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Chron Files: Monday, April 7, 1997

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4-7-97

THE WHITE HOUSE
WASHINGTON

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April 5, 1997

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MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
MIKE COHEN

SUBJECT: National Standards and Testing: Progress Report and Strategy

With much of our education agenda tied up in the budget debate, we continue to look for opportunities to promote initiatives that don't hinge entirely on Congressional action. This memo provides you with a progress report and strategy for the two major challenges to states -- national standards and testing, and charter schools. In the near future we will provide you with updates on other legislative and budget-related initiatives.

I. NATIONAL STANDARDS AND TESTS

Our objective is to have 30-40+ states participate in the initial 1999 administration of the national tests. To reach this objective, we are working on several interrelated fronts:

A. Developing the Tests: By the end of April, the Education Department will release a Request for Proposals (RFP) for the development of the 4th grade reading and 8th grade math tests. A draft is already circulating for public comment. Contracts will be awarded by September 1. We do not yet know whether each test will be developed by a separate contractor, or whether one test developer will successfully bid to develop both. In addition, the Education Department and the test developers will establish a number of technical advisory groups and evaluation studies to assure the technical quality of the tests.

As part of the process of developing the RFP, the Education Department has held a number of public meetings with testing experts, state testing officials, test publishers, and others in the education and civil rights communities. (The Education Department has made the transcripts of these meetings, and other related documents, widely available on the Internet.)

4-7-97

These sessions have raised a number of important issues which will be addressed as the work proceeds.

First, virtually all groups have stressed the importance of ensuring the technical quality of the tests, and of helping parents and the public understand the nature and purposes of the tests. This is particularly important in light of experiences in a number of states in which technical problems or public misunderstandings have led to heated debate about the testing program. Some urged that the time line be slowed down to accommodate these concerns, but the Education Department continues to believe that the time line is realistic and appropriate. We agree, and see no reason to delay the Spring 1999 date for the initial test administration.

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Don't
hesitate*

Second, a number of states anticipate a challenge in integrating these new tests into their ongoing testing programs, especially states that are now well along in developing new tests aligned with recently developed state standards. Some states would find it easier to "embed" a small number of additional test items into their existing tests, rather than administer a separate and additional test. But this approach does not appear to be technically feasible if we are to have a valid test. Other states have suggested that a 4th grade reading test would be more valuable to them if it were administered in the Fall rather than the Spring, since their goal -- like yours -- is for students to read independently by the end of the 3rd grade. The Education Department is studying this possibility.

Third, many testing experts suggested that the 8th grade math test be based on the NAEP framework rather than on the TIMSS framework. They argued that the NAEP framework is more explicit and more widely accepted among the states, and that student scores could then be reported according to the NAEP achievement levels (basic, proficient and advanced) as will be the case with the reading test. The Education Department has determined that this would be a preferable approach, and that it will still be possible to provide individual student scores in terms of the TIMSS as well, because of the very high overlap in the content of NAEP and TIMSS. Therefore, the final test will still meet your initial commitment of providing students with internationally benchmarked scores.

OK

B. A Governing Body to Ensure the Tests Are National, Not Federal: We are working to determine how best to establish an advisory or governing body that can provide bipartisan support for this effort, and assurance that the tests measure what they are supposed to based on the widely accepted NAEP frameworks. Mike Cohen, Mike Smith and other Education Department officials have been consulting with governors of both parties, Congressional staff and others, with the aim of establishing an advisory mechanism that will garner strong bipartisan support among governors and in the Congress. Secretary Riley met last week with Gov. Thompson, and is working to set up a meeting in mid-May with a bipartisan group of 8-10 governors, hopefully including Romer, Hunt, Zell Miller, Bob Miller, Thompson, Engler, and Voinovich. Secretary Riley, Mike Smith and Mike Cohen will also continue meeting with members of Congress over the next several weeks. While the additional consultations may change our thinking significantly, our current plan is as follows:

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- Create an interim, bipartisan advisory council, in consultation with governors and members of Congress in both parties. We would probably appoint governors, business leaders, and educators currently serving on related groups such as the National Education Goals Panel, ACHIEVE (the group established to follow-up last year's education summit in Palisades), and the National Assessment Governing Board (NAGB), as well as teachers, testing experts and others. The announcement of this council would be an opportunity to demonstrate bipartisan Congressional and gubernatorial support for the testing initiative. Staff-level conversations suggest that key House Republicans, including Reps. Frank Riggs, John Porter, and perhaps Bill Goodling might be willing to participate in a White House announcement of an advisory council if our consultations continue to go well.
 - Once this council is established, we think it may be possible to gain NGA's endorsement for the testing initiative at the Summer meeting in Nevada. Both the ACHIEVE Board of Directors and the National Education Goals Panel will be meeting in conjunction with the NGA meeting. If your schedule permits, it would be possible for you to meet with both groups, to demonstrate broad support for your standards initiative and to help energize governors and business leaders behind common educational goals.
 - These two steps would create a favorable climate for Congressional consideration of legislation to reauthorize the National Assessment of Education Progress and the National Assessment Governing Board, which are scheduled for consideration sometime in this Congress. At that time, we can determine if NAGB should assume policy responsibility for the national tests, with Congressional support. (At present, NAGB is prohibited by law from overseeing the development of individual-level tests.) These steps would also improve our ability to win any legislative battles we may face on this issue, such as any attempt to prohibit the Education Department from using funds for the continued development of the tests.
- Please note that we are optimistic but not yet confident that we can secure this level of bipartisan cooperation. Much will depend upon how effectively we can enlist the help of a core group of Republican governors.

C. Building Momentum through State and Local Endorsements: As you know, we now have commitments from leaders in Maryland, Michigan, North Carolina and California, as well as the Department of Defense Schools. A number of other states look promising, including Missouri and Vermont. However, we believe that the prospects for signing up large numbers of states will depend largely upon getting a bipartisan group of governors bought in to the right advisory body. This step will take some time to work out, but is essential to sustain this effort. In the meantime, we are pursuing three major strategies to sign up states:

1. Visits to State Legislatures: We would like to schedule trips to three more state legislatures over the next three months -- two to states that agree to sign up for the tests, and at least one to a state like Washington that is considering charter school legislation (see below). Your travel plans and upcoming adjournments in some states will make that more complicated, but we are working with the Communications and Scheduling departments to get it done. One possibility worth pursuing would be to travel to Washington State to join Gary Locke at the signing of a charter schools law. We are tracking that legislation: depending on when (and whether) it passes, a signing could take place as early as April 17 or as late as mid-May.

2. State School Officers: Last month the Council of Chief State School Officers presented the Vice President with an endorsement of your testing initiative. We are working with chief state school officers to enlist additional states. However, in many cases, even our biggest supporters (such as Rick Mills from New York) will want to secure the support of the state board of education and the governor where possible before making public commitments. Even in California, where we have broad support, Delaine Eastin and Wilson appointees on the Board of Education are already feuding over whether the state legislature needs to act before the tests can go forward.

3. Major Cities: We are also working to sign up big cities, such as Los Angeles and Boston, regardless of the respective state participation. The intent here is to further demonstrate momentum, underscore that these standards are especially important for the students and schools for which society typically has low expectations, and show that these tests can in fact be tools to lift people up, by helping to stimulate new efforts and focus existing ones to improve teaching and learning.

We believe it will be possible, over the next several months, to work with mayors, school superintendents and school boards, teachers unions, institutions of higher education, as well as parent, community and business groups in 5-10 cities. We will seek broad partnerships in each city that pledges to use the national tests, and commit to specific, locally designed efforts in each community to help prepare students to meet these standards. We will ask the Education Department to work with these cities, provide them with information on best practices, and help the cities learn from one another. Once we have a few cities in hand, a White House event announcing this partnership should generate considerable excitement and attention. It will also strengthen support for the testing initiative among core constituencies.

You can take a number of steps to add momentum to these efforts, including:

Hold a town meeting or other forum on reading and math standards. We would like to create a setting in which you interact with teachers, parents and students, and use examples of student work, sample test questions and answers, or videos of teaching to high standards, as a way of helping the public come to some concrete understanding of what the reading and math standards are really all about.

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Good but need
to make sure we can
get the Suburban sign

- **Meet with textbook publishers and software developers.** Such a meeting would provide you with an opportunity to urge (or enlist commitments from) publishers to upgrade the quality of textbooks by aligning them with higher standards and expectations. You could also highlight the efforts of software developers to produce materials for home and classroom use that are aligned with the standards.
- **Meet with groups involved in promoting literacy and math achievement.** Through the America Reads initiative and the Education Department's previous early reading initiative, there are several national and grassroots coalitions of groups that are supporting early reading initiatives. You can meet with these groups, at the White House or elsewhere, and emphasize the connections between their efforts to promote learning and your call for national standards and tests. In addition, as a result of a directive you issued to the Department of Education and the National Science Foundation last month, there is an interagency effort underway to organize federal agency resources, and to identify nonfederal resources (e.g., Nobel Laureates, math and science resources in the business community) that can be enlisted to support teaching and learning aimed at preparing students to meet 8th grade math standards. We will propose one or more events as part of this effort. Together, these will enable you to underscore that your testing initiative is not just about testing, but about mobilizing the nation to support learning to high standards.

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II. CHARTER SCHOOLS

Another important goal is to foster the creation of 3,000 charter schools within 5 years, up from the current level of 500. One challenge is expanding the number of states with charter schools legislation. Currently 25 states and D.C. authorize the creation of charter schools; we would like to raise the number of states to 30 by the end of 1997. Over the past couple of months, progress in state legislatures has been slow, due in part to an absence of strong centrist leadership at the state level, partisan differences, and occasional opposition by state and local union affiliates. In addition, in at least one state (Virginia) the potential racial impact of charter schools emerged as an issue.

However, there are some bright spots. In Washington State this week, the governor, schools superintendent, and legislators tentatively reached agreement on a charter schools bill. Mississippi passed a final bill this week, although it authorizes only 6 schools. Charter legislation is also alive in Missouri (as part of a big post-desegregation package), Indiana, Maine, Oregon, and Nevada.

To move things forward in these states, we recommend an event in the next several weeks -- ideally the Washington State trip if it works out, but at least a radio address. The Education Department is ready to release two important reports on charter schools. One is the first-year report of a major national charter school study. A key finding is that the number one obstacle for new charter schools to overcome is lack of access to start-up funding. The second report is a

THE PRESIDENT HAS SEEN

4-7-97

guidebook for school boards and other chartering authorities, which emphasizes the importance of effective accountability for charter schools -- an important issue, given problems that have emerged with loosely run schools in D.C. and elsewhere.

✓ In addition, the Education Department will soon announce a new competition for charter schools funds. It is also planning a national charter schools conference in late Summer or early Fall. These activities will provide support both to state efforts and to your FY98 request for \$100 million for charter schools.

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Corinne Brown M.C.

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4-9-97

The Honorable William J. Clinton

4-7-97

Should we send to
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Yes _____

No. _____

Carol

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

CORRINE BROWN
3D DISTRICT, FLORIDA

March 6, 1997

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

THE PRESIDENT HAS SEEN
4-7-97

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DAYTONA BEACH, FLORIDA
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Dear Mr. President:

Thank you for inviting me and the Congressional Women's Caucus to meet you today. It is truly a historic day as we recognize the 20th anniversary of the Caucus.

On this anniversary, I wanted to take this opportunity to bring to your attention some of the recent effects that welfare reform has had on women and children in the state of Florida since the passage of the "Personal Responsibility and Work Opportunity Reconciliation Act."

With the certification of Florida's "Work and Gain Economic Self-Sufficiency" (WAGES) Program and "The Personal Responsibility and Work Opportunity Reconciliation Act" of 1996, women and children will face many hurdles this year and years to come unless corrections are made soon.

As you may know, the WAGES program is being supported by the Temporary Assistance for Needy Families (TANF) program. However, an estimated 110,000 children will be denied benefits as the program only has a two-year time limit.

Women and children are faced with further burdens as child care assistance is unevenly distributed between rural and urban areas. The combination of costly transportation and time could jeopardize the mother's working arrangements as flexibility may not be available.

Of the one million people who will lose their Food Stamp privileges this year, 98,000 Floridians will lose their benefits. This will cost \$76 per person and result in an \$89 million loss to Florida in federal monies. Nationally, 40% are these recipients are women and two-thirds of the cuts will be borne by families with children.

The changed definition of Supplemental Security Income (SSI) will also harm children with physical and mental disabilities. Under the new law, eligibility has been narrowed excluding 100,000 children from these benefits. If these children were adults with the same disabilities, they would qualify for benefits. This provision is unjust. It is estimated that 7,000 children from Florida with disabilities could lose SSI benefits by this August.

It is my belief that some of these difficulties effecting women and children can be resolved with your \$3.5 billion proposal for a "Welfare-to-Work Job Challenge." These funds could assist women and children get the tools they need: education and training, child care and health coverage.

As a member of the House Committee on Transportation and Infrastructure, I would like to work closely on this proposal to see how it could better affect my district's constituents. It is my hope that these funds could target localities where private sector jobs are scarce.

Again, thank you for your invitation to today's White House event honoring the Women's Caucus.

With kindest regards, I am

Sincerely,

A handwritten signature in black ink that reads "Corrine Brown". The signature is written in a cursive, flowing style. The first name "Corrine" is written with a large, looped "C" and the last name "Brown" is written with a large, looped "B".

Corrine Brown
Member of Congress

INTERNATIONAL ROUNDUP

Quebec Independence Could Entail High Costs. A recent study examining inter-provincial trade in Canada finds that Quebec is 26 times more inclined to trade with other Canadian provinces than with U.S. states, even after controlling for the effects of size and distance. This finding is consistent with other studies showing that the presence of an international border, even the Canada-U.S. border, has a very large and negative effect on trade volumes (see *Weekly Economic Briefing*, February 28, 1997). Furthermore, it suggests that an independent Quebec probably would not make up for the likelihood of lost trade with Canada by increased trade with the United States. In fact, this study found that relative to trade with the United States, Quebec's trading patterns exhibit an even stronger bias towards inter-provincial trade than do those of most other Canadian provinces.

Returns to Education Low in North Africa and the Middle East. An extra year of schooling per person resulted in a negligible impact on economic growth in North Africa and the Middle East according to a recent World Bank Draft Report. The study also finds that unemployment among educated people is rising in the region, and the return to education for the individual is falling. (This contrasts sharply with the United States and other developed countries where educational returns have been rising.) The primary explanation for these low returns to education is rigid labor markets that give rise to a disconnect between wages and productivity. The study also cites a bias in the educational system towards preparation for public sector jobs. Another important bias is the neglect of girls' education, presumably for cultural reasons. According to the study, the number of illiterate women is expected to increase before the year 2000, while the number of illiterate men is expected to decline. Women in the region with more education have fewer children, on average, and lower infant mortality.

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French Unemployment Reaches Postwar High. The unemployment rate in France climbed to 12.8 percent in February, a postwar high. When combined with weaker-than-expected industrial output data for January and a decline in business confidence during March, the bleak unemployment picture suggests a fragile economic recovery. Despite these weak employment figures, the government of France continues to hope that stronger growth in 1997 will reduce the budget deficit and enable France to qualify for the proposed single European currency.

Tokyo Seeks to Restore Banking Sector Credibility. In an effort to reduce over-capacity in the banking sector, the Ministry of Finance introduced a 5-year restructuring plan for Nippon Credit Bank (NCB) that will require NCB to reduce its assets, sell property, and cut staff. Ministry officials asked executives of city banks and life insurance firms to increase their stakes in NCB so that the bank can maintain the required capital-to-assets ratio after it writes off bad loans from its three nonbank affiliates. The Ministry also encouraged the merger of two large banks on the northern island of Hokkaido: Hokkaido Takushoku Bank and Hokkaido Bank. Hokkaido Takushoku will withdraw from its overseas operation and concentrate on domestic retail banking.

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BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Smaller Class Size Boosts Student Performance. Students in small classes score better, on average, than those in regular-sized classes, according to a new study that analyzes data from a class-size experiment in Tennessee. The experiment initially assigned kindergarten students and teachers randomly to one of three types of classes: small (13-17 students), regular-size (22-25 students), and regular-size with a full-time teacher's aide. The plan was for students and teachers to stay in the same class through the third grade, but some students moved from one type of class to another during the experiment and new students entered the schools. Controlling for these movements, the study finds that assigning a student to a small class raises standardized test performance about 4 percentiles in the first year. After the initial assignment to a small class, student performance increases at a slower rate—1 percentile per year relative to those in regular-size classes. Additionally, class size is found to have an even larger effect on test scores for minority students and for lower-income students (those in free or reduced-price lunch programs).

*Ca. B. Reed
Committee on
Labor and Human
Resources*

Gas Prices to Heat Up Less this Summer. Gasoline prices are projected to rise by about 5 cents per gallon during the upcoming driving season, according to annual projections released this week by the Energy Information Administration (EIA, the statistical branch of the Department of Energy). Typically prices rise between April and the beginning of July and then slowly fall over the rest of the year. The forecast sees prices at about the same level as they were during last summer's driving season (though without last year's rapid price increase). The EIA projection assumes relatively constant crude oil prices (probably the most important assumption), record gasoline production by refiners (to offset relatively low inventory levels), and the ready availability of gasoline imports (the United States is currently importing around 600,000 barrels of gasoline per day, about 2-3 times historical levels).

Court Decision Aids Local Broadcasters. The Supreme Court ruled 5-to-4 this week that cable companies can be required to carry local broadcast television stations. The decision upholds a 1992 Federal law that requires cable operators to devote as many as one-third of their channels to local commercial and public broadcast television stations. The decision was made possible by an earlier Supreme Court ruling that these "must carry" rules are content-neutral and thus need not violate the First Amendment. According to the majority decision, the rules further important government interests in promoting free broadcast television, dissemination of information from a multiplicity of sources, and competition in television programming. Nevertheless, the ruling came as a surprise to the cable industry, which had argued that forcing operators to carry certain broadcasts violated their First Amendment right to free speech. In dissent, Justices O'Connor and Scalia argued that the "must carry" rules were in fact designed to promote local news and educational programs, and should therefore be subject to stronger First Amendment scrutiny.

4-7-97

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WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

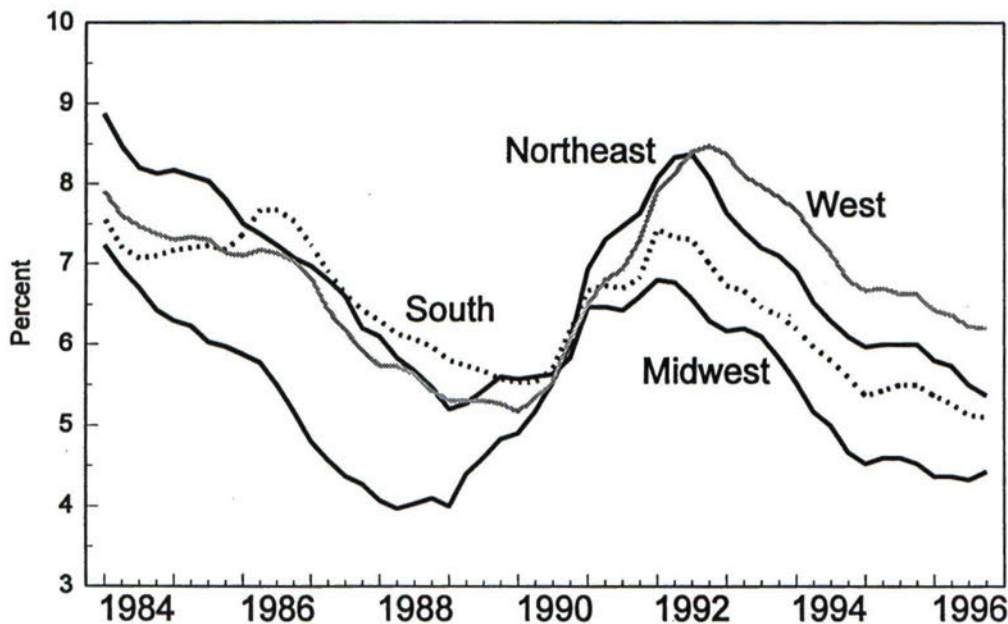
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

April 4, 1997

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page 7 - B. Reed
page 8 - HRC +
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CHART OF THE WEEK

Regional Differences in Unemployment Rates



Regional unemployment rates have moved down together during this expansion. Compared with the 1980s, the Midwest has taken over as the low-unemployment region, while the Northeast, which used to have substantially lower unemployment rates than the other regions, is now in the middle of the pack. Data on changes in compensation (not shown) demonstrate a similarity in regional wage growth during this expansion.

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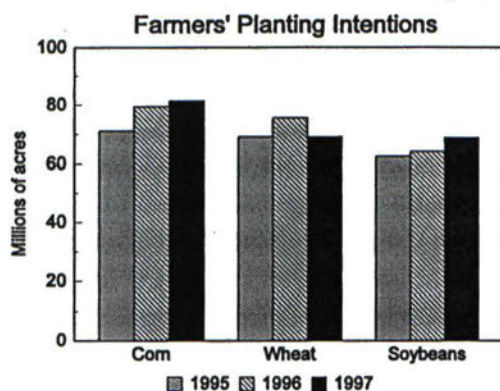
"How about Nebraska? The dollar's
still strong in Nebraska."

CURRENT DEVELOPMENT

Market Signals and Farmers' Planting Plans

The 1996 Farm Act eliminated deficiency payments and controls on planting decisions. As a result, farmers' planting decisions are now based on market conditions rather than the requirements of Federal crop programs. According to a just-released annual USDA survey, American farmers intend to plant more soybeans and corn this spring, and less wheat, compared with last year's intentions (see chart).

Planting intentions. At least three factors could be affecting this year's intentions: past plantings may have been distorted by farm program requirements; this year's corn and soybean prices are high relative



to that of wheat; and the stocks-to-use ratio for wheat at the beginning of this planting season is higher than that for corn and soybeans. Intended wheat plantings are down 9 percent from last year. Intended corn plantings are up 2 percent, and intended soybean plantings are up 7 percent. This would be the largest soybean acreage since 1982, and the fourth largest on record.

Analysis. At least in the short-term, farmers appear to have made relatively modest adjustments in their acreage allocations. One reason may be that farmers acquire a good deal of specialized experience when they grow a particular crop. Over time, they become sensitive to the effects of weather fluctuations and other changes, and they become more attuned to supply and demand conditions in that market. This knowledge is not always readily transferable to other crops, and farmers are hesitant to lose this crop-specific investment by changing cropping patterns. Over the longer term, farmers may make larger adjustments. Diversification also plays a role in planting decisions, in that farmers may wish to hedge against price drops; hence they will not devote all of their acreage to the single crop that, at planting time, looks like it will make the most money.

SPECIAL ANALYSIS

Retail Competition Can Lower Electricity Charges

What happens when consumers are free to choose their electric company? Preliminary assessments of a few state pilot programs suggest the kinds of gains residential and business customers might expect from greater retail competition.

Background. Recently, major decisions by the Federal Energy Regulatory Commission (FERC), along with ambitious state initiatives, have begun to open electricity markets to competition. In 1996, for example, FERC issued Order No. 888, which requires utilities to open their transmission facilities and provide wholesale transmission service to other power generators. This allows other utilities and independent power producers to compete to sell power to local distribution companies or others engaged in the resale of electricity. But FERC's jurisdiction is limited to the wholesale market. Regulatory authority over retail markets is largely in the hands of state legislatures and regulatory commissions. A handful of states, including California and Pennsylvania, have already approved retail competition; others are looking at pilot programs to learn what works and what does not.

Competitors succeed, and prices fall. Two major pilot programs were undertaken in Illinois and New Hampshire. In both, prices fell by roughly 1 cent per kilowatt-hour (kWh)—substantially more than the former monopoly utilities predicted they would. This represents about a one-third reduction in the portion of the retail price associated with electricity generation. (The average retail price—11.7 cents per kWh in New Hampshire, compared with 6.9 cents per kWh nationwide—also includes costs associated with transmission, distribution, and allowances for utilities to recover expenses incurred prior to the introduction of competition.) Additionally, the incumbent utility in New Hampshire lost substantial market share, as new independent power marketers brought in electricity from other generating sources.

Comparing prices. One potential problem with electricity marketing is that consumers might be inundated with offers that are difficult to compare. New Hampshire's pilot program, for example, produced extensive telemarketing, including offers of cash if consumers would sign up with a particular power company. "Green" power also proved to be appealing (see box on next page). Although price comparisons would be easier if power marketers offered simple "flat rate" plans, surveys have reported that consumers were "thrilled" to have choices in these pilot programs, especially in light of the net price reductions.

Future prospects. At least in the aggressive initial campaigns for market share, competition has worked; consumers have benefitted at the expense of sellers. More innovations are underway. Over the long term, power marketers may offer integrated "energy management" systems, providing energy-efficient appliances to residential, commercial, and industrial buyers along with the electricity itself.

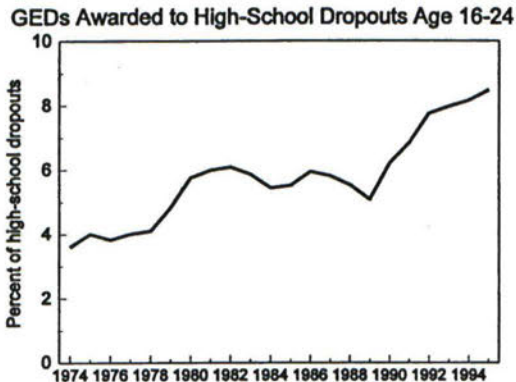
Consumers Like "Green" Power

Although price appears to be the most important consideration for most electricity consumers, power marketers found environmental quality was also an important marketing consideration. In New Hampshire, 20 percent of consumers indicated that their decision to choose a new power supplier was strongly influenced by the supplier's environmental message or image. Some companies advertised their environmental sensitivity by mailing seedlings to customers or offering birdfeeders. Whether these represent real commitments to produce power using more environmentally friendly means is open to question. Some analysts have suggested a need for policies to ensure that power marketers correctly present their power sources and emissions in a way that allows consumers to make useful comparisons. One suggested policy would be labeling akin to the nutrition label on food products.

SPECIAL ANALYSIS

Does the GED Make the Grade?

Is a general educational development (GED) credential the same as a high school diploma? Research suggests it is not, although a GED may provide a benefit to some.



Trends in GEDs. After rising dramatically in the 1970s, the number of GEDs awarded has leveled off. But the population of 16-to-24 year olds has gotten smaller. With the high-school dropout rate remaining roughly constant, the proportion of high school dropouts under 25 earning GEDs has continued to rise (see chart). The most recent figures show that about 8 percent of dropouts take and pass the GED test each year.

How might a GED affect wages? Economic models of wage determination indicate that investments in human capital are rewarded with better labor market outcomes. A GED, however, represents a quite modest investment—median GED preparation time is just 30 hours. Thus, a GED is unlikely to enhance a worker's human capital very much. Nevertheless, wages could be affected if taking the trouble to obtain a GED provides prospective employers with a signal that the recipient is more ambitious or more productive than a high-school dropout who has not bothered to get a GED. Finally, high school dropouts cannot receive government-sponsored financial aid for post-secondary education unless they have a GED. The additional human capital acquired in those programs could lead to higher wages.

Empirical evidence. Based on the limited available evidence, GED-holders earn substantially less than traditional high school graduates. In fact, their earnings are not much higher, on average, than those of high school dropouts who do not acquire the degree. The main benefits associated with a GED appear to be concentrated among those who use it to open the door to further education and training, which do raise wages.

Implications. Data limitations preclude strong conclusions about the value of a GED for the population as a whole, much less for specific demographic groups like blacks or Hispanics. The direct effect on wages is probably small. The main benefit of a GED appears to come from giving high school dropouts a second chance to acquire additional wage-enhancing education and training beyond the GED.

ARTICLE

Canadian Public Pension Plan May Invest In Equities

Canada's main wage-related public retirement and disability program will start investing in equities if the government's proposal to improve the plan's financial position is enacted, as is widely expected. Such a change raises issues relating to risk and corporate governance similar to those the United States would face if the Social Security trust fund were to hold equities.

Background. The Canada Pension Plan (CPP) is a wage-related program, similar to Social Security, that provides benefits upon retirement, disability, or death of a contributor. The CPP operates on a pay-as-you-go basis with a reserve fund that currently holds about 2 years' worth of benefit obligations. These are invested primarily in 20-year loans to provincial governments, who pay the Federal long-bond rate (a rate that is probably lower than what they pay for their other borrowing). The broad reform proposal, described in the box on the next page, would affect the reserve fund as follows:

- **Size.** The fund would be enlarged so as eventually to hold about 5 years' worth of benefits. (The maintenance-of-benefits proposal discussed by the Social Security Advisory Council would increase the Social Security Trust Fund to around 4.5 years of benefits, roughly the same as the Canadian proposal.)
- **Diversity.** The fund would become more broadly invested in other types of bonds, domestic equities, and foreign assets, so as to achieve a projected annual real rate of return of at least 3.8 percent.
- **Professional management.** A key feature of the proposed legislation is the establishment of a CPP Investment Board, consisting of 12 directors, that would professionally manage the CPP reserve fund. The board would have an arm's-length relationship with the government, and hence considerable independence.

Analysis. The Investment Board will have broad latitude in managing the reserve fund. Subject to some limits, it will choose the mix of stocks and bonds, determine the percentage of the fund to be invested in foreign holdings, decide how shares will be voted, and choose a market index for guiding initial equity investments. Concerns about equity investments, the effects on provincial borrowing, and the role of foreign assets in the trust fund have been raised in the Canadian media and in public consultations on reforming the CPP. The legislation and regulations include a number of specific provisions addressing these issues.

- The Board will be subject to roughly the same investment rules as other Canadian pension funds. For example, a maximum of 20 percent of the fund can be invested in foreign assets and the fund will not hold more than 30 percent of any company's outstanding voting shares.

- Investment in domestic equities will initially be passive (stock selection will mirror broad market indices). But this approach will be reviewed in 3 years.
- Provinces are guaranteed access to 50 percent of new CPP bond investments for the first 3 years of the new plan; they will pay market rates for new loans and for existing loans if they choose to roll them over at maturity; and after this transitional period new CPP funds lent to the provinces will be limited to the proportion of provincial bonds held by pension funds in general.

Conclusion. Canada is expected to move quickly to strengthen the financial position of its main public pension fund. In deciding to invest some of the fund in equities, reformers appear to believe that the risks can be minimized through the establishment of an independent investment board with broadly the same investment rules as other pension funds in Canada.

Canada Pension Plan Reforms

Without reform, CPP expenditures are predicted to almost double as a fraction of contributory earnings between now and 2030, rising from about 8 percent this year to 14.2 percent in 2030. The reserve fund is projected to be exhausted in 2015. The reform proposal calls for:

- Changes in the pattern of contribution rate increases. Combined employee-employer contribution rates are currently scheduled to rise in a series of steps from 5.85 percent in 1997 to 14.2 percent in 2030. Under the reforms, rates will rise more quickly initially—to 9.9 percent in 2003 rather than the currently scheduled 7.35 percent—but they will remain at that level thereafter rather than continue to rise. The contribution base will also be broadened somewhat.
- Increased reliance on reserve fund investment income. The accelerated schedule for payroll tax increases will help build up the reserve fund. Together with the new investment policy, this is expected to increase future reserve fund investment income.
- Reductions in future CPP benefits. Future payments will be decreased through a slightly less generous benefit formula and substantial cuts in disability payments. Benefits to current pensioners will not be reduced.

Higher payroll taxes are expected to eliminate approximately half of the currently projected shortfall. Increased investment income and reduced benefits are expected to share about equally in eliminating the remainder, along with modest savings from reducing administrative costs.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Smaller Class Size Boosts Student Performance. Students in small classes score better, on average, than those in regular-sized classes, according to a new study that analyzes data from a class-size experiment in Tennessee. The experiment initially assigned kindergarten students and teachers randomly to one of three types of classes: small (13-17 students), regular-size (22-25 students), and regular-size with a full-time teacher's aide. The plan was for students and teachers to stay in the same class through the third grade, but some students moved from one type of class to another during the experiment and new students entered the schools. Controlling for these movements, the study finds that assigning a student to a small class raises standardized test performance about 4 percentiles in the first year. After the initial assignment to a small class, student performance increases at a slower rate—1 percentile per year relative to those in regular-size classes. Additionally, class size is found to have an even larger effect on test scores for minority students and for lower-income students (those in free or reduced-price lunch programs).

*cc B Reed
Communications
Laurie Young*

Gas Prices to Heat Up Less this Summer. Gasoline prices are projected to rise by about 5 cents per gallon during the upcoming driving season, according to annual projections released this week by the Energy Information Administration (EIA, the statistical branch of the Department of Energy). Typically prices rise between April and the beginning of July and then slowly fall over the rest of the year. The forecast sees prices at about the same level as they were during last summer's driving season (though without last year's rapid price increase). The EIA projection assumes relatively constant crude oil prices (probably the most important assumption), record gasoline production by refiners (to offset relatively low inventory levels), and the ready availability of gasoline imports (the United States is currently importing around 600,000 barrels of gasoline per day, about 2-3 times historical levels).

Court Decision Aids Local Broadcasters. The Supreme Court ruled 5-to-4 this week that cable companies can be required to carry local broadcast television stations. The decision upholds a 1992 Federal law that requires cable operators to devote as many as one-third of their channels to local commercial and public broadcast television stations. The decision was made possible by an earlier Supreme Court ruling that these "must carry" rules are content-neutral and thus need not violate the First Amendment. According to the majority decision, the rules further important government interests in promoting free broadcast television, dissemination of information from a multiplicity of sources, and competition in television programming. Nevertheless, the ruling came as a surprise to the cable industry, which had argued that forcing operators to carry certain broadcasts violated their First Amendment right to free speech. In dissent, Justices O'Connor and Scalia argued that the "must carry" rules were in fact designed to promote local news and educational programs, and should therefore be subject to stronger First Amendment scrutiny.

INTERNATIONAL ROUNDUP

Quebec Independence Could Entail High Costs. A recent study examining inter-provincial trade in Canada finds that Quebec is 26 times more inclined to trade with other Canadian provinces than with U.S. states, even after controlling for the effects of size and distance. This finding is consistent with other studies showing that the presence of an international border, even the Canada-U.S. border, has a very large and negative effect on trade volumes (see *Weekly Economic Briefing*, February 28, 1997). Furthermore, it suggests that an independent Quebec probably would not make up for the likelihood of lost trade with Canada by increased trade with the United States. In fact, this study found that relative to trade with the United States, Quebec's trading patterns exhibit an even stronger bias towards inter-provincial trade than do those of most other Canadian provinces.

Returns to Education Low in North Africa and the Middle East. An extra year of schooling per person resulted in a negligible impact on economic growth in North Africa and the Middle East according to a recent World Bank Draft Report. The study also finds that unemployment among educated people is rising in the region, and the return to education for the individual is falling. (This contrasts sharply with the United States and other developed countries where educational returns have been rising.) The primary explanation for these low returns to education is rigid labor markets that give rise to a disconnect between wages and productivity. The study also cites a bias in the educational system towards preparation for public sector jobs. Another important bias is the neglect of girls' education, presumably for cultural reasons. According to the study, the number of illiterate women is expected to increase before the year 2000, while the number of illiterate men is expected to decline. Women in the region with more education have fewer children, on average, and lower infant mortality.

CC: Htee / USA
* Want about
What study

French Unemployment Reaches Postwar High. The unemployment rate in France climbed to 12.8 percent in February, a postwar high. When combined with weaker-than-expected industrial output data for January and a decline in business confidence during March, the bleak unemployment picture suggests a fragile economic recovery. Despite these weak employment figures, the government of France continues to hope that stronger growth in 1997 will reduce the budget deficit and enable France to qualify for the proposed single European currency.

Tokyo Seeks to Restore Banking Sector Credibility. In an effort to reduce over-capacity in the banking sector, the Ministry of Finance introduced a 5-year restructuring plan for Nippon Credit Bank (NCB) that will require NCB to reduce its assets, sell property, and cut staff. Ministry officials asked executives of city banks and life insurance firms to increase their stakes in NCB so that the bank can maintain the required capital-to-assets ratio after it writes off bad loans from its three nonbank affiliates. The Ministry also encouraged the merger of two large banks on the northern island of Hokkaido: Hokkaido Takushoku Bank and Hokkaido Bank. Hokkaido Takushoku will withdraw from its overseas operation and concentrate on domestic retail banking.

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, April 4, 1997****

In March, the unemployment rate was 5.2 percent; it was 5.3 percent in February. Nonfarm payroll employment rose by 175,000.

Leading Indicators

The composite index of leading indicators increased 0.5 percent in February.

NAPM Report on Business

The Purchasing Managers' Index rose to 55.0 percent in March from 53.1 percent in February.

MAJOR RELEASES NEXT WEEK

Retail Sales (Friday)
Producer Prices (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1996	1996:2	1996:3	1996:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.1	4.7	2.1	3.8
GDP chain-type price index	5.3	2.1	2.2	2.0	1.9
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	0.9	0.6	0.0	1.1
Real compensation per hour:					
Using CPI	0.6	0.4	0.5	0.7	0.2
Using NFB deflator	1.3	2.2	2.0	2.0	2.7
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.4	10.3	10.6	10.6
Residential investment	4.5	4.1	4.2	4.1	4.1
Exports	8.2	11.3	11.3	11.1	11.5
Imports	9.2	12.6	12.6	12.7	12.6
Personal saving	5.1	3.6	3.2	3.9	3.8
Federal surplus	-2.7	-1.7	-1.7	-1.6	-1.4
	1970- 1993	1996	Jan. 1996	Feb. 1997	Mar. 1997
Unemployment Rate	6.7**	5.4**	5.4	5.3	5.2
Payroll employment (thousands)					
increase per month			259	293	175
increase since Jan. 1993					11926
Inflation (percent per period)					
CPI	5.8	3.3	0.1	0.3	N.A.
PPI-Finished goods	5.0	2.8	-0.3	-0.4	N.A.

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

New or revised data in **boldface**.

Employment and unemployment data **embargoed until 8:30 a.m., Friday, April 4, 1997.**

FINANCIAL STATISTICS

	1995	1996	Feb. 1997	Mar. 1997	April 3, 1997
Dow-Jones Industrial Average	4494	5743	6917	6901	6477
Interest Rates					
3-month T-bill	5.49	5.01	5.01	5.14	5.13
10-year T-bond	6.57	6.44	6.42	6.69	6.86
Mortgage rate, 30-year fixed	7.95	7.80	7.65	7.90	8.18
Prime rate	8.83	8.27	8.25	8.30	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level April 3, 1997	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.669	-0.4	12.8
Yen-Dollar	122.8	-0.7	14.8
Multilateral \$ (Mar. 1973=100)	94.30	-0.6	8.9

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	3.1 (Q4)	5.2 (Mar)	3.0 (Feb)
Canada	2.3 (Q4)	9.7 (Feb)	2.2 (Feb)
Japan	3.1 (Q4)	3.4 (Feb)	0.7 (Feb)
France	2.1 (Q4)	12.8 (Dec)	1.6 (Feb)
Germany	2.2 (Q4)	7.6 (Dec)	1.7 (Feb)
Italy	0.7 (Q3)	12.3 (Jan)	2.4 (Feb)
United Kingdom	2.6 (Q4)	7.2 (Feb)	2.7 (Feb)

U.S. unemployment data embargoed until 8:30 a.m., Friday, April 4, 1997.

THE WHITE HOUSE
WASHINGTON

4.5.97

'97 APR 7 AM 7:55

DO
nice
letter

b

4-7-97

Send to ~~Docket~~

Yes ✓

No —

✓
Mamoon
Lewis

C.



March 28, 1997

President and Mrs. Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC

Dear President and Mrs. Clinton:

I had the pleasure of dancing with your daughter Chelsea at the Viennese Opera Ball a few weeks ago. As proud parents, I thought you might like to know that she is gracious, poised, and delightfully down-to-earth. There were many in that ballroom who did not have a fraction of her grace, class and charm. Perhaps best of all, she's a terrific dancer, which my dad tells me is a maternally-inherited trait!

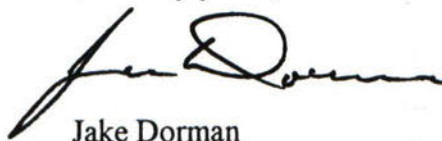
It must have been very difficult to raise your daughter so well in the face of so much public scrutiny, and it is remarkable how natural she is with herself and with others. By any measure, raising Chelsea so beautifully has got to be one of the greatest accomplishments of the last four years.

I just graduated from Stanford and am currently working as the Bronfman Fellow at Hillel: The Foundation for Jewish Campus Life here in Washington, D.C. Chelsea and I spoke about Stanford during our twirl around the floor and I would be glad to answer any questions about the school when the college acceptance letters start to pour in next month. I'm also something of an avid swing dancer, and would love to go dancing with Chelsea and friends, if such a thing could be arranged -- Marsha Scott or Willie Fletcher can vouch for my trustworthiness.

In any event, I wish you the best. My compliments and congratulations on raising such a great daughter.

With best wishes, I am,

Sincerely yours,



Jake Dorman

The Foundation for Jewish Campus Life
B'nai B'rith Hillel Foundations

1640 Rhode Island Ave., N.W. • Washington, D.C. 20036
(202) 857-6560 • (202) 857-6693 Fax
internet: <http://hillel.org> • e-mail: info@hillel.org

Joshua Martin Rudow
23 Trantham Creek Road
Fairview, NC 28730

1997 APR 7 AM 9:38

March 27, 1997

Dear Mr President

My name is Josh Rudow, I am thirteen years old and I live in the mountainous area of Western North Carolina. First, I would like to express my gratitude on how you ever so carefully handled the Israeli Palestinian peace process, for I have many dear relatives that live there. Next I would like to suggest that your second term in office be a little more focused on our country's problems with the environment, because what our actions are now will effect our children of the future.

Sincerely yours,



Joshua Martin Rudow

P.S.

Hope your knee gets better.
I play a lot sports so I also
know what problems an injury
causes.

4-7-97

Send to Derskind >

Yes ☒

No ☐

C

4-7-97

Send to Dorskind

Yes ☒

No ☐

C.

Nice Tys

March 24, 1994

Dear President Clinton,

Hello, my name is Rachel Longtin. I'm twelve (almost on May 8) yrs. old, and I'm writting to you about the smoking products. First of all, kids don't need to smoke, but they're encouraged by parents, friends, and family who smoke. Second of all, these companies CAN control how much nicotine they put in their products. By using cartoons, the companies persuade children to use the products to make up for the people who died from their products. The world is dying from these products, yet these companies will do anything for the money. PLEASE help our world! Thank you for reading this letter.

Sincerely,
Rachel Longtin

P.S. Pardon my writting & I sure do hope ~~Uncle~~ Uncle John gave you this letter!

4-7-97

Send to  Donsternid -

Yes  _____

No _____

c

97 APR 7 AM 9:38

"Dear President,

Would you like to spend
the night with me?

Do you want to come to my
Teddy Bear Tea Party?

Do you have any stuffed
animals, President?

Would you like to put the
hamster in his ball? feed him?

President, you're a good President.
Does this make your light
shine brighter? This is all.

Goodbye,

from Duvey
Rudow (4 years)

Caleb Zachary Rudow
23 Trantham Creek Road
Fairview, NC 28730

March 27, 1997

'97 APR 7 AM 9:38

Dear Mr. President,

Thank you for supporting the Middle East Peace process which I feel very strongly about because:

1. Some of my family, and very close friends, live there.
2. Because I am Jewish.

I am a 10 year old boy who enjoys soccer and football. I am in 4th grade and get mostly A's. I live in Asheville, NC and I love Hot Springs, AR, too. Did you go to the Bath Houses when you lived there?

Sincerely yours,

Caleb Rudow
Caleb Zachary Rudow

4-7-97

Send to Donskind

Yes ☒

No ☐

4-5-97

TO Dorskind
for reply ???

yes

☒

no

☐

But
probably
NPN

P.S. I wrote Tracy
on card 602-252 6731
letters - to have protect
some of representative
to expedite send
work funds to social
security etc - F.B.I.
would release for com case
to speak to F.B.I.
S. Teronomal Teronomian

Note: Receptionist acted
abruptly toward me
in front of my wife
April 1st 99
I signed release
for com case to speak
w/ Secret Service
Jesus Robert Bruce 1st
425 Mitch Snyder Pl. NW

Washington D.C. 20001

P.S. DISCUSS OTHER
ISSUES WITH YOU
IN RETURN.

President Clinton - OVER -

Pennsylvania and

Washington D.C. 20510

U.S. POST OFFICE - LETTER FROM YOU etc. Filed Complaints)

Social Security Administration

Treasury Dept - Expedite wifes check - Checks
Inc. Arizona)

Interview by two Secret Service agents -

Re: Federal Bureau of Investigation
(Jurisdiction changed to F.B.I.)

Dear President:

I left messages with the white house
communications female to be relayed to your
staff, and to confirm the letter I
wrote to you concerning the appointment
of interview with you and the first Lady
on 1-5-2000. I requested an earlier
interview and date -

Confirm the present circumstances with
Senator Kennedy (Edward). And expedite
my wifes S.S.F. Check. Senator Kennedy
advises I must take my wife back to Arizona.
I am once again my wifes representative Page.
and a copy of this letter to Senator Edward
Kennedy for a reply, with your letter. If your
wife to see a picture of me. Senator Kennedy
at 1st time 1-1-99

NOTE: Police the police entered private
system - computer for confidential - can read
all

President to White House Guard
 To President Clinton -

Secret Service, you etc, will never be allowed
 to know New Name Change or New Security
 Number -



~~Requested through~~
 You, Leon Panetta,
 military-white House records
 ST. Louis mo etc - TO
 White House - V.A.M.C.
 Phx -

legally disowning - mother, sister, 15
 grandsons, 100 -
 divorce from wife - mistake

Crisis manage-
 ment - Com - Con -
 wife has been
 We will form
 white House

she has
 requested

It is clearly understood, there will never
 be any respectability between the Secret Service
 and self etc - FBI - and personally self
 speaking, you shouldn't associate etc.
 With Bush declined Interview with
 Bush - agree 100% - w/ President Carter -
 Two Secret Service clearance profiles of NO
 Validity to mint - Glendon etc -
 393-4409 Clearance
 202 393-9132

THE PRESIDENT HAS SEEN
4-7-97

THE WHITE HOUSE
WASHINGTON

April 4, 1997

MEMORANDUM FOR THE PRESIDENT

From: Daniel K. Tarullo *DKT*
Subject: Denver Summit -- Russian and Ministerial Participation

On Sunday and Monday I am hosting a sherpa meeting in preparation for Denver. Among other topics, we will be discussing reorganization of the summit in light of the expanded role we have agreed for Yeltsin. The increased Russian role also complicates the issue of ministerial participation in the summit. I am giving you background on these issues now for two reasons: (1) if you have strong views, you can give me guidance before my meeting begins Sunday evening, and (2) depending on the outcome of the sherpa discussion, you may wish to raise these issues with Prime Minister Chretien on Tuesday (I will be back for those meetings). In any case, Sandy and I will try to speak with you on these matters next week.

Russian Role

As to basic organization, it is clear from Helsinki and our discussions with the rest of the G-7 that Yeltsin will be present from the beginning of the Summit on Friday evening. We will have a short (1-1 1/2 hour) meeting of the G-7 leaders without Yeltsin. Our working assumption has been we would do this early on Saturday morning. Then Yeltsin would join and participate for the rest of the Summit. I will check this with the other sherpas on Sunday night, but my guess is that they will find it acceptable.

There may be more disagreement over the topics to be discussed among the Eight. As you know, Bob Rubin and I thought it was particularly important to preserve the G-7 leaders meeting in order to address international financial issues, matters involving the international financial institutions (where Russia's interests as a borrower diverge from ours), macroeconomic issues, and some sensitive items such as Ukraine. However, my predisposition -- reinforced in discussions with State, Treasury, and the NSC -- has been that Yeltsin's expanded role should mean more than attendance at additional sessions. He ought to see a difference in the kinds of topics he is discussing.

To that end, I will be proposing to the other sherpas that some of the economic topics on the emerging summit agenda should be shifted into discussions among all Eight leaders. Specifically, I will propose a Saturday morning session of the Eight on "Economic and Social Issues." My working criterion is that anything which does not involve the international financial

institutions, or action by the G-7 in sensitive economic areas, should be discussed at Eight. For example, your proposal in Lyon to look at the role of small and medium sized companies in job creation seems to me a good topic to shift. I have also tried to involve the Russians in as much of the preparatory work on an Africa initiative as possible, without crossing the line into G-7 work on Africa with the IMF and the World Bank.

I have already encountered some resistance from the Japanese on the Africa question. They argue, beginning from Prime Minister Hashimoto's mention to you of "development" as a G-7 topic, that only the "political" parts of summit proposals on Africa (e.g., peacekeeping) should involve the Russians. I expect they will also be uncomfortable with my ideas on shifting non-sensitive economic topics.

Ministerial Participation

As you know, the question of ministerial participation in plenary sessions with the leaders arises every year. While the plenaries are generally not very productive or interesting compared to the leaders meetings, many ministers value highly the chance to be seen discussing the summit agenda with the leaders. This year there are two further complications, one involving the Russians and the other financial.

In the past there has been one G-7 plenary with both finance and foreign ministers and one plenary at Eight with foreign ministers only. The finance ministers have met separately and concluded their discussions before Yeltsin's arrival at the Summit. Since the Russians do not participate in the finance ministers' discussions, it would be awkward to have a plenary involving the G-7 finance ministers. To omit the Russians from such a plenary, however, would undermine our low-key approach to the meeting of the G-7 at Denver. Indeed, even having the G-7 finance ministers meeting on their own in Denver creates a little awkwardness, though this is more manageable.

An additional complication is that finances are extremely tight for the summit. A room suitable for a plenary session or sessions would require additional expenditures, additional travel by the leaders to and from the leaders summit site, or both.

I will be soliciting the views of the other countries on ministerial participation Sunday and Monday, discuss this with Sandy, and report back to you next week.

cc: Vice President
Chief of Staff
Mr. Berger

Good - not work -
Lynn then will
run G-7 leaders meeting
Come handle this in
G-7 lab -

State senators beseech Clinton

Lawmakers urge president to help settle affirmative action debate

By PEGGY FIKAC
Associated Press

Invoking the memory of Lincoln and LBJ, a dozen state senators are urging President Clinton to intervene in a battle over whether race can be considered in university admissions.

"We call on you to take a stand against the resegregation of Texas public universities and to defend and protect the rights of minorities in this state," 12 of the 31 Texas senators wrote in a letter Thursday. Nine of the lawmakers, all Democrats, are minorities.

"The spirits of Abraham Lincoln and Lyndon B. Johnson call out for your leadership on this issue," they said in the letter, copies of which were sent to U.S. Sens.

Phil Gramm and Kay Bailey Hutchison and Texas Attorney General Dan Morales.

The letter comes in the wake of disagreement between federal and state officials on the effect of an appeals court ruling that invalidated the former admissions policy at the University of Texas Law School.

That policy, meant to boost enrollment of minorities, amounted to discrimination against whites, the 5th U.S. Circuit Court of Appeals ruled.

In a legal opinion that angered a number of minorities, Morales said the court decision means Texas' public universities can't use race or ethnicity as factors in admitting or assisting students.

That view has been countered by Norma Cantu, assistant U.S. education secretary and head of the Office of Civil Rights. She told Morales in a letter that the ruling doesn't invalidate narrowly tailored race or ethnicity considerations.

Her letter prompted a letter from Gramm, who urged Education Secretary Richard Riley to retract Cantu's position. Gramm wrote that Cantu is pursuing "a political agenda."

Gramm said Cantu's correspondence threatened a loss of "all federal assistance to colleges in my state," although her March 24 letter to Morales made no reference to elimination of the money.

Cantu's office is assessing whether Texas has eliminated vestiges of discrimination in its public higher education system. If discrimination is found, affirmative action remedies could be imposed. As a last resort, Texas could face loss of federal funds.

Thursday's letter from senators urged Clinton to support efforts by the U.S. Education Department to enforce civil rights requirements in Texas.

"We are currently witnessing an unprecedented freefall of minority applicants and admissions in Texas public universities that

will take us back to the days of negligible minority participation in publicly funded higher education," said the letter.

"Our attorney general is incorrect in his interpretation ... and Texas public universities have been incorrect in extending that opinion far beyond the intended scope of the judgment," it said.

"Furthermore, we urge you not to allow individual members of Congress from either party to interfere for partisan purposes in the enforcement of civil rights laws in Texas."

It was signed by Sens. Gonzalo Barrientos of Austin, Rodney Ellis of Houston, Mario Gallegos of Galena Park, Eddie Lucio of Brownsville, Gregory Luna of San Antonio, Frank Madia of San Antonio, Mike Moncrief of Fort Worth, Elliot Shapleigh of El Paso, Carlos Truan of Corpus Christi, Royce West of Dallas, John Whitmire of Houston and Judith Zaffirini of Laredo.

Clinton help sought on race issue in colleges

By Sylvia Moreno
Austin Bureau of The Dallas Morning News

AUSTIN — Minority lawmakers asked President Clinton on Thursday to weigh in on the controversy swirling around the interpretation of a federal court decision banning affirmative action programs at Texas universities.

In their letters to Mr. Clinton, the legislators criticized Texas Attorney General Dan Morales for his legal opinion that said no state university may consider race or ethnicity in any program designed to increase or retain minority enrollment.

The legislators — along with the U.S. Education Department's Office of Civil Rights — contend that the court decision applies only to the University of Texas Law School, whose former admissions policy was challenged in a lawsuit and subsequently struck down by the 5th U.S. Circuit Court of Appeals.

UT's Law School was sued successfully by Cheryl Hopwood and three other white students, who said they were victims of reverse discrimination after they were denied admission in 1992.

"We call on you to take a stand against the resegregation of Texas public universities and to defend and protect the rights of minorities. Please see CLINTON on Page 28A."

Continued from Page 23A.

In this state," the members of the Senate Minority Caucus, the Texas Legislative Black Caucus and the Mexican American Legislative Caucus wrote Mr. Clinton in identical letters.

The legislators also asked the president to support the Education Department's efforts to enforce the U.S. Civil Rights Act, which prohibits recipients of federal funds from discriminating on the basis of race.

In order to comply with the civil rights act, Texas in 1983 agreed to institute the affirmative action policies to remedy past discrimination.

A review of the state's compliance with that agreement is under way by the Education Department's Office of Civil Rights "to make certain it has eliminated all the remnants of the formerly segregated system," said White House spokeswoman Mary Ellen Glynn.

Texas' higher education system receives \$50 million of the \$1.8 billion in federal education funds sent to Texas schools.

Ms. Glynn said there was no immediate comment on the letters. She said a formal response would be made to the legislators soon.

At issue is how broadly the decision in the Hopwood case should be interpreted.

Mr. Morales, the state's official lawyer, has said the use of race or ethnicity in any internal public university policy is now outlawed.

Norma Cantu, head of the Office of Civil Rights, said she disagrees. She recently wrote Mr. Morales, telling him she believes that the court decision applies only to the UT Law School.

Consideration of race to remedy

the effects of past discrimination is still allowed, she said, under previous U.S. Supreme Court rulings.

Mr. Morales this week responded to Ms. Cantu's boss, U.S. Education Secretary Richard Riley, saying that Texas would not be "intimidated" or pressured into re-imposing illegal racial preferences in public universities. He asked for a meeting with Mr. Riley to resolve the dispute.

Ms. Cantu's letter also prompted U.S. Sen. Phil Gramm, R-Texas, to enter the fray. He wrote Mr. Riley and this week obtained assurances from the secretary that Texas was not in any danger of losing any federal funds for following the attorney general's legal opinion — despite Ms. Cantu's opinion.

Mr. Gramm's involvement also was criticized by the black and Hispanic legislators who wrote President Clinton.

"We urge you not to allow individual members of Congress from either party to interfere for partisan purposes in the enforcement of civil rights laws in Texas," they wrote.

Said Larry Neal, a spokesman for Mr. Gramm: "There is nothing partisan about a Republican senator and a Democratic attorney general coming to the same conclusion and standing up for Texas."

copied
Emanuel
Ruff
COS

Copied
Bowley

March 14, 1997
Friday 7.00 am.

THE PRESIDENT HAS SEEN
4-7-97

Dear President Clinton

Re: Speedy Recovery

Ironically I was visiting my parents
for their 50th anniversary in Florida
while you were here for the fundraisers
in Miami. I left some materials for
Erskine with Darby Stott of the White
House press office. Unfortunately all
of the obstacles of dealing with the SBA
have curbed my cashflow so I am
limited in my participation in fundraising
events.

I write to you to offer my support
for your healing process for the Andon
injury. I'm sure you were disappointed
that the weekend of golf was foreshortened.
I'm sure your vigor will lead to an early
return to the links. Sincerely, Steve Ludsin

EB
Turned over to
Avery Clark with
general counsel in 1997

Steve Ludsin offers support for your healing. He's sure your vigor will lead to an early
return to the links. Obstacles of dealing with the SBA have curbed his cash flow, so he
is limited in participation in fundraising events

April 4, 1997

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Craig Smith

SUBJECT: Weekly Political Update

ARIZONA

Former Phoenix Mayor Paul Johnson formally announced his intentions to run for governor and filed an official campaign committee on Thursday (3 April). Eddie Basha, 1994 gubernatorial nominee, also announced his intentions by filing an exploratory committee.

GEORGIA

State Rep. Roy Barnes (D) announced that he would not run for governor in 1998, but planned to run for Lt. Governor. Barnes, who ran for governor in 1990, said he withdrew to avoid an expensive and bruising primary fight with a longtime friend Lt. Governor Pierre Howard (D). Georgia Labor Secretary David Poythress (D) is the other Democrat considering a gubernatorial run. Howard is now a solid favorite to win the nomination.

State Republican Chair Rusty Paul is trying to clear the 1998 Republican gubernatorial primary field for Attorney General Mike Bowers (R), but millionaire Guy Millner (R) may ignore his chairman's wishes.

IDAHO

Democratic state party chair A.K. Lienhart-Minnick announced the appointment of Karen White as the state party's Executive Director. White was the campaign manager for Walt Minnick's '96 campaign for U.S. Senate.

MINNESOTA

State Republican Party Chair Chris Georgacas used former Vice President Walter Mondale's appointment to the campaign-finance commission as an opportunity to call him an "incredible hypocrite," saying, "Fritz Mondale is actively campaigning and raising enormous amounts of money for his son's gubernatorial campaign in defiance of state voluntary spending limits." Statewide and legislative candidates in Minnesota have the option of signing onto the spending limit, which makes them eligible for a direct public subsidy to their campaign committee. Additionally, their contributors are eligible for a direct "contribution credit refund" of up to \$50 per individual. Nearly every candidate signs these agreements. In the gubernatorial race, Ted Mondale and millionaire Mark Dayton (D) have refrained from signing onto the limits. Attorney General Skip Humphrey (D) and Mike Freeman (D) have committed to the agreement.

MISSOURI

As expected, former police chief Clarence Harmon (D) soundly defeated Democratic Alderman Marit Clark, who ran as an Independent, and businessman Jay Dearing (R).

	VOTES	PERCENT
Harmon	53,646	72%

*Copied
Smith
COS*

Clark	17,138	23%
Dearing	3,590	5%

As you know, Harmon defeated incumbent Mayor Freeman Bosley Jr. (D) in the Democratic primary last month, during which Bosley supporters accused Harmon of being insufficiently responsive to the black community.

NEW HAMPSHIRE

It was reported today in *the Concord Monitor* that former Democratic Senate candidate Dick Swett neglected to document the money the Democratic Party spent on his behalf in the form of so-called "coordinated expenditures" to the Attorney General's office. According to FEC documents, Dick Swett's total "coordinated expenditures" were \$402,000. Sen. Bob Smith (R) did document his \$120,000 in "coordinated expenditures," exceeding the spending cap by \$120,000, and he paid a fine of \$95,000.

* The FEC documents also show the degree to which the National Republican Senatorial Committee targeted Swett. The Committee spent \$921,700 in independent expenditures attacking Swett. The RSCC spent more money against only one other 1996 Senate candidate -- Mary Landrieu (D) of Louisiana.

The Attorney General's office is now faced with the quandary of how to penalize Dick Swett. Senior Assistant Attorney General Chris Reid said, "I cannot comment on our ongoing review of any of the candidates reports under the voluntary spending law. We're absolutely going to be consistent with respect to all of the candidates."

NEW YORK

Two weeks ago, Governor Pataki (R) recently unveiled a plan in which Long Island resident's electric bills would be cut significantly. The Governor is planning a state takeover of LILCO which would slash rates by 20%. The plan still has to be approved by the IRS.

The issue has become increasingly partisan as LILCO and Brooklyn Union Gas, the electric companies involved, ran television advertisements promoting the proposed reduction in Long Island utility rates. The advertisements were political in tone because they implied that Governor Pataki was instrumental in the rates being cut. The advertisements were pulled off the air due to pressure by the State Democratic Party and campaign finance watchdog groups such as the League of Women Voters, Common Cause and New York Public Interest Research Group. The State Democratic Party filed a complaint with the State Board of Elections charging that the \$400,000 ad campaign amounts to an advertisement for Governor Pataki's reelection.

NORTH CAROLINA

Under a court imposed April 1 deadline, Senate Democrats and House Republicans drew up competing plans to resolve the redistricting problem surrounding Rep. Mel Watt's (D-12) District, which the Supreme Court ruled unconstitutional last May. Just before the deadline, the Senate Democrats and House Republicans were able to agree on a plan which now must be approved by a three-judge federal panel made up of two Democrats and one Republican. An electoral analysis indicates that the Senate Democrats did very well in the negotiations. NCEC data shows that the Democratic performance in all six of the districts currently held by

Democrats was either enhanced or preserved. The plan is expected to maintain the current 6D/6R balance.

Under the plan, Rep. Mel Watt's (D-12) District would run from Winston-Salem to Charlotte, making it more compact, as ordered by the Supreme Court. The 12th district would no longer be a majority minority district. Durham would move from the 12th District to Rep. David Price's (D-04) District. Wake County would be split between the 4th District and Rep. Bob Etheridge's (D-02) District. Etheridge's (D-02) District is currently a marginal district, but this plan makes it more Democratic. Rep. Eva Clayton's (D-1) District remains majority minority.

Watt has said he is satisfied with the plan. Price has publicly expressed concern about splitting Wake County. Privately, he has expressed concern about primary opposition out of Durham. Clayton, a longtime civil rights leader, the NAACP, and some African American legislators have warned of long-term dilution of the black voting strength and the potential of reversing historic gains. Editorial reaction has generally been positive.

OHIO

The Ohio Supreme Court declared unconstitutional Ohio's system of funding public schools, in which richer districts spend far more per student than poorer districts, and it ordered the legislature to "fix the system" within twelve months. The political fallout is not yet clear. On the Republican side, Gov. George Voinovich (R) initially attacked the Court for its decision - blaming the Court for forcing a tax increase -- but he is now calling for a bipartisan commission to study the issue. Secretary of State and probable Republican gubernatorial nominee Bob Taft (R) is more or less supporting the Court's decision, saying that state lawmakers will have to come together to build a new system. On the Democratic side, former Cuyahoga County Commissioner Mary Boyle (D) says the problem can be fixed -- in the short-term at least -- by looking at the state's rainy-day fund rather than new taxes. Former Attorney General Lee Fisher (D) wants to hold off on any tax increase until the matter can be thoroughly examined.

The city of Chillicothe, Ohio, got its first woman mayor this week. City Council President Margaret Planton (D) was named by the Ross County Democratic Committee to replace Joe Sulzer, who was recently sworn in as a member of the Ohio House of Representatives. Congratulatory letters will be sent from the President and the Vice President to Planton and to the winners of the Wisconsin elections mentioned below.

Finally, a University of Cincinnati poll conducted March 12-23 (836 adults; 3.4% MoE) gave the President his highest approval ratings yet in Ohio. It shows overall approval at 62% -- up from 57% at this time last year and 46% two years ago. President Bush's high-water mark (86%) came during the Gulf War, and before that, the height of President Reagan's approval (75%) occurred right after the attempt on his life.

GENERAL APPROVAL

	Approve	Disapprove	Neither / Don't Know
Clinton Overall	62%	32%	6%
Foreign Affairs	52%	20%	20%
Economy	66%	26%	8%

Gore Overall

56%

24%

21%

According to the poll, the major reasons Ohioans give for supporting the President are "doing a good job" (18%), the economy is better (11%), that they "agree with his goals" (8%), and his role in welfare reform (5%). The top reasons Ohioans give for disapproving of Clinton's performance in office are that he is dishonest and has broken his promises (10%), the President is "not moral" or lacking in morals (6%), they disapprove of "scandals" such as the current controversy over fund raising during the 1996 campaign and Whitewater (5%), and he is indecisive (3%).

OREGON

Green Party activists from 15 states meet this weekend in Portland. Delegates will focus in on a national organizational structure. The FEC has "denied" the Green Party's bid to become a national political party noting that their proposal "fell short of the scope of activity required." Contributing states are AR, AZ, CT, CO DC, ME, NM, NV, OH, OR, RI, TN, UT, VA and WY.

TEXAS

Texas Legislature. A bill to move the primary from March to May, and even later, easily passed a House committee, and is coming to the House floor for a vote. It has strong support on both sides. Governor George W. Bush (R) announced his support of the tax bill being reconstructed in the Texas House. GOP State Chair Tom Pauken has blasted it.

Val Verde County. Murry Katchel, who was recently featured in the *New York Times* in his KKK garb, recused himself from an April 21 state district court hearing to determine the outcome of November county commissioner's election. Katchel served as his own legal counsel and stated his reason for quitting is, "I can't afford to go on with the legal fight any more...You can only refinance your pickup so many times." Val Verde Judge Ray Kirkpatrick said he will appoint a replacement as soon as he legally can.

Statewide elected officials. Texas Agriculture Commissioner Rick Perry (R) is rumored to be seeking higher office, possibly Congress. Texas Land Commissioner Gary Mauro will be in Washington, D.C. April 14-16 for a Western Land Commissioners conference. A reception is planned in the Old Indian Treaty Room.

Education and race. The interpretation of the Hopwood affirmative action case came to a head this week between federal and state officials. Cheryl Hopwood and three other white students successfully sued UT Law School for reverse discrimination in 1992. The issue at hand is the intended scope of the Hopwood case decision. On the state side, Attorney General Dan Morales has said the use of race or ethnicity by any internal public university policy is outlawed. On the federal side, Assistant Secretary of Education for Civil Rights Norma Cantu disagrees saying she believes the court decision applies only to the UT Law School. Cantu's interpretation of the decision is that consideration of race to remedy the effects of past discrimination is still allowed under previous U.S. Supreme Court rulings.

Recently, about 60 Texas legislators sent a letter to Secretary Riley for the U.S. Department of Education's interpretation of the Hopwood case decision after Attorney General Dan Morales rendered his opinion, which they disagreed with. In a *Wall Street Journal* article this week, Senator Phil Gramm (R-TX) highly criticized Cantu for jeopardizing Texas's federal education funding. Riley has informed Gramm that Texas does not face this risk. The Mexican American and Black Legislative caucuses of the Texas Senate wrote to you on April 3 criticizing Morales's decision, Gramm's involvement, and urging you to support the Department of Education's effort to enforce Title VI of the Civil Rights Act of 1964. *An article on race in*

education is attached. The White House's response was that a review of the state's compliance is underway at the Education Department Office of Civil Rights "to make certain it has eliminated all the remnants of the formerly segregated system." Morales has requested a meeting with Secretary Riley.

UTAH

Meghan Zanolli Holbrook will become the next state chair of the Utah Democratic Party. Holbrook is the first woman to lead either of the two major parties in the state. Her term is effective May 17, 1997. Holbrooke is a Tennessee native who moved to Utah in 1984. You appointed her in '93 to the President's Advisory Committee to the Arts.

VIRGINIA

In the gubernatorial race, Attorney General Jim Gilmore (R) announced this week he will resign as AG on June 11, a day after the GOP makes its statewide nominees official. Gilmore stated, "I've decided that I owe it to my supporters, and all Virginians, to devote my full energy to outlining my vision for VA's future...I want to avoid even the suggestion that my actions as a public official are motivated by political considerations." He challenged his likely opponent Lt. Governor Don Beyer (D) to do the same, saying, "He should do his part to establish a VA tradition that all elected officials resign their offices once they receive their party's nomination." Gilmore had been under increasing pressure from Gov. George Allen (R) and other Republicans to resign ever since he attended a fundraiser for his campaign at the New York Philip Morris headquarters and flew in their corporate plane.

WASHINGTON

The Washington State Public Disclosure Commission (PDC) has started a formal investigation into the campaign finances of Governor Gary Locke (D). The PDC is investigating a number of allegations, primarily an independent brochure that intimated the endorsements by U.S. Senator Patty Murray (D) and U.S. Senator Slade Gorton (R). Both Murray and Gorton deny the endorsement of Locke. The brochure was produced by a PAC called Friends for a Better Washington.

U.S. Senator Patty Murray's father passed away Monday (31 March). David Johns, who suffered for many years with muscular sclerosis, fell and tore his aorta. Funeral services were held today (4 April).

WISCONSIN

State Superintendent of Public Instruction John Benson (D) won his nonpartisan race for reelection, once again defeating conservative school teacher Linda Cross, who has gone on record supporting many of Gov. Thompson's initiatives.

	VOTES	PERCENT
Benson	433,878	55%
Cross	359,349	45%

Liberal-leaning Dane County (Madison) elected its first woman County Executive Tuesday. Assistant District Attorney Kathleen Falk (D) turned out traditional Democratic constituencies to defeat conservative County Board member Mike Blaska in this nonpartisan race. This is a bit of a blow to Governor Tommy Thompson (R), who got personally involved in

this race and tried very hard to defeat Falk.

	VOTES	PERCENT
Falk	50,579	52%
Blaska	45,785	47%

Alderwoman Sue Bauman (D) edged out a fellow liberal, Wayne Bigelow, in a nonpartisan race by only 69 of 50,000 votes to become the Madison's first woman mayor. The state party expects that she can win a recount, if one is called.

	VOTES	PERCENT
Bauman	25,458	50%
Bigelow	25,389	50%

2000 PRESIDENTIAL RACE

2000- New Hampshire

The Concord Monitor reported that people should not expect Governor Shaheen to endorse a Democratic presidential nominee for a couple of years. However, in reference to House Minority Leader Dick Gephardt's help on Shaheen's campaign, Shaheen's press secretary stated "Gephardt's assistance probably made the biggest difference in the outcome of the race."

2000- Ohio

A University of Cincinnati poll of Ohio was taken of 836 Ohio adults on 3/12-23 with a margin of error +/- 3.4%. Vice President Gore's approval rating was 56% with 21% disapproval. The Vice President received his highest approval ratings from African-Americans, college graduates, Democrats, and Ohioans 65 and older. President Clinton received 62% approval and 32% disapproval.

Attachments:

- Article about lawmakers urging President to help settle affirmative action debate
- Labor targets 19 house seats and \$700,000 ad drive
- NRSC exploits Democratic fundraising scandal
- The Ohio Poll

cc: The First Lady
Mrs. Gore
Erskine Bowles
John Podesta
Sylvia Matthews
Doug Sosnik
Rahm Emanuel
Maria Echaveste
Kitty Higgins
Marcia Hale
Bruce Reed
Gene Sperling
Mike McCurry

Labor targets 19 House seats

By Erika Niedowski

In a drive to influence the 1998 congressional elections, the AFL-CIO yesterday launched a one-week, \$700,000 radio and TV ad campaign targeting 19 House lawmakers, most of them freshmen and sophomores who won with narrow margins last year.

Continuing its 1996 campaign, the AFL-CIO's early assault focuses on the issue of "corporate welfare." Its targets include freshman Republicans Robert Aderholt (Ala.), Kenny Hulshof (Mo.) and John Thune (S.D.), as well as first-term Democrats Allen Boyd (Fla.), Virgil Goode (Va.),

Chris John (La.) and Mike McIntyre (N.C.).

The campaign also hits several of the previous Congress' GOP freshmen, including Jon Fox (Pa.), Linda Smith (Wash.) and Charlie Bass (N.H.), who barely withstood the labor group's hard-hitting anti-Republican Medicare ads last year. Veteran Democrat Charles Stenholm (Texas) is another target.

The AFL-CIO has said it plans to spend more during this election cycle than the \$35 million it shelled out in the last one, helping to defeat a number of freshman Republicans.

"We're basically saying that all

these guys are out of sync with their constituency," said Deborah Dion, an AFL-CIO spokesperson, of the targeted lawmakers. "But we think they're movable and they're persuadable, and we hope that they make the right choices for working families."

The new 30-second TV spot, which is running in states from New Hampshire to California, opens with a picture of a mother standing in front of a school with her son. "My son's school is literally falling apart," she explains. "Plaster's falling from the ceiling — it's just not safe."

As the tape cuts to images of a

■ CONTINUED ON PAGE 8

The Hill

Labor targets 19 House seats in \$700K ad drive

■ CONTINUED FROM PAGE 1

run-down school, a narrator continues: "But instead of spending our money to fix America's schools, Washington gives it away in special tax breaks." An abandoned factory appears on the screen.

"... Including one that actually rewards corporations for moving jobs overseas," the narrator says. "Call [name of congressman]. Tell him to protect our kids, not special interests. Let's make the right choice for working families."

Of the 19 congressmen targeted in what is the AFL-CIO's first advertising buy this year, 12 are Republicans and seven are Democrats. According to Dion, they all represent "marginal" districts where the

labor group has a grassroots presence to complement the ad campaign. The spots will run for one week, and be re-evaluated for continuation at that time.

Rep. Frank Riggs (R-Calif.), who also is being targeted by

the ads, denounced the labor group's early effort. "It

is 20 months until the next election," said the sophomore congressman through a spokesman. "It is reprehensible in this atmosphere where people are sick and tired of



Rep. Charles Stenholm

the dirty politics of '96 that the AFL is already starting the dirty politics of '98."

An odd coalition — including House Budget Committee Chairman John Kasich (R-Ohio), consumer advocate Ralph Nader and conservative activist Grover Norquist of Americans for Tax Reform — recently surfaced to oppose so-called corporate welfare. The AFL-CIO is hoping that, with the advent of its new advertising campaign, more members will become involved in similar efforts.

And if they don't?

"We will be doing more of these legislative issue ads, that's for sure," said Dion.



Rep. Kenny Hulshof

NRSC exploits Democratic fundraising scandal

The National Republican Senatorial Committee (NRSC) has put together a new fundraising appeal that plays on a combination of public outrage over the White House fundraising scandals, fear of free speech repercussions of campaign finance reform, and even a little old-fashioned Red-baiting.

"For the first time in American history, the Office of the Presidency has been sold for ILLEGAL FOREIGN CASH," begins one of two letters signed by NRSC Chairman Mitch McConnell (R-Ky.).

One letter asserts that the presidency has been auctioned off to foreign governments, "... including Red China, which still considers itself a Communist country!! Thousands of American soldiers have lost their lives in the fight against the evil system of communism. ... This is a direct slap in the face to those brave, young American soldiers who spilled their blood defending freedom and democracy in the world."

One of the letters enclosed a copy of an Indonesian 10,000 rupiah bank note, de-

scribing it as "just one of a myriad of exotic illegal foreign currency that has gone to the Democratic National Committee for the White House." The letter suggested that recipients "Hold the foreign currency copy in your hand and think about all the American soldiers who have spilled their blood and sacrificed their lives to protect our country and spread freedom ..."

Pointing out that the Supreme Court has ruled political contributions to be protected speech, the NRSC warns, "... their idea of 'reform' is to deny you the right to contribute to the party of your choice ..."

The harsh rhetoric of the NRSC letters prompted one campaign finance expert, Kent Cooper of the Center for Responsive Politics (CRP), to denounce them as "a kind of red-baiting," adding that it "does not make one feel proud of the current campaign finance system."

Ironically, one of the lead sponsors of the reform bill that the White House supports is Sen. John McCain (R-Ariz.), who spent five years in a North Vietnamese

prison camp after his plane was shot down.

The letter asks for a contribution of \$34, or one dollar for each senatorial race in 1998. "... we are at a disadvantage," McConnell laments, "because unlike the Democratic National Committee, we patently refuse to take illegal foreign cash."

However, according to DSCC sources, McConnell received a \$2000 contribution during his 1990 campaign from John Huang, the former Commerce Department official connected with the Indonesian Lippo Group, whose contributions to President Clinton's reelection campaign and the Democratic Party are being investigated by Congress.

"It's disappointing," says CRP's Cooper, "to see either political party use current scandals to hype up fundraising drives. Their time might be better spent working on legislative proposals to improve the current system and fund wide-based educational efforts for the voters."

— ROBERT SCHLESINGER

The
Hill
4/3/97

THE OHIO POLL *

FOR RELEASE

April 2, 1997

By: Alfred J. Tuchfarber, PhD
& Eric W. Rademacher, MA
Institute for Policy Research
(513) 556-5028

OHIOANS GIVE CLINTON HIGH APPROVAL RATING

Cincinnati, OH---More Ohioans now approve of the job President Bill Clinton is doing than at any other point in his Presidency. Ohioans also give high marks to Al Gore for his performance as Vice President.

These findings are based on the latest Ohio Poll, conducted by the Institute for Policy Research at the University of Cincinnati. The Ohio Poll is sponsored by the *Cincinnati Enquirer* and the University of Cincinnati.

The recent controversy concerning Bill Clinton's fund raising activities during the 1996 election season appears to have had little effect on the opinions of the majority of Ohioans, who now give the President higher overall marks than at any other point in his Presidency. Sixty-two percent of Ohioans surveyed in the latest Ohio Poll say they approve of the job Clinton is doing as President, 32 percent disapprove, and 6 percent say they don't know.

Controversy over Vice President Al Gore's fund raising role for the Clinton-Gore campaign seems to have had little effect on Ohioans' evaluation of the job he is doing. In the latest Ohio Poll, 56 percent of Ohioans say they approve of the job he is doing as Vice President, 21 percent disapprove, and 24 percent don't know.

While President Clinton is at the height of his popularity in Ohio, he still has a way to go before he approaches the highest marks in popularity of other recent Presidents. President George Bush's approval rating of 86 percent among Ohioans in the wake of the Persian Gulf War set the record for the highest rating since the Ohio Poll began in 1981. President Ronald Reagan's highest rating of 75 percent came immediately after the attempt on his life in 1981.

Ohioans also give President Clinton high marks for the way he is handling the U.S. economy. Sixty-six percent of Ohioans say they approve of the job President Clinton is doing handling the economy, 26 percent disapprove, and 8 percent don't know.

In contrast to his high overall and economic approval ratings, the President continues to be plagued by relatively low marks for his job dealing with foreign affairs. Fifty-two percent of Ohioans say they approve of the job Clinton is doing handling foreign affairs, 28 percent disapprove, and 20 percent say they don't know. President Clinton's foreign affairs approval rating has hovered around the 50 percent range throughout much of his administration.

** We ask users to properly attribute this copyrighted information to the "Ohio Poll," sponsored by the Cincinnati Enquirer and the University of Cincinnati. The name, "Ohio Poll," is registered with the Ohio Secretary of State.*

The New York Times

THE PRESIDENT HAS SEEN
4-7-97

NEW YORK, FRIDAY, MARCH 28, 1997

The Best Way to Protect Israel?

Protect the Peace Process

As new violence erupts in the Middle East, it sometimes feels as if we are in that dark time before the peace process, when the cycle of rage and recriminations seemed endless.

Those days must not return. We must do everything in our power to keep the prospect of peace alive.

Chairman Arafat must use all available means to stop terror and angry violence. As American Jews who support the peace process, we call upon him to do everything in his power to root out the terrorists in his midst, once and for all.

**America has a special challenge:
To maintain its unique relationship with Israel
while also trying to mediate a complex, bitter dispute.**

But even if he does, it will be hard to restore a spirit of cooperation in the region until both Prime Minister Netanyahu and Chairman Arafat are convinced that the other is genuinely committed to a lasting peace. That is why the role of the U.S. is critical. American help is needed to build bridges between Israelis and Arabs. If those bridges collapse, Israel's security will be undermined.

Right now, we believe the best thing we can do for Israel is to encourage our government to remain actively involved in the peace process. We recognize that America has a special challenge: to maintain its unique relationship with Israel while also trying to mediate a complex, bitter dispute.

**As our leaders strive to strike this difficult, delicate balance,
they should know that U.S. Jewry supports their efforts.**

*Aya and Ofer Azrielant
Jack Bendheim
Proma and Andrew Benoroff
Russell Berrie
Edwin Brenglass
Eli Broad
Matthew Bronfman
Dr. Jona and
Mrs. James Cohn
Barbara and Eric Dobkin
Melvin Dubinsky
Rabbi Harvey and
Sybil Fields
Sidney G. Friedman, M.D.*

*Theodore H. Friedman
Daniel J. Goldschmidt
Bram Goldsmith
The Greenspan Family
Israel Ingberman
Peter A. Joseph
Allen Kahane
Marcia Lender
Mel Levine
Gailfrey H. Lewis
Freddie H. Mack
Harriet Mouchly-Weiss
Debra F. Pell
Jodi J. Schwartz*

*Harvey L. Silbert
Larry A. Silberstein
Alan B. Solomon
Michael W. Somersfeldt
Sybil and
David S. Steiner
Linda Rosen Sterling
Susan and Jeffrey M. Stern
Stuart Subatnick
William Tishman
Melvin J. Weiss
David Wilstein
Diane and Howard Wolk
Aaron Ziegelman*



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Panic spreads as immigration deadline nears

By Jim Specht
Gannett News Service

WASHINGTON — The sweeping immigration reform law passed last year is creating panic and confusion for immigrants across the country who fear being swept up in raids when new rules take effect Tuesday.

"Fear and panic are gripping whole neighborhoods," says Jean Butterfield of the American Immigration Lawyers Association. "People are fearful that this means Gestapo sweeps and being sent away without warning."

The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 was signed into law in September, but many of the provisions become effective Tuesday.

The law sets up strict barriers to stop the estimated 280,000 who are still coming illegally every year and gives the Immigration and Naturalization Service (INS) tough new tools to remove and punish those caught residing in the country unlawfully. The INS estimates that 5 million immigrants reside in the country illegally.

But while the new law allows the INS to get tough, the agency says it has no plans to begin raids.

"We have no intention of having mass sweeps and going out into the community and arresting people" who are not criminal aliens, says Paul Virtue, executive associate INS commissioner.

That promise has done little to calm the fears of immigrants like Eduardo Santos, 31, who came illegally from Mexico to Los Angeles in 1989 to marry a legal immigrant.

Because his children are U.S. citizens, Santos hoped to convince a judge this year that he should be granted a "suspension of deportation" based on continuous residence.

"I was waiting for seven years, when the old law said I could get a green card because my wife is legal, but now they say I must stay 10 years, and they could send me away if I



By Joe Marquette, AP

Bono: 'Illegals know it's not going to be a piece of cake anymore.'

tell them I am here," says Santos, who has waited in long lines for help at immigrant support groups in Los Angeles.

The new law says anyone who has stayed illegally in the United States for six months will be barred from entry for three years. If they stay illegally for a year or more, they will face a 10-year ban. The clock begins ticking Tuesday.

People fighting deportation now must have been in the country legally for seven years or prove they have been here physically for 10 years and that their removal will cause "exceptionally unusual" hardship for a child, spouse or parent who is a U.S. citizen.

The law limits suspensions of deportation to 4,000 a year. The INS says the limit already has been reached this year.

By this summer, citizens and permanent residents who sponsor immigrants will be required to show that they have an income that is 125% of the federal poverty line and to pledge they will be financially liable if the person they sponsor ever uses public benefits.

Supporters of the law think the uproar in immigrant communities is evidence it already has had an effect.

"This is not something that is going to change overnight, but I think you are seeing that illegals know it's not going to be a piece of cake anymore," said Rep. Sonny Bono, R-Calif., who helped craft the bill.

U.S. may have shortchanged Jewish groups

By Laura Meckler
The Associated Press

WASHINGTON — Jewish groups seeking restitution after World War II were shortchanged at least \$5.5 million by the U.S. government, says the chief U.S. postwar settlement negotiator.

Swiss banks have come under international fire for holding onto Jewish assets deposited during the war. But the United States also failed to turn over money deposited by Jews who perished in the Holocaust, said Seymour Rubin, chief negotiator for postwar restitution.

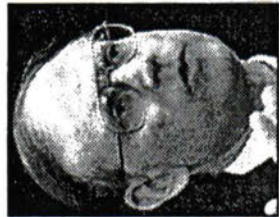
"A situation very like that in Switzerland existed in the United States," Rubin said in a letter to Stuart Eizenstat, the Commerce Department undersec-

retary heading a U.S. historical review of the period.

Eizenstat's report examining U.S. knowledge of looted Nazi gold and other assets is expected this month, although it is not likely to examine the issue in depth, a spokesman said Sunday.

"We're looking at the tracking of Nazi assets rather than the disposal of individual assets," said spokesman Jim Desler.

Rubin, a former State Department official who's now 82, asked Eizenstat in a March 11 letter to investigate how the U.S. government handled money deposited in U.S. banks by Jews who died in



By Maria Lavender, AP

Eizenstat: Tracking Nazi gold, assets

the Holocaust.

"Many of those seeking safety for their funds sent their assets to the United States," Rubin wrote. "Many thought it was safer, especially after early German successes in the war."

In the 1950s, Jewish organizations examined bank records in New York and estimated there was \$6 million in so-called heirless assets.

That \$6 million was part of a larger collection of German assets in U.S. banks seized by the War Claims Commission, which doled out the money to U.S. businesses and other groups that suffered wartime losses.

Congressional efforts to divert the \$6 million to Jewish groups resulted in restitution of only \$500,000, Rubin wrote. The actual amount of Jewish money is probably greater than \$6 million because some funds must have been deposited in banks outside New York in other U.S. states, Rubin said in an interview Sunday.

Conflict also arose from competing claims for money that cannot be traced with certainty, Rubin said. The \$6 million estimate came from identifying likely Jewish names on accounts — hardly a foolproof method — as non-Jewish groups were pressing to keep the money in the general fund.

"You don't know if 'Israel Cohen' was Jewish," he said.

Rubin

can we do more

WTRB - Bk

THE PRESIDENT HAS SEEN
4-7-97

USA TODAY

MONDAY, MARCH 31, 1997

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Emanuel
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THE PRESIDENT HAS SEEN

4-7-97

Congress of the United States

House of Representatives

Washington, DC 20515-3214

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COS

~~Handwritten signature~~
To Pub Liaison (Marie)

February 20, 1997

Help Create a National Museum of Women's History;

Sign Bi-partisan Letter to the President

Dear Colleague:

We are writing to ask for your support in encouraging the President to issue an Executive Order that would create a President's Task Force on the Creation of a National Museum of Women's History. The Task Force's objectives would be to identify a federal site in Washington, D.C., gain legislative authorization of the site, identify private funds for construction and renovation costs, and develop plans to privately fund yearly operating costs.

The National Museum of Women's History project (NMWH) was created to celebrate the rich culture and heritage of women, and ensure that this heritage is restored to the mainstream culture of our nation. As you may know, the NMWH is a bipartisan, nonprofit, educational institution that raised both public awareness and the Congressionally required money to move the "Portrait Monument" to the Capitol Rotunda.

Once established, the President's Task Force would be dedicated to the creation of a museum of women's history. We hope you agree that a museum dedicated to honoring women's history would make a fine addition to our wonderful collection of museums in Washington, D.C. The NMWH project has already taken steps toward making this a reality.

We ask for your support and participation in this historic step forward for women. I hope that you will join us in supporting the creation of a museum dedicated to documenting and preserving American women's history by signing the attached letter to the President. Please call Abigail Lewis of Rep. Maloney's office (5-7944) or Michelle Marose of Rep. Roukema's office (5-4465) to add your name to this letter or if you would like more information. The deadline for signing on to this letter is Thursday, February 27, at 5:00 p.m.

Sincerely,

Carol B. Maloney

Carolyn B. Maloney
Member of Congress

Marge Roukema

Marge Roukema
Member of Congress

Eleanor Holmes Norton

Eleanor Holmes Norton
Member of Congress

Nancy L. Johnson

Nancy L. Johnson
Member of Congress

Nita M. Lowery

Nita M. Lowery
Member of Congress

Constance A. Morella

Constance A. Morella
Member of Congress

Handwritten: "President Clinton" and "Small note at top of page"

February XX, 1997

The Honorable William Jefferson Clinton
President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

We are respectfully writing to ask you to issue an Executive Order that would create a President's Task Force to establish a National Museum of Women's History.

The National Museum of Women's History project (NMWH) was created to celebrate the rich culture and heritage of women, and ensure that this heritage is restored to the mainstream culture of our nation. As you may know, the NMWH is a bipartisan, nonprofit, educational institution that raised both public awareness and the Congressionally required money to move the "Portrait Monument" to the Capitol Rotunda.

Americans from every corner of our country join tourists from around the globe to visit¹¹ Washington, D.C. for a rich history lesson. What a gift it would be for them to learn about the heritage and contributions women have made to every aspect of our civilization. Supporting the National Museum of Women's History by Executive Order would make clear your Administration's intention to honor women's past achievements, and to support and encourage their continuing contributions to our nation.

We ask that you help women take an important step forward by issuing an Executive Order to establish a President's Task Force dedicated to a museum of women's history. The Task Force's objectives would be to identify a federal site in Washington, D.C., gain legislative authorization of the site, identify private funds for construction and renovation costs, and develop plans to privately fund yearly operating costs.

We fully support the creation of a National Museum of Women's History. The time to officially commemorate the stories and struggles of American heroines is long overdue. We hope that you will agree to support this project. Thank you very much for your kind consideration.

Sincerely,

Signing on to letter to President to create a National Museum of Women's History

	<u>OFFICE</u>	<u>STAFF</u>	<u>PHONE</u>	<u>ROOM</u>
1.	Carolyn B. Maloney	Gail	57944	1330
2.	Marge Roukema	Michelle	54465	2469
3.	Eleanor Holmes Norton	Kirra	58050	1424
4.	Nancy Johnson	Kathy	54476	343
5.	Nita Lowey	Sharon	56506	2421
6.	Connie Morella	Cindy	55341	2228
7.	Sidney Yates		52111	2109
8.	Tom Folglietta	Josh	54731	242
9.	Carlos Romero-Barcelo	Mimi	52615	2443
10.	Shelia Jackson-Lee	Jennifer	53816	410
11.	Virgil Goode	Carol	54711	1520
12.	Eliot Engel	Katherine	52464	2303
13.	John Conyers	Antonia	55126	2426
14.	Zoe Lofgren	Tom	53072	318
15.	Carolyn Kilpatrick	Gerri	52261	503
16.	George Brown	Julie	56161	2300
17.	Carrie Meek	John	54506	401
18.	Bob Filner	Sharon	58045	330
19.	John Fox	Kirsten	56111	435
20.	Diana DeGette	Shannon	54431	1404
21.	Richard Neal	Joanne	55601	2236
22.	Martin Frost	Allison	53605	2256
23.	James McGovern	Cindy	68186	512
24.	Lloyd Doggett	Shannon	54865	126
25.	Danny K. Davis	Courtney	55006	1218
26.	Susan Molinari	Jennifer	53371	2411
27.	Ron Dellums	Diane	52661	2108
28.	Loretta Sanchez	Laura	52965	1529
29.	Debbie Stabenow	Elizabeth	54872	1516
30.	Lynn Rivers	Ilena	56261	1724
31.	Harris Fawell	Adrian	53515	2368
32.	Rosa DeLauro	Greg	53661	436
33.	Esteban Torres	Jennifer	55256	2269
34.	Eddie Bernice Johnson	Kim	58885	1123
35.	Tom Barrett	Jodie	53571	1224
36.	Pete DeFazio	Penny	56416	2134
37.	Julia Carson	Steve	54011	1541
38.	Nancy Pelosi	Terry	54965	2457
39.	Gary Ackerman	Hillary	52601	2243
40.	Lane Evans	Rob	55905	2335
41.	Carolyn Kilpatrick	Kim	52261	503
42.	Lynn Woolsey	Teddey	55161	439
43.	Danny K. Davis	Ira	55006	1218
44.	Elizabeth Furse	Marie	50855	316

*Call First

THE WHITE HOUSE
WASHINGTON

4-5-97

Maureen/Pills

Respond please.

[Signature]

 copied
COS

Original sent
to Maureen Lewis

4-5-97

Chris & Sharon Wilder ♦ 1919 Scripture St. ♦ Denton, Texas, 76201 ♦ (817) 383-8263

March 25, 1997

President Bill Clinton
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Mr. President:

I believe this letter finds you well on your way to a speedy recovery after your knee surgery. My name is Sharon Wilder, the daughter of James & Lydia Cassidy. We met at the Oklahoma City memorial two years ago and again the Saturday at the White House prior to your second inauguration.

My husband Chris and I had such a wonderful time that weekend, it was the fulfillment of a dream for me. Several of my immediate family members have had occasion to visit with you at different events that I was unable to attend because of my work schedule. (Being self employed I work very hard and long hours.) It was wonderful to attend many of the events of that weekend. Washington is such a beautiful city. It was exciting and rewarding to see so much of our rich heritage, especially the White House.

Not only was my dream fulfilled, but many others as well. The young lady who designed my ball gown is Dorothy Williams. She is a fashion design student at Texas Woman's University here in Denton. It was her parents dream to send her to America to study (she is from Liberia) So not only is she here to study but she had the opportunity to design a gown for the Presidential Inauguration! I understand you have an extremely busy schedule, but I wanted to ask if there would it be possible to have a picture made of the two of us, with me wearing the gown? This would finish her portfolio and would be used at the university. If you are ever in Texas I could meet you, or I can return to Washington with enough notice. I have enclosed several newspaper clippings and a seven minute video tape from a local T.V. station about the trip.

During the flight home from Washington DC my husband and I talked about the inaugural events of that weekend, how moving and patriotic it was. We also talked about how disturbing it was to watch antiabortion protesters using the name of God to slander your name. It was disturbing and disheartening to see people who claim to be Christians act so ungodly toward the highest office in the land. We then fully understood that laws will not change peoples hearts toward abortion, but knowing Jesus is the only way to change a person's heart. Knowing Him, not just about Him! Watching people, Christian people and the media slander your name and the office you hold was upsetting. As my husband and I talked we began to relate the importance of our words and the impact of our words over our government and elected officials. (1 Tim.2: 1-3.)

Christians have a responsibility to make sure the words of their mouth line up with God's Word. To see situations as He sees them. The centurion's servant (Matt.8) was healed when he requested

that Jesus speak the word only over his servant. As Christian's, we are Jesus in the earth today and we should be speaking the Word only over our servant; you and those people placed in authority over us. In short this was the message God placed on our hearts concerning our government and you the President. (Is. 54:17)

In 1978 my first husband was killed drinking and driving. I was left with two young boys to raise. I was born again shortly thereafter and God called me to preach the gospel. Without God's grace I know I would be dead today. I needed everything He had in order to survive because I was so devastated at the loss of my husband. In 1983 I graduated from Rhema Bible Training Center in Tulsa, Oklahoma. The past years have been used for additional training and preparation for ministry. Soon I will be starting my itinerant ministry. One of the messages I would like to share is the one I just shared with you. I'm not skilled in politics, but I am skilled in the Word of God and prayer. I would like to ask for your blessing of this message. Not a public endorsement, just your blessing between you, me and God. With you holding the highest seat of authority in the nation, it would be a blessing and a privilege for you to support me as I preach about the tongue of the believer and his role in our Government.

Thanks for taking the time to read this letter. God bless you.

Sincerely,



Sharon L. Wilder

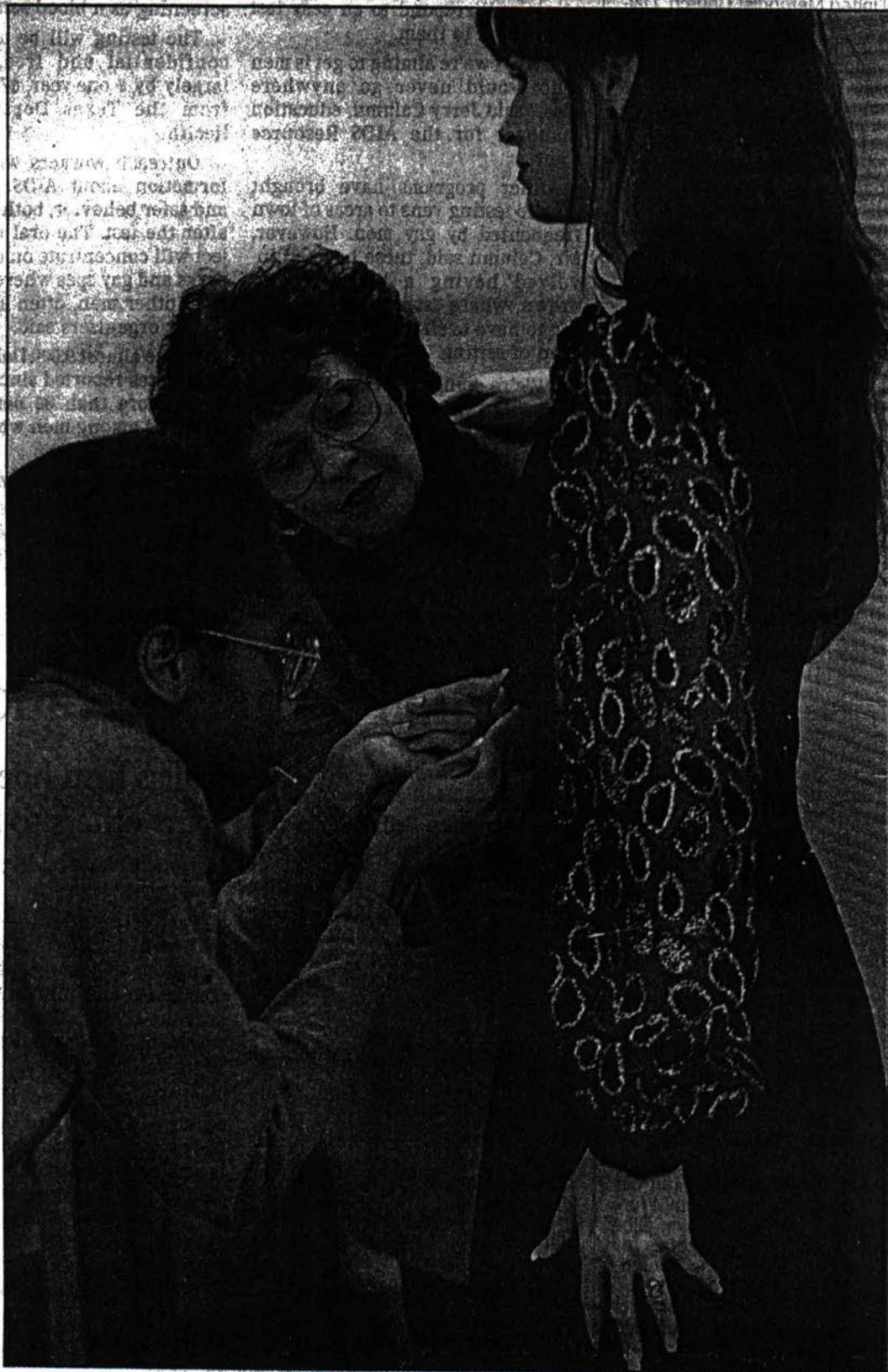
P.S. Was the family bible used during the inauguration ceremony a Kenneth Copeland reference edition Bible?

Metropolitan

The Dallas Morning News

Tuesday, January 14, 1997

HAVING A BALL



Dorothy Williams (left) and Dr. Sharon Underwood fit Sharon Wilder on Monday for the dress she will wear at the inaugural ball for her cousin Bill Clinton.

The Dallas Morning News: Judy Walgren

Clinton's cousin to attend inauguration in style

By Nita Thurman

Denton Bureau of The Dallas Morning News

DENTON — Sharon Wilder will travel to the ball in a sleek jetliner, not a converted pumpkin. But even so, the comparison to Cinderella is inescapable.

Friday morning, the Denton hair stylist and her husband will fly to Washington, D.C., for three days at front and center during her cousin Bill Clinton's presidential inaugural festivities.

The celebration begins Saturday morning and continues through the inaugural ball on Monday night.

"There's a gala dress rehearsal, a pre-ball

then the ball is that evening. We have tickets for everything," said Mrs. Wilder, 41, who is so excited that she has to repeatedly stop whatever she is doing and hug everyone in sight.

And, as happens in any good fairy tale, the question of what to wear to the ball conjured up a fairy godmother or two.

Texas Woman's University student Dorothy Williams and her teacher Dr. Sharon Underwood, a professor in the fashion and textiles department and a client of Mrs. Wilder's Salon Sharaye, are designing and making the gown Mrs. Wilder will wear to the inaugural ball.

Other clients are donating or lending the

Denton woman planning to have ball at inaugural ceremonies for her cousin

Continued from Page 15A.

couple furs, jewelry, more evening gowns, tuxedos, wool slacks, a cashmere turtleneck sweater, a wool overcoat — anything and everything they will need.

One client is donating the luggage to carry it in. One of Mrs. Wilder's sons — she has five children — has styled her long black hair. A friend is doing her nails. Another woman gave her a \$100 gift certificate specifically for luxurious lingerie.

"She told me I had to have all new undergarments to go under all that beautiful stuff," Mrs. Wilder said.

Mrs. Wilder said her father, James Cassidy, and Mr. Clinton's mother, Virginia Cassidy, were first cousins.

"His mama and my daddy were close," she said. "But my dad left Arkansas and moved to California, and I grew up there, so I didn't really know him [Mr. Clinton] well. When my parents retired, they moved back to Little Rock, and my father got involved when he [Mr. Clinton] ran for governor. He thought a lot of my father.

"My parents went to his first

inauguration, but they aren't going this time. My dad's not well, and Mom's not well. So my sister and I are kind of representing my dad's side of the family."

Mrs. Wilder and the president share a great-grandfather, James Monroe Cassidy.

Dr. Underwood promised the gown, which is being made under a grant project from the Texas Food and Fiber Commission. The commission contracts with TWU and other Texas universities for research on producing and using Texas products.

"We have to use all natural fibers," Dr. Underwood said. "My study happens to be for clients with unusual or hard-to-fit sizing. I already had begun to design a dress for someone with a long waist and long neck.

"There's not many garments out there to fit someone like that. And it was an opportunity for one of my students to work on a really special gown." When she's through with the dress, Mrs. Wilder must return it.

Monday, Ms. Williams pinned and tucked, intently following Dr. Underwood's instructions as they

fitted folds of sheer black wool crepe to Mrs. Wilder's tall, slim figure. They adjusted the waist and added long sleeves covered with gold and black velvet teardrops.

"Isn't it just gorgeous?" Mrs. Wilder said.

Alas, as in the Cinderella story, the dress disappears after the ball. Because it is being paid for with state grant money, it goes back to the university, Dr. Underwood said.

The gown is special, but not necessarily the most difficult she's worked on, said Ms. Williams, a junior fashion design major whose Liberian parents moved to the United States shortly before her birth. An earlier project was a long, beaded ball gown.

"She sewed 10,000 beads on by hand during her Christmas break," Dr. Underwood said.

Mrs. Wilder said she couldn't afford to attend her cousin's first inauguration.

"But when the invitations came this time, I told myself I was going to make this happen," she said.

"I never really expected all of this. Everybody just pulled together and did it. The only way I can sum it up is to thank God for good people."



Sharaye Wilder gets fitted for her dress by Dr. Sharon Underwood, be in Washington, D.C., to attend a presidential inaugural ball and see right, and the gown's designer, Dorothy Williams, left. Mrs. Wilder will her cousin, Bill Clinton, sworn in as president.

Woman to attend inauguration in student's design

By Kelley Reese
Staff Writer

More than a year before she earns her degree, Texas Woman's University fashion design student Dorothy Williams is creating an original evening gown for President Bill Clinton's cousin to wear to an inaugural ball.

Most fashion designers never have the honor

of taking part in designing a dress to be worn for such a prominent affair, but the 20-year-old junior is taking it in stride.

"I am actually more nervous about what the lady who has to wear it thinks than the fact that it will be worn to a presidential inauguration," Ms. Williams said. "I want it to be perfect so it fits her well and looks good."

In fact, when she first learned about the assignment, Ms. Williams was more concerned than excited about having yet another assignment to complete.

"The day my teacher told me about the lady actually wanting us to design her ball gown, I was so tired I only remember think-

See GOWN/18A

18A/Denton Record-Chronicle/Sunday, January 12, 1997

LOCAL

Gown

From 1A

ing I didn't have time to have something else to worry about," Ms. Williams said. "But then a few days later when I finished my finals and had slept a little bit, I realized what my assignment was, and I started to get real nervous."

The woman who'll wear the gown is Sharaye Wilder, a hairdresser and owner of Denton's Sharaye Salon. She says the trip to Washington, D.C., to see her cousin sworn in as president of the United States is the thrill of a lifetime.

"Most of the time I can hardly believe I'm actually going," the 41-year-old mother of five said. "It's something I would have never imagined and because of all the help we've received, my husband and I will be able to do this first-class."

Mrs. Wilder's clients have loaned her their family heirloom jewelry, fur coats and other accessories to take on the trip. They also have loaned her husband three tuxedos to use while in Washington.

"I would never have believed this would happen," she said. "It is truly a Cinderella story."

I would never have believed this would happen. It is truly a Cinderella story.

Sharaye Wilder, President Clinton's cousin

Wilder had to turn down her first invitation to the inauguration because she couldn't afford the trip. While she still was contemplating that decision, Mrs. Wilder spoke to Sharon Underwood, a friend of hers who is also Ms. Williams' teacher, about designing an inaugural ball gown if she needed one.

"When she asked, I knew I was already working on a collection of clothes for middle- and older-aged women who cannot find clothes that fit them properly, and I knew there would be some evening wear included, so I told her it would be a pleasure," Dr. Underwood said.

The project Dr. Underwood is working on is a research project for the Texas Natural Food and Fibers Commission that is looking for a new method of sizing women's clothing.

"We are trying to develop clothes that fit well by adapting to minor figure problems

appropriate to the older woman's lifestyle at the same time," Dr. Underwood said.

During the last two years, Dr. Underwood and her students have been designing and making a line of clothes with 112 garments.

The clothes will be worn by 21 TWU administrators, faculty members and alumnae to test them for comfort, practicality and fit.

The dress being designed for Mrs. Wilder is one of those garments.

"Sharaye's body is perfect for our project because she is still slender but is tall and has a

long waist, so standard sizings don't really fit her right," Dr. Underwood said. "She is the kind of woman we are trying to make clothes for."

Ms. Williams will sew the gown during the weekend and present the dress to Mrs. Wilder for a final fitting Monday.

Mrs. Wilder and her husband will then leave Friday for the inauguration.

"This has turned my life into a fairy tale," Mrs. Wilder said, "and I can't wait to dress up for the ball."

✓
THE PRESIDENT HAS SEEN
4-7-97

4/4/97

seal
ce
press
office

Mr. President,

I just wanted to thank you for spending time with me to talk about my father for what I hope will be a full & textured biography. I hope that we can complete our talk soon. On behalf of my family I also want to thank you for stepping up to the plate in defense of *

Copied
Scheduling
Press
COS

the Department of Commerce Trade
Missions. at yesterday's memorial
ceremony.

Thanks again,

Tracey

THE WHITE HOUSE
WASHINGTON

April 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*

SUBJECT: Recent Information Items

Tab A - copied
Sperling/Bowles
Tab B - returned to
POCUS
Tab C - copied
Jennings/Bowles
Tab E - copied
Bowles/Hale

We are forwarding the following recent information items:

Turn in
(A) **Sperling memo on 21st Century Scholars proposal.** Forwarded by Erskine. Gene mentioned this concept is in his weekly report last week and fleshes it out a bit in this memo. The proposal is modeled on Eugene Lang's "I Have a Dream" program and calls for guaranteeing Pell Grants to poor sixth graders upon graduation from high school. Gene notes the program has particular potential for Hispanic youth because of their dropout rates. Gene is working through the budgetary impacts but it appears the outlays would not occur until the Pell Grant is disbursed, rather than promised. Ideas for a possible rollout event include you visiting a "Dream" school with some alumni "Dreamers" who have completed college, a few in high school and a few sixth graders.

Turn in
(B) **Letter from Lea Rabin.** Emotional letter in which she writes about how much she misses her husband during these "trying and turbulent times" and knows you too are troubled by the "sad developments" in the Mid-East. Thanks you for the "wonderful letter" you sent her on the laying of the cornerstone of the Yitzhak Rabin Center. *You are scheduled to see Mrs. Rabin on Wednesday.*

Handwritten: I'm sure you'll be
(C) **Jennings memo on Dr. Dean Ornish's proposal.** You asked that Chris look into the status of Ornish's proposal to fund his Life Style Intervention project as a HCFA Medicare demonstration project. Chris has been working closely with HHS. Last week, HCFA's Bruce Vladek met with Ornish. Bruce agreed to approve the demonstration project provided that Ornish could get a letter from the head of the National Heart, Lung and Blood Institute (NHLBI) confirming that Ornish's program is as safe as conventional therapies. In the past, NHLBI has previously raised questions as to whether Ornish's program was safe for the geriatric population. Nevertheless, Ornish seemed satisfied with this outcome as he believes he has new evidence that his approach is safe. If NHLBI agrees, Chris is hopeful we can move forward.

Handwritten: I'm sure you'll be
(D) **Sperling memo on Clinton Administration Commissions.** Erskine and Sylvia asked Gene for an analysis of the commissions you have established. Of the sixteen higher-profile commissions, seven were largely successful (e.g. Human Radiation, Gulf War, AIDS, Aviation Safety, Gore-Chernomydrin), one had little impact (Entitlement Reform) and eight are still at work gathering information (e.g., Bioethics, Critical Infrastructure,

Health Care Quality, Hispanic Education). Gene notes that in view of possible establishment of future commissions, criticism on the effectiveness of commissions and the propriety of certain appointments, this analysis shows that our record is quite strong.

Update on North Carolina inquiries. You were asked by Gov. Hunt and others during your trip to North Carolina last month about several projects there. OMB has been leading a process to look into the projects. *Faith Luther School in Raleigh:* FEMA and SBA have determined total storm damage is \$960,000. Private insurance will cover a portion and FEMA/SBA will provide loans/grants to cover remaining costs. *Cape Hatteras Lighthouse:* The National Park Service has FY '97 funds to begin the planning process of moving the lighthouse and will request additional funds next year. The Administration agreed last week to make this a priority for inclusion in the FY '99 budget so the lighthouse will be moved in 1999 and 2000. *Oregon Inlet:* This project -- deepening the channel and building jetties -- has been studied 97 times by federal and state agencies making it the "most studied" project in Army Corp of Engineers' history. The next studies are due to be complete in January 1998. Interior and environmental groups strongly oppose building of jetties because of erosion effects but, until studies are complete, the State has requested that we permit a seawall to be built (at State expense). We have committed to reviewing that request quickly and objectively and giving cost credit for building of seawall if full project is ever built.

We have also received the following items:

- **Streett memo on video for Mayor Rendell.** You raised a question about the video for the Mayor who is receiving the Gold Award from the Philadelphia Public Relations Association. Marcia Hale spoke with the Mayor who said that, while he appreciates the consideration, the video is not a priority for him. Stephanie recommends that you not tape a video for this event.
- **Letter from Sen. Kennedy.** He thanks you for taking the time to talk with Elsa Walsh of The New Yorker and your kind words. He also writes, "As my Dad often said, 'when the going gets tough, the tough get going.' You made those words come true by setting a very high standard of leadership for all of us when the chips are down. It's a great privilege to work with you and I value our friendship immensely." He and Vicki thought the First Lady's and Chelsea's trip was fantastic.
- **Congressional Get-Well notes.** You received get-well notes from Sen. Carl Levin, Sen. Rod Grams., Rep. Donald Payne, Rep. Maxine Waters, Rep. Jack Quinn, Rep. Albert Wynn, Rep. Bob Etheridge, Rep. Frank Pallone and Rep. Frank Wolf. *Working with Nancy, we had responses to all of the notes executed on your behalf.*

April 7, 1997

MEMORANDUM FOR THE OFFICE OF PRESIDENTIAL CORRESPONDENCE

FROM: Robert N. Weiner
Senior Counsel to the White House Counsel

RE: Requests for Advice to the Office of Counsel to the President

The Office of Counsel to the President is here to provide you assistance on any legal matters that come before your Office. However, on matters that do not involve issues of law or legal policy, others in the White House may be better able to help you. This memorandum seeks to provide some guidelines on when to seek advice or assistance from Counsel's Office.

In general, you should consult counsel when:

1. You need to know whether the law requires or bars a particular response to an inquiry you have received.
2. The inquiry or request you have received otherwise involves a legal question or matters that this Office is handling.
3. The inquiry or request you have received involves a White House policy issued by the White House Counsel.

We are not asking you to exercise legal judgment to spot issues of law. Rather, we are asking you to come to us when you think you may need legal advice.

When you refer a matter to the Counsel's Office, please identify the issue on which you want our legal advice. Using the attached form will make it easier for this Office to respond promptly. You should include the incoming request and any other information relevant to our legal analysis. And please, provide a realistic deadline; do not ask for a rush response unless you really need one, and try to give our Office as much lead time as possible.

Please direct your inquiries to me in Room 128, or at 6-7900, unless you have already dealt with another lawyer in the Office on the same issue.

Thank you for your cooperation.

cc: Jim Dorskind
Cheryl Mills

Jim Dorskind
... for you to
photocopy and distribute
PhM

April 7, 1997

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Senior Counsel to the White House Counsel

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Thank you for your cooperation.

cc: Jim Dorskind
Cheryl Mills

Date:

TO: Robert N. Weiner, OEOB 128
Fax Number 6-1647

FROM: _____, Office of Presidential Correspondence

RE: Request for Legal Advice

Please review the attached material and provide legal advice on the following issue(s):

The following information is also relevant to this inquiry:

I need a response by _____.

Name: _____.

Title: _____

Room: _____

Extension: _____

THE WHITE HOUSE
WASHINGTON

April 5, 1997

Phil,

Given that Mr. Sveda is represented by counsel and perhaps is in litigation against the government, it might be best if Counsel's Office did not sign the letter. I suggest something along the lines of the attached.

If you would like to revisit any of these issues -- what to say or who should say it -- please let me know.

Rob Weiner

4-7-97

Jim -

✓ Darshind

Could you have a

JSD letter done

along the lines

Weiner suggests.

Phil Caplan

April 7, 1997

Russell Sveda
1760 Willard St., N.W.
Washington, D.C. 2009-1719

Dear Mr. Sveda:

I am responding to the your letter of January 10, 1997, to President Clinton. I want to let you know that the President deeply appreciates your volunteer service.

Your letter indicates that there are administrative proceedings and perhaps litigation pending regarding your security clearance. It is the policy of the White House not to intercede in such ongoing matters.

I hope you are able to bring the matter to a just resolution.

Sincerely yours,

THE WHITE HOUSE
WASHINGTON

Date 3/31

To: *Rob Weiner*

From: The Staff Secretary

*Any advice on how
to handle this one?*

Phil Caplan

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Russell Sveda to POTUS (1 page)	01/10/1997	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 9351

FOLDER TITLE:

Chron Files: Monday, April 7, 1997

2019-0774-S

rs3359

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

E. J. Dionne Jr.

Forcing Congress To Choose

The argument over balancing the budget sounds like strange inside-Washington maneuvering. In fact, much of the argument is about two matters most of us care about: Social Security and taxes.

The argument turned more peculiar when House Speaker Newt Gingrich said recently that he was willing to put off a tax cut until a balanced budget agreement was reached. Horrors! A substantial group of conservative Republicans think tax cuts are far more important than balanced books.

House Democratic leader Richard Gephardt made a budget deal harder when he made it clear that many of his Democratic colleagues would not agree to an adjustment in the consumer price index. The adjustment would mean giving Social Security recipients a little less in the future. Horrors again! Here were Democrats "demagoging" Social Security one more time. Why couldn't the Democratic leadership agree to this modest fix in a consumer price index that overstates inflation?

Were Gingrich and Gephardt playing politics? Sure. Conservatives said Gingrich was seeking "respectable" (i.e., centrist) editorial endorsements for his "responsible" stand.

Gephardt wants to run for president in 2000. His critics said he was trying to box President Clinton and Vice President Al Gore, his prospective rival for the Democratic presidential nomination. Clinton backed away from changes in the consumer price index. Gephardt won cheers from labor and senior-citizens groups, potent forces in Democratic primaries.

But the stands of both Gingrich and Gephardt were also rooted in—please sit down when I say this—principle. Take Gephardt's position first. It would be one thing to cut the cost-of-living increase in Social Security for a larger purpose—balancing the budget, say, or providing more money for health care or education for kids. You could say the move was aimed at taking a bit from seniors to provide a bit more for the next generation. But the Republicans wanted the cost-of-living cut not for those purposes, but to give them extra money to use for substantial tax cuts.

For example, many Republicans want to reduce inheritance taxes on large fortunes. Think about it: Low- and middle-income elderly would give up money in their Social Security checks so that affluent senior citizens could pass more money on to their kids. How could a Democrat support that?

Gingrich, burned badly in 1995 and 1996, knew what the Democrats had in store for his colleagues. The Republicans had been attacked for wanting to cut the growth of Medicare to pass tax cuts of primary benefit to the well-to-do. Gingrich could see how Social Security cuts, however modest, would let the House Democrats wage the same campaign all over again.

So he proposed a finesse. "Let's take tax cuts away for a moment," Gingrich said. "Let's just talk about balancing the budget." He knows that Republicans can't get a cost-of-living reduction unless tax cuts are off the table, and you can't find the money for tax cuts unless you get the cost-of-living reduction.

It's a mark of how ideological the Republican tax cutters are (and how weakened Gingrich is) that this perfectly logical approach was so widely denounced within his own party.

The weakness of Gingrich's idea is substantive, not tactical. Many senior citizens might give up a little in future Social Security increases for some large public purpose. But middle-income seniors will resist—and should resist—giving some of their future Social Security increases away to pay for someone's grand tax-cutting ideology.

That's why Gingrich's strategy can't work now and why Gephardt won this round. Democrats won't give up easily on trying to tie the Social Security issue with the tax issue, says Rep. Jim McGovern (D-Mass.), a freshman who reflects the views of many liberals. Democrats could not let Republicans have extra cash just to pay for their favorite tax cuts.

But Gingrich and Gephardt, mortal enemies and very political beings, have—perhaps by accident—done a good thing. You can think that even if you can't stand either or both of them.

Why? Because they have forced Congress to choose. How do tax cuts square against other priorities? If elderly Americans are asked to give up something, what will the country get back for their sacrifice? Asking such questions will make it harder to get a budget deal. But if a deal is reached without

Stephen S. Rosenfeld

What 'Dialogue' With Iran?

Think strategically, not emotionally, we are told by foreign-policy realists for whom the current American policy of isolating the Islamic Republic of Iran is a dead end denying us the very access, company and influence we could use to alter the Iranian policies we abhor.

But wait a minute. Thinking strategically means taking into account Iran's weight and sensitive geography, Russia's geopolitical overhang and the great coming prize of Caspian oil. Fine. But it also means in some measure accommodating a regime that is revolutionary in deed as well as word and that after 18 years still actively engages in terrorism, violence and subversion and secretly pursues weapons of mass destruction. Not so fine.

The country that most needs strategic thinking is Iran. The feud with the United States that is for us a pesky regional problem is for them a risky and expensive national distraction. Iran's principal burden is not American hostility but its own contempt for the international rules, which denies it the greater neighborhood acceptance and foreign investment that could ease its way in its scorpion's environment.

Thinking emotionally is a loaded way to describe a concern for human rights and democracy. It suggests they are frills. In the case of Iran, however, the two ways of thinking are not inconsistent. Arguably, the United States has strategic reasons to stand off from Tehran. Without doubt, there are "emotional" reasons, too.

Take the current case of the Iranian writer Faraj Sarkuhi, imprisoned eight years under the shah, arrested for the fourth time in five months by the mullahs' police last Nov. 3. His open letter appears in the New York Review of Books dated April 10. He wrote it on Jan. 3 in a state of extreme agitation expecting that he would soon be arrested again, tortured again and murdered.

His police tormentors apparently were using him as an instrument of

their crackdown on writers and intellectuals. They also intended to use his coerced confessions to paint him as a French and German spy in order to deflate the Mykonos affair. In a trial that has sobered much of European opinion, an Iranian and four Lebanese stand accused in Berlin of assassinating an Iranian opposition leader and three companions at the Mykonos restaurant in that city in 1992.

Well, yes, I did feel a bit emotional reading what may well have been Sarkuhi's last public word: "I don't know how long I have. I await imminent arrest or an incident whereby I will be murdered and my death will be presented as a suicide. Torture, prison and death await me." But what is one supposed to do with the emotion generated by the spectacle of a decent man in possibly terminal distress? Be tough and ignore it? Be sentimental and declare war? I'm disposed to look for an Option B: a position that somehow takes into account both the human injustice and the political complexity. Such a position is always unsatisfactory, but better than the alternatives.

The Europeans and Japan have their own, flabby response. They bow to the United States and agree that the Americans are right to view the Iranian regime as an outlaw. But, without asking for moderation in Iranian conduct, they ignore the unilateral American trade boycott and decry the U.S. sanctions penalizing foreign companies that do major energy business with Iran. Better, they say, to work quietly on the inside and conduct a "constructive dialogue" on human rights with Iran.

But the case of the writer Sarkuhi, which is not an isolated case and which has unfolded just in the past few months, seems to me to constitute a telling comment on what can be expected from "constructive dialogue."

There's an antidote in a policy paper of the Washington Institute for Near East Policy: to press our principal allies and trading partners, who now ask nothing from Iran, to join us (1) in setting concrete standards for judging the actual efficacy of "critical dialogue" and (2) in adopting a common policy based on the results.

Both Washington and Tehran pronounce themselves prepared for some kind of dialogue of their own. But the Americans want to discuss first Iran's terrorism, subversion and weapons programs, while the Iranians bring up the political and economic consolidation of their regime. The makings of a common agenda are not yet in sight.

In the interim, someone should figure out how to restore a permanent American diplomatic presence in Iran. Formal relations, broken off in Iran's Carter-era hijacking of the American Embassy, have never been restored. To listen and to follow up what leads develop over time, we should be back in Tehran.

The Washington Post

FRIDAY, MARCH 28, 1997

THE PRESIDENT HAS SEEN

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Sunday

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Political Shift in Belarus Poses U.S. Policy Dilemma

White House Weighs Isolation vs. Engagement

By Michael Dobbs
Washington Post Staff Writer

With their country reverting to an old-style communist dictatorship, the pro-democracy forces of the former Soviet republic of Belarus are feeling increasingly beleaguered these days. Last week, a Clinton administration decision at least temporarily deprived them of one of their strongest and most effective allies: the United States ambassador.

By most accounts, Ambassador Kenneth Yalowitz has done an excellent job in promoting American human rights policies in Belarus and serving as a symbolic political counterweight to the country's authoritarian president, Alexander Lukashenko. The president paid a back-handed compliment to Yalowitz's effectiveness last year by accusing him of "plotting" to undermine Lukashenko's government and lacking "objectivity."

Yet now, as Lukashenko busily eliminates the last vestiges of an independent civil society in Belarus, Yalowitz is cooling his heels in Washington. He was recalled to the United States on March 26 in protest of a series of anti-Western steps by Lukashenko, including the expulsion of a U.S. diplomat and a crackdown on nongovernmental organizations and independent media.

Yalowitz's recall and a recent review of U.S. policy toward Belarus reflect a recurring dilemma the United States faces in dealing with authoritarian governments: whether to isolate them or engage them. In the case of Belarus, many independent human rights activists say that a policy of isolation will play into the hands of the very people who would like to resurrect the old Soviet Union.

"Things are extremely hot in Belarus right now, and it would be a good idea if the ambassador was back there," said Peter Byrne, who ran the Belarus office of the U.S.-based Open Society Institute before his expulsion last month. "His presence in Minsk could only be beneficial."

A former Soviet-era collective farm director, Lukashenko has moved steadily to reassert his control over Belarus in the last two years, dissolving parliament and resorting to a constitutionally dubious referendum to increase vastly his own presidential powers. Last month, he spoke admiringly of former Soviet dictator Josef Stalin, claiming that people were urging him to "give us a dictatorship."

After some debate within the Clinton administration over the best way to bring pressure to bear on Lukashenko, the predominant administration view is that Yalowitz should be sent back to Minsk, the capital, after a "decent interval," several officials said. Nicholas Burns, the State Department spokesman, said that Yalowitz is expected to return to his post in Belarus, but declined to offer a specific date.

Surrounded by former countries that are attempting with varying degrees of success to make the transition from communism to free-market democracy, Belarus is both an ideological anomaly and a potential geopolitical flash point. U.S. officials and independent experts say that Lukashenko's refusal to implement free-market reforms is likely to lead to further economic decline and more dictatorship, which could have a destabilizing ripple effect across the entire region.

"This is a man who creates enemies," said an American official who has studied Lukashenko closely. "If he does not have them, he creates them. He is constantly inventing scapegoats to explain away the shortcomings in society."

The most serious U.S. security concern about Belarus was resolved late last year when it gave up the last of the long-range nuclear missiles that it inherited after the breakup of the Soviet Union. But the country's sensitive geostrategic position, sandwiched as it is between Poland and Russia, and the Baltic states and Ukraine, means it will remain a long-term strategic headache for Washington. The worst case scenario is that a future Russian leader might be tempted to emulate Lukashenko's methods.

As a result of a policy review at the end of last year, the Clinton administration has suspended most of its aid programs to Belarus. The disbursement of \$40 million to assist in the conversion of the Belarus defense industry to civilian purposes has been frozen. Under the new policy, which is known as "selective engagement," U.S. diplomatic objectives in Belarus in support of democracy, human rights and economic reform have been scaled back. A State Department official said that American aid to Belarus has been reduced to about \$5 million a year, divided among humanitarian assistance to the victims of the Chernobyl nuclear disaster, support for small-scale privatization efforts and assistance to nongovernmental organizations. U.S. financial support for democratization is significantly less than that provided by the billionaire financier George Soros through his Open Society Institute.

While expressing concern over the drift to dictatorship in Belarus, U.S. officials say there are some encouraging signs. The Russian news media have devoted extensive coverage to events in Belarus, ignoring attempts by the Minsk government to shut them out. The liberal faction in the Kremlin has come out against a plan by Lukashenko to forge a tight political and economic union between the two countries, along the lines of the former Soviet Union.

FOR MORE INFORMATION

For detailed historical, economic and demographic data on Belarus, and a State Department report on human rights there, click on the front page of The Post's Web site at www.washingtonpost.com

The Washington Post

FRIDAY, APRIL 4, 1997

A War-Crimes Trial, but of Muslims, Not Serbs

By MARLISE SIMONS

THE HAGUE — Once again, the courtroom of the war-crimes tribunal here echoes with accounts of cruelty and murder, the ghastly but now familiar tales of Bosnia's war.

But in this case, it is not Serbs but Bosnian Muslims who are on trial.

The three Bosnian Muslims and one Croat stand charged with 14 murders and numerous incidents of torture and abuse committed against Serbs at a prison camp in 1992.

The Bosnian Serbs are blamed for almost all the horrors of the war, and they in turn accuse the tribunal of political prejudice. But court officials have insisted that the United Nations tribunal is not driven by politics. Cases like this one, officials say, show that the court will try war-crimes suspects regardless of their politics or ethnic origin.

At the same time, the latest trial is also a reminder of how little the tribunal has achieved since its creation in 1993. It has only seven defendants in its custody, four of whom are now in court. Of the 74 people indicted here for war crimes, 67 remain at large, even though in many cases their whereabouts are known.

The four men now on trial are charged with terrorizing hundreds of men and women who spent time at a prison camp controlled by Bosnian Muslims between May and December of 1992. The camp, at Celebici in the mountains some 30 miles southwest of Sarajevo, used to be a military storage site.

Prosecutors said that some 500 people passed through the camp during those months, most of them Serbs from villages around Konjic. Some had helped defend their villages when Muslim forces attacked, but others had not. The indictment said that many of the camp's inmates suffered hunger, beatings, torture and rape.

The camp conditions described in the court sound familiar. They mirror the stories that have been told and retold by survivors of dozens of Serbian-run camps where Bosnian Muslims were held and persecuted.

But Celebici was run by Muslims and the victims were Serbs. Two of the men charged in the Celebici case are the highest-ranking defendants so far to stand trial in The Hague: Zejnir Delalic, 48, and Zdravko Mucic, 41, the Croat, who are charged with overall responsibility for the atrocities linked to the camp, Mr. Delalic as regional commander of the Bosnian Muslim forces, Mr. Mucic as the camp commander.

Hazim Delic, 32, deputy commander of the camp, is individually

charged with four murders and torture, including the rapes of two women. Esad Landzo, 24, a camp guard, is accused in five deaths, and of torture and cruelty. Their crimes, as listed by the prosecutor, included beating elderly men to death with wooden planks, baseball bats and shovels. The prosecutor said the two charged with torture also used pliers, acid, electric shocks and hot pincers to torment their prisoners.

In the courtroom, the four defendants appeared to follow the proceedings, conducted in English, via earphones providing them with translations. At times they took notes; often they looked bored or dozed. Each defendant has two lawyers paid for by the court.

The defense lawyers have requested that their clients be tried separately, in part because they fear that the suspects may testify against each other, as they already have in pretrial statements.

But the court has ruled that the four were closely linked through the chain of command and that separate trials would mean duplicating much work and recalling the same witnesses many times.

Among the first witnesses to appear was Mirko Babic, 63, a Serb. He pulled up his trouser leg to show his scars. He said Mr. Landzo had poured gasoline on his legs and set fire to them. "I saw the flames, it was very painful," he told the court.

Another witness, Branco Gotovac, 66, also a Serb, said Mr. Landzo had beaten him so hard that he swallowed his tongue and nearly suffocated until a fellow prisoner, a nurse, rescued him. "I had to put my hands behind my head and then he kicked me in the testicles," Mr. Gotovac said. "During all this, my tongue went inside my throat. I was urinating blood." He said he had lasting injuries.

Mr. Gotovac, a frail and sick man, was questioned by Mr. Landzo's lawyer in such a strident way that the presiding judge, Adolphus Karibi-Whyte, from Nigeria, intervened. He said to the lawyer, Cynthia White McMurrey, an American, "I left you at large when some of the things you said have been complete rubbish. If you continue being irresponsible, I think I will have to take a different attitude."

In the courtroom, Grozdana Cezec, 47, a Serb, came face to face with the man who she said had raped her at the camp. Speaking of Mr. Delic, she said: "I thought he was going to beat me. Then he started to rape me. I will never be the woman that I was."

On another night, four men raped her, she said. Mr. Delic did not look at his accuser. While she described the event in detail, he chewed gum and kept his hand over his face.

For this trial, Bosnian Serbs have cooperated with prosecutors and agreed to testify. Until a year ago, tribunal workers frequently complained that they were unable to conduct their investigations in Belgrade

or in the Serbian-controlled part of Bosnia. As a result, much of the evidence they collected involved crimes against Muslims or Croats, to whom the investigators did have access, but they learned little of what had happened to Serbs. Serbs nonetheless accused the court of being anti-Serbian.

Belgrade's attitude toward the court began to change when, as Antonio Cassese, the tribunal president, put it, "the Serbs understood finally that they were making a huge blunder" by not talking to court investigators.

Even during this trial, some Serbs continue to criticize what they call the tribunal's anti-Serbian bias.

Branco Jovanovic, a representative of an association of Serbian war victims based in Belgrade, said her group is demanding that charges against the four defendants be broadened. Prosecutors have defined the charges as "grave breaches of the Geneva Convention" and as "violations of the laws and customs of war." But Ms. Jovanovic said her group wants the crimes to be classified as "genocide" and as "crimes against humanity," which carry greater legal and moral weight.

"What happened at Konjic was ethnic cleansing against Serbs," she said. "More than 5,000 Serbs were driven out. More than 150 were killed and 120 women were raped. Why is that different, I ask, why are those attacks defined only as war crimes, and not as crimes against humanity?"

The prosecution has not explained why it selected some charges over others. But crimes against humanity must involve a widespread or systematic attack on a people or group, court officials say, and many Serbs have been indicted on these charges in connection with planning and carrying out ethnic cleansing.

The trial is expected to go on for several months. Prosecutors said they have a list of 76 witnesses but may not call all of them.

The New York Times

THURSDAY, APRIL 3, 1997

Handwritten notes and signatures in the top right corner, including "COS" and "Re".

The ghastly tales don't change, only the defendants.

G.O.P. Letter, Citing Clinton And Red Peril, Brings In Cash

By LESLIE WAYNE

WASHINGTON, April 2 — In a highly successful direct-mail letter that plays on old fears about Communist influence, a Republican Party committee is breaking fund-raising records by exploiting the Democrats' troubles over campaign financing.

The letter — by the National Republican Senatorial Committee, the main fund-raising body for Senate Republicans — says the White House was "sold for ILLEGAL FOREIGN CASH" including money from "Red China, which still considers itself a Communist country!"

The letter accuses President Clinton's fund-raising committee of accepting illegal donations from a "Communist regime." It was signed by Senator Mitch McConnell of Kentucky, who is the chairman of the senatorial committee, and was mailed in mid-March to 240,000 potential donors. The letter was also printed in five conservative magazines.

In the first two days after its mailing, the letter brought in money or letters of support from more than 22,000 people. More than 120,000 people responded last week, or 20 percent more than any week in the last campaign.

Amy Weiss Tobe, a spokeswoman for the Democratic National Committee, criticized the letter, saying, "It's disappointing that Senator McConnell would stoop to this level to raise money."

Referring to China, the letter says: "Thousands of American soldiers have lost their lives in the fight against the evil system of Communism. And now the F.B.I. is investigating a sitting U.S. President's National Party Committee for accepting ILLEGAL FOREIGN CASH from the world's strongest remaining Communist regime!"

Michael Russell of the National Republican Senatorial Committee said, "The overwhelming majority of the people who receive our letters tell us that this is an incredible story that needs to be told."

So far this year, Mr. Russell said, the committee has broken fund-raising records, generating about \$4 million, has reduced a post-election debt of \$7 million to \$5 million and has around \$2 million in cash.

Michael Tucker, a spokesman for the Democratic Senatorial Campaign Committee, said the controversy over fund-raising by the Democratic National Committee had not slowed donations to Democratic senatorial committee. It raised \$2.9 million in the first two months of 1997.

Recipients of the letter are asked to sign a "Declaration to the President" stating that "I hereby demand that President Clinton fully disclose all illegal foreign cash activities" and that he "stop selling out America to foreign nationals."

Mary Crawford of the Republican National Committee said the committee had not used that pitch to raise money and had no plans to do so. Fund-raising by that committee in the first-quarter of 1997 has also broken records, generating \$11.3 million and reducing its \$9.75 million post-election debt to \$6.6 million.

The Democratic National Committee, which ended the campaign \$14.4 million in debt, is facing mounting legal bills and must also come up with some \$1.5 million to pay back donors whose contributions have been rejected because of questionable sources.

The Democratic committee's problems have not hurt the Democratic Congressional Campaign Committee, which raises money for House candidates. That committee raised \$2 million in the first quarter of 1997, compared with \$1.3 million in the first quarter of 1995, the period of its previous record.

The New York Times

THURSDAY, APRIL 3, 1997



Paul Hosefros/The New York Times

Backing for Education Standards

President Clinton received new backing yesterday for his proposal for student performance standards when the plan was endorsed by 240 executives of

high-tech companies in California and that state's Superintendent of Public Schools, Delaine Eastin. Ms. Eastin and Mr. Clinton talked in Washington.

AIRWAVE AUCTIONS FALTER AS SOURCE OF FUNDS FOR U.S.

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Continued From Page A1

F.C.C. DELAYS COLLECTION

Bidders for Wireless Licenses May Not Be Able to Obtain Financing of Payments

A1

By MARK LANDLER

The Federal Communications Commission has announced that it will temporarily stop collecting payments on more than \$10 billion worth of wireless communications licenses sold at auction last year, raising doubts about the Government's most favored new method for pouring money into the Treasury.

The decision by the F.C.C., which has championed the concept of selling the public airwaves to the highest bidder, comes in the same week that one of last year's largest bidders filed for bankruptcy and others are reportedly in danger of default.

So now, even though Congress has already committed at least \$1 billion of the money, it is not clear whether the F.C.C. will ever collect the full \$10.1 billion the Government thought it had raised in this, the largest airwave auction yet. And though the F.C.C., on paper at least, has raised nearly \$23 billion since it began holding auctions in 1994, it now seems doubtful that future auctions will produce the huge windfall the Government has been counting on to help balance the budget.

"We have to be careful about assessing the revenue to be gained from auctions," said Representative Thomas J. Bliley Jr., the Virginia Republican who is chairman of the House Commerce Committee. "If not, it can become fool's gold in the hands of budgeteers."

On Monday, the F.C.C. announced that it would suspend the installment plan by which a group of communications companies were paying the Government for licenses auctioned off last year for a new class of wireless telephone technology known as Personal Communications Services, or P.C.S. The new P.C.S. networks will offer conventional cellular service, plus advanced data features, through a single hand-held phone.

One of the largest bidders, Pocket Communications, filed for bankruptcy protection on Tuesday and analysts said others looked unlikely to meet the next payment.

For their part, officials at the F.C.C. insisted yesterday that they were suspending the payments only so they could determine whether the Treasury Department or another Government agency should be put in charge of collecting the rest of the \$10.1 billion.

"In no way is this order intended to state the commission's views on the financial health of the license holders," said Dan Phythyon, who was recently named chief of the F.C.C.'s wireless bureau.

But stock analysts said several of

the most prominent and aggressive bidders for P.C.S. licenses had been unable to line up financing to pay for the licenses. And with the atmosphere on Wall Street turning sharply against all wireless telephone providers lately, they said at least a few of these companies were likely to follow Pocket into insolvency.

If that were to happen, the F.C.C. would have to take back the licenses and auction them a second time — a prospect that industry executives predicted would radically reduce the amount of money raised.

More broadly, some executives complained that the F.C.C.'s aggressive schedule of additional airwave auctions was devaluing the licenses it had already issued. They said the market was becoming glutted with licenses for all manner of mobile telephone and data services.

"What the Government has done here is a disaster," said George F. Schmitt, the president and chief executive of Omnipoint Communications, a small P.C.S. company that paid \$347 million for its New York City P.C.S. license.

Although Omnipoint recently switched on its service in New York City, the company's stock price has plunged 73 percent since last October on fears of ruinous competition in New York and other big markets, where there may eventually be five or more wireless competitors.

"Investors are asking, 'Why should I put money into this company when the F.C.C. keeps selling more spectrum?'" Mr. Schmitt said.

One reason the F.C.C. has been taking up the gavel so often is that airwave auctions are perceived as a mother lode on Capitol Hill. Since Congress directed the F.C.C. to begin auctioning the airwaves in 1993, the commission has held 13 auctions and raised nearly \$23 billion.

In addition to P.C.S. service, the commission has sold licenses to offer wireless cable television, digital audio radio and specialized mobile radio used by taxi dispatchers.

As the auction money owed has piled up, the Congressional Budget Office has increased its estimates of the revenue to be raised from future auctions. And these bullish numbers have often been factored into the Federal budget.

Bob Dole, the former Republican Presidential candidate, threw a spotlight on auctions when he argued that the F.C.C. should sell licenses for digital television to the highest bidder. Mr. Dole estimated that such an auction could raise \$70 billion. And he has complained bitterly over the F.C.C.'s subsequent decision to simply grant them to existing broadcasters in order to smooth the transition to the new, digital generation of television.

The problem with any of the revenue forecasts, Mr. Phythyon said, is that the Government has actually collected only half of the \$23 billion. The other half is supposed to be paid on the installment plan.

The auction now in danger of unraveling was the Government's second for P.C.S. licenses. In the first, which began in late 1994 and was intended for big, established communications companies, the F.C.C. raised \$7.7 billion from corporations like AT&T, Sprint, and Bell Atlantic. Winners paid for their licenses up front, and Government officials said the money was already spent.

The F.C.C. ran into trouble in its second P.C.S. auction, which it held last year and was aimed at smaller, entrepreneurial companies. To encourage lively bidding, the commission allowed the bidders to pay for their licenses with a 10 percent down payment and quarterly interest payments over 10 years. Those terms led to frenzied bidding by obscure start-up companies with names like Pocket and Nextwave Telecom, many backed by Asian investors.

The F.C.C. nominally raised \$10.1 billion in this auction. But as the first interest payments began to come due, it was clear that several of the companies were in deep financial trouble. Nextwave, which owes \$4.2 billion for its licenses, has been forced to repeatedly delay a public offering of its stock because of unfavorable market conditions.

On March 13, Nextwave and eight other P.C.S. companies asked the F.C.C. for permission to make interest payments on an annual rather than quarterly basis. The companies said this would make it easier for them to raise public and private capital on Wall Street.

Even that remedy did not help Pocket Communications, which owes \$1.4 billion for its licenses. A spokesman, Kevin Inda, said the company had decided to seek bankruptcy protection because it had defaulted on a loan from its consortium of Asian investors. He said the timing of the F.C.C. announcement and the Chapter 11 filing was coincidental.

Nextwave's finances are equally parlous, according to several analysts and bankers familiar with the company. Nextwave has only \$80 million in cash and faces annual interest payments of \$274 million.

"There are better and worse times to access the capital markets," said Janice I. Obuchowski, a former F.C.C. official who is the vice chairwoman of Nextwave.

At the same time the bidders were seeking relief, the F.C.C. said it was becoming overburdened by having to negotiate debt payment schedules with dozens of companies. So Reed E. Hundt, the chairman of the F.C.C., began talking to the Treasury Department about taking on this bill-collection function.

Now, officials at the F.C.C. said they would be able to complete those talks without having to deal with quarterly interest payments.

If the companies can hold off interest payments for nine months, they might also become eligible for another infusion of foreign money. Currently, Nextwave and other P.C.S. companies have been forced to limit their foreign investors to a 25 percent equity stake. But under the terms of a recent World Trade Organization agreement, foreign companies could own 100 percent of American phone companies by next Jan. 1.

Still, some analysts said the fierce competition in wireless services and the languishing stocks of other P.C.S. companies made it unlikely that even foreign investors would put up more money.

The New York Times

THURSDAY, APRIL 3, 1997

THE PRESIDENT HAS SEEN
4-7-97

~~TOP SECRET~~

B Sunday / 10:00 AM
Fry - USC must to know
BX

On the menu of a Swiss restaurant:

"OUR WINES LEAVE YOU WITH NOTHING TO HOPE FOR." In a Rome laundry: "LADIES, LEAVE YOUR CLOTHES HERE AND SPEND THE AFTERNOON HAVING GOOD TIME."

In a Japanese hotel:

"YOU ARE INVITED TO TAKE ADVANTAGE OF THE CHAMBERMAID."

In a Tokyo bar:

"SPECIAL COCKTAILS FOR LADIES WITH NUTS."

In a Belgrade hotel:

"THE FLATTENING OF UNDERWEAR WITH PLEASURE IS THE JOB OF THE CHAMBERMAID."

Outside a Paris shop:

"DRESSES FOR STREET WALKING."

Advertisement for donkey rides in Thailand:

"WOULD YOU LIKE TO RIDE ON YOUR OWN ASS?"

In the office of a Roman doctor:

"SPECIALIST IN WOMEN AND OTHER DISEASES."

In a Bangkok cleaner:

"DROP YOUR TROUSERS HERE FOR THE BEST RESULTS."

In an Acapulco hotel:

"THE MANAGER HAS PERSONALLY PASSED ALL WATER SERVED HERE."

In a Zurich hotel:

"BECAUSE OF THE IMPROPRIETY OF ENTERTAINING GUESTS OF THE OPPOSITE SEX IN THE BEDROOM, IT IS SUGGESTED THAT THE LOBBY BE USED FOR THAT PURPOSE."

In an Austrian hotel catering to skiers:

"NOT TO PERAMBULATE IN THE CORRIDORS DURING THE HOURS OF REPOSE IN THE BOOTS OF ASCENSION."

In a Bucharest hotel lobby:

"THE LIFT IS BEING FIXED FOR THE NEXT DAY. DURING THAT TIME WE REGRET THAT YOU WILL BE UNBEARABLE."

In the lobby of a Moscow hotel across from the monastery: "YOU ARE WELCOME TO VISIT THE CEMETERY WHERE FAMOUS RUSSIAN COMPOSERS, ARTISTS AND WRITERS ARE BURIED DAILY EXCEPT THURSDAY."

On the door of a Moscow hotel room:

"IF THIS IS YOUR FIRST VISIT TO RUSSIA, YOU ARE WELCOME TO IT."

On the menu of a Polish hotel:

"SALAD A FIRM'S OWN MAKE: LIMPID RED BEET SOUP WITH CHEESY DUMPLINGS IN THE FORM OF A FINGER; ROASTED DUCK LET LOOSE; BEEF RASHERS BEATEN UP IN THE COUNTRY PEOPLE'S FASHION."

From a Japanese information booklet about using a hotel air conditioner:

"COOLS AND HEATS: IF YOU WANT JUST CONDITION OF WARM IN YOUR ROOM PLEASE CONTROL YOURSELF."

In a Budapest zoo:

"PLEASE DO NOT FEED THE ANIMALS. IF YOU HAVE ANY SUITABLE FOOD, GIVE IT TO THE GUARD ON DUTY."

From a brochure of a car rental firm in Tokyo:

"WHEN PASSENGER OF FOOT HEAVE IN SIGHT, TOOTLE THE HORN. TRUMPET HIM MELODIOUSLY AT FIRST, BUT IF HE STILL OBSTACLES YOUR PASSAGE THEN TOOTLE HIM WITH VIGOR."

In a Swiss mountain inn:

"SPECIAL TODAY--NO ICE CREAM."

From the Soviet weekly:

"THERE WILL BE A MOSCOW EXHIBITION OF ARTS BY 150 SOVIET REPUBLIC PAINTERS AND SCULPTORS. THESE WERE EXECUTED OVER THE PAST FEW YEARS."

In a Copenhagen airline ticket office:

"WE TAKE YOUR BAGS AND SEND THEM IN ALL DIRECTIONS."

4-7-97

THE WHITE HOUSE

WASHINGTON

April 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: NEC STAFF WEEKLY REPORT

cc: ERSKINE BOWLES

gnd **Federal Reserve Board.** Janet Yellen, Larry Summers, Bob Rubin, Jerry Hawke, Alicia Munnell, Bob Nash and I have all come to an agreement on the Federal Reserve appointments. We are extremely close to finalizing our recommendation to you. I expect to send to you a formal recommendation on Monday.

Skill Grants. Over the next few weeks, we will need to know what our proposal will look like and what our legislative strategy will be. We are now circulating an options memo which we hope to get to the Principal level and to you within the next week to ten days.

Welfare-to-Work. Bruce Reed and I called a meeting of the key economic cabinet members, including Bob Rubin, Bill Daly, Aida Alvarez, Donna Shalala, Frank Raines and Erskine Bowles so that we could discuss with Eli Segal his plans for his welfare-to-work CEO foundation and how we could be supportive of this effort. There was considerable interest among the group. Bruce, Erskine and I feel confident that things are proceeding well and that there could be a good announcement and kick-off in the near future. We will stay on top of this. *we need to push this*

Hill Meetings. This week, Jack Lew and I continued the background budget meetings on the Hill. Congressman Spratt also sat in himself on all of the meetings which included Medicare, non-defense discretionary spending, and other mandatories.

Pell Grant Guarantee for Sixth Graders. I held a meeting with DPC, OMB and Education so that we could vet Rep. Chaka Fattah's proposal as quickly as possible. While there could be one or two complicated budget and design issues, the general reaction from OMB, DPC and Education was quite positive. We are exploring implementation of the proposal including ensuring that the needs of the Hispanic community are addressed, specifically the Hispanic drop-out problem that you have spoken to me about. Education is working on a more detailed analysis, while OMB will explore issues of cost and PAYGO neutrality over a 10-year window. We expect a fast turnaround, with a proposal or options memo in about a week. I have let Congressman Fattah know that we are interested and moving forward with the analysis.

Other Education Initiatives. We are working with Education and DPC to plan an America Reads roll-out event. We have also pulled together strategy sessions on the HOPE higher education agenda and school construction, and are moving forward with press, constituency, legislative, and event plans.

Concord Coalition. I gave the luncheon address at the Concord Coalition's annual seminar on savings and growth. David Gergen served as the moderator while Sen. Rudman and Tim Penny both asked questions, among others. I was very clear on your commitment to increasing savings while balancing the budget as well as your commitment to move to long-term entitlement reform once a bipartisan budget agreement is passed. I stressed that if we didn't get our budget deal in 1997, it would diminish expectations in the market and that would have a negative impact on long-term interest rates.

There were several questions on the CPI. I think there was some willingness to accept that we were committed to addressing the Cost of Living Adjustment but that we were working to do it in the most appropriate and technical manner. Sen. Rudman was very supportive of our claim that non-defense discretionary spending was being cut to the bone and that we could not go further and urged us to do more on entitlements and the CPI as a way of protecting the discretionary base line. He was understanding of my claim that we would have to go to a negotiation and that we could not give away where we would move, but stressed we should take action on entitlements in order to spare the domestic discretionary path.

NEXTEA. Sen. Baucus, ranking member on Environment and Public Works, will soon introduce a bill that could adversely affect the political dynamics of the coalition supporting ISTEA reauthorization. The original ISTEA was passed by a coalition of Northeastern- and Mountain-state senators, with opposition from Southern senators. The Baucus' bill, which would eliminate the key ISTEA environmental program, could serve to coalesce senators from the South, Western Plains (including Daschle) and Mountain states. The NEC and DOT are working to reduce the adverse impact of Baucus' actions. More broadly, we are working with DOT and EOP staff to hold a series of White House briefings on NEXTEA for groups representing labor, environmental groups, city and county officials, minority contractors and women's transportation groups.

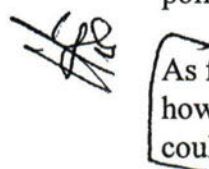
NEC Principals. We had an NEC Principals meeting to discuss the process for the non-budget issues that are taking place over the next couple of months including electricity deregulation, PM/Ozone, Climate Change, China, NAFTA trucks, the G-7 Summit and Financial Service Modernization. We also talked about how the NEC would coordinate with OMB on whether, and how, to devise a new poverty measure. Next week, we are following-up by holding briefings for NEC Principals on electricity deregulation and PM/Ozone.

Credit Card Debt and Personal Bankruptcy. The NEC continues to examine the rise in credit card debt and personal bankruptcies. This week, Peter Orszag met with representatives of concerned consumer groups. They advocated limitations on credit lines and increased incentives for bankrupts to file under Chapter 13 of the bankruptcy code, rather than Chapter 7. (Under Chapter 13, some portion of the bankrupt's debts are repaid; under Chapter 7, debts are discharged.)

The credit card companies also support a movement toward Chapter 13; the difference is that the creditors advocate making Chapter 13 automatic, whereas the consumer groups insist on keeping it voluntary while making it more attractive. A congressionally-mandated bankruptcy review commission will be issuing policy recommendations this fall.

The NEC is setting up an inter-agency process to review our options. I will also be submitting to you in the near future a background memorandum that Janet Yellen and I are co-authoring on this issue.

Climate Change. NEC Principals received a short briefing on the current state of the climate change decision process. As part of the briefing, Principals were informed that the ultimate decisions about targets, timetables, and domestic policies to meet internationally agreed-upon constraints on greenhouse gas emissions would have to be made at the Principals level. NEC and CEQ staff co-chaired an Assistant Secretary level meeting on domestic policies where Ev Ehrlich of Commerce presented some recent results of the economic modeling exercise. The next steps regarding modeling are to consider some specific scenarios that would restrain greenhouse gas emissions and to develop the sectoral and regional detail necessary to craft policies that could help reduce the number of people made worse off by the constraints.

 As for domestic policy development, the current focus is on emissions trading regimes (including how permits would be distributed) and on developing and diffusing technology that could reduce the overall costs of meeting any emissions constraints.

DC Economic Development. We are now working on negotiating the MOU with the city. We held a second meeting, after receiving the District's comments on a more detailed MOU, on Thursday, April 3. The meeting pointed out differences not only between the District and the federal government but, not surprisingly, among the District players. Major issues continue to be the extent to which the EDC supplements, but neither supplants nor is merely the tool of, the regular DC economic development process, and how to deal with the corporation's termination at the end of its 10-year life. The problems are solvable.

DC Pensions. Over the last several weeks, the actuaries have been working on the numbers necessary to come to final conclusions about division of assets and the extent of both the federal liability and the District's savings. We have also been working on educational materials to respond to the questions of the DC Retirement Board and union representatives. We will meet with both actuaries and the Retirement Board/union reps (two separate meetings) next week. At a meeting with Frank Raines, we concluded that the federal liability should be funded, but this would be for internal accounting purposes. Because the funding really provides no more assurance than the simple full faith and credit pledge, we think excessive reliance on it to respond to the concerns of people who think we're taking the employees' money would not be good.

Financial Services Modernization. While Treasury and White House legislative affairs continue to vet the entire issue with both the Hill and groups who are supposed to be in favor of modernization, we continue to work on the major substantive issues: banking/commerce, holding company regulation, consumer protection, CRA. Treasury is making progress, particularly following a meeting between Hawke and Raines, on issues other than CRA. CRA continues to be a very difficult issue that will certainly require more discussion among the NEC. Ellen Seidman held a senior staff-level interagency meeting on the substantive issues on Friday.

Pensions. While the pension event didn't make the network news, it was played up prominently on the Lehrer Newshour, CNN, CNBC with solid articles in the *New York Times*, *Wall Street Journal* and *Washington Post*. As you noted to me on Friday, James Smalhout, a consistent critic of the entire pension insurance system, published an op ed piece in the *Wall Street Journal* belittling the achievements. We worked with the PBGC on a letter responding to Smalhout, which points out (i) that 42 million workers rely on the system; (ii) there were problems, but the 1994 legislation dealt with them; and (iii) the agency's turnaround is real. We will send to you a more specific reply shortly.

Hispanic Income Disparity/Education. I will host an internal White House meeting with Bruce Reed, Mike Cohen, Maria Eschaveste, Suzanna Valdez, Janet Murguia, Ken Apfel, and Alicia Munnell to discuss proposals for Presidential initiatives or events on Hispanic Education. Members of my staff will also meet with officials from the Department of Education on Monday to develop these proposals and to learn what currently is available. We are also developing a series of dinners or meetings with academics, businessmen and other interested groups to explore the causes of Hispanic income disparity and ways to address them.

INTELSAT. The NEC leads the interagency process to determine how to press the U.S. position on restructuring of this international satellite organization. Based on competition law and policy, the U.S. has insisted that a planned commercial spinoff of INTELSAT be fully independent from the residual treaty organization. However, no other country fully supports our position. INTELSAT's Assembly of Parties will hold its biannual meeting in Mexico later this month, and the interagency group is working to ensure that the organization does not proceed with an anticompetitive restructuring, despite U.S. objections.

DAN TARULLO

Japan Port Practice Dispute. Although some difficult issues remain, we are making progress in negotiations with Japan in addressing restrictive port practices in advance of the April 14 deadline for imposition of \$100,000 sanction against Japanese container ships by the Federal Maritime Commission. If we reach an interim agreement, FMC sanctions will likely be suspended until the end of July, when we hope to conclude a final agreement. The Vice President's discussion with PM Hashimoto on this subject was helpful.

China Trade Deficit. Lael Brainard convened an interagency meeting to assess the growing bilateral deficit with China and develop policy recommendations to guide our economic policy towards China, ultimately for presentation to NSC/NEC principals. Follow-on work will be undertaken by NSC to assess the role of U.S. export licensing.

Japan Paper Agreement. Lael also convened interagency meeting to decide next steps on the bilateral paper agreement that was concluded with Japan in 1992 (and renewed in 1994). The U.S. industry is pushing for a renewal of the agreement, but Japan is resisting. USTR will release a press statement expressing concern about expiration of the agreement on April 4, and follow up with consultations with Japan and with the domestic industry.

US-EU Agriculture. We made progress on negotiations with the EU to reach a veterinary equivalency agreement (e.g., an agreement by which the US and the EU reciprocally recognize each other's meat and poultry health inspection standards), but did not reach agreement by the EU's April 1 deadline. As a result, U.S. exports of meat, poultry and dairy products are being disrupted (potentially around \$200 million annually). As we had warned the EU in January, USDA will send out a letter informing EU capitals that we will begin implementing a new system of inspection on April 1, which would not lead to disruption of EU imports until April 15. This will give some additional time for negotiations, which are expected to resume next week.

Trade Policy Forum. I gave a speech on second term international economic agenda items before the Trade Policy Forum, an organization comprised of senior women in government, business and academia who work on international trade issues. Interest in fast track was very high.

Sherpa Meeting. I will host the second of three Sherpa meetings in Boston on Sunday and Monday. In preparation for the Denver Summit, we will discuss Africa, aging populations, environment, infectious diseases, nuclear safety and macroeconomic issues. We will also be discussing organization of the Summit to take account of Russia's increased role. There may be some disagreements, particularly with Japan, on the specifics of Yeltsin's expanded role.

Italian Port Is 'Tired of Seeing These Albanians'

By CELESTINE BOHLEN

BRINDISI, Italy, March 18 — It was exactly six years ago this month that Albanian immigrants, fleeing poverty at home, first descended on this port city. Back then the people of Brindisi rallied by cooking great vats of spaghetti, collecting piles of used clothing and literally opening their homes to the poor, bedraggled immigrants.

This time, as a smaller exodus makes its way across the Adriatic to Italy's southeast coast, the reaction is different. As buses whisk through the city streets carrying new arrivals from their rickety vessels to ad-hoc processing centers, the reception here is not only cooler, but often downright suspicious.

"The people of Brindisi are tired and they feel betrayed," said Oronzo Martucci, editor of the city's local newspaper, *Quotidiano*. "Tired of seeing these Albanians arriving here day after day, sent here by the Albanian mafia, and betrayed because the Government talks, but does nothing."

Local officials in Puglia, the region that faces Albania across a narrow stretch of the Adriatic Sea, have pleaded with the Government of Prime Minister Romano Prodi to stop the exodus by throwing up a naval blockade in the Adriatic, and mounting a relief effort inside Albania itself.

A major concern here, and in Rome, is that criminal gangs in southern Albania have resumed control of the traffic of "boat people," picking up where they had left off when violent unrest last week rocked the small Balkan country. In the years since the collapse of Albania's Stalinist Government, illegal immigration — and smuggling of cigarettes, marijuana and guns — has been a big business on both sides of the Adriatic, tightening links between Albanian and Italian organized crime groups.

"Our worry is that apart from the Albanian mafia, Albanian arms will come in too — arms that will then become available to the Italian mafia," said Pier Luigi Vigna, Italy's chief anti-Mafia prosecutor in an interview in *Corriere della Sera*, Italy's largest newspaper.

In the last few days new arrivals are again reporting that they were forced to pay for their passage, with prices ranging from \$600 to \$1,500. The reports have given rise to a growing view here that the exodus is no longer a flight from civil unrest, but a new wave of mass emigration.

According to official statistics, 64,000 Albanian immigrants are now living in Italy but the number of clandestini — as illegal residents are called — is known to be much greater. According to police officials, dozens of Albanians already living illegally in Italy have tried to pass themselves off as new arrivals, hoping to get three-month temporary permits being offered to refugees.

Italian authorities, struggling to keep up with the sudden emergency, have been dispersing the new arrivals — the latest number is now 8,000 — to ad-hoc centers set up in other parts of the country. But here in southern Italy, where unemployment is twice as high as it is in the prosperous north, many feel that they are being asked to bear a disproportionate share of the burden.

The Government in Rome has scheduled a Cabinet meeting on Wednesday on the crisis, but already new voices are joining those critics who feel that Italy's initial approach was too lax. The director of Caritas, the Catholic relief agency, said that the Government should try to keep the refugees, who are now free to wander, in controlled locations.

"Otherwise, how are they going to be able to send them back?" said Bruno Mitrugno, the Caritas director. "They will be dispersed throughout Italy, and that poses health problems, as well as problems of criminality."

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THE PRESIDENT HAS SEEN

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Mexico, Harried Over Drugs, Presses Own Peeve: U.S. Guns

By CLIFFORD KRAUSS

MEXICO CITY, March 18 — Parrying almost daily attacks from Washington belittling their record on drugs, senior Mexican officials are complaining to the Clinton Administration and Congress that the United States needs to do more to stem the deluge of illegal weapons crossing the United States border into Mexico.

Mexico's quiet lobbying campaign for stronger United States gun controls on the border began in earnest when the handgun that killed the Secretary General of the ruling political party in 1994 was traced to Texas gun merchants.

But the effort picked up new urgency last week after the accidental recovery by United States Customs agents of two truckloads of grenade launchers and M-2 carbine barrels and magazines at a border crossing outside San Diego.

Mexican officials say thousands of guns and large caches of heavy weapons are crossing the border under the noses of United States Customs Service agents every year, fortifying drug cartels and guerrilla groups as well as fueling a crime wave in Mexican cities.

"They always ask us to do this or do that," said Miguel Ruiz Cabanas, the Mexican Foreign Ministry's top official dealing in law enforcement matters. "But when we say the U.S. is the source of illegal arms trafficking into Mexico, the answer we receive is very limited."

American law enforcement officials say they are making strides to satisfy the Mexican Government by training dogs to sniff for ammunition, deploying giant new X-ray machines to inspect trucks crossing the border, and stepping up tracings of guns captured in Mexico.

A Clinton Administration official who deals with Mexico policy said, "We're willing to do everything possible to work with Mexico to control the flow of guns." But the official, who spoke on condition that he remain anonymous, added, "Since the United States doesn't have very tight gun control laws, there is only a limited amount of things we can do."

Mexico does not produce armaments and has strict gun control laws.

Mexican officials said that President Ernesto Zedillo intended to raise the issue of gun control when President Clinton visits Mexico next month.

In the meantime, Jesús Silva Herzog, Mexico's Ambassador to Wash-

ington, is plying the halls of Congress asking for stricter outbound enforcement on the United States-Mexican border.

"We're simply not satisfied," said Marco Provencio, the Assistant Under Secretary of Foreign Relations.

Mexican officials say the capture of the huge arms cache at the Otay Mesa border crossing last week underscores how porous the United States border is to arms and other contraband. The shipment entered the United States through the port of Long Beach, the same entry point, Mexican officials note, where a three-ton shipment of illegal chemicals for narcotics production captured in Mexico City last year originated.

American law enforcement officials refuse to say where they think the arms cache originated and where it was going. But they conceded that they made the seizure strictly by luck after warehouse workers peeked into a damaged crate and reported what they saw to local Customs officials.

Most troubling, United States and Mexican officials say, is that the captured M-2 carbines and rocket launchers were unassembled and incomplete, suggesting that complementary truck shipments may have already crossed the border.

The M-2 carbine is a favorite weapon of guerrilla groups because it is light and highly reliable in jungle conditions.

Mexican officials said they were stepping up their own Customs efforts on the border in search of weapons. While they say their agents are handicapped by lack of technical equipment and training, United States officials note privately that the Mexican border guards probably take bribes from traffickers.

A special task force of Mexican and United States law enforcement officials started work on improving gun enforcement 18 months ago, and a training program was begun for 60 Mexican federal agents at the Bureau of Alcohol, Tobacco and Firearms Center in West Virginia.

Last October Mexican officials handed the bureau information on 4,300 firearms captured at Mexican crime scenes and asked that they be traced. But officials said the paperwork was incomplete, so few of the guns could be tracked. Since then, Mexico has submitted 1,500 additional trace requests with more complete information, and United States officials say the chances for successful tracking have improved.

The New York Times

WEDNESDAY, MARCH 19, 1997

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The New York Times

WEDNESDAY, MARCH 19, 1997

THE PRESIDENT HAS SEEN

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creating the effect of a boxy figure eight of human bodies.

Disillusioned by the deluge of applicants, some job seekers took one look at the line and went home. Others waited for hours in the chilly weather, sipping coffee, conducting mock interviews, encouraging one another to hold on and shouting down those who dared venture to cut into the line.

"My brain is frozen," said Ms. Blanding, who waited for eight hours, biding her time by flipping through the book her daughter had borrowed from the library, "Naked at the Interview: Tips and Quizzes to Prepare for Your First Real Job."

"But I'm not leaving until I get seen," she said firmly.

She would not say what caused her to lose her job a year ago or how she has managed to support her family since then. But others were more forthcoming, describing how the restaurants they worked in had failed, how they fell onto welfare after separating from their husbands, or how they desperately needed the security that their current jobs did not provide.

"I have work, but I don't have benefits," explained Mr. Honoret, who said he was a lawyer in his own country but had worked in factories and supermarkets since his arrival in the United States five years ago.

At first, he dreamed of saving enough money to attend Harvard University, of sending money regularly back to his 71-year-old mother, of working as a professional in his newly adopted country. He has not given up entirely on that dream, but sometimes as he mashes potatoes and roasts chicken at Boston Market, he wonders why he ever left home.

"I'm just a cook now," said Mr. Honoret, who wore jeans and a St. Louis Cardinal's baseball cap. "Sometimes, I think I'm just too scared to admit that I can't make it here."

Farther down the line, Mrs. Gatling reminisced about the last real job she had, four years ago. She worked in an office, dumping trash, cleaning bathrooms and sweeping floors, and earned \$300 a week. She had a credit card then and had even bought a brand-new bedroom set from Seaman's. "That was the best I ever had," she said.

When she got laid off, she went on welfare and has been on it ever since, searching without luck for anyone who would hire a 55-year-old woman with a General Equivalency Diploma. The classified advertisement gave her hope of a new future.

She started to dream about paying off her bills, buying new boots and maybe even treating herself to a pair of fancy stockings.

"I'm gonna try and sell myself," Mrs. Gatling said as the line inched forward. "I'm gonna look the person in the eye and tell them the truth: I'm honest and reliable and I'm desperate for work."

Books of The Times: Weekdays

4,000 Hearts Full of Hope Line Up for 700 Jobs

A1 By RACHEL L. SWARNS

Gayle Blanding pulled on her best dress, the navy one with the gold buttons, painted her lips cranberry and repeated her mantra: "I have great confidence. I have great skills." But the 38-year-old unemployed woman still trembled as she rode the A train from Harlem to midtown Manhattan yesterday.

"Don't worry, Mommy," whispered her 19-year-old daughter, who accompanied her part of the way. "You're going to get that job."

Lasidy Honoret, a 33-year-old cook from the Dominican Republic, took an unpaid day's leave from his \$5-an-hour job at a Boston Market and practiced his English during the subway ride from Woodhaven, Queens. "A job with benefits," he said.

And Elizabeth Gatling, 55, stuffed her black canvas bag with dozens of multicolored résumés and certificates from every training program she had ever completed. And as she rode to Manhattan from Crown Heights in Brooklyn, she envisioned a whole new world where she could pay her electric bills on time and permanently erase the stigma of public assistance.

"I'm not asking for no pity," she said. "I just want to get off welfare."

The thing that drew them from their homes before dawn yesterday was a tiny classified advertisement in the local newspapers: the possibility of a shot at one of the 700 jobs offered at the soon-to-reopen Roosevelt Hotel in midtown Manhattan. And by noon, the three job seekers had joined 4,000 others in a twisting,

Continued on Page A28, Column 1

Continued From Page A1

turning human chain that extended two square blocks and reflected the city's dreams and frustrations.

There were teen-agers wearing diamond studs in their noses and baseball caps on their heads, bouncing in time to the rhythms of their radios. There were middle-aged men wearing business suits and clutching leather portfolios. There were welfare recipients afraid of losing their benefits, and immigrants still searching for the golden streets of America.

Many job seekers stood on the slow-moving line for as long as eight hours to fill out a job application. But they said it was worth it. Because behind the hotel's grand doors, which were still covered with plywood, they could imagine a world of steady work, of tuxedo-wearing waiters juggling plates, of uniformed maids making beds, of smartly dressed front-desk clerks welcoming guests and tapping on new computers.

"I got a 3-month-old daughter to support, so I'll do anything for a real job," said Martiza Rivera, 23, who lost her job as a supermarket cashier six months ago and arrived at the hotel at 7 A.M. "I just want her to have the things I've never had. A bank account. A college education. It's hard waiting out here for so long. But when I get tired I just think of her, smiling at me."

The 1,033-room Roosevelt Hotel, which sits on the corner of 45th Street and Madison Avenue, is scheduled to reopen in late April after 18 months of renovation. And the classified advertisements, which appeared on two consecutive Sundays, called on housekeepers, managers, maintenance workers and security guards to apply during a four-day job fair, which began yesterday.

The hotel's manager said his staff had expected to interview 1,000 people a day and to pay those hired anywhere from \$6 to \$15 an hour. But no one anticipated the thousands that would show up at the doors, some as early as 3 A.M.

"I've never seen anything quite like it," said Ted Knighton, the task force coordinator for Interstate Hotels, the hotel's management company, who is responsible for opening the hotel.

Police officers had to set up barricades to control the surging crowd, which snaked around 46th Street, down Vanderbilt Avenue, back across 45th Street, up Madison Avenue, and back to the entrance on 46th. There were so many people that the officers even started another line on the opposite side of 46th Street, which snaked around another city block,

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JIM DORSKIND:

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THE PRESIDENT HAS SEEN

Lanny Davis thanks for tie -- its message and your words meant a lot. It's a privilege to work for you. He encloses letter and article received from one of your coffee guests, David W. Leopold, emphasizing that he was never solicited before, during or after the coffee.

THE PRESIDENT HAS SEEN
4-7-97
THE WHITE HOUSE
3/10/97

cc: Ann Lewis
President

Muller
Ans

Mr. President -

Thanks so much for your present -
The message on the tie, and your words,
meant a lot to me. It's a privilege to
work for you.

I've enclosed a letter and article I
just received about one of your coffee guests -
I thought you would especially enjoy this
Best, Lanny

(Please remember - would love to play golf with you.)

DAVID WOLFE LEOPOLD
Attorney at Law

815 Superior Avenue, N.E.
Suite 1920
Cleveland, Ohio 44114-2702
Telephone: (216) 696-4676
Facsimile: (216) 696-8268

March 5, 1997

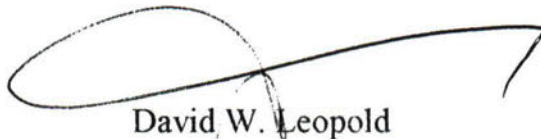
Lanny Davis, Esq.
White House Counsel
The White House
1600 Pennsylvania Avenue
Washington, D.C. 30500

Dear Mr. Davis:

I would like to thank you and your staff for attempting to secure a photograph of the March 29, coffee which I attended with the President.

An article emphasizing the fact that I was never solicited before, during or after the coffee ran in the Cleveland Plain Dealer this past Sunday. I enclose a copy of the article for your information.

Very truly yours,



David W. Leopold

DWL/cmb
Enclosure

THE PLAIN DEALER

CLEVELAND, MARCH 2, 1997
.....

Do drop in for coffee

Ohioans answer the call to hoist a cup and engage in a bit of Map Room conversation at White House

By TOM BRAZAITIS
PLAIN DEALER BUREAU CHIEF

WASHINGTON — One morning about a year ago, David Leopold was at work in his downtown Cleveland law office when he got a call from a young man who claimed to represent the White House.

President Clinton, the young man said, was wondering whether Leopold would be free to stop by the White House for coffee.

Leopold assumed somebody was playing a practical joke.

"What does he want to talk to me about?" he asked.

▪ Bush names guests he had at the White House. 20-A

▪ Gore was "Solicitor-in-Chief" in '96 campaign. 20-A

"The president wants some feedback about things that are important to the folks in Ohio," the young man replied.

Leopold assumed that if there was any truth to this, he would be one of hundreds in a large room who would get a five-minute pep talk from the president, then be encouraged to write a check for Clinton's campaign.

But the young man said Leopold would be one of only a dozen people meeting with the president and that there would be no appeal for money before, during or after the session.

And so it was that on the morning of March 29, 1996, Leopold found himself in the Map Room in the West Wing of the White House with 11 other men and women — "heavy hitters and ordinary people," as he described them — sitting down for coffee and cookies with the president.



GUS CHAN / PLAIN DEALER PHOTOGRAPHER

David Leopold on meeting President Clinton: "I got the impression he was really listening"

A name on a list

Leopold, who had not met the president before, was impressed by the interest Clinton showed in what he and the others had to say. As Leopold related the story of a client who had stood up to her husband in an abuse case, Clinton took notes.

"He may have been writing, 'Who the hell let this guy in,'" Leopold joked, but I got the impression he was really listening.

Returning home, Leopold wrote an essay about his experience, which was published in the Cleveland Jewish News. Otherwise, that White House get-together and 100 others like it drew very little attention until recently, when the coffees became the centerpiece of charges that Clinton has used the White House to raise millions of dollars for the party's national campaign.

Leopold's name is one of more than 1,500 on a list released by the White House of people invited for coffee with President Clinton, Hillary Rodham Clinton, Vice President Al Gore or Tipper Gore. Another White House list identifies 938 people invited by the president to spend the night at the White House in the Lincoln Bedroom or Queen's Bedroom.

Roughly one-third of the people on the lists have made large cash contributions to the Democratic Party, sparking numerous news stories and investigations by Congress and the Justice Department.

A handwritten note showing that Clinton personally endorsed the plan to invite big party donors to the White House has fueled speculation, denied by the president, that the White House was "for sale" to big-money contributors.

Among the Ohioans whose names appear on the White House lists is businessman Carl Lindner of Cincinnati, who has

contributed hundreds of thousands of dollars to both the Democratic and Republican parties in recent years. But Leopold and most of the other Ohioans on the lists do not qualify as big givers.

Like Leopold, Neal Malicky, the president of Baldwin-Wallace College in Berea, was surprised to get an invitation to have coffee with Mrs. Clinton at the White House last March. He and a dozen others from around the country met with the first lady for two hours.

"Mrs. Clinton put herself in listening mode," Malicky recalled. "She listened and asked good questions."

Malicky said he has never contributed more than \$50 to a political campaign, and that he was not asked for a contribution in connection with the White House visit.

White House calling

Stephen Madru, president of Madru Realtors in Chillicothe, got a call on a Friday last March asking if he could be in Washington on Tuesday. He immediately accepted his invitation for coffee with the president.

"Clinton said, 'I want to see what's on everybody's minds,'" Madru recalled. "He said, 'I think there's an answer out there for every problem in the country and I wanted to talk with people from outside the Beltway.'"

Madru said news reports connecting the coffees with campaign contributions surprised him because "there never was anything mentioned about fund raising" at the session he attended.

"I'm just a small-town real estate guy lucky enough to get the call," he said. Bill Sundermeyer, president of the Ohio Education Association, attended one of the White House coffees with the president last June. He was glad for the opportunity to tell Clinton he supported his idea to bring computers into the public schools, but warned that many

schools do not have the electrical capacity in classrooms to handle computer labs.

Later, when Clinton proposed upgrading schools' infrastructure to accommodate computers, Sundermeyer took some personal satisfaction although he did not know for sure whether his comments had influenced the president's thinking.

Like the others, State Sen. Jeffrey D. Johnson of Cleveland paid for his flight to Washington to have coffee with the president.

"The privilege of getting to talk to the most powerful leader in the world about issues in your own community was enough reason for me to pay my own way," he said.

Some Ohioans did much more for Clinton and the Democrats than pay their own air fares.

Lindner, head of American Financial Corp., and Jim Evans, American Financial's general counsel, may have been invited as a reward for contributions to the Democrats totaling \$615,000 over the last four years, according to Federal Election Commission reports.

Lindner, Evans and Cincinnati trial lawyer Stanley Chesley attended a White House coffee with Clinton along with 10 others on Feb. 21, 1995. Chesley, whose law firm contributed \$357,000 to the Democrats over the last four years, told the Cincinnati Enquirer that Clinton did not stay for the full half-hour.

American Financial Corp. covered its bets over the last four years by contributing \$620,000 to the Republican Party. Bob Dole, Clinton's Republican opponent in last year's election, flew to campaign appearances in planes owned by the Lindner family's corporate interests.

Another Cincinnati lawyer, Richard Lawrence, is listed as a guest at a March 28, 1996 coffee, five days after he contributed \$90,000 to the Democratic National Committee. Later that year,

OHIOANS WHO CAME TO COFFEE

These are the Ohioans listed by the White House among the people invited for coffee with President Clinton, Hillary Rodham Clinton, Vice President Al Gore or Tipper Gore:

Name	Affiliation	City
Robert Blackwell	OHM Corp.	Findlay
Thomas L. Bowen	Black Student Leadership	Elyria
Gene Branstool	Chairman of Ohio Democratic Party	Columbus
William A. Barga	president, Ohio AFL-CIO	Columbus
John H. Butterworth	National Sheriffs' Assoc.	Marion
Stan Chesley	Waite, Schneider, Bayless & Chesley	Cincinnati
Charles Clark	president of Ohio State Council of Senior Citizens	Columbus
Timothy Davis	Summit County executive	Akron
Dennis Eckart	Arter & Haddon	Washington
Jim Evans	American Financial Corp.	Cincinnati
Carty Finkbeiner	mayor	Toledo
Robert W. Gillespie	president and CEO, KeyCorp	Cleveland
Marilyn Heath		Dayton
Mike Marcellino		Cleveland
Jeffrey D. Johnson	state senator	Cleveland
Carl Lindner	American Financial Corp.	Cincinnati
Stephen Madru	Madru Realtors	Chillicothe
Donald L. Plusquellic	mayor	Akron
Richard Lawrence	lawyer	Cincinnati
David Leopold	lawyer	Cleveland
Neal Malicky	president of Baldwin-Wallace College	Berea
John B. McCoy	chairman and CEO BancOne Corp.	Columbus
Roxanne Qualls	mayor	Cincinnati
Michael Sexton	Young Democrats of America president	Columbus
Bill Sundermeyer	Ohio Education Association executive director	Columbus
Peter S. Ujvagi	councilman	Toledo

PLAIN DEALER

Lawrence contributed \$12,000 more to the Democrats.

Dennis Eckart, the former Democratic congressman from

Cleveland's eastern suburbs who now represents the Cleveland-based law firm of Arter & Haddon, is listed as attending a coffee

with Clinton on Aug. 6, 1996. FEC records show \$10,000 in contributions to the Democrats from Eckart's firm and a \$1,000 contribution to the Clinton-Gore campaign from Eckart's wife Sandra.

Former Ohio Attorney General Lee Fisher and his wife, Peggy Zone Fisher, appear with Lindner on the list of overnight guests at the White House. Fisher was chairman of Clinton's campaign in Ohio in 1992 and has raised money for him.

Question of propriety

The Fishers spent a Friday night in the Queen's bedroom after a holiday party at the White House in December of 1993. They stayed up late that night watching the David Letterman show on TV. Actor Tom Hanks, one of Letterman's guests that night, joked about staying in the Queen's Bedroom a few nights earlier and stealing the towels.

The next morning the Fishers ate breakfast with the Clinton's and accompanied the president to the Oval Office to listen as he broadcast his weekly radio address.

Fisher says it would be inappropriate for this or any other president to use the White House as a fund-raising mechanism, but stresses that there has been no evidence so far that Clinton did that. He said, however, that legitimate questions have been raised that warrant further investigation.

"It is perfectly appropriate whether it is Ronald Reagan or George Bush or Bill Clinton to socialize with their friends in the place where they live," Fisher said. "The president and first lady are human beings. They cannot and should not be isolated from the outside world simply because they live in the White House."

Plain Dealer reporters Tom Diemer and Elizabeth Marchak and Mike Tobin of States News Service contributed to this story.

THE WHITE HOUSE
WASHINGTON

April 4, 1997

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MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *HWB 3/30/97*

SUBJECT: Summary of Cabinet Weekly Reports
March 28 - April 4, 1997

DEPARTMENT OF TREASURY

- **Asia Trip:** On April 4-8, Secretary Rubin will visit Japan, the Philippines, and Vietnam to attend the APEC Finance Ministers annual meeting, as well as to confer with the economic and financial authorities in Japan and Vietnam. Discussions will center on how U.S. engagement in Asia can help foster an environment that sustains economic growth and facilitates trade and investment liberalization. The purpose of Secretary Rubin's trip to Vietnam is to sign a bilateral debt rescheduling agreement, a major step in normalizing economic relations with Vietnam.
- **Africa Initiative:** Over the next two weeks, Treasury will be working with the NEC, USTR and State to resolve a series of substantive issues and then roll out the Africa initiative. The Administration and Congressional leaders, including Representatives Crane and Rangel, are working to keep efforts synchronized.
- **G7 Deputies:** On April 8, Deputy Secretary Summers will host a G7 Deputies meeting for finance minister and Central Bank officials. Issues include preparations for the Denver Summit, the IMF, the World Bank, Russia, and macroeconomic conditions in the G7 economies, including the impact of EMU.
- **International Financial Institutions:** On April 9, Deputy Secretary Summers will testify before the Senate Foreign Relations Subcommittee on International Economic Policy, Export and Trade Promotion regarding Treasury's 150 Account authorizations, which include the MDBs and the New Arrangements to Borrow.

- **Argentine Foreign Ministers Meeting:** On April 1, Deputy Secretary Summers and Assistant Secretary Lipton met with Argentine Foreign Minister Guido Di Tella. The Foreign Minister 1) expressed concerns over U.S.-Argentine trade relations, 2) criticized delays in removing U.S. restrictions on imports of Argentine beef products, 3) urged that the U.S. ease its demands for greater protection of intellectual property rights under Argentine law. Minister Di Tella expressed his strong desire to resolve these problems in advance of your October trip to Argentina.
- **D.C.:** On March 27, Treasury provided a short-term loan in the amount of \$50 million to D.C. to provide funds to meet the seasonal cash-flow requirements. Treasury has provided approximately \$224 million in short-term loans in FY97. D.C. also intends to issue approximately \$74 million in Budget Notes in May 1997. If the market is not receptive, D.C. would seek to borrow funds from the Treasury. During the week of April 7, a meeting will be held with Administration officials on intermediate-term lending facility included in your D.C. Initiative. This issue has been complicated by the failure of D.C. and the Control Board to agree on an FY98 budget.
- **IRS Congressional Activity:** On April 10, Deputy Secretary Summers is scheduled to testify before the Senate Committee on Governmental Affairs on the GAO's Report on IRS Management. On April 14, Assistant Secretary Muñoz is scheduled to testify before the House Subcommittee on Government, Management, Information and Technology on the GAO's Report on IRS Management. On April 15, the House is expected to debate a bill that makes it a crime for an IRS employee to browse through tax return information.
- **IRS Filing Season:** Through March 17, all categories of electronic filing are ahead of last year's volume by almost 25 percent. The On-Line Filing Program is up 156 percent compared to the same reporting period last year with 233,000 filers.
- **International Money Laundering:** The APEC Deputy Finance Ministers have agreed to include language to combat money laundering in their Draft Ministerial Statement to be discussed at the April 5-6 APEC Finance Ministers Meeting. This draft statement recognizes money laundering as a threat to the integrity of legitimate financial institutions and an impediment to economic growth and encourages increased efforts to deal with the problem.

DEPARTMENT OF JUSTICE

- **Immigration Law:** The provisions of the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA), which took effect April 1, revise the asylum process, expand the grounds of inadmissibility, redefine aliens who enter the U.S. as applicants for admission, create expedited removal procedures for certain aliens, and consolidate exclusion and deportation proceedings into one removal proceeding. On March 31, INS

- **Cable "Must-Carry" Rule:** Turner Broadcasting System, Inc. v. FCC, No. 95-995 (March 31, 1997). After the D.C. Circuit twice invalidated, on First Amendment grounds, an FCC rule that cable operators must carry all local broadcast signals, Congress enacted its own "must-carry" requirement in the Cable Television Consumer Protection and Competition Act of 1992. The Supreme Court upheld the provision. Justice Kennedy, writing for the majority, agreed with the government's argument that Congress faced "a real threat" to the economic health of the broadcast industry and that the rule did not substantially burden more speech than necessary.
- **Bad Checks:** A MN resident, one of the largest cattle brokers in the Midwest, was sentenced to 48 months' imprisonment for defrauding banks in WI and MN through a massive check-kiting scheme. The defendant's businesses issued nearly \$2.9 billion dollars in worthless checks, causing the banks to lose \$40 million. Authority to appeal is being sought, as the sentence was 15 months below the guideline range.
- **AL Health Care Fraud Hotline:** The U.S. Attorney for the Southern District of AL has developed a new toll-free hotline for reporting instances of health care fraud. This "first of its kind" telephone system, devoted to both private and government medical abusers, is funded by a DOJ grant. The system will help stop abuse by private insurers who overcharge patients or doctors who claim bogus Medicare or Medicaid reimbursements.
- **Legal Services Corporation:** Plaintiffs in Legal Aid Society of Hawaii, et al. v. Legal Services Corporation ("LASH"), (D. HI), and Velazquez, et al. v. Legal Services Corporation, et al., (E.D. NY), have challenged the statutory and regulatory restrictions on legal services organizations that receive funds from the Legal Services Corporation (LSC). Plaintiffs are various legal services organizations and their attorneys, clients, and donors. They claim the restrictions unconstitutionally prohibit LSC fund recipients from, *inter alia*, lobbying, participating in class actions, and litigating or lobbying to reform state or federal welfare systems. On February 14, the HI court issued an order that enjoined the enforcement of several of the statutory restrictions. Among the restrictions enjoined were the restrictions on lobbying, seeking the reformation of welfare systems, and litigating with respect to abortion. The court upheld restrictions on participating in class actions, representing certain legal aliens, and seeking attorney's fees. On March 14, LSC promulgated new regulations intended, in part, to address the court's concerns. LSC is contemplating filing a motion or reconsideration in LASH in light of the issuance of the new regulations. The Acting Solicitor General is considering whether to intervene in the LASH case for the defendants. On March 14, the U.S. moved to intervene in the

Step
How do we
be depending
there?
we cannot
trust didn't
we?

Velazquez case and filed a brief in support of the constitutionality of the statutory restrictions. On March 24, Judge Block held a hearing on plaintiffs' Motion for Preliminary Injunction. The Judge expressed the concern that the new LSC regulations are far more stringent than necessary to ensure that federal funds are not spent on the restricted activities. DOJ anticipates a ruling on the injunction request in mid-April.

- **DNA Samples:** Mayfield v. U.S., (March 27, 1997) [9th Cir.; D. HI]. Two members of the U.S. Marine Corps challenged a DoD program to collect and store specimens of DNA from members of the armed forces for use in identifying remains in future conflicts. They alleged that the program violated their rights under the Fourth and Ninth Amendments. The district court ruled for the government and plaintiffs appealed. During the pendency of the appeal, DoD refined its policy to limit the uses of the samples to remains identification and to respond to a proper judicial subpoena. While the appeal was pending, plaintiffs were honorably discharged from the service. The Court of Appeals has now held that the changes in the program respond to plaintiffs' main concerns and that their separation from active duty mooted the appeal. The court vacated the judgment of the district court and remanded with instructions to dismiss the case as moot.
- **Lautenberg Amendment:** On March 27, the fourth suit was filed challenging a provision of the Omnibus Consolidated Appropriations Act of 1996 (the "Lautenberg Amendment") that makes it unlawful for any person, including a law enforcement officer, who has been convicted of misdemeanor domestic violence to possess a firearm. Florida Police Benevolent Ass'n, et al. v. U.S. (N.D. FL). Two FL Department of Corrections officers who pled guilty to misdemeanors of domestic violence in the 1970s and the FL Police Benevolent Association seek a declaration that the Lautenberg Amendment is unconstitutional. Plaintiffs claim that the Amendment exceeds Congress's authority under the Commerce Clause and violates the Tenth Amendment, the Equal Protection Clause, the Bill of Attainder Clause and the Due Process Clause.
- **House Field Hearing on Juvenile Justice and Delinquency Prevention Act:** On April 7, the Early Childhood, Youth and Families Subcommittee of the House Education and the Workforce Committee will hold a field hearing on the Juvenile Justice and Delinquency Prevention Act in Los Angeles, CA.
- **Media Inquiries:**
 - ▶ The *New York Times Magazine* is starting a profile piece on Janet Reno.
 - ▶ A number of Indianapolis papers are looking into complaints by Congressman Burton about being unfairly investigated for fundraising violations.
 - ▶ *CNN* is doing a story on allegations that Yasser Arafat had advance knowledge of the World Trade Center bombing.

- ▶ The *Wall Street Journal* is working on a story about the Attorney General's decision in appointing an independent counsel.
- ▶ Pierre Thomas's piece on the involvement of the Criminal Division in the campaign finance and independent counsel situation will run in the next few days.
- ▶ Richard Lieby is inquiring about the analysis of infrared tapes that evaluate gunfire aimed at the Branch Davidians in Waco.

DEPARTMENT OF COMMERCE

- **Supercomputer Dumping Case:** On March 31, DOC found NEC Corp. of Japan guilty of "dumping" a supercomputer on the U.S. market at below cost. DOC placed the dumping margin against NEC at 454 percent, meaning the computer should have cost 454 percent more. If the ruling holds, NEC would have to pay a fine worth 4-1/2 times the \$35 million value of the contract. NEC has filed a suit with the Court of International Trade seeking an independent arbiter to replace DOC as the judge in the dumping case. That case is scheduled to begin April 7.
- **Census 2000 Sampling:** On April 8, Secretary Daley will meet with Representatives Maloney and Waxman to discuss the use of sampling in the decennial census. On March 20, Representative Maloney introduced H.R. 1178, the Census Accuracy Act of 1997. This bill amends Title 13 of the U.S. Code to make clear that sampling may be used to ensure the accuracy of the decennial census. The bill also requires that the Secretary of Commerce submit a report to the Congress three years prior to the census detailing the plans for the census (for Census 2000, 90 days after enactment of this bill).
- **Optoelectronics Industry Assessment:** BXA has reached an agreement with the Optoelectronics Industry Development Association to conduct a joint assessment of the health and competitiveness of the U.S. optoelectronics industry. Optoelectronic technology is vital to a variety of DoD weapon systems including sensors, guidance systems and communications. This assessment will provide information to assist in strategic planning and targeting of R&D funding.
- **Advance Technology Program:** On April 4, a notice was published in the *Federal Register* to solicit public comment on various issues relating to the NIST Advanced Technology Program (ATP), following up on Secretary Daley's recent announcement that Under Secretary Good would be overseeing a review of the program to evaluate possible improvements. The notice will be published on April 4.
- **National Weather Service (NWS) Cuts:** On April 4, NWS Assistant Administrator Elbert Friday met with House Appropriations staff to discuss the status of the NWS shortfall and your budget request for a restoration of \$10.8 million to address critical weather service base operations needs in FY98. On March 26, due to local and national

press interest in cuts to the Hurricane Center, information regarding NWS capabilities in FL was sent to the entire FL Congressional delegation and other interested members. On March 28, in an unofficial hearing organized by Representative Shaw, NOAA Acting Assistant Secretary for Oceans and Atmosphere Terry Garcia and NWS Assistant Administrator Friday met in FL with employees, Congressional staff, and interested constituents.

- **Foreign-Born Census:** On April 8, Census will release the report, "The Foreign-Born Population, 1996," which provides data on the foreign-born population by country of origin, state of residence, citizenship, race and Hispanic origin, age, education, income, poverty status, labor force status, and more.
- **The following economic indicators will be released during the next two weeks:**

Quarterly Financial Report for Manufacturing,	
Mining, Wholesale Trade and Retail Sales (4th Q)	April 7
Wholesale Trade (February)	April 8
Advance Retail Sales (March)	April 11
Manufacturing and Trade: Inventories and Sales (February)	April 15
Housing Starts and Building Permits (March)	April 16
U.S. International Trade in Goods and Services (February)	April 17
- **Encryption:** On March 20, the OMB approved Secretary Daley's request to establish the Subcommittee on Encryption of the President's Export Council. The Subcommittee will advise the U.S. Government on issues relating to the implementation of a commercial encryption export policy, as committed to by the Vice President. The new committee will be composed of industry leaders, senior government officials and Congressional members.
- **Transfer of Census of Agriculture:** The Administration is planning to resubmit soon a bill to transfer the 1997 Census of Agriculture from DOC to USDA. A similar bill passed only the House last Congress. The Census would still conduct the Agriculture Census on a contract basis, but USDA would have the responsibility for funding it.
- **International Accounting Rates:** NTIA coordinated with Executive Branch agencies and with the White House in developing Reply Comments in this FCC proceeding, which were filed March 31. NTIA concurred with the Commission's assessment that the traditional accounting and settlement system is in urgent need of reform, as it distorts competition and market performance, and restricts market growth. Increases in net payments by U.S. carriers to foreign carriers are a major factor in the higher rates U.S. consumers pay for international telephone service compared to domestic long distance service. On average, consumers pay \$.99 a minute for international calls and only \$.16 for long distance calls.

- **ESA Hearing:** On April 10, the House Appropriations Subcommittee is scheduled to hold a hearing on funding for the Economics and Statistics Administration (ESA). No Senate subcommittee hearing is anticipated. Your FY98 budget request for ESA totals \$713 million, a \$322 million increase from FY97. The requested increase is the result of funding needed for two highly cyclical programs--Census 2000 and the Economic Censuses.

DEPARTMENT OF LABOR

- **IN Disaster Relief:** This week, DOL will award a Disaster Relief Grant of up to \$1,800,000 (with \$600,000 provided immediately), to IN to create 150 temporary jobs to assist in the cleanup and repair of public property and other recovery efforts under way in 13 counties that were damaged by severe winter storms and flooding.
- **New Workplace Safety Rule:** On March 31, OSHA published in the federal register a new rule on abatement of safety and health of workplace hazards. This rule will require businesses to certify to OSHA and inform employees that they have abated workplace hazards identified by inspectors. The new rule simplifies previous OSHA abatement certification procedures and will eliminate burdens on employers.
- **American Airlines:** On April 3-4, the Board of Directors of the Allied Pilots Association (APA) met to review and vote on its agreement in principle with American Airlines. The pact under consideration includes a tripartite agreement among American, the APA, and the Air Line Pilots Association (ALPA) on the regional jet issue. That agreement stipulates that the regional jets will be flown by American Eagle pilots and provides a "flow through" to American Airlines for Eagle's pilots. In return, American's pilots during downsizing can retreat to regional jet captain positions at American Eagle. The status quo period in the dispute, which would have expired 30 days after the March 19 transmittal of the Emergency Board report, has been extended by agreement of the parties to a point 30 days after rejection of the agreement by either the APA's board or its membership.
- **United Airlines:** On April 8, United Airlines and the Association of Flight Attendants (AFA) will begin three weeks of intensive contract negotiations in HA. United's members of the Air Line Pilots Association have completed voting on a revised package of "midterm wage adjustments" negotiated pursuant to the union's ESOP agreement with the carrier. On April 10, the ballots will be counted.
- **Steelworker Strike Update:** On March 27, the Wheeling-Pittsburgh Steel Corporation announced the sale or closure of facilities employing some 230 workers in Beech Bottom and Wheeling, WV, and Martins Ferry, OH. The action was condemned by the United Steelworkers, whose negotiating committee chairman termed it "a violation of the most

basic code of human conduct" as it occurred when the parties were "making progress towards a settlement of the strike through private initiatives undertaken by Senator Rockefeller." On March 19, at the Senator's invitation, the parties had met in Washington, and had followed that session with a meeting in Pittsburgh, PA, on March 25. While expressing puzzlement at the timing of the company's action, Senator Rockefeller reportedly still urged both parties to return to Washington for talks during the week of March 31. Some 4,500 workers represented by the Steelworkers have been on strike since October 1 at Wheeling-Pittsburgh's facilities in OH, PA and WV. The company's pension plan has been the principal issue in dispute, with the union seeking a defined benefit plan to replace the existing defined contribution plan.

- **ABC Strike:** Some 2,400 engineers, writers, and camera operators at the American Broadcasting Company (ABC) have remained at their jobs after efforts to replace a contract expiring at midnight, March 31, broke off earlier that day. The workers, who are represented by the National Association of Broadcast Employees and Technicians, are employed mostly in Chicago, Los Angeles, New York, San Francisco and Washington, D.C. Although a strike has been authorized by the membership, the union has not set a deadline for such action. Union concerns over job security and management's desire for greater flexibility in hiring reportedly are among the issues in dispute.
- **CA Nurses Strike:** In early March, the California Nurses Association announced that the options under consideration "include a one-day strike on April 16 at all Kaiser facilities, or rolling strikes by region or facility beginning April 16." Some 7,500 registered nurses are covered by the CNA's contract with Kaiser which expired January

DEPARTMENT OF TRANSPORTATION

- **DOT Thirtieth Anniversary:** On April 2, as part of DOT's thirtieth anniversary, Secretary Slater announced a \$10.3 million grant to the MD Mass Transit Administration at Baltimore-Washington International Airport (BWI) for construction on the Baltimore Central Corridor Light Rail Line to help complete 7.5 miles of extensions to Penn Station, BWI and the Hunt Valley. Secretary Slater also toured transportation facilities in the Baltimore area, visiting the Curtis Bay Coast Guard Yard and Sea Girt Marine Terminal.
- **Big 3 Automakers:** On April 8, Secretary Slater is scheduled to meet with the CEOs of the big three automakers to discuss various issues of interest to the automotive industry.
- **Boeing 747 Fuel Tank Ignition:** The NTSB has made 4 recommendations that are intended to reduce the likelihood of airplane fuel tank ignition. The NTSB recommendations resulted from the TWA 800 accident. Evidence suggests that explosion of fuel vapors within the center wing fuel tank occurred due to a yet to be determined

ignition source. On April 3, the FAA published a notice requesting industry and public comment in the *Federal Register* so that technical data can be gathered and evaluated prior to responding to the NTSB recommendations.

- **Delta Airlines Incident:** On April 2, the FAA issued an Airworthiness Directive requiring a check of hinge fitting bolts on the outboard trailing edge flaps on 767 aircraft. This was prompted by an incident on March 27, involving Delta Flight 691, a Boeing 767, which lost a portion of its right inboard trailing edge flap while approaching the DFW Airport. The flap section, approximately 20 feet long, fell into a field near Carrollton, TX, and the aircraft landed safely at DFW. FAA inspectors have examined the aircraft. Inspection reveals that four bolts failed at the inboard end of the flap, followed by the flap tearing itself loose from the outboard mount.
- **Side Crash Test Results:** Announcement for NHTSA's first side crash test results is currently planned for the second week of April. Results from 17 passenger cars that were crash tested for side impact will be included in the announcement. This information will provide consumers with safety data on the two most common injury-causing crash events, which should assist consumers with their car purchasing decisions.
- **U.S.-Canada Aviation Services:** DOT has completed a report summarizing the benefits that have been derived from the U.S.-Canada aviation agreement in the 2 years since it was signed. This report was prepared in anticipation of the visit by Prime Minister Chretien next week. The report notes that traffic has grown by over 3.4 million passengers, an increase of 28 percent during this time. Fares have fallen by an average of 12 percent in the leading U.S.-Canada markets and 28 percent in the 17 markets with new non-stop service.
- **Operation GULF SHIELD:** On March 27, Admiral Kramek and TX Governor Bush released details of Operation GULF SHIELD in a press conference in Corpus Christi, TX. The Governor welcomed federal support for this Coast Guard led interagency counter narcotics operation, which seeks to deny the South TX area to traffickers coming from Mexico on small boats. The operation is expected to run indefinitely. The Coast Guard has solicited Mexican participation.
- **Singapore:** On April 8, the U.S. and Singapore will formally sign and enter into force an "Open-Skies" Air Transport Agreement. The Agreement, which was initialed at the conclusion of talks this past January, will be the first "Open-Skies" agreement the U.S. has made in Asia. DOT have initialed and hope to soon sign similar agreements with Brunei and Taiwan. Negotiations with Malaysia are proceeding rapidly.

- **Central America "Open-Skies" Initiative:** On March 12, Panama became the first Latin American country to initial an "Open-Skies" aviation agreement. American Embassies in El Salvador and Guatemala have begun discussions on the text of the U.S. "Open-Skies" aviation agreement. State is preparing a new Spanish text to be given to Costa Rica and Honduras as well as other Central American countries. Once Costa Rica and Honduras have an acceptable Spanish text they are expected to initial as well. Belize and Nicaragua are showing more interest in the U.S. initiative.
- **Seat Belt Report:** DOT is working with DPC to schedule an event at the White House during the week of April 7 to release DOT's report to you on increasing seat belt use.
- **Puerto Rico Cutter:** On April 3, the Crime Subcommittee of the House Judiciary Committee, under Chairman McCollum, held a hearing on drug interdiction onboard the Cutter GALLATIN in San Juan, PR. Admiral Kramek testified, together with FBI Director Freeh, DEA Administrator Constantine, Customs Commissioner Weise, and Puerto Rican Governor Rosello. Operation FRONTIER SHIELD, the ongoing Coast Guard operation in the Eastern Caribbean, will be spotlighted during the hearing.
- **Airbags and Child Restraints:** On April 9, the House Commerce Subcommittee on Telecommunications and Finance has tentatively scheduled a hearing on airbags and child restraints. NHTSA Administrator Martinez will testify.
- **TWA 800 Hearing:** On April 9, the Senate Commerce, Science and Transportation Subcommittee on Aviation has scheduled a hearing on the TWA accident. Witnesses will include the FAA, NTSB, FBI and U.S. Navy.
- **Aviation Insurance Program:** On May 1, the Aviation Subcommittee of the House Transportation and Infrastructure Committee is expected to hold a hearing on reauthorization of the aviation war risk insurance program. A witness from the FAA is expected to testify.
- **Welfare to Work:** On April 14, FTA Administrator Linton will speak on FTA's Access to Jobs Initiative at the National Congress for Community Economic Developments Forum on Welfare to Work in Washington, D.C.
- **Secretary Slater Profile:** On April 7, The *Los Angeles Times* is expected to run a profile of Secretary Slater.

UNITED STATES TRADE REPRESENTATIVE

- **Philippine Pork:** Last week in Geneva, USTR initiated WTO dispute settlement procedures to challenge the failure of the Philippine government to implement its WTO obligations for pork and poultry imports. The first step in the process is a 60-day consultation period during which USTR hopes to reach a settlement that will benefit U.S. exporters of pork and poultry.
- **Japan Apples:** Last week, USTR requested consultations with Japan in a new WTO case involving its testing requirements for imports of certain varieties of apples, which USTR believes are unjustified. U.S. apple growers are interested in exporting additional varieties of apples to Japan.
- **Argentina IPR:** Next week, you are expected to sign a proclamation suspending 50 percent of Argentina's GSP benefits due to inadequate IPR protection. USTR will issue a press release when the proclamation is signed.
- **Veterinary Equivalency:** The U.S. and the EU failed to reach an agreement on veterinary equivalence. Under new EU certification requirements effective April 1, the U.S. will lose approximately \$125 million in annual trade in poultry, eggs, dairy products and pet food. Failure to reach an agreement will also result in the continued closure of the EU red meat market. Because an agreement was not reached, the EU inspection system will no longer be recognized as equivalent to that of the U.S. Beginning April 15, the U.S. will decertify all EU meat plants and begin plant by plant inspections to determine whether the plants meet American requirements.
- **Commerce Committee:** On April 9, Ambassador Barshefsky is scheduled to testify before the Senate Commerce Committee regarding USTR's FY98 budget.
- **Ambassador's Schedule:** The Ambassador will participate in the following events:
 - ▶ April 9 - Meet with House freshman Democrats regarding fast track.
 - ▶ April 10 - Travel to NC to address a conference hosted by Governor Hunt.

SMALL BUSINESS ADMINISTRATION

- **D.C. Initiative:** Administrator Alvarez visited the site of Orb Technology. Orb Technology recently received certification under the SBA 8(a) federal contract procurement program. Orb Technology is a for-profit subsidiary of Anacostia Economic Development Corporation, a community-based nonprofit. This is the first time that a nonprofit organization has qualified to participate in the agency's 8(a) program. Orb Technology will assemble personal computers and compete for DoD contracts.

- **HUBZone Hearing:** On April 10, the Senate Small Business Committee has invited SBA Administrator Alvarez and SBA Inspector General Jim Hoobler to testify on Senator Bond's HUBZone bill. The Small Business Committee has also invited the SBA Inspector General to testify on the section 8(a) federal contracting program. The HUBZone bill would create a preference under federal procurement law for contractors located in historically underutilized business zones. The Administration has raised concerns that the new preferences would displace current preferences for small minority-owned businesses.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Substance Abuse Data:** On April 3, the Substance Abuse and Mental Health Services Administration released the first Treatment Episode Data Set report describing the flow of national admissions of patients to public funded specialty substance abuse treatment centers from 1992-95. The most frequent primary illicit drug problem reported was cocaine, followed closely by heroin and then marijuana. Data available for 37 states show that cocaine admissions are trending down while marijuana admissions are rising.
- **Hepatitis A Outbreak:** There has been an outbreak of Hepatitis A involving over 150 confirmed cases among school children in MI. The outbreak has been epidemiologically linked to frozen strawberries imported from Mexico and distributed by a packer in CA. Some of the implicated strawberries were distributed through USDA's school lunch program. The remainder were distributed to commercial distributors in eight states. FDA and CDC are working closely with USDA to determine whether any of these strawberries, or products made from them, are still in distribution.
- **NY Medicaid Waiver:** In the next couple of weeks, HHS is likely to approve NY's 1115 Medicaid demonstration waiver. Final negotiations and preparations with NY are nearly complete.
- **Managed Care Appeals Process Improvements:** In the near future, HCFA will publish a Final Rule with Comment requiring managed care plans contracting with Medicare to add an expedited appeals procedure to their appeals process. This will allow beneficiaries to obtain coverage decisions and reconsideration of those decisions within a shorter time frame, especially in time-sensitive situations.

- **NY Blood Center Arrest:** On March 31, as a result of an ongoing investigation by FDA and the FBI, a former employee in the viral testing center of the NY Blood Center, Inc. (NYBC), was arrested on charges that he “manipulated” the testing of blood for viruses such as HIV and hepatitis, apparently to avoid having to repeat the lengthy tests. He was employed at NYBC from 1993 until November 1996. This is the first criminal case resulting from the investigation of NYBC, which supplies blood to 80 percent of NYC’s hospitals.
- **Upcoming Hearings:**
 - ▶ **Children’s Health Insurance Access:** On April 8, the House Ways and Means Subcommittee on Health will hold a hearing on children’s access to health coverage and the affects on children’s health. No HHS witness has been invited to testify.
 - ▶ **Medicare Payment Policies:** On April 9, the Senate Finance Committee will hold a hearing on post-acute care payment policies under Medicare, especially regarding home health care.
 - ▶ **Medicare Managed Care:** On April 10, the Senate Special Committee on Aging will hold a hearing on the quality of consumer information available concerning Medicare managed care programs.
 - ▶ **Medicare and TEFRA Hospitals.** On April 10, the House Ways and Means Subcommittee on Health is scheduled to hold a hearing on issues regarding Medicare’s TEFRA Hospitals (those hospitals that are exempt from the Prospective Payment System).
- **Smoking and Newborns:** In the March issues of the National Institute of Environmental Health Sciences’ journal, *Environmental Health Perspectives*, a team of CA and OH scientists report that maternal exposure to cigarette smoke is associated with a doubled risk of a rare but “devastating” condition called persistent pulmonary hypertension of the newborn (PPHN), in which infants starve for oxygen because blood is not pumped through the lungs to the body. The blood of babies with PPHN continues to flow as it did when the fetal lungs were not functioning and life-giving oxygen was derived from the mother, through the placenta. Without medical help, which may include a heart-lung bypass, the infant may die. PPHN occurs about 1.9 times per 1,000 births.

- **Pregnancy Hormone HIV Treatment:** In the April 12 issue of *The Journal of Clinical Investigation*, researchers from the National Institute of Dental Research report on an animal study that has produced evidence that a pregnancy hormone, human chorionic gonadotropin (hCG), may protect the developing fetus from the effect of HIV. Normally produced by the placenta to help maintain pregnancy, hCG is the hormone that produces a positive pregnancy test.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **“Get Tough” Crackdown:** Secretary Cuomo took action to permanently bar 13 landlords in five cities from doing new business with HUD programs. The landlords all received FHA mortgage insurance for their properties. The Secretary said that these landlords pocketed \$6.7 million in money intended for mortgage payments, causing defaults on their mortgages and requiring HUD to step in. As a result, HUD paid out more than \$23 million in insurance claims to lenders, and then could sell the properties for only \$11 million, a loss of nearly \$12 million.
- **Fair Housing Month:** April is Fair Housing Month, the time we traditionally commemorate enactment of Title VIII of the Civil Rights Act of 1968, the Federal Fair Housing Law. This year marks the 29th anniversary of this landmark legislation. The theme this year is Fair Housing Builds Strong Communities, focusing on how our country’s diverse cultures and backgrounds generate new energy and creativity.
- **Home Sales:** Figures from the Census Bureau show that sales for both new and existing homes are still extremely strong. The February sales rate for existing homes was the second highest ever reported, topped only by sales in May 1996.
- **Community Renaissance Fellows:** Twenty-one Community Renaissance Fellows begin work with public housing authorities or private developers of public housing in 17 cities that received HOPE VI revitalization grants. The program combines on-site training, case studies, and seminars designed by Yale University.
- **Unions Detail HUD Buyout Proposal:** Union officials claimed that HUD plans to offer two buyouts this year that would affect up to 1500 employees. They said that two buyouts are planned, one ending April 30 and another December 30. The buyouts would first target employees in the single-family housing division, which needs to cut about 900 positions. Union leaders said they plan to negotiate only on the second round of buyouts.

- **Judge Delays Reverse Mortgage Action:** U.S. District Court Judge Greene issued a temporary restraining order blocking HUD's new policy to protect seniors from unscrupulous "estate planning services." HUD found that some services were charging seniors thousands of dollars for information on reverse mortgages that HUD provides at no cost. Several companies affected by the policy filed suit, claiming HUD exceeded its authority by targeting them without evidence they had broken any laws.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Israel Anti-Drug Abuse Foundation:** On April 8, Director McCaffrey will deliver the keynote address to the annual dinner of the International Anti-Drug Abuse Foundation for Israel in New York. The dinner is an annual event to raise funds to support ongoing drug treatment and rehabilitation efforts in Israel.
- **U.S.-Mexico High Level Contact Group (HLCG) Meeting:** On April 10-11, Director McCaffrey will probably travel to Mexico to coordinate drug policy issues to support your visit in May.

DEPARTMENT OF INTERIOR

- **AK Wildlife Refuge Agreement:** The Kenai Natives Association (KNA) has accepted DOI's land settlement offer which includes the purchase by the U.S. of over 3,200 acres of prime river front habitat to be added to the Kenai National Wildlife Refuge. DOI hopes to have an agreement signed by early May. This transaction will resolve a 15 year dispute between KNA and DOI that has been the subject of several pieces of legislation. Under the terms of the agreement, KNA will receive \$4,443,000. Exxon Valdez settlement funds, both joint and federal, will be used to pay the purchase price.
- **Barton Springs Salamander Decision:** In a lawsuit filed under the Endangered Species Act, the Fish and Wildlife Service (FWS) was ordered to make a final decision about whether the Barton Springs Salamander (found only in Austin, TX) should be listed as an endangered species. FWS was able to negotiate a conservation agreement with TX for conserving the species. On that basis, FWS decided in August, 1996, not to list the salamander as endangered. On March 25, a federal district judge ruled that the conservation agreement did not justify the decision not to list the salamander. FWS must make a new final listing determination for the salamander by April 24.
- **AZ Jaguar Listing Decision:** On March 24, the U.S. District Court for the District of AZ directed DOI to place the jaguar on the U.S. list of endangered species and to designate critical habitat for three other already listed species, the cactus ferruginous pygmy owl, the Huachuca water umbel and the Sonora tiger salamander. The decision came in response to a suit brought by the Southwest Center for Biological Diversity. AZ

opposes listing the jaguar and had proposed a conservation agreement in lieu of listing. The Fish and Wildlife Service was to have announced its position on listing the jaguar and the conservation agreement on April 1. The Southwest Center for Biological Diversity maintains that proposed expansion of the U.S. Army's Fort Huachuca poses unacceptable threats to these species.

- **AZ Mexican Wolf:** Wolves should be released in eastern AZ within a year, the Record of Decision on the Final EIS for Reintroduction of the Mexican Wolf within its Historic Range having been signed by Secretaries Glickman and Babbitt and the Deputy Assistant Secretary of the Army. The record of decision documents the selection of the preferred alternative in the final environmental impact statement, which calls for reintroduction of Mexican wolves in the Blue Range Recovery Area of AZ/NM. The White Sands Wolf Recovery Area in NM will be used later as a back-up release site if needed. In the next few months, a final rule designating non-essential experimental population status will be published.
- **NM Environmentally-Friendly Visitor Center:** On May 15, the Visitor Center at the Gran Quivira unit of Salinas Pueblo Missions National Monument which is located in central NM will officially open. The facility utilizes recycled and sustainable materials and is designed to minimize utility demands and costs. A new 1.5 Kw photovoltaic power system was turned on in the facility March 21.
- **TN Park Overflights Ruling:** A TN law barring the use of land within nine miles of the Great Smoky Mountains National Park for heliports for sightseeing overflights has been upheld by the state's supreme court. While the ruling does not prohibit flights over the park or nearby towns, it probably will force three existing helicopter operations to relocate, increasing the cost of sightseeing flights and perhaps reducing the number of park overflights.
- **National Park Week Activities:** April 21-27 is National Park Week. On April 19, the National Parks and Conservation Association is sponsoring "March for Parks" events in several dozen parks across the country.
- **National Monuments Designation:** Legislation filed by Representative Hansen would prevent Presidential designation of National Monuments greater than 5,000 acres without an act of Congress. A release from Hansen's office states the bill is a response to your designation of the Grand Staircase-Escalante National Monument in southern UT. A coalition of groups has formed to protect the Antiquities Act.
- **AK Hazardous Substance Contamination Report:** A multi-bureau team in AK has completed a draft report to be delivered to Congress by the end of April concerning Hazardous Substance Contamination on Lands Transferred to AK Native Corporations.

An estimated 763 sites contaminated by hazardous substances may exist on ANCSA lands: 416 of the sites are in existing federal cleanup programs. The sites generally occupy a few square yards to a few acres in size. The report recommends that a comprehensive approach toward resolving the cleanup of ANCSA lands be enacted by Congress and include the active involvement of Native AK and other stakeholders. The U.S. Army Corps of Engineers is recommended to be responsible for implementation of this program, with appropriately increased budget capability.

- **Secretary's Schedule:** Secretary Babbitt will participate in the following events:
 - ▶ April 5 - Visit the Key West National Wildlife Reserve.
 - ▶ April 17 - Visit American Samoa for Flag Day celebration.
- **Press Activities:**
 - ▶ **Bison:** *CBS Sunday Morning* is in Yellowstone finishing their story on the Bison issues. Scheduled to air on April 6, the story will feature interviews with National Park Service Director Kennedy, Secretary Babbitt, and Yellowstone Superintendent Mike Finley. *CBS* owns the rights to the video footage that recorded the bison March 23 incident in MT: during a public meeting a protestor spilled bison entrails onto the table and laps of federal and state officials, including Secretary Glickman.
 - ▶ **National Parks Week:** On May 19, the *NBC Today Show* will broadcast from Yosemite National Park. May 19 is the beginning of sweeps week; the ratings for shows during sweeps week determine advertising rates for the next six months. *NBC* noted that picking a National Park for broadcast will deliver a high rating.
 - ▶ The *Wall Street Journal* has assigned a beat reporter to cover the National Park Service.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Hepatitis A Outbreak:** USDA is working with the CDC, the FDA and MI health officials to investigate a recent Hepatitis A outbreak, allegedly stemming from frozen strawberries from Mexico purchased by USDA and provided to the National School Lunch Program. Hepatitis A is usually a mild and self-limiting illness, but some patients, particularly young children, may experience no symptoms at all. On April 2, federal officials held a press briefing to discuss the outbreak, and USDA's Office of Inspector General is conducting an investigation to determine if there was criminal fraud related to the bulk purchase of strawberries processed, packaged and frozen by the CA processor.

- **Conservation Reserve Program:** On April 1, Secretary Glickman announced the successful conclusion of the sign-up period for the new Conservation Reserve Program. Preliminary figures show that USDA received about 301,650 offers for almost 26 million acres, of which nearly 8 million are new and offered for the first time, with the remaining 18 million currently enrolled in contracts due to expire in September.
- **Yellowstone Bison Update:**
 - ▶ March 31 - Eleven representatives of Fund for Animals held a one-hour protest at USDA headquarters in Washington, D.C., about the Yellowstone bison situation, asking the public to boycott beef to save the buffalo.
 - ▶ March 25 - USDA veterinarians were in an Onalaska, WI, feedlot to inoculate bison bulls and collect baseline data on the safety of *Brucella abortus* RB51 vaccine.
- **Disaster Assistance Update:** On March 14, the National Weather Service's forecast predicted the worst flooding in 150 years, which will leave hundreds of square miles under water in CO, IA, MN, MT, ND, SD, WI and WY. By the end of April, over 12,000 MN producers could be affected by flooding of over 2.5 million acres.
- **Agricultural Trade Developments:**
 - ▶ Iraq purchased 50,000 tons of U.S. hard red winter wheat, according to reports filed by private exporters with USDA for the period ending March 20. This is the first reported activity to that country since the 1989-90 marketing year, when U.S. exports totaled 1.3 million tons of wheat.
 - ▶ Taiwan's foot-and-mouth disease outbreak continues to spread among the country's hog population. As a result, the U.S. could gain about 80 percent of the fresh chilled and 60-70 percent of the frozen pork trade.
- **Agricultural Markets In Review:** For the week ending March 28, average prices for commodities were:

Commodity	Weekly average Price	Change from a week ago	Change from a year ago
Wheat	\$4.54/bu	-0.01	-1.07
Corn	2.96/bu	-0.01	-1.11
Soybeans	8.33/bu	0.03	0.98
Rice	12.22/cwt	0	3.53
Cotton	.697/lb	-.0106	-.124

Commodity	Weekly average Price	Change from a week ago	Change from a year ago
Steers	68.13/cwt	0.26	5.24
Hogs	49.88/cwt	2.48	0.18
Broilers	.603/lb	-.0018	.0663
Cheese	1.32/lb	-0.01	-0.08
Butter	1.06/lb	0	0.41

- **Earth Day/Water 2000 Initiative:**

- ▶ The USDA Rural Utilities Service is pooling unused water and sewer program funds from states and will combine those funds with national reserve dollars to fund over \$20 million in grants/loans on Earth Day, April 22. The funding will support the Administration's Water 2000 initiative to bring drinkable water to all Americans by the year 2000 and USDA's effort to provide sewer service to rural residents. States for events and funding may include CA, FL, MI, MS, NM and TX.
- ▶ The Forest Service will introduce a new Woodsy Owl. Working with the *Children's Television Workshop*, USDA has given Woodsy Owl a new slogan, "Lend a Hand -- Care for the Land!" to be used with the "Give a Hoot, Don't Pollute" campaign.

- **Food Safety Update:** On April 2, USDA, the FDA, the CDC and the EPA concluded the final public meeting in Washington, D.C., on your National Food Safety Initiative. The meetings gathered together stakeholders to help prioritize and define concrete action items that will be submitted to you in a report by April 25.

- **Welfare Reform Update:**

- ▶ **NY:** On March 25, New York City filed suit against the U.S., the SSA and USDA, challenging provisions of the welfare reform bill denying legal permanent resident aliens supplemental security income and food stamp benefits. The city requests that the Federal District Court declare unconstitutional these provisions and enjoin the defendants from enforcing such provisions, arguing that they violate the equal protection rights of legal permanent resident aliens.
- ▶ **FL:** FL has decided to extend until the end of August the food stamp certification periods of about 60,000 participating households containing noncitizens, most in Dade County, thus extending the households' eligibility for food stamp benefits.

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- ▶ **NM and WA:** For the period March 21-27, USDA partially approved NM's request and denied WA's request to waive provisions of the welfare reform bill regarding work requirements that limit receipt of food stamps for childless able-bodied adults to three months in any three-year period unless the individual is working at least 20 hours per week, due to the lack of job availability. USDA denied WA's request to waive the time limits for those individuals pursuing their graduate equivalency diplomas.
 - ▶ **Additional States:** Waivers for IL, OK and SD are under review. USDA is awaiting additional information regarding waiver requests from AL, CA, NE, RI and WA.
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- **Secretary's Schedule:** Secretary Glickman will participate in the following events:
 - ▶ April 3 - Address Food Chain Conference on anti-hunger in Boston, MA.
 - ▶ April 9 - Receive an award at National Parks and Conservation Association's conference.
 - **FOIA Request:** The *Washington Post* requested records of contacts between USDA and Don Fowler and Marvin Rosen.

DEPARTMENT OF ENERGY

- **Weapons Plant Strike:** On April 2, an agreement was reached by security guards at DOE's Pantex Plant (a weapons facility near Amarillo, TX). On April 7, plans for changes over from the augmentation guard force to the regular force will take place.
- **New England Power Disruptions:** Since April 1, over one million customers in the Northeast had been without electric service because heavy snow and strong winds have pulled down transmission lines in the region. As of April 2, the number of customers without power had been reduced to 400,000. Utilities in the area estimate that it may be April 4 before electric service is restored to all customers.
- **DOE/Russian Environmental Technologies:** On March 26, in Camden, NJ, Rustec, Inc., a company involved in high-level technology development, held the first demonstration in North America of new waste processing technologies that were jointly developed between DOE and Russian scientists. This work with Russian institutes and DOE's Oak Ridge National Laboratory (TN) has been conducted under DOE's Initiatives for Proliferation Prevention program (IPP). The goal of the IPP is to achieve U.S. nonproliferation objectives in the NIS by redirecting weapons of mass destruction scientists, engineers, and technicians to long-term peaceful, commercial work. There are currently over 250 IPP projects at over 90 institutes in the NIS.

- **D.C. Initiative:** On April 2, Secretary Peña visited Anacostia High School in D.C., a DOE partner since last year. DOE has been supporting the school through the donation of computer equipment, printing and graphics, and mentoring.
- **Nuclear Waste Act:** On April 8, the Senate is scheduled to vote on a cloture motion filed by Senator Lott on March 20. His motion seeks to end debate on a motion to bring the bill to the Senate floor for consideration. The measure would direct DOE to begin to store high-level waste near Yucca Mountain until a permanent site for its disposal is developed. National media coverage is expected.
- **Press Inquiry:** *CBS Sixty Minutes* is investigating the groundwater contamination problems at Brookhaven National Laboratory.

DEPARTMENT OF EDUCATION

- **TX Affirmative Action:** On March 27, in a controversy that has received substantial media attention, Senator Gramm wrote to Secretary Riley to urge that he retract DOEd's policy regarding the impact of the Fifth Circuit decision in Texas v. Hopwood on affirmative action programs at state universities. Senator Gramm stated that if the matter is not resolved, he will offer amendments to the Supplemental Appropriations bill blocking the use of funds for relevant DOEd activities and initiatives. Senator Gramm wrote in response to a series of letters from Assistant Secretary for Civil Rights Norma Cantú to TX officials stating that DOEd's position, contrary to that of TX Attorney General Morales, is that Hopwood is limited to its facts; that the 1978 Bakke decision, which allows schools to consider diversity in admissions and other programs, remains the controlling authority regarding affirmative action policies; and that failure to remedy the effects of past discrimination could result in the loss of access to DOEd funds by state universities.
- **CA Affirmative Action:** DOEd recently mailed letters from Secretary Riley to school districts and college presidents in CA regarding the impact of the CA Civil Rights Initiative on their responsibilities under educational programs and civil rights laws administered by DOEd.
- **Direct Loan Program:** On April 4, the Office of Inspector General released draft results of its audits of 16 randomly selected Direct Loan schools. The audit will determine whether schools have properly administered the program, and have accounted for and spent federal funds in accordance with applicable requirements. DOEd has not yet been informed of the results of the audits, but the draft will be circulated internally before public release.

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- **Employers for Learning:** On April 7, Secretary Riley will discuss your education initiatives with the Steering Committee of this group, which includes representatives from IBM, GTE, Marriott, and other major corporations.
- **Secretary's Schedule:**
 - ▶ April 4 - Address the University of South Carolina Law School and a SC Democratic Party event in Columbia, SC.
 - ▶ April 7 - Address the Religious Action Center of Reform Judaism and the United States Student Association in D.C.
- **Charter Schools:** On April 15, Secretary Riley is scheduled to announce the results of a DOEd-funded study of charter schools identifying start-up funding as the top obstacle to the establishment of charter schools and reporting various facts and figures about the charter school movement. The event may also include an announcement regarding D.C. charter schools.

ENVIRONMENTAL PROTECTION AGENCY

- **Correction to Particulates Study:** While reviewing the public comment on the revisions to the public health standards on ozone and particulate matter, EPA learned of a technical error in the characterization of data in the studies of health effects of particulates used in EPA's regulatory impact analysis. As corrected, it may call for the revision of the estimate of the annual number of premature deaths avoided by implementation of the EPA proposal from approximately 20,000 to approximately 15,000.
- **Superfund Court Decision:** On March 25, the U.S. Court of Appeals for the Eleventh Circuit issued an opinion in *U.S. v. Olin Corp.*, upholding the "polluter pays" principle in the Superfund law. The opinion reverses a district court decision which held that the Superfund liability scheme in this case exceeded Congress' authority to regulate interstate commerce, and that the law did not impose liability for activities occurring before the statute's enactment in 1980 (the so-called retroactive liability principle).
- **PCB-Contaminated Ships:** On April 7, OMB will chair a meeting to discuss issues surrounding the attempt by the Navy to exempt itself from provisions of the Toxic Substances Control Act (TSCA) through the DoD FY98 Authorization Bill. TSCA bans the export of toxic polychlorinated biphenyls (PCBs) and PCB-containing articles. The Navy and DOT are interested in exporting ships that have been "retired" that may contain large quantities of PCBs and PCB-containing articles without providing notice to the receiving countries or giving them the opportunity to reject the shipment. The Administration's policy is that federal entities must meet the same environmental standards as private industry.

*John
Riley
March 28 - April 4, 1997*

- **U.S.-Canadian Environmental Agreements:** On April 7, Administrator Browner will meet with Canadian Environment Minister Sergio Marchi to discuss U.S.-Canada bilateral environmental issues as part of Prime Minister Chretien's official visit to meet with you. Administrator Browner and Minister Marchi will sign three documents: the U.S.-Canada Binational Strategy for the Virtual Elimination of Persistent Toxic Substances, the U.S.-Canada Joint Action Plan on Transboundary Air Pollution, and an EPA-Environment Canada MOU on Research and Development. In addition, they will note the 25th anniversary of the U.S.-Canada Great Lakes Water Quality Agreement and discuss cooperation on climate change. The signing of the Virtual Elimination strategy fulfills the commitment made by you and Prime Minister Chretien in 1995 to develop a strategy to address the most persistent toxic substances in the Great Lakes.

UNITED STATES INFORMATION AGENCY

- **VOA in Serbia:** Studio B, the largest independent television station in Serbia, has signed a contract to begin carrying America Calling Serbia, the radio-TV simulcast launched by VOA's Serbian Service on December 11, 1996. The half-hour late night program includes a newscast, U.S. reaction to events in Serbia, interviews, and reports from Serbia and around the world.
- **New Immigration Law:** WORLDNET is providing information on changes in U.S. immigration law for Latin America. Foro Interamericano, WORLDNET's weekly public affairs program for the region, discussed the issue. USIA sent out a ready-for-broadcast newsclip on the INS's March 26 press conference detailing the new changes. On April 7, WORLDNET plans to broadcast an interactive Dialogue on the immigration changes with Mexico.

GENERAL SERVICES ADMINISTRATION

- **McVeigh Bombing Trial:** All security projects pertaining to the Byron Rogers Federal Building have been completed, including concrete barriers, press risers, elevators and stairwell access control and issuing ID badges. Additional GSA security personnel have been assigned to the building for the duration of the trial. Polly Baca, GSA's Region 8 Regional Administrator, spoke to *CNN*, *USA Today*, *The Denver Post* and *The Rocky Mountain News* regarding GSA's support in preparing for the trial.

SOCIAL SECURITY ADMINISTRATION

- **Welfare Reform for Noncitizens:** SSA has been working with other federal agencies and states to implement the provisions of Welfare Reform that render most noncitizens ineligible for Supplemental Security Income (SSI), Food Stamps and Medicaid. One of the exceptions to the new restrictions on eligibility applies to noncitizens who have 40 quarters

of qualifying work. SSA is the primary source of this quarters-of-work information and has developed an automated system to deliver it to state agencies that need it to administer their programs. Seven states have not accessed this system. During the week of March 31, SSA sent letters to the Governors of CO, HI, NH, RI, SC, SD and VT offering to assist them in developing the necessary systems capability.

- **Social Security Advisory Board:** On April 10-11, the Social Security Advisory Board will meet in Washington, D.C., to consider issues concerning the Social Security disability programs, including the uniformity of decision-making between initial decisions made at the state level and appeals before SSA's administrative law judges.
- **Future of Social Security:** On April 10, the Social Security Subcommittee of the House Ways and Means Committee will hold a hearing to examine Social Security solvency and intergenerational equity issues surrounding the status of the trust funds.

OFFICE OF PERSONNEL MANAGEMENT

- **Oklahoma City:** On April 9, Director King will chair a meeting of the National Partnership Council in Oklahoma City. The meeting will focus on partnership responses to crisis, with presentations by agency and union leaders.
- **Welfare to Work:** OPM and the Interagency Advisory Group of Personnel Directors (IAG) continue to follow up on your welfare-to-work initiative. The IAG has appointed a working group to direct activities in the Washington metropolitan area.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Declarations:**
 - ▶ TN received a major disaster declaration as a result of severe storms and tornadoes which impacted the state on March 28-29.
 - ▶ WA received a major disaster declaration as a result of heavy rains, snow melt, flooding land and mud slides which impacted the state on March 18-28.
- **Congressional Activity:** On April 3, Representative Dickey met with FEMA representatives and AR state officials to discuss the recent AR disaster.

cc:

The Vice President

Erskine Bowles

Franklin Raines

John Podesta

Sylvia Mathews

Ron Klain

Rahm Emanuel

Maggie Williams

Michael McCurry

Doug Sosnik

Marcia Hale

Don Baer

Maria Echaveste

John Hilley

Janis Kearney

Craig Smith

Ann Lewis

Bruce Reed

Gene Sperling

Kathleen McGinty

John H. Gibbons

DEPARTMENT OF STATE

- **UN Reform:** On March 31, Secretary Albright briefed Secretary General Annan on her discussions with Congress on US funding for the UN, stressing the need for UN adherence to the budget cap and further UN staff reductions. Annan agreed, but warned that reductions in the US assessment rate may depend on a credible US promise to pay in full and on time.
- **Meeting with UNGA President Razali:** The Secretary and Razali met to discuss Security Council reform. Razali reviewed his plan to expand the council to 24, including 5 new permanent members who would not have the veto -- and 4 additional non-permanent members. The Secretary expressed a willingness to reach a common position, but noted that Razali sought a council larger than what the US preferred. She also stressed that the US would not accept any dilution of veto rights.
- **Zaire:** On March 30, rebels captured Kamina, a strategic town on the rail line to Lumbumbashi, Zaire's second largest city and the capital of the Shaba province. In an effort to end the crisis, the South African government plans to host negotiators from the Zairian government and the rebel Alliance as early as April 4. Approximately 650 US troops remain in Central Africa to prepare for possible evacuation from Kinshasa should security conditions deteriorate. The Secretary has spoken with the Angolan president to urge that his country not be drawn into the conflict, which could jeopardize the planned inauguration of a government of national unity on April 11.
- **Bosnia:** The Bosnian Muslim-Croat Federation government has resumed productive meetings. On March 27, the Federation cabinet authorized the creation of a special body to discipline officials who impede progress within the Federation and agreed to select a new mayor of Sarajevo prior to the Pope's visit April 12-13.

DEPARTMENT OF DEFENSE

- **Bosnia Policy Review:** The Interagency Bosnia Executive Committee (EXCOM) has recently been tasked by the Deputies Committee to complete a decision paper on USG policy in Bosnia. The intent has been to identify the key initiatives that must be successfully accomplished to reasonably assure that there is no return to war upon departure of SFOR in June, 1998, and to determine what, if any, course corrections are needed to fulfill that objective.
- **Zaire:** Kinshasa remains calm despite considerable squabbling within President Mobutu's senior military clique, rumors of coup plotting, and persistent indications of an armed attack from Zairian militia groups operating in Angola. The USS Nassau is scheduled to arrive on the scene April 12.

- **Bahrain Deployment:** On April 10, in response to increased threat of terrorist activity, additional security forces will be deployed to Bahrain for 90 days.
- **Secretary's US Pacific Command Visit:** On April 5-11, Secretary Cohen will travel to US Pacific Command in Hawaii, meet with senior US military officials and receive briefings on operations in the theater. In Tokyo and Seoul, the Secretary will meet with senior government and military officials to discuss bilateral military to military relations and regional security issues.
- **Shalikashvili Travel:** The General is traveling to Korea and Japan April 6-13, and planing a trip to Beijing, Xian and Shanghai, May 4-11.

UNITED NATIONS

- **UNCHR:** On April 1, Ambassador Richardson traveled to Geneva to participate in the UN Commission on Human Rights. He underscored the US position on Cuba, Iran , Iraq and the Sudan and Burma and noted US concern over China. Richardson indicated that the US was working on a resolution concerning China's human rights practices and asserted that the US would work vigorously to oppose a no-action memo designed to keep China off the Commission's agenda.
- **Israeli Settlements:** The Arab group, spurred by the PLO, called for an emergency session of the UNGA under the Uniting for Peace procedure to discuss Israeli settlements and Jerusalem. This procedure gives the UNGA a mechanism for addressing an issue of international peace and security when the Security Council is stalemated. It is not yet clear what action the Arab group will demand fro the GA, but one draft condemns Israel and looks toward member state action if Israel refuses to heed the GA resolution. The US and Israel are likely to be isolated in the final vote.

THE WHITE HOUSE
WASHINGTON

April 5, 1997

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

Copied
Emanuel
COS

CRIME/DRUGS: The House Judiciary Committee is scheduled to take up the Juvenile Crime Bill when they return from recess. I would not be surprised if they finish hearings and mark-up a bill within the next four months. From what we are hearing, they want to have legislation on the floor before they head home again.

For now, Republicans seem amenable to working with Democrats on parts of the legislation. The conflict will arise over what age will we prosecute juveniles as adults for possession of a gun.

The President will have the opportunity to address the issue of juvenile crime at the Mayors conference within the next few months. During the conference the President will release the government report on "Meth", release the new Crime Victims Report, announce the Justice Department Conference on Juvenile Justice, and the mark-up of the legislation.

The Executive Order on Sexual Predators is ready for signing. The E.O. directs the Federal Prison system to participate in the new national registry. It does not look like we have anytime on the President's schedule in the near future. I would like approval to give this, as well as how it was developed, to a major paper. The President asked Justice to look into Federal participation after the signing of Meegan's Law. I think we will get just as much credit if we give it to a paper as we would if we did an event.

The Justice Department has completed a report on the public availability of bomb making information. The report also recommends legislation. Senator Feinstien and Senator Biden asked for such a study in the 1996 Antiterrorism Act.

The question before us is how to release the information. Justice is nervous since the report explains where to find bomb making information. The problem is if we give the report to Senator Feinstein, she will hold a press conference and get all the credit. The question I have is how close does the President want to be to this story especially given the trial in Colorado.

This month we expect the Supreme Court to rule on the Brady Law. Walter expects the Brady

OK Mr
Walter
Do not
give
credit
to
Sen
Fein
Biden

Law to be overturned. Justice is developing a memo for the President on their recommendations. We have Treasury's thoughts and will submit them Monday.

Dennis Burke, in the Domestic Policy office who works on crime and drugs, is leaving next week. He is one of the most talented person I have met in a long time. A number of the policies we have developed over the years in the criminal justice and narcotic front, were assembled by Dennis. He is preparing a departure memo on upcoming issues and policies for Bruce and I. We will send it around when it is complete. His departure will be noticed and felt.

FAMILY: The FCC petition on Liquor advertising received good coverage. Since then the Distilled Spirits Association has challenged the President to convene a meeting that includes the Beer and Wine Association, the Advertisers, and Distilled Spirits. They want a Presidential meeting to develop Common Standards for advertising their products. I think this idea is rather intriguing and do not think we should dismiss the possibility.

If the advertisers were to develop a code of conduct it would permit hard liquor advertising, but it would constrain the type of advertising by the beer and wine companies. The best chance of reaching some kind of code is a very aggressive and public FCC inquiry into the Distilled Spirits petition. (See attached story)

Bruce and I met with HHS and Justice on a response plan for the North Carolina case. We discussed the importance of a prompt response and other options to push the tobacco issue.

The recent study on Child Care received extensive coverage when it was released. The coverage exemplifies the appetite by the media for such stories. We need to use ABC's nightly news this past Friday as a guide to how to prepare for the upcoming Brain Conference.

On a similar topic, we are approximately two weeks away from completing the draft on Criminal background checks on nannies. I think this would be a good topic for a radio address.

CAMPAIGN FINANCE: On Monday we are sending up to the Hill our FEC supplemental funding proposal. On Tuesday Congressman Shays and Meehan are testifying on a FEC supplemental funding proposal they have introduced.

The funding proposal will only increase the media's interest in our FEC petition on soft money. The petition is ready to go. Erskine has called Congressman Gephardt and Senator Daschle, they are not happy, but accept that they cannot stop what we are doing. They do think we need to call Senator Kerry and Congressman Frost. We need to do this soon. I do not think we can wait much longer after the FEC supplemental goes up to the Hill.

I have asked Justice to look into a Cincinnati case which places a spending limit on elections. The case is in the Federal Courts, 22 State Attorney Generals have filed a brief in support of the spending limit, and it goes to the very heart of the partisan divide on McCain/Feingold. I would like us to signal our support for the City Council Legislation and our intention to file an amicus brief. The Hill Democrats will like such an act, it goes to the heart of the legislation, and it shows

THE PRESIDENT HAS SEEN
4-7-97

our determination to pass political reform.

I had a good conversation with Ambassador Mondale on Wednesday. They should be getting funding from PEW in the coming weeks for staff. I also talked to him about organizing a press conference of former Senators once his staff is assembled.

BUDGET: We have a very aggressive schedule over the next four weeks. As we prepare our negotiating strategy for the meetings, we need to think along the parallel track of the communications level; how and when we want to take certain ideas public. Questions that need to be discussed are: when do you use the President and are the announcements made in the briefing room for maximum impact, do we let proposals leak out from the daily discussions etc. This story line is important to the budget deal and creating a separate story from the usual interest by the media.

ag

BC-CLINTON-LIQUOR 1STLD

Clinton urged to seek code for alcohol ads

(Adds quotes, details)

By Roger Fillion

WASHINGTON, April 4 (Reuter) - Under pressure to quit pitching hard liquor on the airwaves, the nation's distillers called on President Bill Clinton on Friday to gather the beer, wine, broadcast and liquor industries together to develop a common advertising code.

The Distilled Spirits Council of the United States (DISCUS), in a letter to Clinton, urged the president to use his ``bully pulpit'' and bring the industries ``to the table'' to develop and adopt a common code for alcohol ads in 90 days.

The initiative comes after Clinton asked the Federal Communications Commission on Tuesday to study ways to prevent the hard liquor industry from selling its products over television and radio.

``This code would set the same responsible standard for all beverage alcohol advertising and also would provide uniform guidelines for the broadcasters,'' DISCUS President Fred Meister told a news conference.

``This common code would send a strong message that alcohol is alcohol is alcohol,'' he said.

Meister declined to discuss details of what his industry would seek, saying he did not want to ``preempt the process.''

The hard-liquor industry last year abandoned a decades-old voluntary ban on such promotions, and Clinton called on hard liquor executives to renew their moratorium.

The industry's voluntary ban had been in effect for TV ads since 1948 and radio ads since 1936.

In an initial response to Clinton's calls, DISCUS said earlier this week it was unfair and inaccurate to draw a distinction between advertising for hard liquor on one hand and for beer and wine, whose ads were not covered by the voluntary ban and have run on TV for decades.

``We haven't seen any details on what they're asking for,'' a spokeswoman for the National Association of Broadcasters said of the liquor industry's latest proposal.

``Until we have a chance to see what exactly they're asking for and what's involved, we can't really respond,'' she said.

Officials for the wine and beer industries were not immediately available to comment.

REUTER

**** filed by:RB--(--) on 04/04/97 at 12:35EST ****

**** printed by:WHPR(JMAS) on 04/04/97 at 16:06EST ****

REPORT ON BOMBMAKING INFORMATION

Background

The 1996 Antiterrorism Act included an amendment by Senators Feinstein and Biden that required the Attorney General to conduct a study on the availability of bombmaking information and the extent to which such information has been used in both domestic and international acts of terrorism. She was also asked to look into current laws affecting the availability of such materials and the need for additional laws. Her report evaluates a Feinstein proposal to restrict the availability of such information and suggests revisions to address First Amendment concerns.

Availability of Bombmaking Information

The report determines that anyone interested in manufacturing a bomb, or a weapon of mass destruction can easily obtain detailed instructions from readily available sources including legitimate reference books, the underground press, and the Internet. There is evidence to suggest that individuals relied on this information in a number of crimes involving such weapons or devices. ATF statistics show that between 1985 and June 1996, the investigations of at least 30 bombings and four attempted bombings resulted in the recovery of bombmaking literature that suspects had obtained from the Internet.

As an example, a single Internet website produced over 110 different bombmaking texts, including "Calcium Carbide Bomb," "How to Make a CO2 Bomb," and "Mail Grenade." One of the texts accessed off the Internet, the Anarchy Cookbook, explains in minute detail how to construct dozens of different types of bombs and explosive devices, made with substances which "can be bought at Kmart and various hardware supply shops." Law enforcement believes that the expanded availability of bombmaking information through the Internet and other sources will continue to play a significant role in future terrorist acts.

Feinstein Proposal

While existing Federal law restricts the dissemination of bombmaking information, such as crimes of conspiracy and solicitation, there is a gap in coverage for prosecuting certain kinds of cases. Feinstein's proposal attempts to fill that gap by making it unlawful for any person to teach or demonstrate the making of explosive materials, or distribute information on the manufacture of explosive materials, if the person intends or knows the materials will likely be used for a Federal crime.

Report Recommendation

The Justice report concludes that it would be "appropriate and beneficial" to adopt further legislation to address the current gap in the laws, like the Feinstein concept, as long as legitimate teachings and First Amendment concerns are not impermissibly restricted.

The report suggests this can be achieved by tightening Feinstein's intent standard-- individuals disseminating bombmaking information would need to intend for it to be used to facilitate a crime, or have knowledge that a particular recipient of the information intends to use it in furtherance of a crime. Although more likely constitutional, fewer cases could be brought under this proposal since it would be more difficult to prove this more specific intent standard.

THE WHITE HOUSE
WASHINGTON

April 5, 1997

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: DPC Weekly Report

1. Welfare Caseload Dropped 20% in First Term: We haven't released them yet, but the final caseload reductions are in for the first term. Welfare caseloads dropped a record 2.8 million from January 1993 to January 1997 -- a 20% decline. There were 860,000 fewer families on welfare at the end of your first term than when you took office. Caseloads dropped in 47 states (Hawaii, Alaska, California, and D.C. are the exceptions). The greatest declines were in Wisconsin (49%), Oregon (43%), West Virginia (43%), Indiana (42%), and Oklahoma (40%); a total of 18 states had caseload declines of 30% or more. To put this in perspective, the caseload decreased as much in the last four years as it increased in the first 25 years of the AFDC program. (The welfare rolls did not reach 3 million until 1960.)

We can release these numbers in conjunction with Thursday's Cabinet meeting, when agencies and the White House will present their plans to hire people off welfare. We will follow up shortly with a Council of Economic Advisers white paper that attributes 42% of the caseload decline to economic growth, 32% to our welfare waivers, and 26% to other unexplained factors (e.g., increased child support collections, expansion of the EITC, heightened awareness of pending welfare reforms, and any unknown variables).

2. Welfare-to-Work Foundation: Eli Segal is ready to incorporate and announce his foundation, which will be headed by United Airlines CEO Gerald Greenwald. The CEOs of UPS, Burger King, Sprint, Monsanto, and probably Marriott will also be founding board members. Eli hopes to line up 15-25 other companies for a White House announcement in late April. His long-term goal is to sign up at least 2,500 businesses, and to help establish a national network of intermediaries like America Works to provide the job-readiness, job placement, and support many recipients need and most employers don't know how to provide. He plans to launch challenges in several major cities, and would like to kick off that effort with a major Presidential event with a few hundred businesses in Milwaukee in May or June.

3. AIDS Developments: Your idea to pick Sandy Thurman as AIDS Director is going over well in the community, and should be well-received at Monday's announcement. I have

Sooner the better?
Jefferson is. Milwaukee
the best?
[initials]

4-7-97

met with her several times, and think she's terrific. Your Presidential Advisory Council on HIV/AIDS will meet in Washington this week and make two major recommendations: 1) that you should call for increased investment in research to enable the development of an AIDS vaccine by a date certain (probably within a decade); and 2) that Secretary Shalala should certify that needle exchange programs reduce the spread of HIV and do not increase drug use. The first recommendation is good news, and may help us overcome NIH's steadfast resistance to letting us earmark more resources for vaccine research or specify a target date. On needle exchange, we'll have to proceed more carefully.

4. Seat Belts and NEXTEA: The Transportation Department has completed a report on measures to increase seat belt use toward a new national goal of 85% by the year 2000, but we need your sign-off on a key proposal. In most states, seat belt laws are enforced only when a driver is stopped for some other reason. But 11 states and D.C. have adopted primary seat belt laws, which allow for ticketing solely for failure to use a seat belt. Belt use in these states is 15% higher than in states with secondary enforcement laws. NHTSA estimates that enactment of primary belt laws by the remaining 39 states would save 1,800 lives a year.

The NEXTEA bill you announced March 12 includes financial incentives (grants) for states to adopt primary belt laws. Secretary Slater would like to send Congress a new safety title for NEXTEA to strengthen states' incentive by adding a "soft sanction": States that do not pass primary laws or achieve 85% belt use by October 2002 would have to transfer 1.5% of their federal highway funds into their highway safety programs.

The NGA opposes this proposal, as do the National Motorists Association, individual liberties groups, and some conservative and western members of Congress. A broad coalition of automakers, insurance companies, safety advocates, and law enforcement will support it. DOT believes the proposal has a good chance of congressional approval, in the wake of increased public outcry over airbags and attention to the importance of seat belts. Gene and I both recommend that you support Secretary Slater's proposal.

5. Tobacco: Federal Judge William Osteen in North Carolina has indicated he will not issue a decision on FDA's tobacco rule before April 14, but we expect him to issue his decision that day or shortly thereafter. Three general outcomes are possible: 1) the court upholds the rule; 2) the court rules that FDA has jurisdiction, but that portions or all of the rule are invalid; or 3) the court rules against FDA jurisdiction and the rule. We have worked with HHS, Justice, and other White House offices to prepare statements for each of these scenarios so you and others will be able to respond quickly to the decision. The Justice Department will review the decision immediately. If the decision is not completely favorable, we expect to be prepared to announce later that same day the Administration's intent to appeal. We are also working with the departments to prepare new policies you could announce within days or weeks after the decision to ensure further progress on tobacco as the FDA rule moves through the appeals process.

6. California Testing Feud: A few days after Delaine Eastin and 240 business leaders endorsed our testing initiative, the head of the California Board of Education (a Wilson appointee) wrote Secretary Riley contending that the state legislature would have to pass a new

4-7-97

law before the Board could consider proceeding with our tests. Eastin strongly disagrees, and has fired back publicly at the Board, pointing out that California already administers the NAEP test on a sample basis and that the Board has long sought a national means of assessment to compare California's performance with other states. It's too early to tell whether this is a short-term political feud or will heat up into a long-term problem.

7. COPS Program: The Justice Department has informed us that large-city demand for additional COPS grants is seriously lagging this year. Joe Brann wants our sign-off on administrative changes that will help avoid unspent COPS funding.

The Crime Bill requires half the grants to go to jurisdictions with populations of 150,000 or more. Currently, the program requires a 25% local match, three-year grants, and a cap of \$75,000 per officer over the life of the grant. Because large cities have much higher costs per officer, the cap forces them to pay a match of up to 40%. To generate further demand in large cities, Brann wants to use his discretionary authority to eliminate the cap, extend the grant period to 4 years, extend current grants for 1 year if they agree to add new officers (so that existing grants do not have less favorable terms), and require these cities to deploy the new officers to targeted "hot spot" crime areas. These changes could mean that it will take another year to reach 100,000 officers (2001 instead of 2000), but we don't have much choice if we're going to stimulate the necessary demand for large city applications.

8. Voting Rights and Education Reform: This week, the Justice Department decided not to invoke the Voting Rights Act to block New York's school reorganization and reform efforts. The Department had caused a panic in New York City last month by threatening to delay reorganization on the grounds that it might disenfranchise school board voters, even though only 5% of people currently vote in those elections and the city's school boards have been notoriously unresponsive to public outcry for reform. This week's decision is a good precedent if the issue comes up in other states.



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

THE PRESIDENT HAS SEEN
4-7-97

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COS

April 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM : KATHLEEN A. MCGINTY *president for*

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

CLIMATE CHANGE

The White House Climate Change Task Force is now up and running. This small interagency team is working to reach out to business, labor, agricultural, environmental groups and the Congress in hopes of building support for our efforts to address global warming. At present, the staff is finding a uniform concern among all groups that the Administration's process is too closed, particularly on our economic modeling runs. Since our economic information will not be complete for several weeks, our industry opponents are using the information void to strengthen their ranks by painting economic disaster scenarios using their own models. We know from several sources that industry critics are pushing hard to raise major funding to fight our efforts. There are two organized industry groups that are moderate and want to work constructively with the Administration.

We are working to reestablish trust -- particularly with those groups poised to be constructive and ultimately supportive -- by releasing some initial economic and scientific information in the next 10 days and announcing a peer review process on our economic modeling that will enhance its credibility.

The Vice President spoke in Japan on our concerns about global warming and policy priorities in the international negotiations set to conclude in Kyoto in December. But our supporters in environmental and progressive industry groups are concerned that other voices in the Administration have not yet been heard. We plan to engage the leading economic voices within the Administration to help reassure the business community. We are considering whether to propose a high-level meeting between you and a group of noted scientists (Nobels and others with economic, scientific and technical prowess) to discuss the scientific basis for taking action, the cost effectiveness of our emissions trading approach, and the myriad of technological solutions available.

[Handwritten signature]

TONGASS

Following up on last week's visit from Governor Tony Knowles (D-AK) and mayors from Southeast Alaska, I chaired a meeting with the relevant agencies to discuss how we plan to move forward with the forest planning process. The Alaska contingent wants, more than anything, the stability and certainty that will come with final decisions on the Tongass. I conveyed your expectations that they move quickly to produce a sound forest plan that is well grounded in science and meets legal requirements. I urged that all personnel resources and policy attention necessary be devoted to this end and indicated that peoples' jobs would be on the line should that directive not be followed.

ENDANGERED SPECIES ACT



You probably noticed today's Washington Post article about this Delhi Sands flower loving fly that is listed as endangered under the Endangered Species Act, and has been the cause of some land use disputes in Southern California. This is, of course, not an attractive situation and precisely the kind of story that causes the environmental laws to be held up to ridicule. We are not responsible for the original process that resulted in the listing and the local officials initially rejected our overtures to negotiate. But now they are interested in talking and we are trying to see if we can turn a very bad situation around. Avoiding this kind of conflict is precisely the reason we have moved to large-scale, long-term regional plans (habitat conservation plans) that have in fact been successful elsewhere in Southern California because we can both protect habitat and encourage economic development.

THE PRESIDENT HAS SEEN
4-7-97

April 2, 1997

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MEMORANDUM

To: The President
From: Nancy Hernreich
Rebecca Cameron
Re: Catherine Baker Knoll

Catherine Baker Knoll called and said that she'd been told by Vanessa Weaver that you have nominated her for Postal Regulatory Commissioner. She is thrilled and wanted to talk to you and thank you. Vanessa said you didn't have to call her back unless you want to.

Her number is 412-331-0700.

Just do it

So Dorshand for reply after
you have seen?

Yes ☒

No ☐

4-7-97

To Dorland for reply after you
have seen?

Yes ☒

No ☐

Jim -

Just did a

letter to him

recently. Call me

about this one.

Phil

Staff Sec.

Tourism Development Council

701 Central Avenue * Historic Downtown
Hot Springs National Park, Arkansas 71901
501-623-1415

President William Jefferson Clinton
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton,

As project Co-ordinators and Co-Founders of the Hot Springs' Tourism Development Council we are excited about helping co-ordinate the efforts of many interested parties in our community trying to revitalize Bath House Row. Enclosed you will find some letters from some recognizable organizations and individuals who seek your support in our Bath House Row Project. Our friend, Dick Kelley, has toured the facilities with us recently and I encourage you to discuss with him what he saw.

We also appreciate the letter you sent us regarding this project. We need your help to get this situation resolved. You stated in your letter that someone from Washington would contact us. I am enclosing some telephone numbers so that we might be readily available for that opportunity.

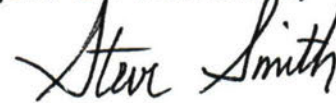
The future of Hot Spring's and Arkansas Tourism truly is centered around Bath House Row Restoration. With your help we can Change the "Course of History" and Preserve it at the same time.

On a personal note we wish you a speedy recovery. How about some Healing - Hot Water from Bath House Row! A visit here could really help your leg and our Bath House Awareness.

Thank you again for your support! We hope to hear from you soon.

Your Friends and Project Co-ordinators,


Tom Wilkins


Steve Smith

Beeper - 501-622-5969 Anytime
Bath House Show Theater - 501-623-1415
Tues, Fri, Sat - 10am-3pm
Home - 501-623-0978

501-321-0267 - 10am-5pm

JAY DICKEY

4TH DISTRICT, ARKANSAS

COMMITTEE:
APPROPRIATIONS

SUBCOMMITTEES:
AGRICULTURE
TRANSPORTATION
LABOR—HHS—ED

BOB BROOKS
CHIEF OF STAFF



Congress of the United States

House of Representatives

March 19, 1997

WASHINGTON, DC
230 CANNON H.O.B.
WASHINGTON, DC 20515
(202) 225-3772
FAX: (202) 225-1314

PINE BLUFF
100 EAST 8TH AVENUE
SUITE 2521
PINE BLUFF, AR 71601
(501) 536-3376
(800) 223-2220
FAX: (501) 536-4058

HOT SPRINGS
100 RESERVE
SUITE 201
HOT SPRINGS, AR 71901
(501) 623-5800
(800) 541-8385
FAX: (501) 623-6363

Honorable William J. Clinton
President of the United States
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

I am writing to urge your continuing support for the historic bath houses located in Hot Springs National Park.

Hot Springs leaders are undertaking an aggressive marketing plan in hopes of leasing the bath houses to one or more qualified entrepreneurs. A new Request for lease Proposals was issued by the Park Services on February 17 with responses due by April 15.

I know that you are well aware of the need to preserve these national cultural treasures. At a recent briefing from the Park Service, we were informed that it would take around \$17 million over three years to rehabilitate the bath houses to a level that would prevent further deterioration from occurring. It is my hope that you would consider including these needed funds in future budget submissions.

The people of Arkansas really need the White House's assistance to make this dream a reality.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jay Dickey", with a large, stylized loop at the beginning.

Jay Dickey

brb



March 21, 1997

City of Hot Springs
Municipal Building

P. O. Box 700
Hot Springs National Park,
Arkansas 71902
(501) 321-6800

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Ave., N.W.
Washington D.C. 20500

Dear President Clinton:

I would like to take this opportunity to respectfully ask for your support for the rehabilitation of our historic bathhouses located in the Hot Springs National Park. These buildings are important reminders of our past history and represent a potential major attraction for our downtown area. Once they are renovated and put into active use, they will have a major impact on the appearance of downtown Hot Springs and will increase tourism in your community.

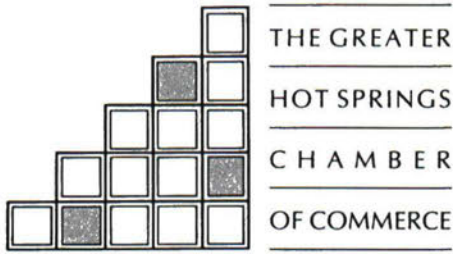
I know that these buildings are dear to your heart and I feel sure you will do whatever possible to assist us. We are asking that you and your staff work closely with our Congressional delegation, the National Park Service and your community to insure that the renovation and leasing of the bathhouses become a reality as soon as possible.

Thank you and we hope to see you very soon!

Respectfully,

Helen E. Selig
Mayor

HES/mp



Grand and Ouachita □ P. O. Box 6090
Hot Springs, Arkansas 71902
(501) 321-1700 □ Fax (501) 624-2064

March 20, 1997

The Honorable William J. Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue
Washington, DC 20005

Dear Mr. President:

Greetings from your hometown and all best wishes to you as you lead, guide and direct our country in the waning hours of the 20th Century and into the dawn of the 21st Century.

As you know our community is blessed with a national treasure in the form of famous "Bathhouse Row" in downtown Hot Springs. The purpose of this letter is to make you aware of our cooperative efforts to revitalize the bathhouses through public and private sector cooperation. The National Park Service, through congressionally approved appropriations, has worked hard to stabilize and improve the conditions of the various facilities.

One of the bathhouses, The Buckstaff, is still operating and providing services as a functional bathhouse. The Fordyce has been transformed into a wonderful welcome center/museum for the Park and is a highly prized asset for our downtown area. The other bathhouses are in assorted conditions of disrepair, although the Hale and Superior have received the most attention and are hopefully now, more than ever, better prepared for possible investment from the private sector. If we can work together in locating a suitable lessee (s) for these two beautiful buildings, the future will be much brighter for congressional funding for continued improvement of the remaining bathhouses. Also, the marketing of the other buildings will be much more productive and a much easier "sale" for other investors in the years ahead.

We would like to have your advice, assistance and direction in helping our community with continued public sector funded improvements, and even more importantly, the identification of individuals and/or entities in the private sector who would recognize and use the excellent tax credits already available at both the state and federal levels for their investment in these historic structures.



The Chamber is organized to create a strong business climate through the support of the free enterprise system and to enhance the quality of life in the community.



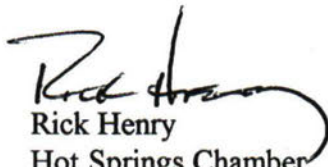
The Honorable William J. Clinton
March 20, 1997
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A recent survey by *The Sentinel Record* found that one of the highest priorities for our community is to reopen the bathhouses. Countless Hot Springs' visitors are disappointed when they approach one of these beautiful buildings only to find the doors padlocked. This comes at a time when our area and the entire state is experiencing a decline in visits from in-state tourists.

We are attempting to coordinate our efforts and work in the same direction and in unity to protect and improve our area. It is our heartfelt desire for Hot Springs to continue to be Arkansas's prized gem and we believe that your assistance is imperative for that dream to become a reality.

Your interest in both the bathhouses and Hot Springs is deeply appreciated and we would welcome and be forever grateful for anything you can and will do in assisting the National Park Service with continued renovations and in making private enterprise aware of the unique opportunity to invest in one of America's treasures.

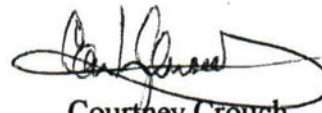
Sincerely,



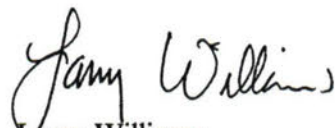
Rick Henry
Hot Springs Chamber
of Commerce



Mike Bush
GCIDC



Courtney Crouch
Fifty for the Future



Larry Williams
Garland County Judge



**Advertising & Promotion
Commission**

March 26, 1997

Post Office Box K
134 Convention Blvd.
Hot Springs National Park.
Arkansas 71902
(501) 321-2027

The President
The White House
Washington, D. C.

Dear Mr. President:

The competition in the states surrounding Arkansas, is steadily eroding the tourism business in Hot Springs and throughout our state. It is imperative that we as a city and as a state do everything possible to enhance our tourism product.

In Hot Springs, we have a unique opportunity to preserve four important historic treasures and enhance the tourism product of our city and of the National Park in one grand project. That project is the redevelopment of the bathhouses on Bathhouse Row in Hot Springs National Park.

The Request For Proposal (RFP) issued recently by the National Park Service (NPS) is by far the most aggressive attempt by the NPS to lease those magnificent old buildings. Unfortunately, until the NPS is able to make some basic structural improvements (i.e. asbestos and lead paint removal, roof and exterior wall stabilization, etc.) it will be economically impractical for a private developer(s) to establish profitable businesses in the bathhouses.

Mr. President, on behalf of the Hot Springs Advertising & Promotion Commission, we earnestly ask your assistance in obtaining the funding necessary to bring the bathhouses in Hot Springs National Park up to a condition wherein they will be attractive to investors.

You have our best regards.

Respectfully Yours,

Michael States
Chairman

Don Raulie
Executive Director