7:21

February 14, 1997

RECOMMENDED TELEPHONE CALLS

TO: Senator Robert Torricelli
Senator Joe Biden

DATE: By Tuesday, February 18, 1997

RECOMMENDED BY: John Hilley JH
Barbara Chow

PURPOSE: To urge members to vote against the Balanced Budget Amendment Constitutional Amendment.

BACKGROUND:

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Bowles
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S.J. Res 1, the Balanced Budget Amendment (BBA) was introduced on January 21, the first day of the new Congress. With one exception, it is identical to the amendment that failed last year by a vote of 64-35. The "Nunn amendment" which was designed to make the provision judicially unenforceable was dropped.

On Thursday, January 30, the Senate Judiciary Committee reported S.J.Res. 1 by a vote of 13-5. Democratic alternatives failed on largely party line votes although the Kennedy amendment which focused exclusively on Social Security was defeated on a 9-9 vote (Senator Specter voted with the Democrats).

The Senate began debate on the amendment on February 5. A final floor vote is not anticipated until after the February recess (week of February 24) and may be preceded by a cloture vote.

As of February 13, the Senate has conducted three votes on amendments to the Balanced Budget Amendment. The Senate tabled a Durbin Amendment that allowed a waiver of balanced budget requirements during a recession or serious economic emergency by a vote of 64 to 35. A Wellstone Amendment was tabled by a vote of 64 to 36. The amendment would have prohibited a disproportionate reduction of federal outlays affecting education, nutrition, and health programs for poor children when cutting programs to achieve a balanced budget. Finally, by a vote

of 64 to 36, the Senate tabled a Dodd amendment that would have allowed deficit spending if Congress passes a joint resolution by majority vote declaring an imminent and serious military threat to national security. Senator Torricelli voted against all three motions to table while Senator Biden voted against the Durbin and Wellstone amendments (in favor of the motions to table) and in favor of the Dodd amendment (against the motion to table).

Senator Torricelli has voted in favor of the Republican BBA as a House member, and has campaigned in favor of a balanced budget. He voted to report S.J.Res. 1 in the Senate Judiciary committee, calling it the "most important decision I'll make as a United States Senator, for the foreseeable future." However, he indicated that if he could not get changes along the lines of those contained in his substitute the issue of whether he will vote for S.J.Res. 1 is a "judgement I have yet to make". His amendment which would have exempted Social Security, permit, capital budgeting and permit simple majority waivers for economic emergencies was defeated on a party line vote (8-9, Senator Specter did not vote). Senator Torricelli will be appearing on the ABC's "This Week" with Senator McCain to discuss campaign finance reform. However, it is very possible that he will be asked about his position on the BBA.

Senator Biden voted against the BBA in 1994, but changed his vote in March, 1995 and also voted in favor of the BBA in June, 1996. It will be difficult for him to switch back to oppose the amendment, which he voted for in Judiciary Committee although he indicated at that time that he would need to see "some changes" before he would vote for final passage. However, since then, he has indicated through his press spokesman that he will likely support S.J.Res. 1 regardless of whether changes are made. He has not cosponsored S.J. Res 1 nor had he attended any of the Judiciary committee hearings on the BBA. His principal concerns will likely be in the Social Security and capital budget areas, but he may be interested in the failure of S.J. Res. 1 to include the Nunn amendment.

TOPICS OF DISCUSSION:

For Senator Torricelli

1. I appreciate your willingness to maintain an open mind about S.J.Res. 1 and hope that you will continue to do so. I recognize that this is a difficult decision for you and one of enormous significance.

2. I would ask you again to consider carefully the impacts the constitutional amendment may have on Social Security. Senator Daschle recently released an analysis which confirmed that Social Security surpluses would not necessarily be available as a balance to pay benefits under S.J.Res. 1. This would occur despite changes adopted in 1983 which were designed to move Social Security from a pure "pay as you go" system to one under which the baby boomers would contribute more in advance toward their own retirement.

For Senator Biden:

1. I am very sensitive to the fact that you have supported the BBA in the past. However, I believe that the experience we have had over the past year with two government shutdowns, the near default of the federal debt, and the real threat the BBA poses to Social Security should give rise to reconsideration of your position.

2. You have stated that you are seeking improvements to the BBA to protect Social Security, allow for a capital budget and address economic emergencies. While I oppose all forms of a BBA, I am particularly concerned about its potentially grave impacts on Social Security and its inflexibility in locking the government into a form of budgeting that may not be appropriate in future times.

3. If the changes you have called for are not made, I urge you to vote against S.J.Res. 1.

CONTACT PERSON AND NUMBER:	Senator Robert Torricelli:	201-567-8452
	Senator Joe Biden:	302-575-1441