

Chon

—

THE PRESIDENT HAS SEEN

4-14-97

April 12, 1997

copied
COS

MEMORANDUM FOR THE PRESIDENT

FROM: HELEN HOWELL *HH*

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- (A) **Sec. Shalala memo on evaluations of Florida and Iowa welfare demonstrations.** *Florida* tested sanctions and 24-month time limits combined with a work program and generous earned income disregards. *Preliminary* findings indicate that employment and earnings impacts are what you would expect from a well-implemented employment and training program by itself, and at the 18-month mark, the program has not reduced the number of months of AFDC receipt counted toward the time limit. *Iowa* tested a welfare-to-work strategy built on contracts between the welfare agency and the AFDC recipient as well as a set of sanctions. Findings indicate that about half the families who lost cash assistance experienced a decrease in income (an average loss of \$384 monthly). However, in the short term, there was no evidence of extreme economic distress.
- (B) **Emanuel follow-up on sweatshops.** Upon reading an April 9 New York Times article about the new Apparel Industry Partnership agreement, you asked Rahm if you should do an event. You are scheduled to participate in such an event on Monday.
- (C) **"Honest Abe's Politics Made Strange Bedfellows," by Theo Lippman, Jr., SunSpot Opinion.** Michael Waldman thought you would find this article on campaigning by President Lincoln interesting.
- (D) **Secretary Slater memo on DOT's accomplishments in the first 30 days.** Rodney reports to you on various initiatives such as NEXTEA, the American Airlines talks, the Aviation and Safety Commission, and the air bag depowering issue. *You have seen much of this information in NEC and DPC weekly reports.*
- (E) **Poll results.** Via Rahm. The Bluegrass State Poll indicates that 55% of Kentucky adults approve of your handling of your job as President, while 41% disapprove. The VP has a 54% approval rating, with 33% of those polled disapproving of his handling of his job. A Maricopa Research survey indicates that 63% of Americans "underestimate the total tax bill paid by the typical American family to Federal, state and local governments," 21% accurately estimate the average family's tax bill, and 11% overestimate.

THE PRESIDENT HAS SEEN

4-14-97

We also received the following items:

✓ **Science and Technology: Shaping the 21st Century, an OSTP report to Congress.**

Via Jack Gibbons who notes that "Your strong and consistent support for research and education as pillars of American prosperity and strength is making a big impact." *We have the report in our office should you wish to review it.*

✓ **Mathews note on Douglas Luffborough III.** Sylvia is disappointed to report that Douglas did not test into the Presidential Management Program.

April 4, 1997

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

'97 APR 12 PM 1:22

FROM: Craig Smith

SUBJECT: Weekly Political Update

ALASKA

With the Anchorage mayoral election less than a week away, incumbent Rick Mystrom (R) will likely defeat Tom Fink (R) a '93 mayoral candidate.

ARIZONA

Jim Howl (R) has announced his intentions to run for the Republican gubernatorial nomination. Howl, a television weatherman on the Phoenix ABC station, was released of his duties a month ago for sexual harassment reasons. To date, Governor Symington (R) is the only other Republican who has formally announced his intentions to run.

CALIFORNIA

Mayor Richard Riordan of Los Angeles was re-elected overwhelmingly to a second term against State Senator Tom Hayden on Tuesday after a low-key election in which a record turn out among Hispanic voters reflected the shifting demographics and politics in the nation's second largest city. For the first time ever, Hispanics edged out blacks as a share of the electorate, accounting for about 15 percent of the votes cast. African Americans accounted for 12% of the total vote. Riordan received 61% of the vote. This is the first time in history that a Republican has topped 60% in Los Angeles where registered Democrats outnumber Republicans 2 to 1.

A panel of federal appeals judges unanimously decided Tuesday that California's Proposition 209 is constitutional and can be enforced to eliminate government affirmative action, ruling that a lower court judge erred when he blocked the initiative after the November election. This case will now go on appeal to the full 9th Circuit for a hearing.

COLORADO

The CO state legislature is beginning to wrap up its work in preparation for ending the session next month. Controversial bills that may end up on Romer's desk include a bill to ban same-sex marriages, a bill to expand access to concealed weapons--which is supported by the NRA and an anti-environmental "takings" bill. Romer is expected to veto the latter two, and is working to pass a compromise bill on same-sex marriages. On a related topic, Colorado business leaders are organizing a ballot initiative this year to raise gasoline taxes to pay for new highway construction (Romer supports this initiative).

W The Clinton Administration has come under some criticism in the local press for being tardy in planning for the upcoming Summit of the 8. There also has been some criticism of the administration for failing to name a Regional Director of the EPA; a post that has been vacant since last year.

Copied
Smith
CS

The Colorado Senate gave preliminary approval to proposed laws giving the state some authority over penalizing welfare recipients and providing legal immigrants with some welfare benefits. Democrats and moderate Republicans dominated the Republican-controlled Senate during debate to broaden the welfare-reform bill. The Democratic sponsored amendments give tax credits to businesses that hire welfare recipients and work for their health coverage, child care, job training or transportation to work, allow the state to establish rules by which a county may penalize welfare recipients who don't comply with county plans to get off welfare.

Lots of speculation swirling around the US Senate race next year. Senator Ben Nighthorse Campbell(R) has been taking swipes at Congressman Scott McInnis (R) - and McInnis is telling the GOP insiders that he is definitely going to run for the Senate. McInnis allegedly has amassed \$1M for the race so far. Congressman David Skaggs (D) and Governor Romer (D) have talked privately about the Senate race as well.

A Democratic primary for Governor is likely between Lt. Governor Gail Schoettler (D) and State Senator Mike Feeley (D).

CONNECTICUT

The Connecticut Ethics Commission on April 4 accepted a negotiated agreement with Governor Rowland (R) to settle an ethics complaint. Rowland "ran afoul the law" when he attended six concerts in '95 and '96 with tickets that were paid for by other people. He will pay a \$2,000 fine and donate \$1,919 to charity to settle his ethics case. Rowland has become the first Connecticut governor to be fined in an ethics case. However, the Governor's ethics problems are being overshadowed by State Senate Democrats receiving preferential treatment at a similar fundraiser.

The state Democratic party came under bi-partisan fire for receiving soft money from the DNC for the Coordinated Campaign. The CT GOP demanded the return of \$1 million in soft money to the DNC. State Chairman Ed Marcus has said he had little to do with how soft money was spent. At the same time, Don Fowler Jr., who ran the CT Coordinated campaign, disputed Ed Marcus's comments. Ed Marcus responded by stating that the campaign was run by a "kiddie brigade," and noted that Fowler dealt directly with DC. However, the campaign in Connecticut defeated Republican opponent Gary Franks (R) and increased your margin of victory in the state from 6% in '96 to 17% in '92.

The head of the local NAACP, Roger Vann, is being discussed as a possible primary challenger to Rep. Rosa DeLauro (D). This could pose a potential problem for DeLauro because her district in New Haven has a high African-American population.

FLORIDA

Lt. Governor Buddy MacKay (D) announced that his gubernatorial campaign has raised more than \$540,000. The contributions are in increments less than \$500 in order to take advantage of state matching funds, and MacKay could have raised more but he has abstained from fundraising while the legislature is in session. No other candidate has even opened an account. Observers surmise that MacKay is trying to scare off any potential primary opponents.

THE PRESIDENT HAS SEEN

4-14-97

The most recent campaign finance problem in Florida surrounds nearly a dozen private briefings for Democratic contributors that have occurred since March 4. Contributors received private briefings with 10 state agency heads who oversee everything from the state's licensed professions, prisons, roads and hospitals. The Florida Republican party also gives special favors to large donors. Since the Republicans don't have any agency heads to offer, big donors meet with House Speaker Dan Webster (R) and Senate President Toni Jennings (R).

The House and Senate passed an election reform package and prepared to send it to Gov. Lawton Chiles (D), who plans to sign it into law. The bill contains proposals that toughen penalties for breaking election laws, close loopholes in campaign spending, and make candidates more accountable for their political ads and campaign tactics. The bill's most significant, as well as controversial, measure seeks to stop independent expenditures by political parties. This part of the bill is in response to the NRSC's \$825,000 "independent expenditure" in support of Republican state legislative candidates.

This week House Democrats elected their next leader, state Rep. Willie Logan (D). If the Democrats regain the majority in the 1998 elections, Logan could be the House's first black speaker.

ILLINOIS

The FEC closed its 5-year probe of Senator Carol Moseley-Braun's (D) '92 race with no apparent punishment or finding of wrongdoing. Working in her favor was the length of time it took the FEC to act on her campaign case as the statute of limitations was due to expire soon. This is good news for the Senator since she has almost paid off her \$400,000 debt. Her upcoming fundraisers should erase the debt. Her July filing to the FEC should report a surplus.

State Comptroller Loleta Didrickson (R) will base her decision on a potential run for Senate against Braun after Governor Jim Edgar (R) announces his intentions of whether to run for re-election. Key GOPers are "touting" Didrickson; they say she will definitely run if she has Edgar's early support. If the two women run it will be an historic first. Since IL began electing senators by popular vote in 1914, two women have yet to be nominated by major political parties for the same U.S. Senate seat. Both are proven vote getters; Braun was elected to the Senate with 53 percent of the vote and a plurality of more than 500,000 votes. Didrickson was elected comptroller with 55 percent and a plurality of 406,994 votes.

Representative Sidney Yates' (D) pending retirement will leave an open seat in the 9th District. It will be a good opportunity for local Democrats who are gearing up for the '98 primary. State Rep Janice Schakowski (D), Millionaire J.B. Pritzker (D) both have hired fundraisers. State Senator Howard Carroll (D) is a likely candidate but has make no preparations to run yet.

NEBRASKA

Omaha City Councilwoman Brenda Council (D) will face current Mayor Hal Daub (R) in a general election on May 13. Council, who was defeated by Daub in a '94 special election, garnered 39.9% to Daub's 40.1% in the Tuesday primary.

NEW HAMPSHIRE

The State House passed Governor Jeanne Shaheen's (D) proposal to provide public kindergarten. New Hampshire is the only state in the country that does not provide public kindergarten. The House also passed her proposal for a 20 cent increase in the cigarette tax to pay for kindergarten. The vote on kindergarten was perceived as a battle between Shaheen, the first woman elected governor, and Donna Sytek (R), the first woman elected Speaker of the State House. Sytek had the advantage because Republicans hold a 250-144 majority, but Shaheen won over 53 Republicans and 2 Independents and House Democratic Leader Peter Burling held all 144 Democrats. The final vote was 199-184. Shaheen lobbied Republicans from their Districts and had local officials such as Mayors and School Board members call the Republican state Representatives. It was such a huge victory for Shaheen that even the *Manchester Union Leader*, a conservative bastion, made their headline "Shaheen Crafts a Big Victory". The bill must now go with the rest of the budget to the State Senate.

NEW JERSEY

1998 Gubernatorial Race. A Quinnipiac College poll of 867 people conducted April 1-6 has Governor Whitman (R) down 10 points from a 2/97 poll, although she still leads all potential Democratic challengers.

<u>WHITMAN JOB APPROVAL</u>	ALL	GOP	DEM	IND	2/97
Approve	52%	75%	31%	52%	62%
Disapprove	43	21	66	41	32

DEMOCRATIC PRIMARY

Rep. Rob Andrews	21%
Mayor Jim McGreevey	13%
ex-Morris Co. Prosecutor	
Michael Murphy	10%
Undecided/Other	56%

<u>GENERAL ELECTION MATCHUPS</u>	ALL	GOP	DEM	IND	2/97
Whitman	48%	77%	23%	45%	55%
Andrews	32	8	59	30	27
Whitman	49	77	23	47	58
McGreevey	29	7	58	25	22
Whitman	48	79	23	43	56
Murphy	29	7	55	26	22

<u>FAV/UNFAV</u>	TOTAL	GOP	DEM	IND	2/97
Whitman	42% / 25%	67% / 9%	22% / 37%	40% / 27%	52% / 20%
Andrews	15 / 4	12 / 7	17 / 2	14 / 2	14 / 3
McGreevey	7 / 2	5 / 3	10 / 1	5 / 2	5 / 3
Murphy	6 / 2	7 / 3	6 / 3	6 / 1	6 / 3

Rep. Rob Andrews (D-01) was able to meet the matching funds deadline of 4/10. He submitted a request on 4/7 for \$1.1 million in matching funds based on a fundraising total of \$601,000. That leaves Andrews with about \$1.7 million to spend on the 6/3 primary. State Senator/Woodbridge Mayor Jim McGreevey (D) filed for matching funds nearly two months ago, giving him about \$2 million for the campaign. Both McGreevey and Andrews officially announced their candidacy this week.

NEW MEXICO

Albuquerque City Councilor Sam Bregman (D) became the first candidate to announce his mayoral campaign. With the election just six months away, Bregman stated he could no longer wait for current Mayor Martin (Marty) Chavez (D) to decide whether he would run for reelection or the gubernatorial race in '98.

Corp. Commissioner Eric Serna (D) won the endorsements from individuals affiliated with NM Right to Choose and Planned Parenthood causing Green Party candidate Carol Miller to ask the Attorney General to investigate partisan endorsements by leadership of non-profit groups. Additionally, Miller has pledged to limit her spending to \$100K and challenged her opponents to do the same. Bill Redmond (R) responded stating that he planned on spending \$300-400K.

Serna will be in California next week for an event with Henry Cisneros and the California Legislature's Latino Caucus.

NEW YORK

It was reported that Lt. Governor Betsy McCaughey Ross (R) might run for another office if Gov. George Pataki (R) "dumps her" from the GOP ticket in '98. Although McCaughey Ross refused to say what office she might seek, top Democrats and GOP leaders have been speculating that she might challenge Rep. Carolyn Maloney (D-14) or mount a primary challenge to Sen. Al D'Amato (R). Pataki insists he won't decide whether to keep McCaughey Ross until he makes a final decision on seeking reelection.

TENNESSEE

Organized labor has a bill in the legislature sponsored by Rep Bill Boner and Sen Thelma Harper which is designed to permit legally enforceable contacts between Metro Davidson County government and its employee union. Currently all Metro employee unions operate under non-binding memorandums of understanding with the City. Organized labor wants to formalize this process. Pro-business groups argue that this bill is not necessary and feel the bill could have implications statewide. Mayor Bredesen, the Metro Council and the entire Davidson County Legislative delegation have endorsed the measure. Yesterday the Attorney General ruled that the bill will not be applicable statewide.

Labor is openly saying that Democratic Legislators who do not support this bill cannot count on them for support in the '98 elections. It is obvious that this bill is a part of a larger legislative strategy by organized labor to strengthen their position in a "right to work" state.

4-14-97

TEXAS

TX-28 Congressional District Run-off. On April 12th, State Representative Ciro Rodriguez and ex-San Antonio City Councilman Juan Solis--both Democrats-- will meet again to determine who will replace the late Congressman Frank Tejeda. In a March 15th special election, Rodriguez received 46%, and Solis 26%. Most observers of this race believe Rodriguez will win because of his strong field organization, labor endorsements, and strong campaign finances. Both candidates are up on TV. Rodriguez's ads focus on education, and Solis's ads focus on his alliance with the Tejeda family and his own family values. Since the special election, Solis--who finished a weak second--has positioned himself as the pro-business, conservative candidate, supporting pro-life and pro-gun initiatives, and is endorsed by the National Right-to-Life coalition. The coalition is running pro-life and anti-abortion issue ads on radio stating each candidate's record on abortion.

The race divided the Tejeda political family and Tejeda political machinery. The Tejeda family is supportive of Juan Solis, and the Tejeda political machinery is backing Rodriguez. There supposedly will be a television interview with Cong. Tejeda's daughter on April 11 that criticizes Solis for using her father's likeness in campaign ads without consulting with the Tejeda children. We will be tracking the election results on Saturday.

Child support division. Today, the Texas Senate voted 29-1 on a bill that would remove the Child Support Collection Agency--a \$126 million and 1,450 employee division--from the Texas Attorney General's Office and make it into an independent agency. The bill goes to the Texas House chamber where it also has a good chance of passing the House. If passed, the new agency would be called the Texas Family Support Commission and Governor Bush will appoint a new commission to direct the child support agency. AG Dan Morales (D) believes this is politically motivated by both Democrats and Republicans in the legislature.

Bush 2000. Governor George Bush traveled to Orange County CA last weekend to address the California Republican Assembly's annual meeting and receive the Ronald Reagan Freedom Fighter Award. Previous recipients of this award include Pat Robertson, Pat Buchanan, Oliver North, Senator John Ashcroft (R-MO), former South Carolina Governor Carroll Campbell.

Bush received mostly favorable support. But some GOPers criticized his foray into California so soon after the 1996 election and during the Texas legislative session. Some GOPers are questioning why he received the award due to his moderate to liberal stand on immigration policy and supporting legislation to increase the tax burden on businesses.

Bush's speech focused on his goals for Texas which also has a national appeal. The repeated theme in his speech was that his generation is to blame for a permissive attitude that endangers the nation and should be replaced by a "responsibility culture".

Other Republican presidential prospects attending the meeting were Senator Fred Thompson (TN-R) and magazine publisher Steve Forbes.

Houston mayoral race. NYC Police and former Drug Czar Lee Brown (D) has unofficially begun his campaign for Houston mayor. A group called "'Houstonians for Brown" filed papers which allows Brown to raise money for his bid. Businessman Rob Mosbacher (R) announced his candidacy at a rally and BBQ and outlined his vision for the city. Mosbacher has reportedly raised \$500,000 for his mayoral bid. Other declared candidates include Council members Helen

Huey and Gracie Saenz.

Currently, the Texas legislature is considering legislation that would extend the term limits for the mayoral and city council seats to 8 years, and a bill that raises the residency requirement from 6 months to 5 years. Mosbacher has stated that if Mayor Bob Lanier runs, he will withdraw from the race. The nonpartisan race is 11/4.

WASHINGTON

Seattle Mayor Norm Rice announced on 4/10 that he would not seek a third term. City Councilwoman Jane Noland (D) announced her mayoral campaign this week. Other potential candidates are City Councilwoman Martha Choe (D) and Council President Jan Drago.

State Insurance Commissioner Deborah Senn (D) was cleared by the State Auditor's investigation of the 109 complaints of personnel and administrative misconduct. Senn, who's campaign for a second term last fall was not endorsed by Labor, has told party insiders that she believes that the complaints and call for an investigation was politically motivated by labor.

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

THE PRESIDENT HAS SEEN
4-14-97

THE WHITE HOUSE
WASHINGTON

April 11, 1997

copied
Higgins
CS

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
April 4 - 11, 1997

DEPARTMENT OF TREASURY

- **Asia Trip:** On April 3 - 8, Secretary Rubin traveled to Japan, the Philippines, and Vietnam. In Japan, Secretary Rubin met with Prime Minister Hashimoto and the Finance Minister to discuss economic and financial issues. In the Philippines, Secretary Rubin attended the APEC finance ministers meeting to discuss macroeconomic issues and the acceleration of capital market development. In Vietnam, Secretary Rubin signed an agreement whereby Vietnam agreed to repay \$145 million in debt incurred by South Vietnam. He also held discussions with the Vietnamese Communist Party Chairman, Prime Minister and Finance Minister about market opening.
- **Budget Hearings:** On April 16, Deputy Secretary Summers is scheduled to testify on before the Senate Finance Committee on education tax incentives. On April 17, Assistant Secretary Lubick is to testify before the Senate Finance Committee on the Administration's FY98 budget revenue offsets.
- **Fast Track:** During the week of April 14, Secretary Rubin is scheduled to meet with Representative Matsui to discuss fast track legislation. Matsui believes that the fast track window will close in May, before the Memorial Day recess, and that the Administration must do more to build Congressional support.

DEPARTMENT OF JUSTICE

- **Line-Item Veto Unconstitutional:** On April 10, Judge Thomas P. Jackson issued a Memorandum and Order holding the Line-Item Veto Act unconstitutional for two reasons. First, because the Act allows the President to "rescind" designated

appropriations and tax benefits, after they have been duly enacted into law, the Act authorizes the President unilaterally to repeal and re-write laws without complying with the procedure prescribed by the Presentment Clause in the Constitution -- namely, passage of a bill by both houses of Congress, and approval or non-approval of the whole bill by the President. Second, by giving the President the power to rescind designated appropriations and tax benefits, Congress has assigned to him a "nondelegable" power -- namely, the power to legislate. Judge Jackson reasoned that this power is conferred exclusively upon Congress under the Constitution, and may never be delegated to the President. DOJ has decided to appeal this ruling to the Supreme Court.

- **CA Anti-Affirmative Action Initiative:** On April 8, a three-judge panel of the Ninth Circuit Court of Appeals lifted an injunction that a lower court had imposed late last year blocking implementation of CA's Civil Rights Initiative (CCRI). The CCRI was passed by CA voters last November and generally prohibits affirmative action by public institutions in the state. DOJ filed an amicus brief in the court of appeals, supporting the lower court injunction, on the grounds that CCRI was unconstitutional under the Supreme Court's 1982 decision in WA v. Seattle School District No. 2, because it alters the political process in CA along racial and gender lines. The court of appeals rejected that argument. It distinguished the Seattle case, and held that CCRI was constitutional.
- **Asylum Information:** American Immigration Lawyers Association, et al. v. Reno. On April 4, the court denied plaintiffs' motion for a temporary restraining order to block a new Interim Rule that makes detailed information about asylum "credible fear" interviews available to aliens in removal proceedings only after an immigration officer determines that they intend to apply for asylum or have expressed a fear of persecution.
- **NY Voter Fraud Allegations:** On April 3, DOJ filed a Voting Rights Act suit against the New York City Board of Elections arising out of allegations that white poll workers in the Bronx altered paper ballots used in connection with a 1996 school board election by placing a white write-in candidate's name on them before handing them to some white voters, and by instructing other white voters to write in that candidate's name. The complaint alleges that these actions were undertaken to prevent blacks and Hispanics from reaching a majority on the school board.
- **SC Redistricting:** On April 1, DOJ precleared SC's redistricting plan for the state House, but refused to preclear the plan for the state Senate by interposing an objection to one of the redrawn Senate districts. DOJ concluded that the state did not have to redraw one of the Senate districts in the way that it did in order to remedy the constitutional violation that the district court found, and that the redrawn district had a retrogressive effect on black voting strength in violation of the Voting Rights Act.

- **Two Freeman Associates Convicted:** Following a six-day jury trial, MT "Freeman" associates Bill and Karn Hanzlicek were convicted of conspiracy, mail fraud, bank fraud, and false security violations. The couple was allied with Freeman leader Leroy Schweitzer, and used a fraudulent check issued by Schweitzer, called a "Comptroller's Warrant," to attempt to pay off a mortgage owed to a Tulsa, OK, bank. The case is one of many that grew out of the Freeman standoff in MT in 1996.
- **NV Church Arson:** In the first NV prosecution under the Church Arson Prevention Act of 1996, Richard Dale Morrison was sentenced to 63 months' imprisonment for setting fire to the Church of Christ in Henderson, NV. The sentence was the maximum permissible under the Federal Sentencing Guidelines.
- **AR Bank Fraud:** Former bank vice president Dewaine Summerhill and real estate promoter Robert Patrick Hickey received identical sentences of 51 months in prison as a result of their 13-count conviction for bank fraud, misapplication of bank funds, and money laundering. Summerhill and Hickey conducted a five-year loan fraud scheme in which they used fictitious individuals to generate 28 fraudulent loans on worthless properties, causing losses of more than \$1.3 million. The defendants also used false land appraisals and forged documents.
- **Attorney General's Schedule:** On April 14, the Attorney General meets with Director Freeh and Sandy Berger at the White House. On April 16, she will testify before the Senate Judiciary Committee regarding Victims of Crime.
- **Media Inquiries:** There have been numerous inquiries about the upcoming letter from DOJ in response to the request for an Independent Counsel. The *New York Times* is working on a story about how the expedited exclusion provision of the new immigration law is being implemented in cities around the country.
- **FOIA Request:** *CBS This Morning* has requested INTERPOL records regarding the investigation of John Huang and the fundraising activities of the DNC and any documents regarding 21 other individuals, the DNC, the RNC, the Lippo Group and any subsidiary.

DEPARTMENT OF COMMERCE

- **Trade Mission:** On April 7, Secretary Daley announced that he would lead his first trade mission as Secretary to Latin America. The May 11-19 trip will include stops in Argentina, Chile and Brazil.
- **National Weather Service Cuts:** Employee reductions due to \$27 million in budget cuts continues to receive significant attention in the press, especially in states that are frequently affected by severe weather. National Weather Service officials continue to explain that the staff reductions are strategically planned to maintain current levels of safety and service.

- **G-7:** On April 14, Secretary Daley will travel to Denver, CO, to meet with the host committee of the "Summit of the Eight." He will also speak to the Denver Chamber of Commerce and visit DOC's Boulder, CO Laboratories with Representative David Skaggs.
- **February Trade Numbers:** On April 17, Secretary Daley will participate in a press conference to release the February data for U.S. International Trade in Goods and Services.
- **Helms-Burton:** Negotiations on Helms-Burton with the EU continue as the April 14 deadline for submissions to the WTO Panel approaches. Under Secretary Stuart Eizenstat is leading the U.S. delegation in the negotiations regarding the possible settlement of the case against the U.S. Helms-Burton law.
- **Russian Military to Civilian Conversion:** The week of March 31, BXA approved an amendment to an export license which authorizes a U.S. government agency to export three disposition systems to Russia to dispose of 30,000 metric tons of Unsymmetrical Dimethyl Hydrazine from rocket fuel. This rocket fuel will be converted to Dimethyl Amine (DMA), which is an Australia Group (AG) controlled chemical. The approval of this license marks a major success in converting Russian offensive military capabilities to peaceful commercial uses. Current marketing plans are focused on selling the DMA to AG countries and other western nations.
- **Improved Computer Storage:** On April 14, NIST will announce that Calimetrics, Inc., of Emeryville, CA, has used cofunding from NIST's Advanced Technology Program (ATP) to create a new compact disk data storage technology that allows a full-length high definition television (HDTV) movie to be stored on a single compact disk. This significant advance will enable the company to use private venture capital and funding from corporate partners to develop and market a product using the new technology.
- **High-Temperature Superconductivity:** On April 14, NIST will announce that it has upgraded reference data for high-temperature superconductors that are increasingly important to industry and science. The data collection, which will be sold by NIST, also houses data from the Science and Technology Agency of Japan that has not been available previously in English.
- **The following economic indicators will be released during the next two weeks:**

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
Housing Vacancies (1st Q)	April 22

- **Endangered Salmon Case:** On April 3, Judge Marsh issued his Opinion and Order in the American Rivers v. National Marine Fisheries Service (NMFS) case. The decision was a resounding victory confirming that the Federal Government's handling of the Columbia River system of dams and reservoirs comports with the legal requirements of the Endangered Species Act. In the case, environmental and sportsfishing groups, joined by the OR, WA, and AK and by the four lower Columbia River Indian Tribes, challenged NMFS's 1995 Biological Opinion concerning the Federal Columbia River Power System. The opinion carefully lays out the facts and background for the NMFS Biological Opinion and endorsed NMFS's methodology.
- **Economic Development Administration Grants Awarded:** The week of March 24, the Economic Development Administration (EDA) approved 9 projects totaling \$5,560,000. The week of March 31, the EDA approved 29 projects totaling \$15,307,912.
- **Secretary's Schedule:** Secretary Daley delivers three significant speeches next week. On April 16, the Secretary addresses the U.S.-India Business Council at a luncheon and delivers a second speech at a Business Roundtable dinner. On April 17, he addresses the Economic Strategy Institute annual trade policy conference to promote your export and trade strategies.

DEPARTMENT OF LABOR

- **Alexis Herman Nomination:** Alexis Herman's nomination was unanimously voted out of the Senate Labor Committee. The Senate is expected to vote Wednesday.
- **Website Created to Help Recruit & Hire Welfare Recipients:** On April 7, DOL announced the development of a web site that will help Federal agencies and others recruit and hire welfare recipients. The web site contains a resource guide, *Tapping a New Workforce: From Welfare to Work in the Federal Government*, which provides answers to basic questions about hiring welfare recipients. Although the web site was created to help Federal agencies, it may be used by any private or public sector employer who is interested in tapping this new workforce.
- **UAW-Chrysler Strike:** On April 10, approximately 1,800 UAW members struck Chrysler's engine plant in Detroit after negotiators failed to reach agreement on a local contract by the union's April 9 midnight deadline. The strike led to the closure of four Chrysler truck assembly plants and the idling of about 12,000 workers. The company reportedly has an adequate supply of the Grand Cherokee and Ram pickup models affected by the strike. Outsourcing and health and safety matters are the issues in dispute. On April 11, talks were expected to resume.

- **UAW-GM Strike:** Approximately 3,500 UAW-represented workers struck the General Motors auto assembly plant in Oklahoma City after negotiators failed to come to terms on a local contract by the union's midnight, April 4, deadline. Outsourcing and job cuts are the key issues in dispute at the facility which produces the Chevrolet Malibu and Oldsmobile Cutlass. Talks are continuing.
- **CA Nurses Association:** On April 3, the CA Nurses Association announced that registered nurses will hold a one-day, 24-hour walkout at 45 Kaiser hospitals and clinics in Northern CA on April 16, and have offered an unconditional return to work on April 17. Service Employees Local 250, which represents nearly 14,000 Northern CA Kaiser employees, subsequently announced that its members would honor the CNA's strike.

DEPARTMENT OF TRANSPORTATION

- **Safety Bill Roll Out:** DOT will announce a roll out next week of a Safety Bill, emphasizing seat belt enforcement laws.
- **I-15 Project:** On April 15, a ceremony will be held in Salt Lake City to launch a major reconstruction of 17 miles of I-15 in preparation for the Winter Olympics in February, 2002. The project will take 4 ½ years to complete at a cost of \$1.59 billion, the largest individual contract ever awarded in the history of the interstate highway system.
- **NAFTA Drug and Alcohol Training:** On April 17-18 in Tijuana, Mexico, the Office of Drug and Alcohol Policy and Compliance will conduct a comprehensive training program for Mexican government and medical officials on implementation of DOT's drug and alcohol testing rules.
- **Operation ABC:** On April 9, NHTSA Administrator Martinez announced Operation ABC: Mobilizing America to Buckle Up Children. Law enforcement officials in all 50 states committed to high visibility enforcement efforts during the week of May 19-26. This will coincide with Buckle Up! America Week, a DOT coordinated national education campaign to promote the correct use of seatbelts and child safety seats.
- **Air Bags:** On April 1, NHTSA extended the comment period on a petition from Senator Kempthorne to amend the automatic crash protection standard, which includes the use of unbelted test dummies as well as belted test dummies in testing air bag-equipped vehicles. Senator Kempthorne asked that the agency impose a moratorium on testing with unbelted dummies, to mitigate negative side effects of air bags. The Association of International Automobile Manufacturers asked for more time to comment. The comment period has been extended until June 2.

THE PRESIDENT HAS SEEN

4-14-97

- **Vehicle Size and Safety:** NHTSA will release a package of seven technical reports on the relationship of vehicle size and weight to fatality and injury risk in passenger cars and light trucks. Key findings include the increased risk of fatalities in smaller cars, and the hazards to pedestrians and smaller vehicles caused by increased numbers of trucks, vans, and sport utility vehicles.
- **CA Drug Offenders Law:** The CA law expired on March 1, making it the only state not in compliance with federal requirements. FHWA provided CA with its full apportionment of FY97 Federal-Aid funds on October 1, 1996 (\$1.75 billion), but reserved \$90.8 million of those funds pending compliance with federal law. On March 1, DOT instructed CA to comply or have reserved funds rescinded. Governor Wilson and the CA legislative leadership requested and were granted an extension to April 7. FHWA has worked closely with the State and has received assurances that appropriate legislation will be passed on April 10, and signed by the Governor on April 11. If this time frame is not met, DOT will rescind the reserved funds.
- **Airline Grounded:** FAA is grounding Great American Airlines, a charter service for gamblers traveling to Reno, NV. Based a whistleblower tip approximately one month ago, FAA conducted inspections of the airlines and uncovered systemic problems, including falsification of training records and indications that top management was aware of these falsifications. There were some accusations that local FAA was in collusion with the airlines: however, no evidence was discovered. FAA has asked the IG to validate.
- **Garrett A. Morgan Transportation & Technology Futures Program:** DOT has begun an initiative to coordinate public and private transportation, technology and education resources to reach 1 million students and expose them to opportunities in transportation. Secretary Slater would like for you to mention this project in your remarks at the President's Summit for America's Future.
- ✓ **American Airlines Strike Settlement:** Last week the pilots' union board approved a tentative agreement with American Airlines. The agreement is now being distributed to the membership for a ratification vote, which will be completed within a month. News reports characterized prospects for passage as good, though substantial elements within the union continue to oppose the agreement over the regional jet issue.
- **Deployment of CTX-5000 at Washington National Airport:** Deployment of a CTX-5000SP for U.S. Airways and an EG&G Z scan for Northwest Airlines has moved months ahead of schedule to coincide with the opening of the new terminal complex in July. These machines can detect explosives and are among the first to be installed in response to the recommendations of the Gore Commission.

- **Temporary Flight Restriction for Denver, CO, Federal Courthouse:** On April 1, at the request of the FBI, a Temporary Flight Restriction was issued for the Denver, CO, Federal Courthouse due to the McVeigh trial. This restricts all flight within a 2 nautical mile radius.
- **Airbags and Child Restraints Hearing:** The House Commerce Subcommittee on Telecommunications and Finance is expected to schedule a hearing this month on airbags and child restraints. NHTSA Administrator Martinez is expected to testify.
- **The Washington Post:** The *Washington Post* is running a front page, two part series on the history and future of airbags. Part one will address the regulatory and political mindset in the early days of airbags. Part two will deal with current efforts to depower airbags or to introduce smart airbags.
- **Seattle/APEC:** On April 14, Secretary Slater will address the APEC ministers in Seattle, WA. While in Seattle, he will meet with a Seattle editorial board and attend an event amplifying NEXTEA.
- **Port-au-Prince, Haiti:** On April 14-15, senior FAA security officials will travel to Port-au-Prince to meet U.S. Embassy and Haitian officials, following reports of deteriorating security at the airport. The meetings will focus on promised enhancements in airport security.
- **AFL-CIO:** On April 15, Secretary Slater will address the AFL-CIO National Conference of the Building and Construction Trades Department in Washington, DC.
- **National Safe Driving Event:** On April 17, Secretary Slater will participate in a press announcement with the Network of Employers for Traffic Safety, a national group of businesses committed to improving road. DOT has submitted a request to proclaim the week of April 20 -26 as National Drive Safely at Work Week.

UNITED STATES TRADE REPRESENTATIVE

- **Japan Paper:** Last week, Ambassador Barshefsky announced that the U.S. will undertake a number of initiatives regarding market access problems that U.S. paper and paperboard producers continue to face in Japan. Market access for foreign and paperboard products in Japan has not increased substantially as stipulated in the April 5, 1992, bilateral agreement which just expired.
- **Telecom:** The U.S. and Japan exchanged letters committing the Japanese National Police Agency (NPA) to cancel a development program initiated in 1996 for a next generation VHF mobile radio communications system and to pursue a new approach to the development and procurement of this system. In those letters, NPA commits to subjecting the new approach to the disciplines of the WTO Agreement on Government

THE PRESIDENT HAS SEEN

4-14-97

Procurement and the bilateral telecommunications government procurement agreement. The agreement marks the first time the U.S. has convinced a Japanese government entity to reverse course on a contract covered by the telecommunications government procurement agreement.

- **Ambassador's Schedule:** On April 15, the Ambassador will meet with the Deputy Prime Minister of Korea. On April 16, she will meet with the Business Roundtable and the Chinese Minister of Culture. On April 17, she will brief Members of Congress on China MFN.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Chronic Diseases:** Treatment of chronic diseases consumes more than 60% of all U.S. health spending. The Robert Wood Johnson Foundation reports that over 90 million Americans have chronic diseases -- such as heart disease, cancer and diabetes -- resulting in costs of over \$425 billion per year. Although many chronic diseases are preventable, a recent survey of states reveals that per capita public health spending on chronic disease prevention is about \$1. "The Health and Economic Burden of Chronic Disease in the United States" is being published in *Morbidity and Mortality Weekly Report*.
- **60 Minutes:** On April 13, *60 Minutes* is expected to air a story alleging premature organ harvesting. The story may suggest that, in some cases, drugs are being used to hasten death in order to harvest organs.
- **New AIDS Drug:** On April 4, FDA approved Pharmacia & Upjohn's Rescriptor for use in combination with other approved AIDS treatments. It applies a different mechanism of action than protease inhibitor drugs and is considered not nearly as powerful as the protease inhibitors. The drug has not yet been studied in combination with a protease inhibitor. An FDA Advisory Committee reviewing the drug last November was split about whether or not it should be approved.
- **"Mad Cow" Disease:** On April 23 - 24, an FDA advisory panel will discuss, and provide recommendations on, the safety of gelatin and gelatin byproducts with regard to the risk imposed by bovine spongiform encephalopathy, also known as "mad cow" disease.
- **Cloning:** On April 13, the National Bioethics Advisory Commission will meet to discuss a series of commissioned papers on selected issues associated with the prospect of cloning human beings. This meeting is part of their response to your request for a report on this subject by the end of May.

- **Tuskegee Recommendations:** On April 12, the Human Subjects Subcommittee of the National Bioethics Advisory Committee will meet. The subcommittee may discuss the recommendations of the Tuskegee Legacy Committee. OSTP has been informed about this meeting.
- **Eisenberg Sworn In:** On April 8, Dr. John M. Eisenberg was officially sworn in and assumed the duties of Administrator of the Agency for Health Care Policy and Research. He will also serve as senior advisor to Secretary Shalala on health care quality.
- **TX Integrated Eligibility System (TIES):** HCFA is making final preparations for the roll out letter providing final guidance and conditions under which TX could release the privatization Request for Offers (RFO) under TIES. The RFO would solicit bids from private contractors to perform eligibility functions for several human services programs, including TANF and Medicaid. HHS guidance would permit the TX to contract out initial processing and eligibility functions, such as accepting applications for Medicaid, but would require TX to retain responsibility for making actual client eligibility determinations. The letter is expected to be released shortly upon White House approval. A similar letter will be sent to TX by USDA for the Food Stamp program.
- **Children's Health Legislation:** On April 18, the Senate Labor and Human Resources Committee will hold a hearing on children's health legislation. Secretary Shalala will testify.
- **Nursing Home Fraud and Abuse:** On April 16, the House Government Reform and Oversight Subcommittee on Human Resources will hold a hearing on Medicare/Medicaid fraud and abuse in nursing homes. June Gibbs Brown, Inspector General, will testify.
- **Medicare Coverage:** On April 17, the House Ways and Means Subcommittee on Health will hold a hearing on Medicare coverage issues. Bruce Vladeck, HCFA Administrator, will testify.
- **Secretary's Schedule:** On April 14, Secretary Shalala will address members of the World Economic Forum at their meeting in Washington and will attend "Race for the Cure" night at Camden Yards to present check in honor of Virginia Kelly.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **DC Drug Raid:** An investigation launched as part of Operation Safe Home resulted in a raid that arrested 21 suspected drug dealers at a HUD-assisted housing project in northeast Washington. HUD works with local and federal authorities in Operation Safe Home to target drugs and violence in assisted housing.

- **Chrysler Plans \$1 Billion Detroit Investment:** The automaker plans to invest in six plants in Detroit, much of it in the Jefferson Park Empowerment Zone designated by you in 1994.
- **Jobs-Plus Initiative:** Secretary Cuomo will announce an innovative Welfare-to-Work demonstration program in partnership with two major nonprofits. The Jobs-Plus initiative, a partnership with the Rockefeller Foundation and the Manpower Demonstration Research Corporation will target public housing developments in several cities for intensive, focused programs to employ every welfare recipient able to work. Jobs-Plus will build networks between residents, government authorities and private-sector employers. This initiative is an excellent example of how the federal government can partner with service organizations to benefit communities.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Mexico Trip:** On April 16-17, Director McCaffrey will travel to Mexico and meet with US Ambassador Jones, Mexico's Foreign Minister, Attorney General, and the head of the Mexican Counterdrug Institute. The Director will discuss a counterdrug document which will be endorsed by both presidents on May 6.
- **Upcoming ONDCP Publications:**
 - ▶ The *Technical Report on What America's Users Spend on Illegal Drugs* has been delivered and is being edited and verified. This key report provides figures on the size and composition of the retail drug market, the number of chronic, hardcore drug users, and other key production and use data. This is the fourth iteration, and further refines estimates for the years 1988-95.
 - ▶ The preliminary findings of the special Hardcore Drug User Project, based on an intensive study of the drug-using population in Chicago, has been delivered. On May 14, the Director is tentatively scheduled to release it in Chicago. This report proves that local data can be used to provide better estimates of the number and composition of the hardcore drug-using population, and that population may be substantially larger than previous estimates have indicated.

DEPARTMENT OF INTERIOR

- **Yellowstone Mineral Withdrawal:** DOI is preparing with the Forest Service an EIS analyzing the effects of the proposed mineral withdrawal of 22,000 acres near Cooke City, MT, adjacent to Yellowstone National Park. The mineral withdrawal is a result of the proposal concerning New World Mine. Briefing packets have also been distributed to key legislators in MT, congressional field offices, county commissioners, and key state government officials.

- **Okefenokee:** On April 3, Secretary Babbitt announced his opposition to plans by DuPont Corporation to open a strip mining operation at the edge of the Okefenokee National Wildlife Refuge. The proposed mine, which would lie along the refuge's eastern border, would produce titanium dioxide for use in consumer products. U.S. Fish and Wildlife employees fear that even slight changes to the area's hydrology due to adjacent mining operations could result in major changes to the refuge's wetlands ecosystem.
- **Ellis Island Jurisdiction:** The Master assigned by the U.S. Supreme Court to evaluate the merits of NY and NJ claims for jurisdiction at Ellis Island has recommended to the Court that the original island lies within NY boundaries (Main Building), and the land fill (24 acres, which is all of the south plus the Baggage/Dormitory, Kitchen/Laundry, Powerhouse, and Bakery) is in NJ. Both states will now be invited to submit briefs again within 45 days, and oral arguments will be heard by the Supreme Court itself in October 1997. The court will then deliberate and probably make a determination in June 1998.
- **American Heritage Rivers Initiative:** From April 16-May 1, federal agencies including the National Park Service will sponsor ten regional meetings to discuss the American Heritage Rivers Initiative with stakeholders and interested parties.
- **AR Streams:** On April 11-13, a citizens' conference at Lake DeGray State Park will kick off a new program for local community watershed groups in AR. The program, AR Stream Teams, is a coordinated effort of several state and federal agencies. On April 13, agency heads will sign a MOU. The program promotes active involvement of landowners with the individual Stream Teams, whose activities range from picking up litter to assisting in water-quality and biological monitoring and restoring stream banks.
- **UT Drilling:** During the last week in March, the UT Division of Oil, Gas and Mining gave Conoco permission to drill an exploratory oil well near Reese Creek, a section of state-owned land in a remote area atop the Kaiparowits Plateau in the Grand-Staircase Escalante Monument.
- **New World Mine Deadline:** The deadline for the response from Crown Butte Mines to the Government's offer for an asset exchange is April 11. The Government's offer provides for Crown Butte to receive compensation from the Federal portion of the royalties paid from the BLM-administered coal mines, and oil and gas development within MT.
- **Oversight Hearing:** On March 24, the House Resources subcommittee on Energy and Mineral Resources held an oversight hearing on the Administration's proposals for the buyout of mining interests in the New World Mine and old growth forest lands in the Headwaters area of CA.

- **Secretary's Schedule:** On April 16-20, Secretary Babbitt will visit American Samoa for the celebration of Flag Day.
- **Press/Media Inquiries:** The *Wall Street Journal* is planning a story about the rehabilitation of the Washington Monument and the financial assistance Target Stores is providing toward that end. The story's angle is how government is now relying more on private donations. National Parks will be the focus of a *New York Times Magazine* Sunday supplement April 20, the beginning of National Park Week. *CBS News* contacted the National Interagency Fire Center (NIFC) to obtain footage of a prescribed forest fire. NIFC is looking for an upcoming prescribed burn suitable for footage. CBS may interview the Secretary next week.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Hepatitis A Outbreak:** USDA continues to work with the CDC, the FDA, and MI health officials to investigate the Hepatitis A outbreak associated with strawberries provided to the National School Lunch Program (NSLP). USDA's Office of the Inspector General is investigating whether the supplier violated USDA rules prohibiting foreign-grown produce in the NSLP. USDA is working to reassure domestic and international customers that this incident does not involve fresh strawberries nor ones grown in the U.S.
- **Helicopter Crashes:** On April 7, a helicopter leased by USDA for animal disease control work crashed in Roswell, NM. No injuries were reported. The incident report from the pilots states that the helicopter also lost power the week of March 31, but was able to land safely and was later repaired. The NTSB is conducting an investigation.
- **Federal Land Exchanges/Buyouts:** On April 8, the GAO conducted an initial interview with USDA Forest Service officials on federal land exchanges and buyouts associated with the following actions: designation of the Grand Staircase-Escalante National Monument in UT; acquisition of the Headwaters Forest in CA; acquisition of mining claims (New World Mine) outside Yellowstone National Park; and the buyout of suspended or canceled timber sale contracts in the Pacific Northwest. The interview took place at the request of Senator Murkowski and Representative Young,
- **TX Sorghum Disease:** On March 26, sorghum ergot was found in several fields in southern TX. Until just a few years ago, ergot had been found only in the Eastern Hemisphere. The USDA Animal and Plant Health Inspection Service is working with TX and neighboring states to develop educational materials and inform growers about the disease.

THE PRESIDENT HAS SEEN

4-14-97

- **Housing Loan Delinquency Rate:** The USDA single family housing loan delinquency rate for March was 12.1 percent, the lowest since the 1930s.
- **Agricultural Trade Developments:**
 - ▶ On March 25, Canada dropped its prohibition on entry of U.S. durum wheat from states where Karnal bunt was not found, allowing Northern Plains durum to be shipped through Canadian ports along the St. Lawrence Seaway.
 - ▶ On March 25, Switzerland announced that it is lifting its injunction on imports of Round-up Ready soybeans (RRS) and products derived from RRS. However, products containing detectable amounts of genetically modified organisms (GMO) must be labeled as GMOs. Although the immediate issue has been resolved, problems with the Swiss GMO labeling requirement are anticipated.
 - ▶ On March 25, Taiwan announced that it no longer considers U.S. tomatoes to be a host for tobacco blue mold, clearing the way for entry of U.S. tomatoes. Japan may soon allow U.S. tomatoes access, which is expected to offer a significant new export opportunity.
 - ▶ On March 25, USDA completed negotiations on export certification conditions that Azerbaijan will require for U.S. poultry meat exports.
 - ▶ On April 8, USDA and EU officials began meetings to try and resolve remaining issues involving meat and poultry export. The USDA Food Safety and Inspection Service notified the EU that if no agreement is reached, the U.S. will no longer accept meat and poultry shipments from them after April 15. On April 1, USDA officials briefed House and Senate agriculture committee staffs.
- **Earth Day Update:**
 - ▶ On April 19, USDA representatives will join the Girl Scout Council of the National Capital at the Air and Space Museum, Washington, DC, for its "Linking Space to Conservation" program, using photographs and images from satellites.
 - ▶ On April 22, USDA plans to announce over \$40 million in water and sewer project assistance for over 35 projects in 25 states for small, financially strapped communities.

- **Press/Media Inquiries:** *CNN* and *Reuters* requested a USDA Office of Inspector General evaluation report on implementation of agricultural provisions of NAFTA. *NBC Dateline* requested background information on the Animal Welfare Act, Ringling Brothers-Barnum & Bailey Circus, and the Hawthorn Corporation (an exhibitor). *Gannett Newspapers* and *ABC News* inquired about the process for purchasing commodities for the School Lunch Program.

DEPARTMENT OF ENERGY

- **NY Tritium Contamination Update:** On April 9-10, officials will meet to discuss the size of the plume of the tritium contaminated groundwater and the proposal for remediation of the water at the Brookhaven National Laboratory (BNL). DOE is conducting an independent evaluation of operations at BNL. On April 30, the final report will be issued.
- **National Ignition Facility (NIF):** DOE has approved the construction start of the NIF. Planning is now underway for a late May ground-breaking ceremony at the Lawrence Livermore National Lab in CA. The opening will showcase stockpile stewardship technology developed to ensure the performance and safety of the U.S. nuclear deterrent while fulfilling your pledge to stop underground nuclear testing.
- **CA Spent Fuel:** CA Assemblyman Tom Torlakson is circulating a letter signed by him and ten other Bay Area Assembly Democrats requesting that CA Attorney General Dan Lungren sue the federal government to block spent nuclear fuel shipments through Concord Naval Weapons Station. The Bay Area Conservation and Development Commission has also threatened to sue the government over the shipments. On April 3, the Commission asked DOE to agree to mediation. DOE has adopted the position that the issue is outside of the Commission's jurisdiction so mediation is moot.
- **Short-Term Energy Outlook:** The Energy Information Administration released *Short-Term Energy Outlook* for the second quarter 1997. The report revealed that the overall condition of the market at the close of winter increased the likelihood of crude oil prices remaining well below the high winter levels for the rest of 1997.
- **Rocky Flats Risk Reduction:** By the end of April, the first phase of moving surplus weapons pits from the Rocky Flats Environmental Technology Site, CO, to the Pantex Plant, TX, is scheduled to be completed. Two shipments of surplus pits have already been completed; one more will complete this phase. Phasing out the storage of all weapons-usable plutonium at Rocky Flats is based on the cleanup agreement among DOE, EPA, and CO as well as the proximity of the site to the Denver metropolitan area.

THE PRESIDENT HAS SEEN

4-14-97

- **Renewable Energy Mission to China:** On April 18 - May 4, representatives from DOE and DOE's National Renewable Energy Laboratory will travel to China to encourage further cooperation in the area of energy efficiency and renewable energy and discuss increasing markets for U.S. renewable energy technologies.
- **Press Inquiry:** *CBS News* interviewed Rocky Flats Manager Jessie Roberson and CO Emergency Preparedness Director Steve Gunderson regarding safety issues associated with transuranic waste shipments to the Waste Isolation Pilot Plant in NV. The producer said the story would be a "Window on America" piece for *CBS Evening News*, *CBS Morning News*, and perhaps a segment on *48 Hours*. Air date is unknown at this time.

DEPARTMENT OF EDUCATION

- **CA National Testing:** On April 3, the President of the CA State Board of Education wrote to Secretary Riley to state that, despite the endorsement by CA Superintendent of Public Instruction, CA has not endorsed the standards initiative. The letter explains that a CA statute requires the state to develop and implement a comprehensive set of *state* education standards and a *state* assessment system based on those standards.
- **Chapter 1 Study:** On April 4, DOEd transmitted to Congress a report on Chapter 1, the predecessor to the Title I program to improve schools in high-poverty districts. The report suggested that the Chapter 1 program was not effective in raising performance of underprivileged students.
- **HOPE Scholarships:** On April 8, the Hope and Opportunity for Postsecondary Education Act was introduced in the House by Congressmen Clay and Rangel. Later in the week, it was expected to be introduced in the Senate by Senators Daschle and Kennedy.
- **Charter Schools:** On April 15, Secretary Riley is scheduled to announce the results of a study identifying start-up funding as the top obstacle to the establishment of charter schools and outlining facts and figures about the charter school movement. The event may also include an announcement regarding DC charter schools. Also on April 15, a Satellite Town Meeting will focus on charter schools and magnet schools.

Be our
charter
magnet
a different

ENVIRONMENTAL PROTECTION AGENCY

- **Community Right-to-Know:** On April 7, Administrator Browner, Chief of Staff Bowles, Budget Director Raines, and Katie McGinty briefed the Vice President on EPA's proposed expansion of the community right-to-know program (which provides facility-specific information on toxic chemical releases) to seven new industrial sectors. The briefing came as a result of EPA and OMB reaching an impasse over whether certain elements of the proposed expansion should be finalized. Based on the discussion in the meeting, EPA is working to reach a prompt resolution of the issue.

4-14-97

- **Superfund:** The Administration began its consultations and negotiations with the Congress on amendments to the Superfund law beginning Monday. The discussions are concentrating on how stakeholders will participate in the process, on the list of reauthorization issues to be discussed, and on the order in which those issues are discussed.
- **Export of PCB-Contaminated Ships:** On April 11, 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. Representatives of EPA, NSC, DOJ, GSA, DOT, and the Navy are invited.

Both the Navy and DOT (the Maritime Administration or MARAD) 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 the countries the opportunity to reject the shipment. The Administration's policy is that Federal entities must meet the same environmental standards as private industry and that PCB exports should be handled consistent with the Basel Convention for hazardous wastes and other international controls.

Although TSCA bans exporting ships for disposal, EPA has allowed MARAD to export a limited number of ships subject to its removal of the more concentrated PCBs and to providing notice to the receiving country. MARAD has asked that the notice provisions in the agreement be modified because of its recent experience with India, which objected to export of a vessel once the presence of PCBs was made known. (The Navy has not been able to reach agreement with EPA on a similar Compliance Agreement and is not currently exporting any ships.) EPA is currently exploring several options that could allow export of vessels to be used for scrap metal.

- **Appropriations:** Chairman Bond called the Agency's request "not realistic" and "disappointing," alleging that "no hard choices were made." In particular, Bond said the requests for Superfund (\$2.1 billion) and the Climate Change Action Plan (\$149.3 million) do not reflect resource prioritization by relative risk and indicated he would not support them.
- **Parade:** Administrator Browner will interview with *Parade Magazine* for a profile.
- **Administrator's Schedule:** On April 15-16, Administrator Browner will testify before House Appropriations Committee. On April 17, she will travel to New York to accept the Mother of the Year Award.

THE PRESIDENT HAS SEEN

4-14-97

UNITED STATES INFORMATION AGENCY

- **First Lady's Africa Trip:** On April 3, USIA's Media Reaction unit produced a Special Report on Hillary Rodham Clinton's highly successful trip to sub-Saharan Africa. Significantly, while the U.S. has been criticized for inattentiveness to sub-Saharan issues, African journalists declared Mrs. Clinton's visit a stunning display of America's concern for the democratic, economic and social reforms that are necessary to improve the quality of life for African women and children.
- **Mexico:** According to a mid-March telephone survey in five major Mexican cities, more Mexicans describe their economic situation as good (53%) rather than poor (45%). President Zedillo appears to be benefitting from the improved outlook of many of these urban Mexicans. 60% of Mexicans have confidence in the president and about the same number have confidence in the armed forces. However, other major national institutions are mistrusted, including Congress, drug enforcement agents, the justice system and the Federal Police.
- **China:** Building on the momentum generated by the Vice-President's visit, on April 4, USIS Beijing organized a press availability with the presidents of several U.S. companies actively seeking partners to produce and market waste treatment products to local governments in China. The company presidents, members of a U.S. environmental trade mission to China, and the American Embassy's senior commercial officer spoke at the press event, the first activity to emerge from the March 25 launching by Vice-President Gore and Chinese Premier Li Peng of the U.S.-China Forum on Environment and Development.

GENERAL SERVICES ADMINISTRATION

- 
- **Computers to Schools:** GSA's Region 2 transferred excess lap-top computers and a printer to a high school in Manhattan, NY. This brings the total of computers transferred by this region to 215, not including various computer related accessories and other equipment. Region 1 facilitated the donation of 29 computers to a NH recycling group that will refurbish the equipment and donate them to schools.
 - **Good Neighbor Initiatives:** Region 3 has entered in to a contract with a Philadelphia Municipal Authority which uses its resources to train idle, unemployed citizens and extends its employment opportunities to a segment of Philadelphia's homeless population. The group clean sidewalks, plants trees, and provides maintenance and repairs for street furnishings such as bus shelters, signs, lighting, waste receptacles, and graffiti removal.

SOCIAL SECURITY ADMINISTRATION

- **Online Computer Service:** SSA's new online service that provides a worker with immediate access to his or her Personal Earnings and Benefit Estimate Statement (PEBES) is generating strong media interest, much of it focused on security measures. PEBES provides a year-by-year listing of a worker's covered earnings, Social Security taxes paid, and estimates of his or her retirement, survivors and disability benefits. The printed version of PEBES has been available for 10 years and is among the most popular public information documents provided by SSA. The online version of PEBES began public testing (without a formal announcement) last month. Access requires that five authenticating pieces of information be provided before the individual's PEBES is shown. Critics argue that these authenticating pieces of information are readily available in society and that more stringent safeguards are needed. Several congressional inquiries also have been received on this issue.
- **REGO II Proposal on Attorney's Fees:** *Washington Post* reporter Bob Woodward has made inquiries asking why SSA is no longer pursuing its REGO II proposal to stop collecting attorney's fees for representatives of claimants as part of its hearings process. The proposal was announced in 1995 as part of SSA's Reinventing Government package. The Administration never formally submitted a legislative proposal. According to Woodward, the inquiries are in connection with a possible article about campaign financing. It is unclear whether the article will be published.
- **1997 Trust Fund Reports:** By law, the Social Security and Medicare Boards of Trustees submit annual reports on the operation and status of the Social Security and Medicare trust funds. On April 24, the Board is scheduled to meet to review and approve its annual reports.

OFFICE OF PERSONNEL MANAGEMENT

- **Second Term Confirmation:** On April 7, the Senate Governmental Affairs Committee, held a confirmation hearing for Director King. The hearing followed the expiration of the Directors first term and your recess appointment which permitted continuity of leadership at OPM. At the conclusion of the hearing, Senator Cochran read a statement from Chairman Fred Thompson saying the recess appointment was an affront to the Senate and that his committee would only consider confirmation in one year. OPM issued a statement making clear that the recess appointment was in the interest of continuity, since OPM now has no Deputy Director to take over, that no affront was intended, and that King stands ready to complete the confirmation process at the Senate's convenience.

- **"Flat COLA" Proposal:** OPM staff participated in a briefing for staff representing the members of the "Blue Dog" Coalition. Staffers were advised of the impacts the proposed "flat COLA" would have on the retirement programs of the Federal Government, as well as the basic differences between the social insurance programs administered by SSA and the military and civilian benefit retirement programs.
- **FOIA Requests:** OPM has responded to two FOIA requests from a *Wall Street Journal* staff reporter who requested all records in OPM's possession related to contacts to and from the Democratic National Committee since January 1993 as well as all records in the agency's possession related to contacts to and from Harold Ickes since January 1993. No records were found in our files to or from the DNC. OPM did, however, provide a redacted copy of the file associated with a NY law firm's inquiry to Mr. Ickes on behalf of one of their clients who was seeking a review of his Administrative Law Judge (ALJ) examination rating. In addition to the ALJ matter, the firm's letter to Mr. Ickes also asked his permission to share his outline of "Laws Governing Union Campaign Contributions" with someone who was "taking over the NYC CLC."

VETERANS AFFAIRS

- **Medicare Reimbursement:** This legislation is on hold while the Health Care Financing Administration, OMB, and VA iron out implementation details. The House Veterans' Affairs Committee staff has expressed concern over these delays and has indicated the Committee may move its own bill in the next few weeks.
- **Medical Care Cost Recovery (MCCR):** On March 20, the House Veterans' Affairs Committee, in its FY98 budget views and estimates report, rejected the Administration's proposal to allow VA to keep MCCR receipts and use them to provide care. The Committee may take up this issue again later this year.
- **Sexual Harassment:** Both Veterans' Affairs Committees are planning hearings on VA's disciplining of senior managers who have sexually harassed VA employees. Members are expected to voice concerns that VA's "zero tolerance" policy is not being applied strictly enough. Staff level contacts report that the hearings are likely to be very confrontational. Committees are planning to call past complainants to ask them about their experiences.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Declarations:** MN, ND and SD received major disaster declarations as a result of ongoing heavy snow and flooding. On April 10, Director Witt traveled to the region. On April 11, Vice President Gore traveled to the region.

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

THE PRESIDENT HAS SEEN

4-14-97

THE WHITE HOUSE

WASHINGTON

April 11, 1997

214296 SS

'97 APR 11 PM 6:45

LE

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN HILLEY *John Hilley*

SUBJECT: WEEKLY LEGISLATIVE REPORT

*Copied
Hilley
CJS*

House of Representatives

1. **Assisted Suicide:** On Thursday, April 10, the House passed under suspension of the rules a measure which would prevent federal funding for assisted suicides (398-16). The federal government does not currently provide funds for assisted suicides; the bill (HR 1003) would ban future funding of such suicides through Medicare, Medicaid, federal employee health insurance policies and other means.

2. **House Government Reform and Oversight Committee:** On Thursday, April 10, the House Government Reform and Oversight Committee granted Chairman Burton sole power to issue subpoenas and publicly release documents in its campaign finance probe (21-16, party-line vote). In addition, the investigation scope has been expanded; however Burton refused to agree to what may be included in the investigation.

3. **Long-Term House Agenda:** On Tuesday, April 8, Majority Leader Armey announced five bills that he said would be on the floor over the next seven weeks. He said members would consider a GOP plan to overhaul national public housing programs; the fiscal 1997 supplemental appropriations bill for Bosnia expenses and disaster relief; the fiscal 1998 defense authorization; juvenile justice legislation; and a bill to relieve some volunteers from liability associated with their volunteer work.

The Week Ahead

Next week, in addition to several suspension bills, the House will take up a proposed constitutional amendment (H.J.Res. 62) that would require a two-thirds vote of both the House and Senate to agree to a tax increase. A similar measure received 243 votes last year, 37 shy of the two-thirds margin necessary.

The House will also consider the 21st Century Patent Improvement Act (HR 400). HR 400 would: modify various patent laws to make intellectual property right protections in the United States similar to those in the rest of the industrialized world; convert the U.S. Patent and Trademark Office (PTO) into a wholly-owned government corporation; and grant PTO management authority to a director appointed to a five-year term by the President, with the consent of the Senate. White House Legislative Affairs and the Commerce Department are

THE PRESIDENT HAS SEEN

4-14-97

working to address Administration concerns with this legislation prior to House floor consideration.

Senate

1. **Nuclear Waste:** On Monday, April 7, the Senate turned to consideration of S.104, the Nuclear Waste Disposal Act. On Wednesday, April 9, Senator Murkowski offered a substitute amendment to the bill which would delay initial operation and reduce the size of a temporary nuclear waste storage facility in Nevada. At this point, proponents of the bill are likely to fall short of a veto-proof margin. The Administration has issued a veto threat on S.104.

a. On Thursday, April 10, the Senate tabled (72-24) an amendment sponsored by Senators Reid and Bryan that would have required the approval of each governor for the transport of nuclear waste across his or her state en route to the proposed storage site near Yucca Mountain.

2. **Chemical Weapons Convention:** White House staff and the two leaders continue to work on crafting a unanimous consent agreement under which to consider the treaty. The agreement would include consideration of S. 495, Senator Kyl's alternative to the CWC. Debate on S. 495 could begin on Wednesday, April 16. The Senate would then turn to consideration of the resolution of ratification of the CWC beginning April 23, completing action on April 24. It remains uncertain as to whether there are the 67 votes necessary for passage. Finally, as part of the agreement, Senator Daschle is asking that there be a date certain for consideration of the implementing language for the convention should the CWC pass.

3. **Nominations:** On Thursday, April 10, the Senate Labor and Human Resources Committee unanimously approved the nomination of Alexis Herman to be Secretary of Labor by voice vote and sent it to the full Senate for confirmation expected next week.

a. On Thursday, April 10, the Senate confirmed the nomination of former Representative Pete Peterson to be United States ambassador to Vietnam by voice vote.

4. **Governmental Affairs Committee:** On Tuesday, April 8, the Senate Governmental Affairs Committee issued 10 subpoenas as part of its investigation into campaign finance abuses, including one seeking records of Bob Dole's 1996 presidential campaign and six others seeking documents from organizations that may have engaged in illegally partisan activities to help Republicans. Prior to Tuesday's announcement, the panel had issued 63 subpoenas, all but two aimed at Democratic activities.

The Week Ahead

The Senate will continue consideration of S. 104, Nuclear Waste legislation; final passage is expected on Tuesday, April 15. The Senate will likely begin consideration of Senator Kyl's alternative to the CWC, S. 495, on Wednesday, April 16. Additionally, the Senate may consider the nomination of Alexis Herman to be Secretary of Labor.

Finally, on Wednesday, April 16, the Senate Judiciary Committee will hold a hearing on a proposed constitutional amendment (S.J. Res. 6) sponsored by Senators Feinstein and Kyl which would guarantee that crime victims and their families could attend and speak at court proceedings; be notified when convicted felons are released from prison or come up for parole; and receive restitution from convicted offenders. The Administration supports a constitutional amendment to protect the rights of crime victims; however, you have not voiced specific support for S.J. Res. 6 because several contentious issues, including the scope of the amendment, remain unresolved.

cc: The Vice-President
Erskine Bowles
John Podesta
Sylvia Mathews

4-14-97

THE WHITE HOUSE

WASHINGTON

April 11, 1997

Copied
Emanuel
COS

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

CRIME/DRUGS: Attached is an options memo concerning the ruling on the Brady Bill. It includes our recommendations on how the Administration should respond. Justice believes we will have a decision at the end of April.

Congressman McCullom has asked for a meeting with Justice and White House Legislative Affairs to discuss our Juvenile Justice Bill. I believe they will include key pieces of our legislation such as the anti-gang task force, the extension of the Brady Bill to juvenile criminals, the after school program and the funding for new prosecutors in their final bill. But we will face difficulty with them on other prevention programs and their desire for stiffer penalties for first time juvenile offenders.

Ⓟ This weekend the Justice Department is releasing the 1995 Crime Victimization Report. I have drafted and released a Presidential statement to accompany the report. The report will announce a 12.4% drop in crime in 1995. This is the largest drop in crime in 22 years. The statement will support the President's Juvenile legislation.

Ⓟ On May 15th ATF will release the new Brady forms. The new forms reflect the changes ordered in the President's directive. Over the next six months ATF and Justice will issue child safety locks on all federally issued hand guns.

As the Post reported today the Domestic Policy Dept. and Justice have worked out the language on a Presidential Directive concerning Sexual Predators in the Federal Prison System. We need to sign the Directive soon.

✓ **FAMILY:** The Judge in North Carolina has indicated that will have an opinion by the 19th. The decision will enable the Administration to re-engage on the issue. It may also be the time to consider hints from Secretary Shalala about Administration interest in the Kennedy-Hatch Child Health Care legislation.

National press reporters are planning on devoting a tremendous amount of resources to cover Thursday's Children's conference. The coverage has the potential to place a definitive stamp on

THE PRESIDENT HAS SEEN

4-14-97

our children's agenda.



POLITICS: I met with Bob Shrum this week. We discussed the rhetorical positioning of the President and how to make more of our key speeches. He made some good points that can easily be integrated to our over-all approach. I asked him to draft a memo outlining some of his suggestions for this White House.

CAMPAIGN FINANCE: Senator McCain has asked us to postpone our Petition to the FEC to ban soft money. He thinks it looks too partisan and will hurt his efforts to pick-up GOP co-sponsors. His request provides us time to work out our politics with the hill democrats.

However, eventually we need to go forward and file the petition. Democrats on the hill admit to being strategically lost on this issue. We cannot simply stand idly by indefinitely. Also, the GOP will soon move their own legislation. We need to be using this time to establish ourselves on the issue of campaign finance reform.

~~GOP~~
~~We need so deep~~
~~Don't wait too long~~



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

'97 APR 11 PM 7:35

THE PRESIDENT HAS SEEN
4-14-97

April 11, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *MTA KAM*
CC: ERSKINE BOWLES
RE: CEQ WEEKLY REPORT

*copied
McGinty
CS*

HOMESTEAD AIR RESERVE BASE

For a day and a half this week I led a delegation of senior Administration representatives from Interior, EPA, Justice, and the Corps of Engineers to the Homestead Air Reserve Base in South Florida. We conducted meetings with numerous state and local leaders to collect current information and opinions and to explain fully the Administration process. This process recognizes our two commitments in transferring the base to support economic development and to protect the Everglades and the environment.

*Try to
New
Sum*
Based on these consultations, I believe the Administration is in an appropriate position to resolve this issue by assisting local governments and local stakeholders through several incremental steps that have now been identified. These steps cannot answer the big questions but they will help demonstrate some beneficial progress. This remains one of our most challenging balancing acts.

RIGHT-TO-KNOW EXPANSION

EPA and OMB appear to have reached an agreement on how to move forward -- possibly as part of an Earth Day event -- with EPA's major expansion of the number and types of facilities subject to the Toxic Release Inventory (TRI). This proposal fulfills one of the major commitments that you announced at the 1995 right-to-know event in Baltimore. The final rule was delayed, however, by OMB concern about the scope of EPA's proposal and its potential impact on smaller businesses. The Vice President and the Chief of Staff convened a meeting on Monday of this week to air those concerns. Following a suggestion at the meeting by Sylvia Mathews, EPA has proposed to couple its TRI proposal with an expedited process to revise its TRI reporting form and so ease the burden of TRI reporting on small businesses. This approach has assuaged OMB's concerns.

4-14-97

Earlier this week, Senator Torricelli exploited our delay in finishing the rule to allege improprieties in our internal process. At a press conference on Monday (see attached article), Torricelli charged that an SBA staffer and former lobbyist who has commented on the rule improperly advocated a position that benefits his former clients. The surprise press conference appears to be a calculated move by the Senator to burnish his own credentials on right-to-know at the expense of your Administration. Release of the rule, along with the proposed EPA reforms, will make clear that the delay resulted in a more effective approach to expanding TRI.

CHILDREN'S HEALTH EXECUTIVE ORDER

On April 16 you are scheduled to announce an Executive Order directing agencies to enhance their efforts to protect children from environmental health and safety risks. Issuance of this Executive Order, first proposed by EPA and CEQ and later revised through an interagency process convened by CEQ, DPC, and NEC, would immediately precede the First Lady's conference on early childhood development and is strongly supported by all of the offices working on the conference.

Bruce Reed, Gene Sperling and I have submitted a decision memorandum to you on one issue we need you to decide before the proposed order goes forward. While agencies generally support the policy and requirements in the order, some agencies have objected to the explicit requirement that agencies identify risks to children in the analysis they perform to support certain major regulations. All agencies do agree that the issue is ripe for decision, and are prepared to implement any of the proposed options. The memorandum fully sets forth the issues and agency positions.

NEW WORLD MINE

April 12 is the deadline for Crown Butte, Inc. to accept our offer to exchange \$65 million worth of coal, oil and gas royalties for the New World mine near Yellowstone. On April 10, the company wrote to us to say they have decided not to exercise their option to withdraw from the agreement at this time. They noted, however, that they retain their option to withdraw on August 12 if they are not comfortable that we can get Congressional approval for this deal.

Currently, the company is having trouble honoring its part of the agreement that calls for them to deliver property that belongs to Margaret Reeb. Crown Butte has a 20-year lease with Reeb for an ore body that is 40-60% of the total that Crown Butte controls. Throughout the negotiations we realized that in order to stop mining on this mountain Crown Butte would have to secure Ms. Reeb's mining rights. So far she has refused to sell, and the company cannot close this agreement without acquisition of her property. On the other hand, the company remains committed to this agreement and continues to work hard to try to see it through to completion.



THE PRESIDENT HAS SEEN

4-14-97

THE WHITE HOUSE

WASHINGTON

April 11, 1997

214487 SS

'97 APR 11 PM10:25

FG-006-20

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

cc: ERSKINE BOWLES

RE: NEC STAFF WEEKLY REPORT

Copied
Sperling
Bowles

Skill Grants. We are finalizing our Skill Grant strategy memo and it should be in your hands by the end of the week.

Comp Time. We are working closely with Legislative Affairs to develop a Senate strategy that will get us a bill consistent with our goals. John Hilley has been working with the Senate leadership. Tracey Thornton (Legislative) and Anne Lewis (NEC) have been meeting with Daschle and Kennedy staff. We are cautiously optimistic of reaching an agreement in the next two weeks.

Apparel Agreement. Working with Maria Echeveste and the Labor Department, the NEC played an important role in helping to secure an agreement between the major apparel companies that will provide for a code of conduct and independent monitoring. We are very excited about this because nerves were getting frayed in the group and the industry was threatening to make Monday the last meeting. We worked hard over the weekend and Monday to ensure that all sides stayed at the table. It looks like all but one company will sign the agreement. All sides -- including Jay Mazur, Robbie Carp of Liz Claiborne and Michael Posner -- called to say how pleased they are with the agreement.

I spoke with Bob Reich afterwards who was very happy that we have continued to follow-up on this effort. I also spoke to Sen. Tom Harkin, who is coming to the event. It is important to him that you recognize his long-term contribution in this area.

We have received good coverage in the major papers and hope for more after the event on Monday.

THE PRESIDENT HAS SEEN
4-14-97

NetDay: The NEC, working with the Vice President's office, will work on planning the NetDay event on April 19th. Current plans include: (1) an announcement of Department of Education Technology Literacy Challenge Fund grants to six states; (2) interaction between you and Vice President and schools involved in NetDay using video-conference technology, with members of the Cabinet; (3) a release of a state-by-state breakout of the proposed \$2.25 billion in discounts for schools and libraries ("e-rate"); and, (4) a Presidential directive ordering agencies to increase the availability of educational content for teachers and students.

Hispanic Education: I met with Maria Echaveste, Ken Apfel, Alicia Munnell, Janet Murguia, and Mike Cohen to discuss what we can do to address the educational needs of Hispanics. We developed a plan to look at how each program that exists now can better address the needs of Hispanics. We will meet with various Hispanic Groups, including the NCLR, LULAC and HACU, to receive their input on how we can do this early next week.

In addition to the long-term efforts, we are looking for several specific proposals or actions we could begin to take, including; (1) working with the Department of Education on the America Reads legislation to ensure that limited English proficient students will not be precluded from the initiative; (2) working with HHS on improving the disappointing participation rate of Hispanic children in Head Start; (3) whether there is a public service announcement campaign you and Henry Cisneros could coordinate to encourage kids to stay in school; and (4) inquiring whether Limited English Proficient adults can be counted in the distribution of adult education funds to states. You will be meeting with the Hispanic Caucus on Wednesday, and the results of some of our work will be included in talking points for that event.

Early Notification of Pell Grant Scholarship: Because many of the highest-poverty schools are largely Hispanic, the proposal for a Pell Grant guarantee for sixth graders has great potential for the Hispanic population. OMB has raised some questions as to whether we should announce a new program during the middle of budget negotiations. In any case, we are working expeditiously to get you an options memo as soon as possible.

America Reads: We are hoping to have an America Reads event on the 23rd that will include the Reading is Fundamental program. While we got off to a quick start on securing commitments from college presidents on work-study student participation, we need a greater effort on the college president front to get the numbers we would eventually like.

We should think about expanding our high school service announcement to 11th and 12th graders. Under a supervised program, they would be excellent tutors to kids in kindergarten and in the first and second grades.

Capital Budget Commission: Vicki Radd has been working with myself, Chuck Marr on our staff and Josh Gottbaum at Treasury to develop a list of names for the Capital Budget Commission. Vicki and I think that we will have a very impressive list to show you shortly.

4-14-97

NEXTEA: The Administration will release the follow-on safety title of NEXTEA (containing regulatory, as opposed to funding, provisions) next week, in time for a Thursday hearing at which Secretary Slater will testify. What will get the most attention is a provision calling for soft sanctions on states that do not enact primary seat belt laws within 5 years. DOT will announce that provision separately, probably on Tuesday, along with some other measures to promote seat belt usage. Our soft sanction proposal was leaked to the press this week (probably by the National Governors Association, which opposes sanctions), but the coverage was fairly balanced. In response, NEC and DPC are working with NHTSA to shore up the seat belt coalition and get them to issue statements of support.

Base Closures: Dorothy Robyn met with delegations from San Bernardino and Sacramento this week to discuss the status of base reuse (at Norton Air Force Base) and privatization-in-place (at McClellan AFB). At McClellan, the Air Force has stayed the course: although, by law, the Air Force must give other military depots an opportunity to bid for McClellan's workload, there is a good chance that the work will be awarded to one of two contractors that want to privatize-in-place at McClellan. The rub is Congress, where the Depot Caucus is trying to enact legislation to bar privatization-in-place at McClellan and Kelly. DoD, with help from the California and Texas delegations, will be working hard to prevent that from happening.

DC Economic Development: We have pretty much completed work on the MOU, and Treasury has almost finished the legislation. We held an interagency meeting to discuss how EDA's activities in the District could coordinate with the broader DC project.

DC Pensions: We completed work on an education package, including examples, which was distributed at a successful meeting with union representatives and the retirement board. We will clearly have to leave more than \$1 billion in assets behind with the District to meet the savings targets. While the union reps understand the benefits of having the federal government take over, there is still strong concern that (i) the benefits really come in the outyears, and there are many members who would rather stay with what they know and, more importantly, (ii) Congress will not make good on the promises that will be in this legislation, and thus they will be forced to defend their benefits in a political arena -- the Hill -- where they have far less clout than with the Mayor and City Council. Problems may manifest themselves in massive retirements of police and firefighters before the federal takeover.

Financial Services Modernization: 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. The NEC continues to work with Treasury to reach internal Administration resolution of the major substantive issues: banking/commerce, holding company regulation, consumer protection, CRA. Treasury is making progress on issues other than CRA. CRA continues to be an extremely difficult issue, and its ultimate resolution will await at least the vetting process.

Pensions: We are getting close to recommendations for legislative action on the 150% fullfunding limit and a simple defined benefit plan. We also continue to work on how best to promote voluntary payroll deduction for IRAs. This coming Friday, the Wall Street Journal will publish PBGC's response to James Smalhout's pension op-ed.

THE PRESIDENT HAS SEEN

4-14-97

Indians: On Wednesday, Bob Shireman and Ellen Seidman met with representatives of the Dakota Area Council of Tribal Schools. We had met with them a number of times before to discuss their pretty extreme school construction/rehabilitation needs. Essentially the problem boils down to not enough appropriated funds, and no natural or manmade resources on the reservation, and their attempts to finance their way out of the problem won't work. This time, the group included the President of the Oglala Sioux, who pushed the issue much further: into the entire question of the legal and moral responsibilities of the US government under the Indian treaties, particularly in the case of tribes with no natural resources or any other likely means of support. We will working with the other White House offices to find the right venue to address these concerns.

DAN TARULLO

Africa: We are finalizing a trade and investment initiative for Sub-Saharan Africa this year, which we will send for your approval shortly. The initiative provides incentives for African countries to promote growth by opening their economies to trade and investment. As you know, Congressmen Crane, McDermott and Rangel have demonstrated real leadership on this issue, and we are working with them to try to introduce a joint Administration-Congressional legislative package. We hope to build support for similar efforts by the Eight and the international financial institutions, so that a substantial package can be announced in Denver this summer.

Helms-Burton: Stu Eizenstat reach a settlement today of the EU's WTO case against the Helms-Burton legislation. The key is an EU commitment to begin discussions with the U.S. to develop international rules to deter acquisitions of investments from any State that has expropriated or nationalized such investments contrary to international laws. At the time these discussions start, the U.S. would begin consulting with Congress with a view to permitting a waiver of Title IV of Helms-Burton (i.e., U.S. visa ban for executives of companies trafficking in expropriated Cuban property) once the international agreement is reached and the EU is adhering to it. This idea was first proposed by some Congressional supporters of Helms-Burton. In the first instance, it is merely a commitment by both sides to begin a process, but it has the benefit of suspending the case in the interim. Over a longer period, it could create a more lasting solution to Title IV and the problem of investment in expropriated property. Reaction from the Hill is positive. Burton, D'Amato, Graham, Toricelli and Kennedy all support. Helms will express some reservations but say on balance it is a good idea. Gilman remains uncommitted until he hears from House hardliners. The Cuban American National Federation is supportive.

EU Agriculture Trade Dispute: Negotiations could break down on an attempt (reported last week) to secure an agriculture equivalency agreement (i.e., each country recognizes the other's health/safety food standards), causing us to begin blocking about \$250 million worth of chiefly pork products from the EU. The talks are stalled over the EU's refusal to permit poultry cleaned through hyperchlorination (water with chlorine) a method used for years without harmful effects in the US and now necessary to meet new US health standards. Many issues have been resolved and talks will continue until the April 15 deadline.

Port Practices: USG negotiators concluded today an interim agreement with Japan that will allow the Federal Maritime Commission to suspend the planned imposition of \$100,000 sanctions on Japanese container ships pending negotiation of a final agreement by July 31, 1997 and the granting of stevedoring licenses to qualified U.S. firms. This will remove the issue of possible sanctions from the agenda of the Prime Minister's meeting with you later this month.

Hashimoto on Japan's Surplus: Prime Minister Hashimoto met with Secretary Rubin shortly after receiving your letter which expressed concerns about a possible rise in Japan's current account surplus. While the Prime Minister reiterated his message to the Vice President that he had no intention of relaxing the speed of fiscal reform, he added that there will be fluctuations in Japan's surpluses over the medium term. A negotiated statement made by Japan's Finance Ministry following Secretary Rubin's meeting with Finance Minister Mitsuzuka publicly reaffirmed the Japanese Government's objective of promoting strong demand-led growth in Japan and avoiding significant increase in the current account surplus. This statement gives us a good reference point for future discussion with Hashimoto.

Next week: I will speak at the Economic Strategy Institute's annual international trade conference on U.S. and Asian trade relations. I will also give a speech before the International Management and Development Institute's Annual Meeting on the second term international economic agenda.

214172 SS
BE

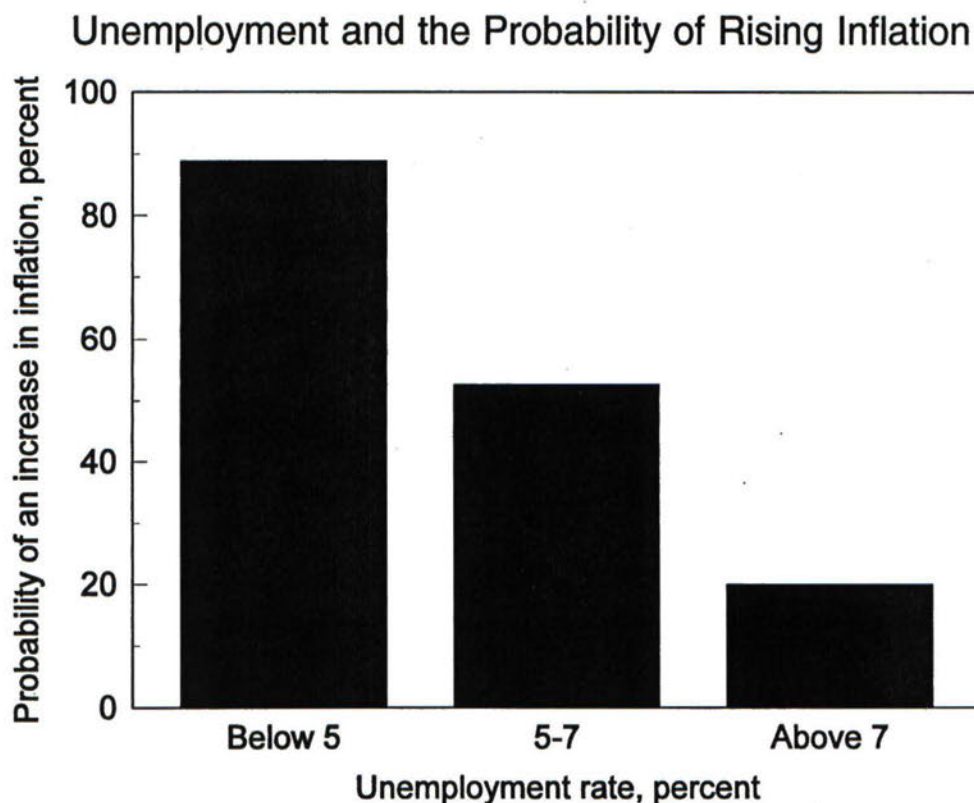
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

April 11, 1997

Copied
Yellow
COS
p. 3 copied
to Reed
HRC

CHART OF THE WEEK



Historically, core CPI inflation has been much more likely to rise when the unemployment rate has been below 5 percent than when it has been above 7 percent. For example, in the period since 1958, the unemployment rate has averaged less than 5 percent in 27 quarters (most recently in 1973). For about 90 percent of these, inflation was higher 12 months later. This proportion is only 20 percent for the 45 quarters in which the unemployment rate has averaged more than 7 percent. For unemployment rates between 5 and 7 percent, the odds of inflation rising have been about even.

CONTENTS

CURRENT DEVELOPMENT

Saving Is Up But Not Back	1
---------------------------------	---

SPECIAL ANALYSES

U.S. Interest Rates and Latin American Capital Markets	2
The Payoff to Investing in Young Children	3

ARTICLE

The Estate Tax: An Issue That Will Not Die	4
--	---

DEPARTMENTS

Business, Consumer, and Regional Roundup	6
International Roundup	7
Releases	8
U.S. Economic Statistics	9
Financial and International Statistics	10



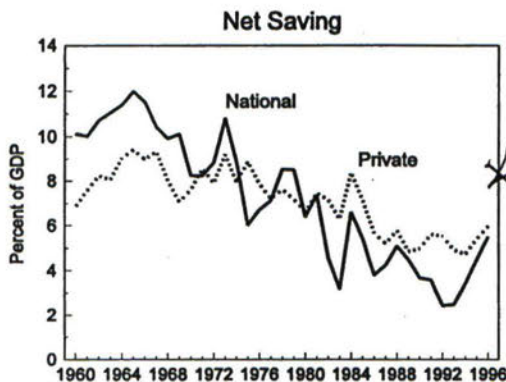
"Good news, Mr. Dewlap. While your cholesterol has remained the same, the research findings have changed."

4-14-97

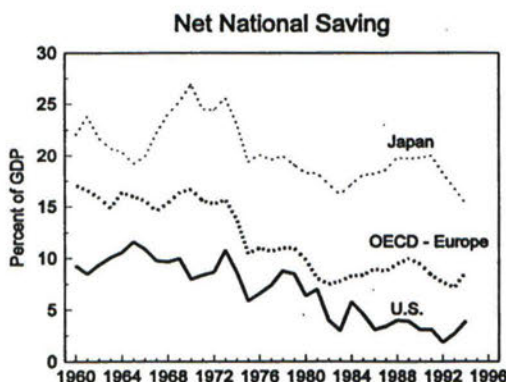
CURRENT DEVELOPMENT**Saving Is Up But Not Back**

Net national saving as a share of GDP has risen for 4 years in a row. Nevertheless, it remains low compared with our own history and with saving rates in other countries. (Net saving comprises personal saving, corporate saving net of depreciation, and government saving—Federal, state and local.)

Trends. Saving as a share of GDP fell from almost 11 percent in 1973 to a postwar low of 2.4 percent in 1992 (see upper chart). Large Federal budget deficits depressed national saving during the 1980s, and private saving fell as well. In the last 4 years, net national saving has bounced back to 5.5 percent of GDP. Federal deficit reduction is almost fully responsible for the improvement over the 1992-1996 period; private saving is only slightly higher than it was in 1992. (State and local governments have consistently run surpluses for several decades.)



International comparisons. Although the United States has the lowest general-government deficit of any major industrialized economy, its low private saving rate more than offsets its relative fiscal thrift. As a result, U.S. net national saving as a share of GDP remains lower than that of many other industrialized countries (see lower chart). The United States has not been alone, however, in experiencing falling saving.



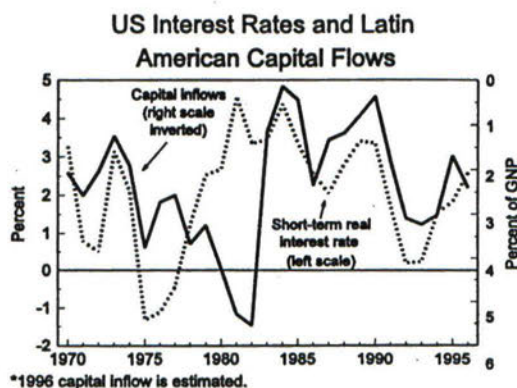
Implications. Private saving may no longer be declining, but it is currently about 4 percentage points lower as a share of GDP than it was in the 1960s and 1970s. Deficit reduction should continue to increase the net national saving rate over the next few years, but even a balanced Federal budget will leave net national saving as a share of GDP well below earlier levels.

SPECIAL ANALYSIS

U.S. Interest Rates and Latin American Capital Markets

The recent rise in interest rates in the United States has revived longstanding concerns about the relationship between U.S. interest rate hikes and capital flows to developing countries.

Petrodollar flows. In the middle 1970s, petrodollars earned by oil-exporting countries flooded the international financial system. Simultaneously, U.S. real interest rates fell to historically low levels. With returns low in the United States,



capital flowed into developing countries, especially those in Latin America (see chart), as banks lent the petrodollars where expected returns were higher. After U.S. real interest rates climbed in the early 1980s, banks abruptly cut capital flows to developing countries, spurring the debt crisis of 1982 (represented by the sharp jump after 1982 shown by the solid line in the chart). Weak capital flows then dragged on for 7 years.

The 1990s. By 1990, the international debt crisis had ended. Private capital once again flowed heavily into developing countries, this time predominantly in the form of "portfolio flows" (stocks and bonds). Many attributed these inflows to market reforms in the recipient countries, but research has found that falling U.S. interest rates also played an important role. Then in February 1994, U.S. interest rates began to rise again. This may have played a role in precipitating the subsequent peso crisis, although internal Mexican factors were also clearly important.

Conclusion. So far this year, increases in interest rates have been small by historical standards. The effect on capital flows should not be large, unless interest rates rise much more than they already have.

An Historical Perspective

These interest rate-capital flow patterns echo some earlier historical episodes. In 1928, for example, the Fed began to raise interest rates when it became concerned about stock market speculation. This led to a reduction in Latin American capital inflows as bond issues dried up. Along with other events related to the onset of the Great Depression, this led to defaults by many Latin American countries in the early 1930s.

copy
Here

THE PRESIDENT HAS SEEN
4-14-97

SPECIAL ANALYSIS

The Payoff to Investing in Young Children

Experiences from conception through the first three years of life affect early brain-building activity, educational attainment, learning abilities, social behavior, motivation in life, and future health status. A forthcoming Council of Economic Advisers White Paper examines the payoffs in several areas from investments in pregnant women and young children.

Prenatal care. Low birthweight is highly associated with neonatal deaths, larger health care costs throughout life, and increased likelihood of grade repetition and special education enrollment. Adequate prenatal care and nutrition during pregnancy reduce the risk of low birthweight births and their associated costs. The elimination of smoking during pregnancy alone could prevent about 10 percent of prenatal deaths and about 35 percent of low birthweight births.

Health and environment. The widespread use of vaccines has dramatically reduced the incidence of many diseases in the United States. The Centers for Disease Control and Prevention estimate that every dollar spent on the measles, mumps, and rubella vaccine saves over \$20 in future costs—including savings from work loss, death, and disability. High levels of lead in children's blood can cause coma, convulsions, and death; even at lower levels, lead in the blood is associated with reduced intelligence, reading and learning disabilities, impaired hearing, and slowed growth. Restrictions on the use of lead in gasoline, paint, and solder (used in making food cans and water pipes) reduced blood lead levels for children under 6-years old by 80 percent over the last 20 years.

copied
Reed
HRC
COS

Parenting and child care. Substantial interactive parental contact during the earliest months helps babies form secure and loving attachments with adults, develop confidence and competence, and establish trust. As children grow, those who receive quality child care tend to be more task-oriented, considerate, happy, self-confident, proficient in language, advanced in cognitive development, and socially competent in elementary school. They are more likely to be assigned to gifted programs and to make better academic progress. Compensatory preschool education is found to improve long-term school performance, as measured by grade retention, special education enrollment, and high school graduation. For example, each dollar spent on Perry Pre-school—an intensive pre-school and home visiting program conducted in the 1960s for 3- and 4-year olds—is estimated to have returned \$8.74 in benefits (reduced costs of special education, public assistance, and crime later in life).

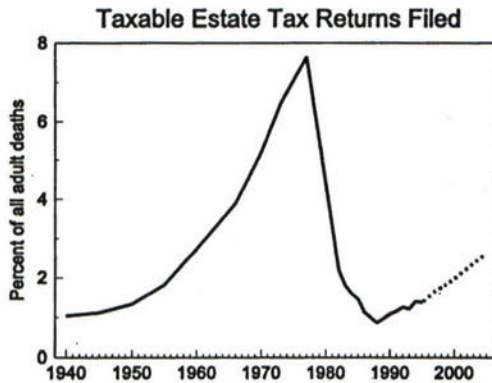
Conclusion. Scientists and educators have identified the first three years of life as a time when children have "fertile minds." Efforts by parents, care-givers, educators, and government to help children during these years are especially fruitful, often for years to come.

ARTICLE

The Estate Tax: An Issue That Will Not Die

Fewer than 1.4 percent of all estates are subject to Federal tax, yet one business lobbying group has made estate tax reduction its number one legislative priority this year. This week, the Speaker of the House came out for repeal of the estate tax. Is there a live issue here?

Background. The estate and gift tax raises about \$17 billion per year. But, the vast majority of Americans are not fortunate enough to accumulate sufficient wealth to pay the estate and gift tax: Transfers to spouses are exempted, as are \$600,000 of transfers to others over a lifetime. (For an overview of estate and gift taxes, see *Weekly Economic Briefing*, June 5, 1995.) The proportion of estates subject to tax



at the Federal level has fluctuated over the years (see chart). It rose sharply through the mid-1970s as more estates exceeded the fixed nominal exemption amount. It then dropped below 1 percent in the late 1980s as the exemption was increased and an unlimited spousal exemption was enacted. Since then, the percentage has drifted upward, but it is still low by the standards of the 1960s and 1970s.

The number of taxable estates, however, is projected nearly to double over the next decade for three principle reasons:

- The effective exemption level for the estate tax (\$600,000) is not indexed for inflation and has not changed since 1987.
- Several classes of assets have experienced big runups in price over the past few years, increasing the size of estates. (For example, about a third of the total asset value of taxable estates is in stocks.)
- An unlimited exemption for transfers to spouses was enacted in 1981, effectively postponing estate-tax payments until the death of the surviving spouse. The deaths of these spouses will add to the numbers of taxable estates.

A family affair. A concern one often hears is that estate taxes interfere with passing on family-owned businesses that have accumulated substantial value, particularly farms or businesses with timber, mineral, or real estate holdings. Although instances might be found where a family-owned business was sold solely to pay estate taxes, instances in which a subsequent generation simply chose to dispose of the business are probably more common. Increasing the estate-tax exemption for assets in closely-held businesses is not an efficient mechanism for targeting the tax benefit to smaller firms. Such legislation also would lower estate taxes for the owners of such

4-14-97

billion-dollar firms as Mars, Inc. (makers of M&Ms) and Koch Oil. The Administration's budget proposal to provide special low-interest-rate installment payments for estate taxes due on farm and small business assets is a more effective way to address any legitimate cash-flow concerns of family-owned businesses.

Contribution to progressivity. In the current income tax system, assets with accumulated capital gains escape income tax entirely if the assets are held until death and passed on to an heir. This "step up at death" loophole is estimated to cost over \$30 billion per year in lost revenue. The estate and gift tax acts as an imperfect and partial, yet worthwhile, tool to address this inequity. And, because only very large estates are taxed, it adds a degree of progressivity to the overall tax system.

The Carnegie Conjecture

Some argue that the estate tax blunts incentives for people to work and save because it reduces the size of the bequest they can leave their children. Leaving aside the body of economic evidence suggesting that such effects are probably small, a case could be made that the estate tax encourages work and saving by heirs. This was the view of Andrew Carnegie, who, over a century ago, opined that leaving large sums to heirs "tempts (them) to lead a less useful and less worthy life" than they otherwise would have. Accordingly, a steep estate tax could be justified as increasing labor supply and the marginal payoff to entrepreneurial activity for subsequent generations. Several studies find support for the conjecture, noting that heirs receiving larger inheritances seem to work less than those receiving small inheritances. Maybe the estate tax provides advantages in terms of both economic efficiency and fairness.

4-14-97

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP**Spread of Computers Associated with Higher Wages for Skilled Workers.**

Computers are having an important impact on labor market outcomes, according to a recent study examining trends in relative labor supply and wages of more-skilled workers from 1940 to 1995. The study of college graduates builds on earlier research but covers a much longer time period. It suggests that the spread of computer technology explains as much as 30 to 50 percent of the acceleration of the growth in the share of total wages paid to more-skilled workers since 1970. The authors found that the acceleration in demand for more-skilled workers began in the 1970s, but did not show up in wages until the early 1980s when growth in the supply of more-educated workers slowed. This acceleration in demand for skilled workers since 1970 was driven by skill upgrading within industries, not by shifts in employment from less-skilled to more-skilled industries. The authors conclude that, while the relationship may or may not be causal, increases in the rate of growth of demand for skilled labor over the past 25 years has been concentrated in the most computer-intensive sectors of the economy.

Almost 10 Percent of Americans Are Now Foreign-Born. A recently released Census Bureau report indicates that characteristics of the foreign-born population have changed significantly over time, and the proportion of the U.S. population born in another country has risen steadily to 9.3 percent in 1996 from a low of 4.8 percent in 1970. (The latest figure is well below this century's peak of 14.7 percent in 1910.) Immigrants who arrived after 1980 are younger, have lower incomes, higher poverty rates, and higher rates of AFDC receipt than those who have been in the United States longer. Those who had arrived during the 1970s were doing about as well in 1995 as natives in terms of income. More recent immigrants, however, will not necessarily "catch up" to the native-born. For example, those entering more recently are substantially younger, less likely to be white, and less likely to have graduated from high school than those who entered before 1970.

A Crack in the Glass-Steagall Act? In a deal worth \$1.7 billion, Bankers Trust, the seventh largest U.S. banking company, and Alex. Brown, one of the largest securities underwriters, have agreed to merge. The two companies hope that the merged firm will produce more revenue by providing an expanded set of services and offering their clients one-stop shopping for financial services. The merger was made possible when the Federal Reserve Board loosened regulations that apply to banks under the Glass-Steagall Act, effective this March. Stemming from Depression-era concerns that banks should be separated from securities risks, Section 20 of the Glass-Steagall Act bans banks from being affiliated with firms that are "engaged principally" in underwriting securities. "Section 20" subsidiaries of bank holding companies used to be limited to earning 10 percent of their total revenue from underwriting, but the Fed's new regulation increased this to 25 percent. The move could usher in more mergers between banks and brokerage houses and may enliven the debate in the Congress over the repeal of Glass-Steagall.

4-14-97

INTERNATIONAL ROUNDUP

IMF to Resume Russian Loan Program. After days of negotiations with senior Russian officials, the IMF announced an intent to resume its \$10 billion Russian loan program. Concerns over Russia's poor rate of tax collection and the resulting fiscal disarray had prompted suspension of the disbursements 3 months ago. The decision to resume the loans signals an IMF vote of confidence in President Yeltsin's new economic team. The IMF stated, however, that concrete progress on tax reform will be required before disbursements can begin.

Mexico Surpasses China as Top U.S. Textile Supplier. Last year Mexico surpassed China as the top supplier of textile and apparel goods to the United States, in terms of quantity shipped. Recently, textiles and apparel have been major components of U.S.-China trade. China had been the top supplier of these products to the United States since the late 1980s. Mexico's emergence as leader has been sudden, with textile and apparel exports to the United States surging 42 percent last year. Some analysts believe that NAFTA has had a major impact on U.S. trade in this sector by encouraging textile and apparel assembly plants to locate in Mexico. Others stress the industry's change toward leaner inventory holdings and the advantages that proximity gives to Mexico. In either case, the location of assembly plants in Mexico does not necessarily indicate lost U.S. jobs, because production of the fabric and materials for these assembly plants frequently takes place in the United States. The production of some textile materials is intensive in the use of capital and skilled labor, and the United States arguably maintains a comparative advantage in these goods. Mexico's proximity and its large supply of inexpensive unskilled labor allows textile firms to locate assembly plants in Mexico while keeping or possibly expanding more skill-intensive operations in the United States. The recent trends in the textile and apparel sector underscore the potential complementarity between production in Mexico and production in the United States. They also warn against the practice of interpreting increased imports from Mexico as jobs lost in the United States.

Paper or Plastic? Last year, the Reserve Bank of Australia replaced the last of its paper money with a new currency made from plastic film. The Reserve Bank has noted that the plastic money has two main advantages. First, it is more difficult to counterfeit than paper because of the potential for using more sophisticated watermarks and inks. Second, it is more cost-effective. Although the plastic film currency is about twice as expensive to print, it lasts about four times as long. In humid climates where paper dollars wear out quickly, the durability of plastic money compares even more favorably to paper. Interestingly, the Reserve Bank of Australia is now "exporting" its new currency product to other countries like Thailand, Brunei, and Western Samoa (problems with ink running in early batches have reportedly been corrected). An American company, Duranote, is reportedly discussing its plastic currency product with central banks in 24 countries.

RELEASES THIS WEEK

Producer Price Index

****Embargoed until 8:30 a.m., Friday, April 11, 1997****

The producer price index for finished goods fell 0.1 percent in March. Excluding food and energy, producer prices rose 0.4 percent.

Retail Sales

****Embargoed until 8:30 a.m., Friday, April 11, 1997****

Advance estimates show that retail sales rose 0.2 percent in March following an increase of 1.5 percent in February. Excluding sales in the automotive group, retail sales increased 0.5 percent following an increase of 0.9 percent.

MAJOR RELEASES NEXT WEEK

Consumer Prices (Tuesday)

Housing Starts (Wednesday)

Industrial Production and Capacity Utilization (Wednesday)

U.S. International Trade in Goods and Services (Thursday)

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	-0.1

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

New or revised data in **boldface**.

PPI data **embargoed until 8:30 a.m., Friday, April 11, 1997.**

FINANCIAL STATISTICS

	1995	1996	Feb. 1997	Mar. 1997	April 10, 1997
Dow-Jones Industrial Average	4494	5743	6917	6901	6540
Interest Rates					
3-month T-bill	5.49	5.01	5.01	5.14	5.15
10-year T-bond	6.57	6.44	6.42	6.69	6.91
Mortgage rate, 30-year fixed	7.95	7.80	7.65	7.90	8.15
Prime rate	8.83	8.27	8.25	8.30	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level April 10, 1997	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.718	2.9	14.5
Yen-Dollar	126.0	2.6	16.0
Multilateral \$ (Mar. 1973=100)	96.65	2.3	10.4

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)

THE WHITE HOUSE
WASHINGTON

April 14, 1997

Mr. President:

Susan Brophy has asked that you
sign this photo for Rep Jack Quinn
(R-NY).

Phil Caplan

used it for Cal, Phil
too -

THE PRESIDENT HAS SEEN

4/14/97



To Sam Quinn - When people see this, be sure and tell them & for
you too! ————— Bill Clinton



COS
RUFF
CLERK

THE WHITE HOUSE
WASHINGTON

April 14, 1997 ~~THE PRESIDENT HAS BEEN~~
4114197

MR. PRESIDENT:

The 1978 Whistleblower Protection Act contains special protections for FBI employees. Under the statute, agency heads in consultation with the Office of the Special Counsel, protect whistleblowers from retaliatory personnel actions. In contrast, the President is to protect FBI whistleblowers from reprisal. The attached memo from Chuck Ruff recommends that you delegate your authority to the Attorney General.

Since 1978, no President has ever acted pursuant to this law and no FBI employee has ever attempted to invoke the provision. **The litigant in the ongoing FBI lab case is the first, and DOJ has a brief due tomorrow. DOJ indicates the court may order you to comply with the statute, unless you have taken action.**

Chuck's memo lays out your three options: case-by-case review (the status quo); partial delegation; and full delegation. *The Attorney General and Chuck agree that full delegation is appropriate, and John Podesta and Rahm agree.*

In short, you can make this delegation without compromising the confidentiality concerns that motivated Congress to give special protection to FBI employees. The statute only protects FBI whistleblowing that has been made to the AG in the first place, so to trust the subsequent protection to the AG is consistent. DOJ has proposed a structure for resolving such ~~in-house~~ *in-house* that would insulate the process from inappropriate influences. Also, as part of the delegation, DOJ would be required to make an annual report to you outlining the number of allegations of FBI reprisal and how the cases were resolved.

If you approve, please sign the delegation where indicated.

Phil Caplan *PC*

THE PRESIDENT HAS SEEN

4/14/97

THE WHITE HOUSE

WASHINGTON

April 12, 1997

'97 APR 12 AM 9:33

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLES F.C. RUFF^{CFR}

SUBJECT: Delegation of Authority Under FBI Whistleblower Protection Statute

I. INTRODUCTION

5 U.S.C § 2303 (c) ("the Act") requires the President to provide for the enforcement of whistleblower protections for FBI employees. Although the Act was enacted in 1978 as part of the Civil Service Reform Act, little or no action has been taken to fulfill the President's obligations under the statute.

Ongoing litigation, however, raises the possibility that, if no action is taken, a court may order you to comply with the statute. According to DOJ, a court order to this effect could be issued as early as this month. For that reason, DOJ has asked that we move immediately on this issue. The Attorney General has also proposed a specific solution: that you should delegate your authority to provide FBI whistleblower protection to her office. The position of the Attorney General is sound and should be adopted.

II. BACKGROUND

Because of the particularly strong confidentiality concerns surrounding FBI administration, Congress, in the Civil Service Reform Act of 1978, excluded FBI personnel from the general whistleblower protections that are available to other federal employees. Instead, in Section 2303 of the CSRA, Congress provided separate standards for FBI whistleblowers. For example, §2303(a) directs that an FBI employee must disclose information only to the Attorney General or her designee in order to trigger whistleblower status. In contrast, other federal employees are protected unless their disclosures are "specifically prohibited by law." The enforcement section granting authority to the President is another example of the consideration that Congress gave to the special concerns raised by FBI whistleblower actions.

Since the Act was enacted in 1978, there have been no significant enforcement issues. As noted, no President has acted pursuant to the law and DOJ has indicated that it is unaware of any attempts by FBI employees other than the present litigant to invoke the enforcement provisions.

III. ENFORCEMENT OPTIONS

In enacting §2303(c), Congress did not offer direction to the President for FBI whistleblower enforcement. DOJ has correctly concluded from the language and legislative history of the Civil Service Reform Act, however, that §2303(c) permits the delegation of Presidential authority. On this basis, the following enforcement options deserve consideration.

A. Case-by-case review

One option is that you retain your authority and review FBI whistleblower issues on a case-by-case basis. There is no significant reason, however, arguing in favor of direct Presidential intervention in FBI whistleblower particularly when this approach would also require the expenditure of Presidential resources. The case-by-case approach, moreover, also lacks the benefits of a uniform mechanism for fulfilling the duties imposed by the law and requires someone within the EOP to serve as your delegate for the purpose of fulfilling these duties.

B. Partial delegation

The enforcement powers granted to the President under the law entail both establishing procedural protections for whistleblowers and implementing those protections. You could, under the statute, delegate either of these powers while retaining the other. Dividing the authority in this manner, however, is not advisable. First, as noted previously, there is little or no reason why you should retain the authority to implement FBI whistleblower protection. Second, it is inefficient for you to prescribe procedural protections while delegating implementation of those protections to others. This approach limits the administrative flexibility of the designee and requires the designee to continually return to the President to request adjustments to the process in the event that the original procedure proves cumbersome or unworkable.

C. Delegation

The two most likely candidates to receive the delegation of Presidential authority under the statute are the Office of Special Counsel and Merit Systems Protection Board (MSPB) and the Attorney General and DOJ.

1. Office of the Special Counsel and MSPB

The Special Counsel and the MSPB provide protection to whistleblowers in most federal agencies and could be viewed as an appropriate candidate to receive the delegation here. On the other hand, the policies underlying the special treatment of FBI personnel in §2303 would argue against that delegation. To begin with, confidentiality concerns apparently motivated Congress to withhold FBI whistleblower protection authority from the Special Counsel and MSPB in the first place. Moreover, the exclusion of the FBI from Special Counsel and MSPB authority is consistent with Congressional efforts to exclude other intelligence and counter-intelligence agencies from the whistleblower protections accorded other federal employees. 5 U.S.C § 2302.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE ATTORNEY GENERAL

SUBJECT: Delegation of Responsibilities Concerning FBI
Employees Under the Civil Service Reform Act
of 1978

By the authority vested in me by the Constitution and laws of the United States of America, including section 301 of title 3, United States Code, I hereby delegate to the Attorney General the functions concerning employees of the Federal Bureau of Investigation vested in the President by section 101(a) of the Civil Service Reform Act of 1978 (Public Law 95-454), as amended by the Whistleblower Protection Act of 1989 (Public Law 101-12), and codified at section 2303(c) of title 5, United States Code, and direct the Attorney General to establish appropriate processes within the Department of Justice to carry out these functions. Not later than March 1 of each year, the Attorney General shall provide a report to the President stating the number of allegations of reprisal received during the preceding calendar year, the disposition of each allegation resolved during the preceding calendar year, and the number of unresolved allegations pending as of the end of the calendar year.

All of the functions vested in the President by section 2303(c) of title 5, United States Code, and delegated to the Attorney General, may be redelegated, as appropriate, provided that such functions may not be redelegated to the Federal Bureau of Investigation.

You are authorized and directed to publish this memorandum in the Federal Register.

William J. Clinton

THE PRESIDENT WAS SEEN

4-14-97

THE WHITE HOUSE

WASHINGTON

March 24, 1997

MEMORANDUM TO

THE PRESIDENT

FROM

RAHM EMANUEL

SUBJECT

MIDEAST MEMO

Attached is the memo on the Mideast that I mentioned to you the other night.

copied
Emanuel
CJS

THE WHITE HOUSE
WASHINGTON

March 24, 1997

MEMORANDUM TO SANDY BERGER
 JIM STEINBERG

FROM RAHM EMANUEL

SUBJECT MIDDLE EAST PEACE PROCESS

I usually do not comment on this subject, but things have reached the point where I wanted to offer some thoughts and observations.

Unless we alter the dynamics in the region, I believe that some type of crisis or increase in terrorism, both in Israel and in Europe, is imminent.

In the larger Mideast, Iran is working the Gulf countries in a new aggressive fashion. President Mubarak is angry and feels betrayed. In Jordan, King Hussien has a deteriorating relationship with Arafat, has fired his loyal Prime Minister of 26 years, and has the potential of leaving the US empty handed further weakening his own position. In Israel, Netanyahu is increasingly arrogant and belligerent. The combination of Arab rage and Israeli arrogance creates a volatile situation.

I think the US role in the peace process has reached a critical juncture. The process itself is collapsing. The President needs to do something dramatic to alter the dynamics. The status quo will not sustain the peace process. The US role, as defined in the Oslo process, no longer works in a Netanyahu-Arafat world.

In the past our role was defined by two realities, one of which is no longer effective, one of which we must change. First, as Arafat and Rabin negotiated they built trust. Today, the more time Arafat and Netanyahu spend with each other, the more they distrust each other.

Second, the US facilitated the talks, but did not play the central role. We must alter our approach to the negotiations. Our participation in the Hebron negotiations may provide an example or road map for our approach to future negotiations.

In order to change the current downward cycle, I believe we need to push out on a number of fronts. To ensure Israeli confidence in the negotiations, our involvement in PLO compliance must become more significant. A more firm, more involved US presence in PLO compliance would help Netanyahu in dealing with his right wing. Enforcing existing agreements, especially security provisions, would provide Netanyahu the latitude he needs to proceed.

In regards to Israel, our negotiating team needs a heavier hand to push Netanyahu and his government to do what is necessary for future peace agreements. Netanyahu needs to face a stronger, more determined US approach to the negotiations.

The President should send the Vice President to the region with Dennis Ross. While in Israel, the Vice President would deliver a very firm message to Netanyahu concerning US involvement. Netanyahu must understand that we are changing our approach to the negotiations and to the negotiators. If anything, Netanyahu must come to realize that the US will assume a tougher approach to Israel in the negotiations.

After the trip the President should announce that we are moving the talks to final status negotiations. Netanyahu suggested this idea the other day, but we must be the one to initiate this move.

The Vice President's presence would raise the stakes of our involvement. However, the US presence in the peace process already carries such a price. It is time to initiate diplomatic steps which commensurate with the political cost.

copied
NSC
COS

4114197

MSC
Fy-BK

The whore of Babylon and the horseman of plague

NEW YORK

Recent experience with Iraq suggests that preventing the proliferation of biological weapons will be difficult but not impossible

AN UNUSUAL map of the world hangs on the office wall of UNSCOM—the United Nations Special Commission on Iraq, which has the task of disarming that country. Iraq is at the centre, and concentric circles ripple outward from it. These circles are the ranges of various missiles that Iraq had plans to develop. The widest circle clips Paris to the north-west, and China to the north-east.

The missiles that UNSCOM fears may still exist in Iraq are, at least at the moment, small and inaccurate. Parisians and Uighurs probably need not fear that tonnes of Iraqi conventional explosives will rain down on their heads. But they would do well to think about something worse: that even small and inaccurate missiles can deliver agents of mass destruction.

Iraq's most visible programme for making weapons of mass destruction—its nuclear-weapons project—has been crippled by the United Nations. But another threat remains. Six years after UNSCOM began its operations (it presents its latest report to the Security Council on April 11th), biological weapons are the principal concern.

Arabian nightmares

Discovering the extent of Iraq's germ-warfare programme has been more difficult than anything else UNSCOM has had to fathom, and much remains unknown. Indeed, for more than four years after the end of the Gulf war, the Iraqi government insisted in the various "full, final and complete" disclosures that it made to UNSCOM that it had never had one.

UNSCOM gathered evidence to the contrary. It found, for instance, that Iraq had bought equipment useful for the production of biological weapons. There was a spray dryer—essential for drying out bacteria so that they can be stored and then, when the time comes, dispersed efficiently. There were also four specialised filling ma-

chines, required for packing germ-warfare agents into weapons or containers.

Both of these types of machine have other uses, but Iraq has never satisfactorily explained why it bought them. Nor has it chosen to explain why it imported 39 tonnes of biological growth medium—stuff that microbes thrive on—packaged in 25-100kg (55-220lb) containers. UNSCOM



found 22 tonnes of the medium in storage near Baghdad. But a significant quantity remains unaccounted for.

Although biological growth medium is used routinely in diagnostic tests in hospitals, and also in research laboratories around the world, it rarely travels in containers larger than a kilogram, because it goes off rapidly on exposure to air. Iraq's need for such vast quantities (especially given that the kind it had ordered is better suited for growing anthrax than for hospital diagnostics) is hard to explain—unless it

was being used for the large-scale production of biological weapons.

Which was, indeed, the case. For, in July 1995, Iraq at last confessed that it had had a biological-weapons programme. It then submitted another full, final and complete disclosure. Even this new version, however, was inconsistent with UNSCOM's information. But a month later, the commission had a lucky break. Hussein Kamel Hassan (a former head of military production and also Saddam Hussein's son-in-law) defected to Jordan, leaving behind an enormous stash of documents hidden in a shed at a "chicken farm". After his departure, the documents were handed over to UNSCOM.

This precipitated yet another full, final and complete disclosure, the previous one being hastily declared incomplete and invalid. This time, Iraq gave a radically different account of its biological-warfare activities. First, it declared that its bio-weapons programme had started in 1985. If this is true, then Iraqi biologists had made astonishing—and terrifying—progress in just five years. According to the Iraqis, the first shipment of disease-causing bacterial strains was not received until 1986. But by the start of the Gulf war, work on a range of agents—from bacteria and viruses to fungi and biotoxins—had been carried out (see box on next page). And thousands of litres of three different biological agents—anthrax, botulinum toxin and aflatoxin—had been produced, poured into weapons and deployed at four sites around the country.

The poor man's nuke

This raises two questions. First, why were these weapons not used during the Gulf war? And second, where are the missiles and other ingredients of Iraq's bio-weapons programme?

The probable answer to the first question is that for the actual business of fighting wars biological weapons are unproven. Using bacteria in battle is risky. Even more than chemical agents, their success depends on the conditions. Sunlight and temperature are critical. The winds on which their dispersion relies are fickle. Enemy troops may be vaccinated against them or dressed up in protective clothing. And the effects take time to develop. Furthermore, once released, they cannot necessarily be controlled. Without an accompanying development of protective measures such as vaccines (which Iraq does not seem to have

had), they may backfire horribly. Indeed, there is no proven case of the use of biological weapons in warfare this century.

Biological weapons, however, are often referred to as the poor man's nuclear bombs, and it is for the mass destruction of populations far removed from the aggressor's country and troops that they are most likely to be useful (and also for deterring your enemy from doing the same to you). That Saddam did not use them in this way against Israel, for example, was probably for fear of retaliation.

But for UNSCOM, and anyone interested in the practical control of biological weapons, it is the second question that is especially vexing: what happened to the programme? Since the summer of 1995, UNSCOM's efforts to verify Iraqi claims to have ended the programme (something that it is supposed to do before the oil embargo is lifted) have been met with systematic unhelpfulness, the frequent "indisposition" of people whom UNSCOM would like to interview, and the vanishing of equipment that UNSCOM would like to inspect.

Iraq claims that all its biological weap-

onry, stocks of agents, and manufacturing equipment were destroyed immediately after the Gulf war, and the residues buried. But no credible evidence of this has ever been produced. The order for the destruction, it is claimed, was given orally, and no record was kept. But UNSCOM's interviews with Iraqi personnel show that no one can remember exactly when this order was given. Nor has any believable wreckage from the destruction ever been exhibited. All this makes verifying Iraq's declarations (including accounting for the missing growth medium) impossible. The worry is that Iraq is holding on to its biological weapons in the hope that the Security Council will eventually tire and UNSCOM will be dissolved.

But why is Saddam so keen to hang on to his bio-weapons, given that he did not, and probably could not, use them in battle? One reason is that they do still provide some sort of strategic shield for Iraq. A second is that they may be all that remains of his destructive weaponry, and he would rather have something than nothing. After all, biological weapons are not just useful for international blackmail or intimidat-

tion. They can also be deployed against your own civilians. But a third, and more alarming reason has to do with the nature of biological weapons themselves.

Unlike nuclear- or chemical-weapons programmes, a biological-weapons programme is easily concealed. Because much of the equipment employed has civilian uses (not only in hospitals and laboratories, but even in breweries), it is easy to acquire without arousing suspicion. The only thing that Iraq apparently could not obtain was a giant fermenter with a capacity of 5,000 litres (it could not get the appropriate export licence). Even finding the initial stocks of nasty organisms does not present much difficulty. Most of the relevant creatures are available in nature for free, for those who do not wish to draw attention to themselves by buying them.

As a consequence, the number of states suspected of developing germ-warfare capability has doubled since the Biological Weapons Convention came into force in 1975. Moreover, when the Chemical Weapons Convention comes into force later this month, some countries may switch their efforts to biological weapons precisely be-

A sick inventory

THE agents of germ warfare fall into two categories: infectious diseases and biological toxins. The Iraqis developed both. Here is what they say they were working on:

- **Anthrax** (*Bacillus anthracis*). This is a bacterium that infects mammals, including people. It occurs throughout the world and is endemic in the Middle East. Anthrax has frequently been investigated as a biological-warfare agent. The Americans and the British did anthrax research in the 1940s. The Russians had an accident with anthrax in 1979, when it escaped from a military laboratory in Sverdlovsk and killed people and animals downwind. Indeed, according to a book* that is about to be published the Russians have recently developed a strain of anthrax that is resistant to antibiotics.

If anthrax spores are inhaled (the aim, for the purposes of war), they cause a swift and grisly death. The unfortunate victim suffers a toxic shock, sometimes within 24 hours of exposure. The Iraqis claim to have produced 8,500 litres of anthrax, of which they put 6,500 litres into weapons.

- **Botulinum toxin**. This is produced by the bacterium *Clostridium botulinum*. It is one of the most lethal substances known, killing by causing acute muscular

paralysis. The incubation period and the prognosis both depend on the dose ingested. In severe cases, symptoms can set in within four hours, and death follows swiftly. In all, Iraq claims to have produced at least 19,000 litres of concentrated botulinum toxin, of which almost 10,000 litres were put into munitions.

- **Aflatoxin**. The Iraqis say they produced 2,200 litres of concentrated aflatoxin, of which 1,580 litres were put into munitions. Their reasons for doing this are mysterious. Aflatoxin is a poison that is usually found in foods (especially peanuts) that have been contaminated by a particular fungus. Its most serious known effect is liver cancer about 10-15 years after exposure, so it is not exactly a shock anti-personnel weapon.

- **Gas gangrene**. Caused by the bacterium *Clostridium perfringens*, gas gangrene is a particularly nasty condition. The stinking gaseous rotting of flesh it causes often requires the amputation of limbs. After their invasion of Kuwait, the Iraqis say they produced 340 litres of *C. perfringens*, but that it was never put into weapons.

- **Wheat cover smut**. A fungal infection of wheat and other cereals, wheat cover smut renders crops inedible. Contaminated crops were grown and harvested, but the project is said not to have progressed further than that.

- **Ricin**. Derived from castor-bean plants,



Small, but exceedingly nasty

ricin is a powerful toxin. When inhaled, it causes immediate breakdown of the lung tissue, resulting in haemorrhagic pneumonia and death. The Iraqis say that they produced just ten litres of concentrated ricin before giving up when tests of its dispersal were unsatisfactory.

- **Viruses**. In 1990, work was apparently started on three viruses—haemorrhagic conjunctivitis virus, rotavirus and camel pox. Little progress was said to have been made before the start of the Gulf war. The first of the three inflicts pain and temporary blindness. The second causes severe diarrhoea, which can lead to dehydration and death. The third rarely affects people. Why the Iraqis were working on it is another mystery. Even in desert warfare, camels are not much used these days.

* "Jane's Land-Based Air Defence 1997-98". Jane's Information Group Ltd, London. £215.

cause they are so much harder to detect. And as the genetics revolution continues, developing new and more fearsome agents of war will become possible.

Grim though it seems, this is not cause for despair. Firstly, although UNSCOM has not managed to verify everything about the Iraqi programme, much has been learned from its experience. The examination of import and export records, and interviews with hundreds of officials have both proved to be important in piecing together Iraq's activities in the face of its government's denials. These techniques, and

some others that UNSCOM has developed, could be used without necessarily having to deploy the intrusive powers that the commission is supposed to have in Iraq.

Secondly, better science will help as well as hinder. Along with nastier bugs, the new genetics should bring methods for countering them. The development of better global epidemiological surveillance would also help to detect suspicious outbreaks—the sort of thing that might be caused by leaks or “trials”. The road ahead is dark, and strewn with germs, but there are points of light along it.

Rocket science

Abandon spaceship

IT HAS not been a good week for space flight. On April 8th the space shuttle *Columbia* returned to earth with a faulty fuel cell, having spent only four of its planned 16 days in orbit. As it was making its final approach, an unmanned launch was docking with Russia's *Mir* space station. This was bearing the chemicals and equipment needed to keep *Mir*'s oxygen supply intact after the latest in a series of mishaps that would provide enough material for a full-length disaster movie. And, a day later, NASA, America's space agency, announced that the first part of the International Space Station (ISS) will be launched in October 1998 instead of this November, because of Russia's inability to keep to its part of the schedule.

When things go wrong, it is science—the alleged main purpose of manned space flight—that suffers first. *Columbia* was carrying more than 30 experiments; these will now have to compete with other strident claims on future shuttle time. On *Mir*, time for any science at all has to be snatched between attempts to keep the 11-year-old rust bucket going. And each time there are delays and cost overruns on the ISS, NASA, under its tight budgetary constraints, takes money out of the pot marked “on-board experiments”.

America invited Russia to join in building the ISS in 1993 (which was when it was redubbed “international”). It did so in the name of world peace, mutual friendship and a substantial cash discount for the American taxpayer. Russia was to undertake several of the 75 launches needed to put the bits of the station into orbit, and would build some of those bits, among them the service module, one of the habitable spaces at the station's core.

Since then peace and friendship

have abounded—between astronauts anyway—but savings have not. Even though the deal included \$400m of American support for *Mir*, in return for letting the shuttle dock with it and American astronauts live in it, a question mark has hung over Russia's ability to pay for its share of the ISS. Early last year the two countries tried to shore up their deal by signing another one: Russia promised to deliver on time, and America promised to bolster the Russian space programme still further with, among other things, extra flights to *Mir*.

But it all unravelled. Early in February, Russia's space agency, RKA, having still had no money from the government, quietly allowed the launch date of the service module to slip from April to December of 1998. NASA advanced RKA \$20m to keep work

ticking over, aiming to deduct the money from its contributions to *Mir* next year. The Russian prime minister, Viktor Chernomyrdin, then promised that the first \$100m of \$450m earmarked for this year's work would be released by February 28th. The deadline passed like a spaceship in the night.

A delay to the whole project was by now inevitable. The service module is third in the assembly sequence. Besides containing living quarters, it will carry the booster rocket needed to push the station back into place if it starts to fall out of orbit. If NASA had tried to stick to the old schedule, the first two parts of the station would have been floating in space, useless and at risk, for a year before this module joined them.

Not only is the delay a pity, it will also mean more budgetary squeezes and a longer wait before on-board science can begin—and hence more pressure to do some of it on *Mir* instead. And *Mir*, even with copious infusions of NASA cash, is not in the prime of health.

American spacefarers, accustomed to exacting safety standards (*Columbia* returned despite the fact that it could have functioned safely on its two remaining fuel cells), must find *Mir* a scary place. Its most recent glitch was a leak that disabled the apparatus for removing carbon dioxide from the air. This followed a leak in a cooling system that made the astronauts swelter, a fire that nearly forced an evacuation, and the failures of both the main and the back-up “Elektron” units, which produce the station's life-giving oxygen from waste water. Currently its oxygen comes from “candles” of lithium perchlorate, a chemical that releases the gas when burned. This cannot be reassuring to NASA controllers, still mindful of the fire, who will have to decide whether or not another American astronaut should board *Mir* when the present incumbent leaves in May.

For now, NASA is expressing confidence in *Mir*. But another emergency could cause its premature demise. Meanwhile, an American delegation that went to Russia at the end of March to discuss the ISS reported that the Russians are once again promising to pay up. But if they do not, America has little with which to put pressure on them. In the worst case, the station will have to be redesigned. NASA is already working on ways to modify its components so that they can be used as substitutes for the Russian ones. Either way, it looks increasingly possible that there will be a hiatus between the end of *Mir* and the beginning of the ISS. If, indeed, it begins at all.



Can we go home now, please?

copied
Tanillo
WS

ECONOMIC INDICATORS

THE PRESIDENT HAS BEEN

4/11/99

Don Toussaint
Fy - DC

OUTPUT, DEMAND AND JOBS Germany showed signs of economic recovery as its industrial production jumped by 1.9% in February, lifting the year-on-year increase to 7.1%. Germany's unemployment rate also declined to 11.2% in March; Canada's fell to 9.3%. Britain's industrial output dropped by 0.6% in February, reducing its annual rate of growth to 1.5%.

	% change at annual rate		The Economist poll		Industrial production		Retail sales (volume)		Unemployment % rate	
	GDP		GDP forecasts							
	3 mths [†]	1 year	1997	1998	3 mths [†]	1 year	1 year		latest	year ago
Australia	+ 1.9	+ 3.1 Q4	+ 3.2	+ 3.8	- 2.5	+ 1.9 Q4	+ 0.1 Q4		8.8 Feb	8.4
Austria	+12.8	+ 0.3 Q4 [§]	+ 1.8	+ 2.4	- 9.3	+ 0.6 Dec [§]	+ 5.1 Oct		7.2 Feb	7.3
Belgium	+ 0.5	+ 1.9 Q3	+ 2.1	+ 2.5	na	+ 0.4 Dec*	+ 1.0 Oct		13.1 Mar*	13.7
Britain	+ 3.3	+ 2.6 Q4	+ 3.3	+ 2.7	+ 3.1	+ 1.5 Feb	+ 4.4 Feb		6.2 Feb	7.9
Canada	+ 2.9	+ 2.3 Q4	+ 3.2	+ 3.1	+ 3.1	+ 3.9 Jan	+ 1.6 Dec		9.3 Mar	9.4
Denmark	+ 1.6	+ 3.3 Q4	+ 3.0	+ 3.0	- 2.2	+ 2.6 Dec	+ 1.2 Dec		8.3 Jan	9.2
France	+ 0.8	+ 2.1 Q4	+ 2.2	+ 2.7	- 1.6	+ 0.6 Jan	+ 0.2 Jan		12.8 Feb	12.1
Germany	+ 0.3	+ 1.9 Q4	+ 2.3	+ 2.7	+ 3.4	+ 7.1 Feb	- 3.9 Dec		11.2 Mar	10.4
Italy	- 0.4	+ 0.5 Q4	+ 1.0	+ 2.1	- 5.5	- 2.1 Jan	- 3.5 Dec		11.9 Oct	11.8
Japan	+ 3.9	+ 3.1 Q4	+ 1.9	+ 2.8	+12.4	+ 3.4 Feb	+ 1.5 Jan		3.3 Feb	3.3
Netherlands	+ 2.0	+ 2.8 Q4	+ 2.8	+ 2.8	- 2.1	+ 0.5 Jan	+ 0.6 Nov		6.2 Feb**	6.9
Spain	+ 3.2	+ 2.6 Q4	+ 2.6	+ 2.9	+ 0.1	+ 2.9 Jan	na		21.8 Q4*	22.4
Sweden	+ 4.6	+ 1.8 Q4	+ 2.4	+ 2.8	+22.2	+ 9.7 Jan	+ 1.2 Dec		8.8 Feb*	7.7
Switzerland	nil	- 0.6 Q4	+ 0.8	+ 1.7	+ 8.2	- 3.3 Q3	- 1.5 Jan		5.6 Mar*	4.6
United States	+ 3.8	+ 3.1 Q4	+ 3.0	+ 2.0	+ 4.7	+ 3.8 Feb	+ 3.5 Feb		5.3 Feb	5.5

*Not seasonally adjusted. [†]Average of latest 3 months compared with average of previous 3 months, at annual rate. **Dec-Feb. [§]1995.

PRICES AND WAGES Italy's 12-month rate of consumer-price inflation slowed to 2.2% in March, less than half its level in March 1996. In the same month, consumer-price inflation also slowed in the Netherlands, to 2.0%; producer-price inflation fell to 1.6% in February. Japan's rate of producer-price inflation remained at 1.6% in March.

	% change at annual rate		The Economist poll		Consumer prices*		Producer prices*		Wages/earnings	
			consumer prices forecast							
	3 mths [†]	1 year	1997	1998	3 mths [†]	1 year	3 mths [†]	1 year	3 mths [†]	1 year
Australia	+ 0.7	+ 1.5 Q4	+ 2.0	+ 2.9	+ 1.8	+ 0.5 Jan	+ 1.6	+ 2.9 Nov		
Austria	+ 0.4	+ 1.8 Feb	+ 2.2	+ 2.3	+ 2.5	- 0.1 Mar	na	+ 5.0 Dec [§]		
Belgium	+ 2.6	+ 1.5 Mar	+ 2.0	+ 2.1	+ 0.3	+ 0.8 Jan	+ 3.4	+ 1.8 Q3		
Britain	+ 2.0	+ 2.7 Feb	+ 2.8	+ 3.3	+ 2.4	+ 1.3 Feb	+ 7.0	+ 4.9 Jan		
Canada	+ 2.3	+ 2.2 Feb	+ 1.9	+ 2.1	+ 0.9	nil Feb	- 0.4	+ 3.7 Jan		
Denmark	+ 1.1	+ 2.2 Feb	+ 2.5	+ 2.8	+ 1.7	+ 1.4 Feb	+ 1.2	+ 3.8 Nov		
France	+ 1.8	+ 1.6 Feb	+ 1.6	+ 1.9	- 0.7	- 2.9 Jan	+ 1.6	+ 2.6 Oct*		
Germany	+ 2.8	+ 1.7 Feb	+ 1.8	+ 2.2	+ 3.4	+ 1.4 Feb	na	+ 1.6 Jan* [†]		
Italy	+ 1.8	+ 2.2 Mar	+ 2.3	+ 2.7	+ 2.0	+ 0.9 Jan	+ 7.8	+ 4.5 Feb*		
Japan	- 0.7	+ 0.6 Feb	+ 1.2	+ 1.1	+ 4.2	+ 1.6 Mar	na	- 0.7 Dec		
Netherlands	+ 1.9	+ 2.0 Mar	+ 2.4	+ 2.5	+ 1.1	+ 1.6 Feb	+ 1.8	+ 1.6 Jan		
Spain	+ 2.1	+ 2.5 Feb	+ 2.5	+ 2.8	+ 1.1	+ 0.5 Feb	+ 4.5	+ 4.5 Q3		
Sweden	- 1.8	- 0.4 Feb	+ 0.9	+ 1.7	+ 1.3	- 1.7 Feb	+ 5.1	+ 5.7 Dec*		
Switzerland	+ 1.6	+ 0.5 Mar	+ 1.0	+ 1.5	+ 0.4	- 1.2 Feb	na	+ 1.3 1995		
United States	+ 2.9	+ 3.0 Feb	+ 2.9	+ 3.2	+ 2.1	+ 2.2 Feb	+ 4.4	+ 3.8 Feb		

*Not seasonally adjusted. [†]Average of latest 3 months compared with average of previous 3 months, at annual rate. *Western. [§]1995.

■ **FORECASTS** Every month, *The Economist* surveys a group of forecasters and calculates the average of their predictions of economic growth, inflation and current-account balances for 15 countries. For growth, the table also gives the highest and lowest forecasts. The previous month's forecasts, where different, are shown in brackets. Growth prospects are picking up across the rich world: our seers have raised their 1997 GDP forecasts in eight countries, and lowered them in only three. The biggest jump in expected growth is in America: despite the Fed's recent increase in interest rates, our seers have responded to a flurry of strong economic news by raising their GDP forecast to 3.0%, up from 2.6% last month. However, they are even less worried than before about inflation.

The Economist poll of forecasters, April averages (previous month's, if changed)

	Low/high range		Real GDP, % change average		Consumer prices % increase		Current account % of GDP	
	1997	1998	1997	1998	1997	1998	1997	1998
Australia	2.3/4.2	3.0/4.4	3.2 (3.1)	3.8 (3.6)	2.0 (2.3)	2.9 (3.0)	-4.2 (-4.1)	-4.2 (-4.3)
Austria	1.3/2.5	2.2/2.5	1.8 (1.7)	2.4 (2.3)	2.2	2.3 (2.4)	-1.5	-1.3 (-1.8)
Belgium	1.9/2.3	2.2/3.1	2.1	2.5	2.0 (2.1)	2.1 (2.3)	5.2 (5.1)	5.2 (5.3)
Britain	2.7/4.3	2.0/3.5	3.3 (3.4)	2.7 (2.8)	2.8 (3.1)	3.3 (3.6)	-0.6 (-0.7)	-1.1 (-1.0)
Canada	2.5/3.9	2.7/4.1	3.2 (3.1)	3.1 (3.0)	1.9 (1.8)	2.1	nil (-0.1)	0.1 nil
Denmark	2.5/3.5	2.5/3.9	3.0 (2.7)	3.0 (2.9)	2.5	2.8	0.9	0.8 (0.7)
France	1.8/2.6	2.3/3.1	2.2 (2.0)	2.7 (2.6)	1.6 (1.7)	1.9	1.4	1.3
Germany	2.0/3.0	2.4/3.5	2.3	2.7	1.8	2.2	-0.6	-0.5 (-0.4)
Italy	0.4/1.4	1.4/2.9	1.0 (1.2)	2.1	2.3 (2.6)	2.7 (3.0)	3.4 (3.0)	3.2 (2.9)
Japan	1.3/2.5	2.0/3.8	1.9 (1.8)	2.8 (2.7)	1.2	1.1	1.7 (1.5)	1.6 (0.9)
Netherlands	2.5/3.2	2.4/3.1	2.8	2.8	2.4 (2.3)	2.5	4.0 (3.9)	4.0
Spain	1.4/3.0	2.0/3.4	2.6 (2.7)	2.9	2.5 (2.8)	2.8 (2.9)	0.6 (0.2)	0.3 (-0.1)
Sweden	1.7/3.3	2.2/3.5	2.4 (2.3)	2.8 (2.7)	0.9 (1.2)	1.7 (2.1)	2.7 (2.9)	2.8 (3.0)
Switzerland	nil/1.3	1.0/2.5	0.8	1.7 (1.9)	1.0	1.5	6.7 (6.2)	6.8 (6.1)
USA	2.5/3.4	1.4/2.5	3.0 (2.6)	2.0 (2.1)	2.9 (3.1)	3.2	-2.1	-1.9 (-2.0)

Sources: ABN-AMRO Hoare Govett, BZW, EIU, Goldman Sachs, HSBC James Capel, IBI, Kredietbank, Long-Term Credit Bank, Merrill Lynch, J.P. Morgan, Morgan Stanley, NatWest Markets, Nordbanken, Paribas, Primark Decision Economics, Royal Bank of Canada, Salomon Brothers, Scotiabank, UBS.

COMMODITY PRICE INDEX Palladium prices in London have risen by nearly 40% since November, to their highest level for 21 months. Two-thirds of the world's palladium comes from Russia, where it is mined as a by-product of copper and nickel. In the past two years, half of Russia's palladium sales have come from its state reserves. Japan, its biggest customer, bought less of the metal last year, thanks to a slump in the electronics industry, and so prices fell. Towards the end of 1996, the organisation which had controlled Russia's palladium exports since the early 1990s was abolished and no metal has been exported since then because of internal wranglings. Sales may not resume before June.

1990=100	Apr 1st	Apr 8th*	% change on one month		% change on one year	
Dollar index						
All items	119.8	116.9	- 3.6		+ 2.0	
Food	138.4	133.2	- 4.4		+ 4.8	
Industrials						
All	103.5	102.7	- 2.8		- 0.9	
Nfa [†]	125.0	124.4	- 0.4		+ 4.0	
Metals	90.6	89.6	- 4.7		- 4.7	
Sterling index						
All items	129.8	128.5	- 4.7		- 4.1	
Food	150.0	146.5	- 5.4		- 1.5	
Industrials						
All	112.2	113.0	- 3.9		- 6.9	
Nfa [†]	135.5	136.8	- 1.5		- 2.3	
Metals	98.2	98.6	- 5.8		- 10.5	
SDR index						
All items	117.3	115.9	- 3.1		+ 8.4	
Food	135.5	132.1	- 3.8		+ 11.4	
Industrials						
All	101.4	101.9	- 2.3		+ 5.3	
Nfa [†]	122.4	123.3	+ 0.2		+ 10.5	
Metals	88.7	88.9	- 4.2		+ 1.3	
Gold						
\$ per oz	350.65	348.55	- 0.7		- 12.2	
Crude oil North Sea Brent						
\$ per barrel	19.11	17.92	- 5.4		- 13.6	

* Provisional. [†] Non-food agriculturals.

FINANCIAL INDICATORS

STOCKMARKETS Despite further evidence of inflationary pressures, Wall Street rose 0.7% in the week to April 9th. Tokyo lost 1.9% on heavy selling of bank shares. Paris gained 2.7% as the franc's appreciation against the D-mark raised expectations of an interest-rate cut.

Share price indices

	Apr 9th	1997		% change on					Dec 31st 1996 in local currency	in \$ terms
		high	low	one week	one year	record high				
Australia	2,389.2	2,501.7	2,352.2	+ 1.4	+ 7.4	- 4.5	- 1.5	- 3.0		
Austria	1,184.9	1,256.4	1,130.2	+ 0.7	+ 10.5	- 31.8	+ 3.9	- 6.9		
Belgium	2,120.8	2,220.8	1,871.1	+ 0.7	+ 25.0	- 4.5	+ 11.9	+ 0.1		
Britain	4,292.3	4,444.3	4,056.6	+ 1.3	+ 13.9	- 3.4	+ 4.2	- 1.2		
Canada	5,798.7	6,332.9	5,817.3	- 0.9	+ 15.4	- 8.4	- 2.2	- 3.3		
Denmark	531.4	555.5	470.1	+ 0.4	+ 35.5	- 4.3	+ 12.6	+ 1.3		
France	1,759.2	1,815.4	1,533.2	+ 2.7	+ 23.9	- 3.1	+ 12.6	+ 1.1		
Germany	3,359.5	3,460.6	2,848.8	+ 1.7	+ 32.8	- 2.9	+ 16.3	+ 4.2		
Italy	752.4	797.7	642.6	+ 3.1	+ 23.9	- 17.2	+ 12.9	+ 1.0		
Japan	17,703.4	19,446.0	17,303.7	- 1.9	- 18.8	- 54.5	- 8.6	- 16.2		
Netherlands	738.7	774.2	634.4	+ 4.3	+ 35.6	- 4.6	+ 14.0	+ 2.0		
Spain	482.0	489.6	434.5	+ 3.9	+ 39.0	- 1.6	+ 8.4	- 3.0		
Sweden	2,671.9	2,832.4	2,378.5	+ 1.3	+ 43.3	- 5.7	+ 11.2	- 1.4		
Switzerland	4,634.9	4,684.4	3,922.9	+ 3.3	+ 28.7	- 1.1	+ 17.6	+ 6.9		
United States	6,563.8	7,085.2	6,442.5	+ 0.7	+ 19.6	- 7.4	+ 1.8	+ 1.8		
World†	808.7	854.4	805.1	- 0.1	+ 7.0	- 5.3	- 1.4	- 1.4		

†Morgan Stanley Capital International index includes above markets and seven others, in dollar terms

MONEY AND INTEREST RATES Yields on 10-year Japanese government bonds fell to a record low of 2.08% on April 8th. Swedish banks cut their prime lending rates to 5.3%. In the 12 months to February, broad money-supply growth slowed to 7.2% in the Netherlands.

	Money supply*		Interest rates % p.a. (Apr 9th 1997)							
	% rise on year ago narrow	broad	over- night	3-mth money market latest	year ago	banks prime	bond yields gov't† corporate	Eurocurrency 3 mths	bonds	
Australia	+12.2	+9.5	Jan 5.90	6.05	7.56	9.25	7.95	8.29	6.06	7.31
Austria	+6.5	+2.8	Jan 3.28	3.40	3.35	8.25	5.94	na	na	5.82
Belgium	+4.2	+8.9	Dec 3.08	3.30	3.25	7.00	5.91	6.09	3.25	4.67
Britain	+6.4	+11.3	Feb 4.53	6.41	6.00	7.00	7.65	8.24	6.36	7.32
Canada	+19.4	+5.6	Feb 2.93	3.07	5.11	4.75	6.83	7.65	3.44	6.08
Denmark	na	+9.1	Feb 3.25	3.62	4.10	6.00	6.66	7.60	3.69	5.21
France	+0.8	-3.2	Jan 3.19	3.26	4.07	6.30	5.67	5.94	3.27	4.80
Germany	+10.1	+7.4	Feb 3.08	3.25	3.38	4.75	5.80	5.50	3.19	4.85
Italy	+7.4	+6.4	Jan† 7.31	7.19	9.81	9.38	7.64	7.29	7.09	7.23
Japan	+10.0	+3.0	Feb 0.38	0.44	0.49	1.63	2.23	1.96	0.59	1.52
Netherlands	+11.7	+7.2	Feb 3.19	3.23	2.93	4.75	5.71	5.97	3.28	4.83
Spain	+11.4	+5.9	Feb 5.67	5.62	7.71	8.00	6.73	7.24	5.45	6.15
Sweden	na	+7.4	Feb 3.65	4.05	6.40	5.30	7.00	6.71	4.29	6.19
Switzerland	+11.1	+7.5	Jan 1.75	1.88	1.81	3.75	3.76	3.94	1.92	2.69
United States	-3.5	+4.9	Feb 5.41	5.69	5.41	8.50	6.89	7.85	5.73	6.75

† Ten-year bond rates (old series: Britain 15-year 7.78%, United States 30-year 7.11%). †† New series.

*Narrow: M1 except Britain M0, broad: M2 or M3 except Britain M4. Sources: Banco Ambrosiano Veneto, Banco Bilbao Vizcaya, Belgian Bankers' Assn, Chase Manhattan, Commerzbank, Credit Lyonnais, Credit Suisse First Boston, Den Danske Bank, Deutsche Bank, Generale Bank, Investmentbank Austria, J.P. Morgan, Royal Bank of Canada, SE-Banken, Svenska Handelsbanken, WEFA Group, Westpac, Datastream. Rates cannot be construed as banks' offers.

TRADE, EXCHANGE RATES AND RESERVES The dollar climbed to a four-and-a-half-year high against the yen and a three-year high against the D-mark. In February Japan's 12-month visible-trade surplus narrowed to \$81.9 billion. In the year to January, France's trade surplus was \$19.5 billion on a revised basis which includes its overseas departments; this new measure reduces its surplus by 25%.

	Trade balance*, \$bn		Current account, \$bn		Exchange rate		Currency units per \$		Currency units			Foreign reserves† \$bn	
	latest month	latest 12 months	latest 12 mths		trade-weighted† Apr 9th	year ago	Apr 9th	year ago	per £	per DM	per ecu	latest	year ago
Australia	+ 0.05 Feb	- 0.1	- 15.0 Dec		98.9	93.2	1.28	1.27	2.08	0.74	1.45	14.0 Jan	11.2
Austria	- 0.78 Dec**	- 8.1	- 4.0 Dec		103.5	105.6	12.1	10.5	19.6	7.04	13.7	21.2 Feb	22.5
Belgium	+ 1.65 Nov	+ 14.9	+ 14.9 Sep		103.2	107.7	35.5	30.8	57.6	20.6	40.3	16.9 Feb	15.4
Britain	- 1.06 Jan	- 18.1	+ 0.1 Q4		99.4	83.7	0.62	0.66	-	0.36	0.70	39.9 Dec	42.0
Canada	+ 1.55 Jan	+ 25.5	- 1.3 Q4		84.6	84.8	1.39	1.36	2.25	0.81	1.58	20.9 Feb	14.6
Denmark	+ 0.54 Dec	+ 5.2	+ 1.9 Q4		105.7	108.4	6.55	5.79	10.63	3.81	7.44	14.6 Feb	13.0
France	+ 2.16 Jan††	+ 19.5	+ 21.3 Dec		106.3	109.8	5.79	5.10	9.39	3.37	6.57	26.8 Dec	26.9
Germany	+ 4.05 Jan	+ 65.1	- 17.6 Jan		104.8	109.6	1.72	1.50	2.79	-	1.95	80.6 Feb	85.1
Italy	+ 2.79 Dec	+ 43.9	+ 42.1 Dec		76.4	74.3	1.697	1.572	2.755	987	1.928	45.7 Feb	34.3
Japan	+ 4.81 Feb	+ 81.9	+ 66.7 Feb		120.1	134.4	127	108	205	73.6	144	217.1 Feb	200.2
Netherlands	+ 2.18 Nov§	+ 22.9	+ 21.1 Q3		102.8	108.0	1.93	1.68	3.14	1.12	2.20	26.8 Feb	31.5
Spain	- 1.30 Jan	- 19.2	+ 7.9 Jan		77.9	82.0	145	125	236	84.4	165	60.1 Feb	38.2
Sweden	+ 1.40 Feb	+ 17.6	+ 5.5 Jan		84.5	89.0	7.69	6.71	12.5	4.47	8.74	17.0 Jan	23.8
Switzerland	- 0.80 Jan	+ 1.3	+ 20.3 Q4		103.3	113.5	1.47	1.22	2.39	0.86	1.67	35.1 Feb	31.7
United States	-19.02 Jan	-191.2	-165.1 Q4		105.8	93.2	-	-	1.62	0.58	1.14	57.2 Jan	71.7

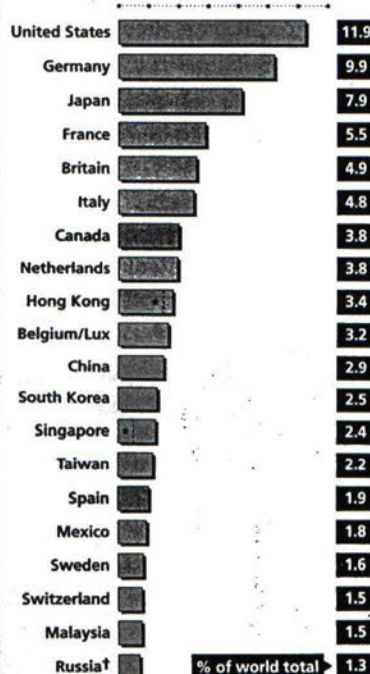
*Australia, Britain, France, Canada, Japan and USA imports fob, exports fob. All others cif/fob. **1995, †1990=100, Bank of England. ‡Excluding gold, IMF definition. §Not seasonally adjusted. ††New series.

WORLD TRADE In 1996 the volume of world merchandise trade grew by 4%, less than half the heady growth rates of 1994 and 1995. The slowdown was world-wide but most striking was the decline in Asia's trade: export growth fell from 9.5% in 1995 to 2.5% in 1996 and import growth from 14% to 4.5%. Africa, however, increased its share of world imports and exports for the first time since 1990. The WTO expects the growth of trade to pick up again in 1997, as the economies of Western Europe and Asia regain their strength.

Merchandise exports

1996, \$bn

0 100 200 300 400 500 600 700

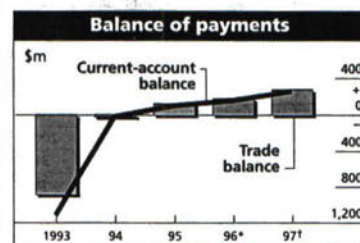
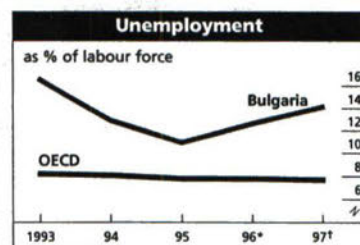
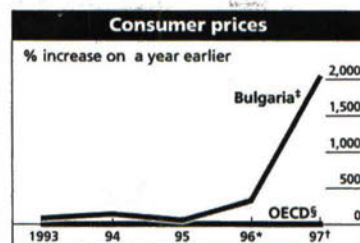
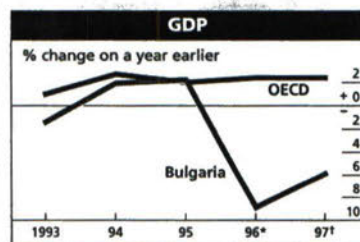


Source: WTO

*Re-exports †Excludes trade with the Baltic States and the CIS

EMERGING-MARKET INDICATORS

■ **BULGARIA** The Bulgarian economy is in crisis. In a recent report on the country, the OECD estimates that its GDP fell by about 10% last year. The monthly inflation rate is in double digits. The banking system is in a state of collapse, under the weight of bad loans to both state-owned and private companies, and it has suffered a string of bank runs. The government's finances are in a mess. Taxes account for a dwindling share of GDP (25%), while debt-service costs are rising: they reached 20% of GDP last year. Because a large slice of government debt is in foreign currency, its fiscal position has been worsened by the collapse of Bulgaria's currency, the lev. A year ago, \$1 bought about 80 leva; now, it buys almost 1,600. But help may be at hand. The IMF and World Bank have recently promised financial support, provided that a currency board (which would back the money supply with foreign-currency reserves) is established.



Source: OECD
*Estimate †Forecast ‡December on December
§Private-consumption deflator

ECONOMY China's industrial output leapt by 13.5% in the 12 months to March. Turkey's GDP grew by 8% in the year to the fourth quarter, up from an annual rate of 5.5% in the third quarter. Hungary's GDP growth also quickened in the fourth quarter, to 3%. The Czech Republic's 12-month rate of inflation slowed to 6.8% in March—its lowest since 1993.

	% change on year earlier			Latest 12 months, \$bn		Foreign reserves, \$bn	
	GDP	Industrial production	Consumer prices	Trade balance	Current account	Latest	Year ago
China	+ 9.9 Q4	+13.5 Mar	+ 5.6 Feb	+16.8 Feb	+ 1.6 1995	110.6 Jan	77.9
Hong Kong	+ 5.1 Q3	- 4.8 Q3	+ 6.5 Feb	-19.1 Feb	- 4.9 1995*	69.6 Dec	57.2
India	+ 7.0 1995†	+ 4.0 Nov	+ 11.1 Jan	- 4.8 Feb	- 5.1 1995†	20.0 Feb	16.3
Indonesia	+ 7.8 1996	+18.0 Q3 95	+ 5.2 Mar	+ 7.1 Jan	- 7.8 Q3	19.0 Jan	17.7
Malaysia	+ 8.1 Q4	+11.9 Jan	+ 3.1 Feb	+ 0.2 Jan	- 4.4 1996	26.8 Nov	23.7
Philippines	+ 5.2 Q4	- 6.3 Jan	+ 4.8 Mar	-12.1 Jan	- 2.0 Q4 95	9.7 Jan	6.7
Singapore	+ 5.8 Q4	- 7.2 Jan	+ 1.6 Feb	- 6.7 Feb	+13.7 Q2	76.9 Dec	68.7
South Korea	+ 7.2 Q4	+ 6.2 Mar	+ 4.7 Jan	-23.5 Mar	-24.6 Jan	30.5 Feb	35.1
Taiwan	+ 6.6 Q4	+ 0.6 Feb	+ 2.0 Feb	+13.9 Mar	+10.3 Q4	88.0 Dec	90.3
Thailand	+ 8.6 1995	+ 7.2 Dec	+ 4.5 Mar	-13.3 Jan	-12.2 Q4	37.2 Feb	37.7
Argentina	+ 9.2 Q4	+ 7.9 Feb	+ 1.0 Mar	- 0.2 Feb	- 3.4 Q3	18.7 Feb	13.8
Brazil	+ 5.4 Q4	+ 6.7 Jan	+ 8.1 Feb	- 8.1 Feb	-24.4 Q4	57.0 Jan	51.5
Chile	+ 7.7 Q4	+ 5.0 Jan	+ 6.8 Mar	- 1.1 Feb	- 2.9 Q4	15.7 Feb	13.0
Colombia	+ 2.4 Q3	-11.4 Nov	+ 18.9 Mar	- 2.1 Jan	- 4.3 1995	9.6 Dec	8.1
Mexico	+ 7.6 Q4	+ 8.6 Jan	+ 25.6 Feb	+ 5.8 Feb	+ 0.1 Q3	21.3 Feb	16.5
Venezuela	+ 2.2 1995	na	+ 74.8 Mar	+ 4.6 Sep	+ 7.4 1996	12.0 Jan	6.7
Greece	+ 2.0 1995	- 0.2 Dec	+ 6.6 Feb	-18.0 Nov	- 4.6 Nov	18.8 Feb	16.5
Israel	+ 3.2 Q3	+ 3.9 Jan	+ 10.4 Feb	- 9.8 Feb	- 4.9 Q4	13.9 Feb	9.9
Portugal	+ 2.5 Q2	+ 0.7 Jan	+ 2.5 Mar	- 9.9 Dec	- 5.2 Jan	16.5 Jan	15.6
South Africa	+ 3.4 Q4	+ 6.5 Jan	+ 9.8 Feb	+ 2.0 Feb	- 2.0 Q4	1.6 Feb	2.1
Turkey	+ 8.0 Q4	+ 5.2 Feb	+ 77.3 Mar	-17.0 Jun	- 4.8 Jun	16.3 Feb	14.5
Czech Republic	+ 4.7 Q4	- 3.6 Feb	+ 6.8 Mar	- 6.3 Feb	- 4.5 Q4	12.3 Dec	13.8
Hungary	+ 3.0 Q4	+ 7.8 Feb	+ 18.8 Feb	- 2.6 Dec	- 1.7 Dec	9.9 Nov	9.0
Poland	+ 7.3 Q3	+ 8.7 Feb	+ 17.3 Feb	- 9.0 Jan	- 2.2 Jan	17.7 Nov	14.0
Russia	- 6.2 Q4	- 7.5 Jan	+ 16.6 Mar	+29.3 Jan	+10.6 1995	11.3 Dec	14.4

*Visible and invisible trade balance. †Fiscal year beginning April ‡Includes gold.

FINANCIAL MARKETS Manila plummeted by 8.0% in the week to April 9th, hitting a six-month low, on fears that over-extended banks could soon emulate Thailand's by collapsing. Taipei jumped by 5.5% on the prospect of liberalisation of bank-shareholding. Despite repeated warnings about the market overheating, Shanghai A shares gained 4.4%.

	Currency units		Interest rates	Stockmarkets	% change on		
	per \$	per £			Apr 9th	one week	Dec 31st 1996
	Apr 9th	year ago	Apr 9th	Apr 9th			in local currency
China	8.30	8.33	13.5	11.38	1,349.5	+ 4.4	+ 41.3
Hong Kong	7.75	7.73	12.6	5.94	12,426.7	+ 2.4	- 7.6
India	35.8	34.1	58.2	7.21	3,650.9	+ 3.2	+ 18.3
Indonesia	2,406	2,332	3,904	12.63	638.2	- 1.9	+ 0.1
Malaysia	2.50	2.52	4.06	7.31	1,163.9	- 1.5	- 6.0
Philippines	26.4	26.2	42.8	8.94	2,909.3*	- 8.0	- 8.2
Singapore	1.44	1.41	2.34	3.44	2,103.2	+ 0.6	- 5.1
South Korea	894	782	1,451	13.30	698.7	+ 2.9	+ 7.3
Taiwan	27.6	27.2	44.8	6.35	8,655.8	+ 5.5	+ 24.8
Thailand	26.1	25.3	42.3	12.00	712.6	- 0.6	- 14.3
Argentina	1.00	1.00	1.62	7.00	713.0	- 2.2	+ 9.8
Brazil	1.06	0.99	1.72	21.10	9,819.0	+ 6.3	+ 39.5
Chile	418	410	679	10.03	5,366.3	+ 1.3	+ 9.4
Colombia	1,063	1,050	1,726	25.23	1,123.2	+ 4.3	+ 33.1
Mexico	7.88	7.49	12.8	22.33	3,797.3	+ 2.2	+ 13.0
Venezuela	478	290	776	18.93	6,244.6	- 0.1	- 6.7
Greece	271	242	439	10.84	1,429.3	+ 3.9	+ 53.1
Israel	3.39	3.14	5.50	11.74	251.3	+ 0.4	+ 19.1
Portugal	172	154	280	6.08	2,561.5	+ 0.8	+ 18.3
South Africa	4.44	4.18	7.20	16.00	7,048.4	+ 1.0	+ 5.9
Turkey	131,015	72,500	212,611	66.07	1,530.0	- 3.9	+ 56.8
Czech Republic	29.4	27.5	47.8	12.37	547.0	- 1.2	+ 1.4
Hungary	180	145	292	21.28	5,481.7	+ 2.4	+ 32.6
Poland	3.10	2.61	5.04	22.58	16,362.2	+ 4.9	+ 14.1
Russia	5,742	4,897	9,317	42.00	575.9	+ 0.6	+ 60.2

*April 8th.

Sources: National statistics offices; central banks and stock exchanges; Datastream; IMF; Reuters; SBC Warburg; J.P. Morgan; Hong Kong Monetary Authority; Centre for Monitoring Indian Economy; Bank Negara Indonesia; Malaysian Banking; Philippines National Economic and Development Authority; Hoare Govett Asia; FIEL; Baring Securities; Merrill Lynch; Bank Leumi Le-Israel; Standard Bank Group; Akbank; Korfebank; Deutsche Bank; Russian Economic Trends; Moscow Times/Skate Press.

copied
Berger
LOS

rights, it is really responding to domestic pressures—such as protectionist demands against cheap competition.

It is true that there are elements of inconsistency, even hypocrisy, in the West's attempts to foster the cause of human rights round the world. So what? That is an inevitable consequence of the fact that human rights are only one of many foreign-policy concerns. Keeping the peace and encouraging trade are also important goals. The point is that democracies should both accept and proclaim that promoting freedom is an important aspect of foreign policy.

How that objective should be pursued will depend on circumstances. Some governments are more brutal than others;

THE PRESIDENT HAS SEEN 4/14/97

some are more susceptible to pressure than others. Depending on the egregiousness of the offence and the other interests at stake, supporting human rights may mean anything from armed intervention to a statement in parliament. The effort will not always succeed, but it is unlikely to be wholly ignored. Nowadays autocrats are defensive, especially when they are accused of failing to respect human rights—witness China's outraged protestations every time it stands accused. The idea of democracy, and indeed the practice, albeit often in a flawed manner, is spreading as never before. Pressure for human rights discomfits oppressors, encourages their victims and, in the long run, makes the world safer. Apply it.

Faster towards what?

President Clinton was right to be sceptical of Binyamin Netanyahu's proposals for a speeded-up Israeli-Palestinian peace

SPEED, as a rule, is to be commended. But Binyamin Netanyahu's proposal to accelerate the Israeli-Palestinian peace process so that, with American help, a final settlement could be conjured up within six months is just not credible, at least in its current form and under present conditions. Bill Clinton did not give it his backing, though he is said to be attracted by the idea. He described his conversation with Israel's prime minister on April 7th as frank and candid—meaning no agreement as yet.

The set of ideas born in 1993 in Oslo envisaged a step-by-step process of confidence-building. During the process, Israel would withdraw from most of the territory it occupies; at the end, the two sides would slide into an arrangement of permanent peace. Admittedly, the process has turned out to be yawningly slow, each stage behind schedule. Nonetheless, behind the shuffling and the bluster, skilled negotiators began from the start to work out quietly how the odyssey could end successfully, even swiftly.

That outcome, however, was based on certain assumptions which Mr Netanyahu, since he came to power last year, has been busily trampling on. It was assumed, for instance, that the Palestinians would end up with a reasonable stretch of land to call their own. Though Mr Netanyahu agreed, in the January deal on Hebron, that Israel would make three further withdrawals from the West Bank, as stipulated by Oslo, he then blew the peace process a raspberry: only 2% of the West Bank was genuinely handed over in the first of these withdrawals and it was made clear that his vision for the Palestinians' homeland was a patchwork in less than half the territory. This, together with his provocative decision to build a new Jewish settlement in East Jerusalem, and his refusal to consider Mr Clinton's plea to suspend settlement building during negotiations, has destroyed Palestinian confidence in his good faith.

Without confidence, the process cannot be restarted, let alone speeded up. A quick deal, the Palestinians believe, would be a shotgun deal: accept what's on offer or expect nothing. Mr Clinton and his men rightly see that, under these conditions, a triangular negotiating table is no place for them to be. Analogies with Camp David in 1978, when President Jimmy Carter got Anwar Sadat and Menachem Begin to make

peace, bear this out. The deal between Egypt and Israel went through because it was relatively straightforward and both leaders wanted it. The concurrent attempt to fix a complex Palestinian peace fizzled out ignominiously.

One way to restart the negotiations would be for Mr Netanyahu to stop dropping hints about a national-unity government and actually go ahead and form one. How serious is he about this? Hard to tell. Cynics believe that, a hardliner himself, he is happy enough to go on teasing. Far-right members of his Likud-led coalition, who would be excluded from such a government, are kept on their toes. The Labour opposition, which is divided on the idea, is kept in a dither. But Mr Netanyahu has other concerns to bear in mind: he leads a country that dearly wants a peace settlement—and he would like to be re-elected when his current term is up.

Time to speak as one

A Likud-Labour government would not automatically usher in peace, or even bold initiatives. But the return of Shimon Peres, who would joyfully defer his exit as Labour's leader if his party were invited to share power, would be a confidence booster, pulling the Palestinians back to the table. It would also mean that Labour and the Likud had worked out a joint negotiating position, something that behind the scenes some of their members have largely managed to do. The result would no doubt fall far short of Palestinian aspirations. But it would be an honest start to the talks: an open set of proposals that contained no hidden agenda.

When or if that negotiating point is reached, America could respond positively to a request for its services in helping Israelis and Palestinians to speed up their bargaining. For now, acceleration is best forgotten: the urgency is not to go faster but to halt a downhill tumble. America's hand is indeed needed, but as a rescue service not as a mediator. America must hold Mr Arafat's people to their commitment against terrorism, and dissuade Mr Netanyahu's government from the provocation that makes terrorism predictable. In addition, though God forbid that America should interfere in Israeli politics, what about a word in Mr Netanyahu's ear about the desirability of a coalition that excluded the hard right?



Handwritten note:
Said
to
be
a
deal

THE WHITE HOUSE
WASHINGTON

April 14, 1997 ~~THE PRESIDENT HAS SEEN~~
4/14/97

✓
MR. PRESIDENT:

Attached for your signature is a letter to the Oklahoma City Memorial Foundation commemorating the two-year anniversary of the bombing. As Marcia Hale notes in the attached memo, the City is planning a small public event on the 19th to announce the five finalists of the design of the memorial on the site of the Murrah building. This letter will serve as your public statement at the event, and you and the First Lady will also send flowers, which has become a common way of showing respect for victims of the bombing.

Later this summer, you will host an event at the White House to receive the winning memorial design.

Marcia has worked this scenario out with OKC officials, and they are quite pleased.

The directive to the Cabinet that Marcia references at the end of her memo is not yet ready for your signature.

✓
Phil Caplan *PC*

THE WHITE HOUSE

WASHINGTON

April 3, 1997

4/14/97

MEMORANDUM TO THE PRESIDENT

FROM: Marcia Hale *[initials]*
Director of Intergovernmental Affairs

RE: Oklahoma City

CC: Erskine Bowles
Sylvia Mathews
Cheryl Mills
Kitty Higgins

As you are well aware, the second anniversary of the Oklahoma City bombing is April 19th. The City is not planning a public event as they did last year for several reasons: (1) the families and survivors of the bombing have requested a quiet remembrance of the event so as not to make the day any harder on them than it has to be, and (2) the trial in Denver is in jury selection and many of the family members will be in Denver and not in Oklahoma City (opening arguments could actually begin the week of the 19th).

The event on April 19th in Oklahoma City is the announcement of the five finalists for the design of the memorial to be built on the site of the bombing. You may have seen the reports of the overwhelming interest in the public display of the 600 entries in the competition and the importance of building this memorial to the city and the survivors. Mayor Norick has suggested that you send a letter (draft attached) to be read at this event. In addition, he has suggested that you and the First Lady send a large bouquet of flowers to be placed at the site by a federal employee -- probably our GSA representative to Oklahoma City. As you know, placing flowers at the site has become a common way of showing respect for those lost or injured in the bombing.

While the draft letter mentions the memorial and you encourage all Americans to support its construction, the Board of the Memorial has requested a meeting with you in the future to highlight their efforts and to help with their fundraising. I have been advised by Counsel that you should not encourage federal employees to contribute without setting up a formal process to do so, but you can encourage employees and all citizens to support the Memorial.

My recommendation is that you send the letter and flowers on the 19th and that shortly after a final decision on the design of the memorial is made (July 3), we ask the committee to come to Washington to meet with you. White House Counsel has approved these two recommendations but stresses that at no time can the trial taking place in Denver be discussed. I know the members of the committee understand this, but I will stress this to them when the invitation is offered. The Board has estimated that they need to raise \$18 million dollars to complete the project and any visibility that we can give to their efforts would be very helpful and

greatly appreciated by the entire city.

One other action is ready for your signature which Cabinet Affairs has taken the lead on. When you visited Oklahoma City last April, a number of families mentioned problems they were having in securing financial compensation, education assistance and on-going support to address mental health needs. We asked FEMA to take the lead in addressing these issues with the federal, state, and local agencies. James Lee Witt and FEMA have identified a number of major issues that require further action.

The attached Memorandum to Cabinet and Agency Heads directs departments to work with FEMA to address the current unmet needs of the families and survivors and to learn the lessons of Oklahoma City to be better prepared for any future events.

Do you agree with this recommendation?

_____ YES

_____ NO

THE WHITE HOUSE

WASHINGTON

April 14, 1997

Oklahoma City Memorial Foundation
420 North Robinson
Oklahoma City, Oklahoma 73102

Dear Friends:

Our nation will never forget that tragic day, almost two years ago, when we first learned of the bombing of the Alfred B. Murrah Federal Building in Oklahoma City, and we will always remember the courage shown by the citizens of your strong and united city during that dark time. All Americans continue to support your recovery efforts, and our prayers are with you.

With the destruction of the Murrah Federal Building, we learned once again that America is a family, and that such a brutal attack on any American is an attack on us all. In uniting around the citizens of Oklahoma City, our nation proved once again that no force of hatred or terrorism can ever defeat the American spirit.

I want to express my support for your efforts to establish a memorial on the site of the bombing. This memorial will be a fitting tribute not only to those who died, but also to those whose lives were changed forever on April 19, 1995. I know that, by honoring our fellow Americans in this way, we can help to further the healing and restore hope for a brighter, more secure future.

Hillary and I will always remember the time we spent with the families and survivors. Please know that we are keeping them, and all the people of Oklahoma City, in our thoughts and prayers.

Sincerely,

Bill Clinton



THE PRESIDENT HAS SEEN
4-11-97

THE WHITE HOUSE
WASHINGTON

April 11, 1997

MEMORANDUM TO THE PRESIDENT

FROM: Marcia L. Hale *MH*
Director of Intergovernmental Affairs

RE: Mayor Norm Rice

I thought you should see this letter from Mayor Rice announcing that he will not be seeking a third term as Mayor.

*Copied
Nash
Hale
COS*

*2 min Lento min
cc B. Nash*

JIM DORSKIND:

Please coordinate
the reply.

Todd,

4/14/97

I will send to Jim once
you have seen.

C.

Clinton making strides but has a way to go

The president's medical team says he is a model patient and is ahead of schedule in his recovery from knee surgery. And, he has lost 5 pounds.

By Susan Page
USA TODAY

WASHINGTON — One month after emergency knee surgery, President Clinton can count what's been gained and lost: He's gained a respectable 90-degree range of motion in his injured leg and lost five pounds off his 6-foot-2 frame.

The medical team treating Clinton assessed his progress Thursday afternoon, then discussed the patient in an interview with USA TODAY. It was the first interview the doctors have done since the fall March 14 that sent Clinton to the hospital.

"He's doing very well," said Navy Cmdr. David Adkison, the physician who helped perform the surgery at the National Naval Medical Center in Bethesda, Md. "He's actually ahead of schedule."

Clinton no longer is taking pain medication, said Navy Capt. Connie Mariano, the president's regular physician. But she said he sometimes struggles with fatigue. He probably will be walking without his high-tech, shock-absorbing crutches in four weeks.

But Clinton still faces about five months of rest and therapy before he's fully recovered from the surgery that repaired the tendon attaching his quadriceps thigh muscle to his right knee. Jogging, golf and a full-scale travel schedule will have to wait until then.

For now, he meets twice a day with one of the two physical therapists he jokingly calls "the pain and torture team," Navy Cdr. Bob Kellogg and Lt. (jg.) Nannette Paco.

The doctors and therapists, gathered in the cramped medical office on the ground floor of the White House, described Clinton as a model patient and a motivated exerciser who tends to push himself too hard.

"The problem is you can't speed Mother Nature up, not



By Mark Wilson, Reuters

Adkison: "You can't speed Mother Nature up."

yet," Adkison said. "It takes about six months for the tendon to remodel completely."

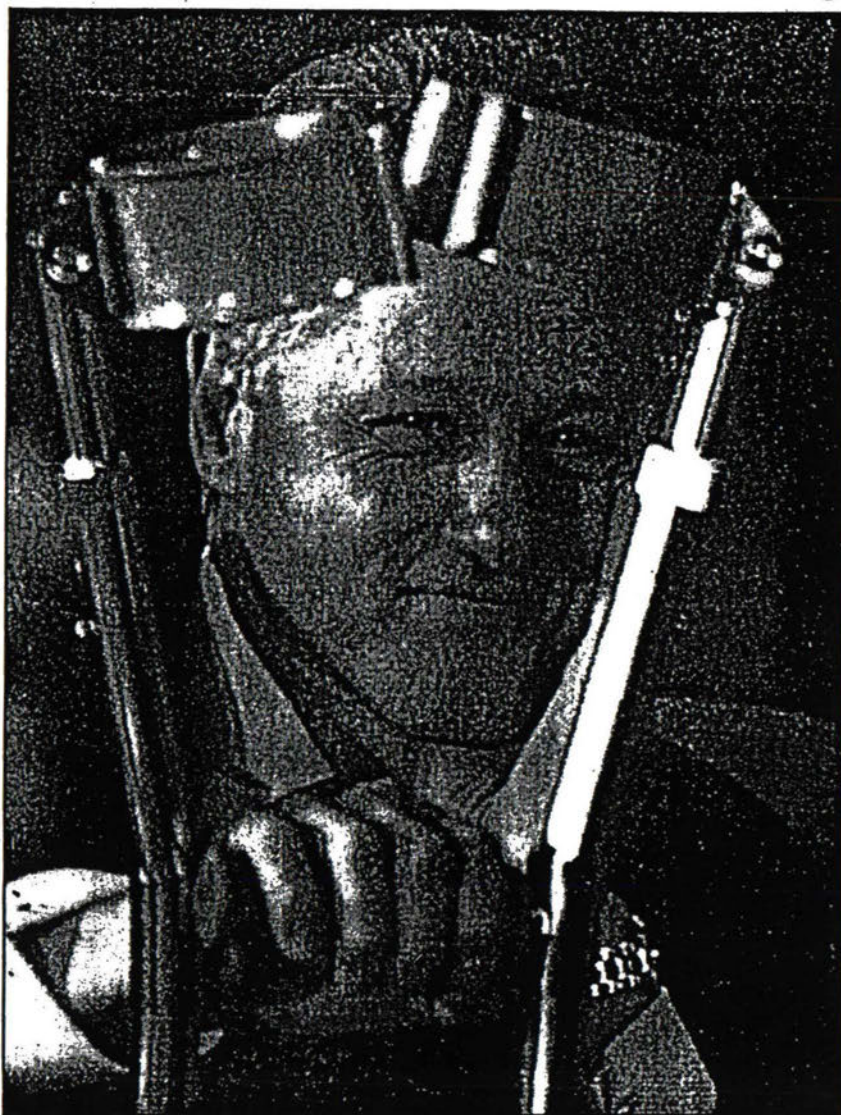
An outside specialist agreed that the president's recovery seems right on schedule.

"It sounds to me like everything is progressing beautifully," said Bernard Bach Jr., a professor of orthopedic surgery and director of sports medicine at Rush Medical College in Chicago, in a telephone interview. "Just based on the range of motion, that's appropriate and perhaps even ahead of many patients."

But the injury, suffered when Clinton tripped on the stairs at golfer Greg Norman's Florida cottage, has meant changes in everything from the president's schedule to his diet.

He sleeps a little later in the morning, Mariano said, then has a therapy session in the exercise room on the third floor of the White House from 9 to 10 a.m. A second hour-long session takes place sometime between 1 p.m. and 4 p.m.

"It's devoted to stretching and mat exercises for strengthening and working on his rehabilitation," Kellogg said. Clinton strengthens his upper body by using a bicycle-like device pedaled using arms instead of legs. He gets aerobic exercise



By Greg Gibson, AP

On schedule: President Clinton probably will be walking without his crutches in another month. He meets twice a day with one of the two physical therapists he calls "the pain and torture team."

by pedaling a stationary bicycle with his left leg while holding his injured leg at an angle.

Several times he's nearly fallen during exercise sessions but was caught by the therapist, Mariano said. When he meets with people, "they forget he's on crutches and try to get too close," she said. "We'll ask them, 'Please stand back.'"

Ice packs are placed on Clinton's knee two or three times a day to control swelling.

He has twice made the rounds of the White House jogging track on his crutches. Today, weather permitting, Paco will put Clinton through an exercise session in the White House pool for the first time.

At first, the physical therapists

found treating the president a bit intimidating. "The first day we walked in I thought, 'Oh, Lord, don't let me mess up today,'" Kellogg said.

But he's found himself encouraging Clinton with a "That's a boy!" only to catch himself "That's a boy — sir," he joked.

Then there's Clinton. "The president

President's progress

President Clinton's medical team said Thursday that he is "doing very well" in his recovery from knee surgery four weeks ago.

Today

Clinton can bend his knee at a 90-degree angle in exercises, but he still needs crutches to walk. He is scheduled to begin exercise sessions in the White House pool.

Motion
0-90 degrees



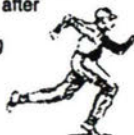
In 4 more weeks

Clinton should be able to walk unassisted, doctors say. But he will not be ready to jump or jog.



In 5 more months

Clinton should have full use of his leg and should be able to jump on it or jog. But he can't play golf until sometime after this, depending on his progress.



Source: USA TODAY research

By Sam Ward, USA TODAY

tic eater, told Mariano he was concerned about packing on weight during the period of relative inactivity. Instead, he's gone from 210 pounds to 205, Mariano said, with a plan to get his weight under 200.

"I advised him, 'You just eat what they give you and ... don't ask for extras or seconds,'" she said. The White House chef has been serving three meals a day, with 2,200 calories.

ALSO ...

IONLINE

by case witness fails ID suspect in lineup

Los Angeles Police Chief Willie Williams confirmed Thursday that a key witness to the killing of Bill Cosby's son failed to identify the main suspect in a police lineup shortly after the March 12 arrest.

Williams said the lineup won't impede the prosecution of Mikail Markhasev, 18. But defense lawyer Charles Lindner says the female witness "categorically eliminated" the Ukrainian emigrant as a suspect. Markhasev has pleaded innocent. Ennis Cosby was en route to visit a woman, believed to be the witness, on Jan. 16 when his car got a flat tire and he called her for help. The woman says she sat in her car while Cosby, 27, changed his tire. The gunman knocked on her window and told her to get out. She fled, then returned to find Cosby fatally shot beside his car.



Allen: Called insensitive by NAACP

ALLEN BLASTED: Black leaders in Virginia demanded the resignation of Gov. George Allen, who proclaimed April as Confederate History and Heritage Month. The Rev. Curtis Harris of the Southern Christian Leadership Conference accused Allen of trying to "send us back to slavery." NAACP leaders attacked Allen's request that Virginians respect "the honorable sacrifices of Confederate leaders, soldiers and citizens to the cause of liberty." "Liberty for whom?" asked NAACP official Salim

Khalfani. "Why should I respect that?" An aide for Allen said the NAACP has never supported the GOP governor and dismissed the complaints as grandstanding.

LOST PLANE: Snow and poor visibility have grounded the search for Air Force Capt. Craig Button and his \$8.8 million A-10 attack jet. Officials say the plane probably crashed last week in the Colorado Rockies. Poor weather is forecast through Saturday, and 3 feet of fresh snow has fallen. Searchers are focusing around New York Mountain, 15 miles southwest of the Vail ski resort. The plane was flying a training mission in Arizona when it veered off course.

AMTRAK SHOOTINGS: An Amtrak machinist known as "pigeon man" because he talked to birds fatally shot a foreman and wounded two workers before police in Wilmington, Del., shot him to death. Richard Herr, 40, fired at least 15 rounds from a 9 mm handgun, police said. Union official James Riley said that John Jensen, 41, who was killed, had complained to supervisors that the 21-year employee could be dangerous. Amtrak officials said they had planned to review Herr's records for behavioral problems.

Three killed in Minnesota crash



By Mike Knaak, St. Cloud Times via AP

Fatal crash: Emergency personnel carry an injured student from the wreck of a school bus that collided with a gravel truck in Monticello, Minn. The truck driver and two elementary school students were killed. Eight students were hospitalized, four in critical condition. Officials said the truck failed to yield at the intersection.

ATTACK ON JUDGE: A former mental patient accused of throwing a firebomb at an Urbana, Ill., judge was described by his ex-lawyer as an "absolute nut case" with a history of filing bizarre lawsuits. John Ewing Jr. grew angrier as the suits kept getting dismissed, said Robert Auler, who represented Ewing against a grocery store. Ewing is accused of hurling a Molotov cocktail Tuesday at Circuit Judge George Miller, who had dismissed the grocery store suit in 1988. The judge suffered minor injuries; the courtroom was heavily damaged. Ewing, 37, has a bail hearing today.

ALSO THURSDAY . . .

► **HISTORY ON HOLD:** Independence Hall and three nearby buildings in Philadelphia's historic district have been ordered closed for a week because construction crews stirred up asbestos dust, the National Park Service said.

► **ARMY SEX CASE:** The trial begins today for Staff Sgt. Delmar Simpson, 32, charged with raping six female recruits at the Aberdeen Proving Ground in Maryland.

► **STRIPPERS' UNION:** The strippers of the Lusty Lady club in San Francisco, who claim to be the nation's only unionized nude dancers, have ratified their first contract, the union said. They'll get a 10% wage hike and job security.

Seattle mayor won't seek third term



Rice: Unsure what he'll do next

Seattle Mayor Norm Rice, nicknamed "Mayor Nice," said he wants to try something new and won't seek a third term in November.

"I want to make it very clear to everybody. I haven't died today," Rice said at a news conference. Rice said he isn't burned out, but that he isn't sure what he'll do next. Rice, 53, was a front-runner for secretary of Housing and Urban Development in President Clinton's second-term Cabinet but lost out to Andrew Cuomo. Last year, he ran for the Democratic nomination for governor but lost to Gary Locke, who won the job in November. Rice, a Denver native, became the city's first black mayor eight years ago.

Written by John Bacon with staff and wire reports

USA TODAY

FRIDAY, APRIL 11, 1997

Office of the Mayor City of Seattle

Norman B. Rice, Mayor



April 10, 1997

Jan Drago, President
Seattle City Council
600 - 4th Ave., 11th Floor
Seattle, WA 98104-1873

Dear President Drago:

When I delivered my eighth State of the City message in January, I outlined a vision for the City of Seattle for 1997 and beyond. The goals I articulated build upon the accomplishments of the past seven years and set Seattle and the people of Seattle on a course for continued prosperity and success in the midst of change and uncertainty. I set forth a plan that I believe will help this community meet the challenges of the future head-on and prepare Seattle to achieve its rightful place as a great city for the 21st century.

The goals I articulated are the building blocks of community, and I'm proud to say that they are among us in so many ways. They are present in the strong support for the proposal to renew the Families & Education Levy to make our children "Ready to Learn." They are the foundation of the Seattle Jobs Initiative, Seattle's response to welfare reform that is creating pathways of opportunity to help make all people "Ready to Earn." And they are present in the Neighborhood Planning process that's taken hold across the city involving tens of thousands of our friends and neighbors. This process will form the basis of a 1998-99 capital bond issue to support our commitment to investing in our neighborhoods and make Seattle "Ready to Build" for the future.

The last major initiative I outlined in January was gaining support from the state legislature to allow local jurisdictions to use existing taxing authority to restore dwindling transportation funding sources. Over the years, cities across the state have witnessed the erosion of our transportation dollars due to inflation and the retreat of our funding partners, the federal and state governments. Cities are asking for the power to help ourselves.

With the strong support of the City Council, I believe we are well on the way to achieving all of these objectives and advancing the important priorities this community has set forth. Needless to say, this juncture has provided me an opportunity to give serious consideration to my own long-term goals and interests for the future. There has been much speculation as to what course I will take and today, I am ending that speculation by announcing that I will not be seeking a third term as Mayor of this great city.

Mayor Rice to Council President Jan Drago
April 10, 1997
Page 2

I truly believe that there is no greater city than Seattle, and together we have worked hard to keep it shining. Crime has reached its lowest level in 16 years. Investment in our downtown is paying dividends as increased tax revenues bring in more money for police officers, parks and street repairs in neighborhoods all across Seattle. We've put this City on solid financial footing for the future by cutting the real growth of government by about 80% since 1990 and continuing to innovate and streamline government services to be more responsive to customers. We have invested in our neighborhoods and the people of this community through construction of five beautiful new community centers, through a dynamic partnership that has sparked a renaissance in Central and Southeast Seattle's business districts, through our vigorous support of public education, and through housing levies that have created thousands of units of affordable housing to get families out of shelters and off our streets and into their own homes. These are each stellar achievements of which we can all be proud. And they are the solid foundation upon which we will build Seattle's future.

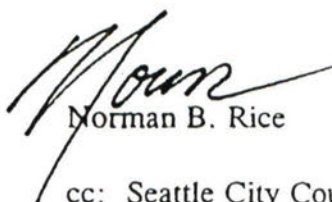
And so, after 19 years of public service as a member of the Seattle City Council and two terms as Mayor, I believe it is time for me to pass the torch to another. There is still much work to be done to keep this community moving forward, to foster and nurture the diversity that has made Seattle strong, to ensure that each person can find their place in this community and has a chance to succeed.

I hope that we can continue the partnerships that have helped Seattle achieve so much as a community. It is this very spirit of collaboration that we need if we're ever going to see Sand Point developed. We must harness that spirit and continue to work together to create the vibrant community the residents of Holly Park deserve. We can, and must find ways to heal the divisions that sometimes prevent us from achieving the goals we hold in common. I believe we have within us-- within this community --the strength and the power to overcome those differences. I only hope that we also have the will to do so.

3

It has been a great honor and privilege to lead America's #1 city. I thank the people of Seattle for placing their trust in me over the years and giving me the opportunity to serve them. The future holds many opportunities and I intend to continue a life of public service. I pledge to continue to hold true to the values of social equity, economic opportunity and environmental stewardship that have been the hallmark of my administration. These are the values that have helped make Seattle strong, and they will continue to guide me in all my future endeavors.

Sincerely,



Norman B. Rice

cc: Seattle City Council members

THE WHITE HOUSE

WASHINGTON

April 13, 1997

THE PRESIDENT HAS SEEN

4114197

'97 APR 13 PM2:39

MEMORANDUM FOR THE PRESIDENT

FROM: Stephanie Streett *HS in ss*
Grace Ann Garcia *HS*

SUBJECT: Follow-up on the Proposed Guest Lists for the Baseball Game in NY

OK Craig Smith has followed-up on your request for additional review of the list of suggestions for the guests that will be seated in your box as well as the special guest boxes. The only suggested changes to the list were that Mario Cuomo should be invited to be seated in your box instead of David Dinkins. Mr. Dinkins should be added to the special guest box. Also, it was recommended that John Bowers, President of the Longshoremen, and Bobby Gleason, Secretary-Treasurer of the Longshoremen, be deleted from the list. There were no other additions or deletions to the proposed list.

Please let us know if you have any other suggestions for the list (copy of the original memo attached) so that the offices of Congressional, Intergovernmental, Political Affairs and Public Liaison can extend the invitations as early Monday as possible. Also, the Mets Organization has provided us with a partial list of guests who will be seated in their special guest boxes which is also attached.

Copied
Streett
Garcia
COS

*I'd like to read the
near lower, Town, Owen
Vallou, Sider, Kewer, Schulman
in guest box - Can't tell from
your list if that's taken any
should be before out of State
Congressmen invited*

*Add our book
bin on next page -
mean the 7th
could be added
BR*

Box 1:	Leonard Coleman Jesse Jackson Gov. Zell Miller Rep. Floyd Flake Eugene Orza	President of the National League of Professional Baseball Clubs and Chairman of the Jackie Robinson Foundation Board member of the Jackie Robinson Foundation Counsel, Major League Baseball Players Association
Box 2:	Marian Wright Edelman Peter Edelman Hugh Price Reggie Jackson Paula Zahn Warren Jackson Martin Edelman Betty Phillips Adams	President of the National Urban League Vice-Chairman of the Jackie Robinson Foundation Secretary of the Jackie Robinson Foundation President & CEO of the Jackie Robinson Foundation

THE WHITE HOUSE

WASHINGTON

April 11, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Maria Echaveste
Stephanie Streett
Grace Ann Garcia

SUBJECT: Options for Guests in Your Box at the Mets-Dodgers Game

You will be seated in the New York Met's Owners Box for the Mets-Dodgers Game. The box holds 22 people and the following are the individuals invited by the Met's Organization. The asterisks are the confirmed guests.

Nelson Doubleday*	Owner of the Mets
Sandra Doubleday*	Spouse
Fred Wilpon*	Owner of the Mets
Judy Wilpon*	Spouse
Rudolph Guiliani*	Mayor of New York
George Pataki*	Governor of New York
Bud Selig*	Interim Commissioner of Baseball
Donald Fehr*	Representative of the Player's Union
Rachel Robinson*	Widow of Jackie Robinson
Sharon Robinson*	Daughter of Jackie Robinson
Jesse Simms*	Grandson of Jackie Robinson also one of the best high school football players in the country
Peter O'Malley*	Owner of the Los Angeles Dodgers
Patrick Moynihan	New York Senator
Al D'Amato*	New York Senator
Charles Rangel*	Congressman and close friend of the Robinsons

You have been allocated 9 seats in the box. The following is a list of suggestions of people who might be invited to sit in the box with you:

Rep. Tom Manton	Represents Shea Stadium	(Congressional)
Amb. Bill Richardson	Drafted to play baseball in the major leagues	(Public Liaison /Cabinet Affairs)
Frank Robinson	First African American to manage a major league baseball team	(Public Liaison)

THE PRESIDENT HAS SEEN

4/14/97

Walter Isaacson	Managing editor of Time Magazine	(Press Secretary)
Percy Sutton	Chairman of the Inner City Theater Group	(Political Affairs)
David Dinkins	Former Mayor of New York	(Political Affairs)
Carl McCall	Comptroller	(Intergovernmental Affairs)

Rotating/Open Seat

We are recommending that one seat be used to rotate guests you would like to visit with from other boxes. The Mets are compiling a list of VIPS in other boxes. For example, we know that they have invited Jesse Jackson to sit in a VIP box.

In addition, the Mets Organization has provided us two additional boxes for special guests and staff. The following are some recommendations for individuals for those additional boxes:

SPECIAL GUEST/STAFF BOXES

Clarence Avant	President Motown Record	(Political Affairs)
Cicely Tyson	Actress, Strong Supporter	(Political Affairs)
Whoopi Goldberg	In New York doing a play	(Political Affairs)
Betty Shabazz	WLF Board member	(Political Affairs)
Mario Cuomo	Former Governor	(Political Affairs)
Dennis Rivera	President of 1199	(Political Affairs/ Public Liaison)
John Bowers	President Longshoremen	(Political Affairs)
Bobby Gleason	Sec-Treasurer, Longshoremen	(Political Affairs)
Toni Faye	Vice-President, Time Warner	(Political Affairs)
Sharahara Lewellyn	Vice-Chair WLF Board	(Political Affairs)
Bill Lynch	Vice-President of McForbes and Andrews	(Political Affairs)
Hugh Carey	Former Governor	(Political Affairs)
Bill Gould	Chair, NLRB former baseball arbitrator who negotiated end of the strike	(Political Affairs)
Ray Harding	Leader of the Liberal Party	(Public Liaison)
Kelly Wulfers	Dick Kelly's Granddaughter	

The Mets Organization has invited New York area elected officials and the Congressional Black Caucus Members to a pre-game reception and provided them a ticket to the game. If the following elected officials are not seated in boxes, we would like to extend them an invitation to sit in the special guest box:

<u>Nita Lowey</u>	Representative	(Congressional)
<u>Major Owens</u>	Representative	(Congressional)
<u>Ed Towns</u>	Representative	(Congressional)
Floyd Flake	Representative	(Congressional)
Peter King	Representative	(Congressional)

THE PRESIDENT HAS SEEN

4114197

Nydia Velazquez

Jose Serrano

Maxine Waters

John Lewis

Peter Vallone

Sheldon Silver

Alan G. Hevesi

Claire Shulman

Representative

Representative

Representative

Representatives

Council Speaker

Assembly Speaker

City Comptroller

Queens Borough President

(Congressional)

(Congressional)

(Congressional)

(Congressional)

(Intergovernmental)

(Intergovernmental)

(Intergovernmental)

(Intergovernmental)

THE WHITE HOUSE
WASHINGTON

March 25, 1997

THE PRESIDENT HAS SEEN
4114197

MR. PRESIDENT:

This memo lists names that a) White House staff will suggest to serve on the Board of Directors and the five Task Forces for the upcoming Service Summit in Philadelphia, and b) those names already proposed by the organizers of the Summit.

While Counsel advises that you cannot appoint people to these entities, the White House is able to suggest names for consideration.

Before making our suggestions, Sylvia, Bruce Reed and Steve Silverman are interested to see if you have any thoughts about the names.

It is possible that the organizers may announce these names tomorrow.

Phil Caplan *Phil*

copied
Matthews
Reed
Silverman
Sanford
COS

*Real meeting to hear our
Barton, (Matthews on staff)
space for Reed,
PK*

THE WHITE HOUSE
WASHINGTON

March 24, 1997

THE PRESIDENT HAS SEEN

4/14/97

MEMORANDUM FOR THE PRESIDENT

THROUGH: SYLVIA MATHEWS *not*

FROM: BRUCE REED *BR*
STEVE SILVERMAN *SS*
STEFANIE SANFORD *SS*

SUBJECT: Names for Consideration for Service Summit Involvement

As you know, planning for the Presidents' Summit for America's Future is well underway. The goals of the summit will be implemented by a 501(c)3 corporation known as "The Partnership" and five advisory task forces, reflecting the five key objectives of the summit: Mentoring, Safe Spaces, Health, Marketable Skills and Youth Service. White House Counsel advises that while you cannot appoint people to the board of directors or the task forces, it is appropriate to suggest names for consideration for these entities.

Attached for your review are names collected from numerous White House sources for the Partnership to consider. We will forward suggested names in an appropriate manner.

Documents attached:

- A list of suggested names for potential board membership;
- A summary chart of White House recommendations by task force;
- Task force rosters, divided into two parts -- the names with bullets are those already elected by Summit organizers outside the White House; names without are those to be suggested by the White House.

cc: ERSKINE BOWLES
KITTY HIGGINS
DAWN CHIRWA

PROPOSED BOARD OF DIRECTORS

Founding Members of Board

- Colin Powell, Chair
- Henry Cisneros, Vice Chair
- Ray Chambers
- Rick Little, President, International Youth Foundation
- Bob Goodwin, President, Points of Light Foundation
- Billy Shore, President, Share our Strength
- Bill Millikin, President, Communities in Schools

THE PRESIDENT HAS SEEN
4/14/97

Currently Proposed Candidates

- Shahara Ahmad-Llewellyn, Vice Chair, Coca-Cola Bottling
- Herman Cain, Godfather's Pizza
- Arny Langbo, Chairman & CEO, The Kellogg Co.
- Linda Robb
- Robert Rogers, Chairman & CEO, The Kaufmann Foundation
- Michelle Engler, First Lady of Michigan
- Jill Barad, President & CEO, Mattel
- Betty Stanley Bean, President, United Way of America
- Camille Cosby
- Michael Eisner
- Gloria Estefan
- Ann Fudge, Kraft Foods
- Sara Melendez, President, The Independent Sector
- Antonio Novella, former Surgeon General
- Felicia Rashad
- Rebecca Rimel, President, The Pew Charitable Trusts
- Abigail Wexner, Board Member, Children's Defense Fund

we have
no good
friends who
could be considered

Possible additional suggestions

Robert Reich
Jamie Gorelick
Marian Wright Edelman
Jesse Jackson
Hugh Price
Chris Edley
Ricki Seidman
Allen Khazei
Eli Segal
Bill Galston
Al From
John Bryant
Larry Fish

am ok

THE PRESIDENT HAS SEEN
4114197

Possible Additional Submissions on Task Force Membership for the Presidents' Summit for America's Future

(March 24, 1997)

Summary

Mentoring	Safe Spaces	Healthy Start	Skills	Youth Service
Ann Jordan	Jamie Gorelick	Patricia Duff	Bob Reich	Charlie Moskos
Al From	Franklin Thomas	Ellen Pena	Peter Goldmark	Yo Yo Ma
Will Marshall	Peter Cedeltra	Scott Oki	Harry Boite	Bill Galston
Alma Brown	Betty Bumpers	Francis Mosely	Linda Chavez Thompson	Ami Etzioni
Wynton Marsalis	Sam Nunn	Mark Solomon	Hugh Price	Ricki Seidman
Quincy Jones	Dave McCurdy	Peter Edelman	Billy Webster	David Matthews
Tony Danza	David Domenici	Martha Ferrell Erickson	Paul Diamond	Jenny Mansbridge
Chris Edley	William Bratton	Kristi Yamaguchi	Rick Allen	Tony Perez
John Thompson	Jack Maple	Donna McLarty	Mary Elizabeth Teasley	Geraldine Ferraro
Dean Smith	Randy Johnson	Eli Evans	Wendy Sherman	Jackie Joyner-Kersey
Gaynor McCown	Kimberlee Cornett	Paul Anthony	Rachelle Horowitz	Toni Morrison
Lynne Liss	Jinx Holton	Woody Johnson	Janice Weinstein	Vanessa Kirsch
Janice Griffin	Beverly Watts Davis			
	Art Naperstack			

**Proposed Task Force Leadership
for the Presidents Summit for America's Future**

THE PRESIDENT HAS SEEN
4114197

PROPOSED TASK FORCE FOR GOAL 1: Mentoring

Co-Chairs

- Geoff Boisi, Chairman of the Board, One-to-One
- Gloria Estefan, Singer

Vice-Chair

- Lynn Swann, Board of Big Brothers/Big Sisters; former NFL football player

Currently Proposed Task Force Members

- Anne Moore
- Patricia Goodrich
- Goldman Sachs Representative
- Reuben Mark
- Richard Cavanaugh
- Tony Robbins
- Jay Winsten
- Mark Friedman
- Mary Rose Main
- Norm Brown
- Marelene Mattleman
- Alan Page
- Hoover Herrera
- Kent Amos

Possible Additional Submissions

- Ann Jordan (VC)
- Al From
- Will Marshall
- Alma Brown
- Wynton Marsalis
- Quincy Jones
- Chris Edley
- Tony Danza
- John Thompson
- Dean Smith
- Gaynor McCown
- Lynne Liss, Former Chair, National Jewish Community Relations Advisory Council
- Janice Griffin

PROPOSED TASK FORCE FOR GOAL 2: Safe Spaces

Co-Chairs

- Bill Bradley, former Senator
- Co-Chair to be identified

Vice-Chair

- Roxanne Spillett, President of Boys and Girls Clubs USA

Currently Proposed Task Force Members

- Phil Knight
- Gary Layborn
- Don Williams
- Phil Coltoff
- Bill Richardson
- Jack Calhoun
- Richard Brownlis
- Sister Mary R. McGeady
- Margaret Graham
- Isabel Stewart
- Christine Danero
- Anne Bryant
- William Finney
- National Council of Churches Representative
- Doug Coe
- Representation from Jewish Organizations

Possible Additional Submissions

Jamie Gorelick (co-chair)

Franklin Thomas

Peter Cedeltra

Betty Bumpers

Sam Nunn

Dave McCurdy

David Domenici

Chief William Bratton, NY

Deputy Chief Jack Maple, NY

Randy Johnson, North Carolina Project Uplift

Kimberlee Cornett, Former Executive Director for Habitat for Humanity, VA

Jinx Holton, wife of former Governor of ~~West~~ Virginia

Beverly Watts Davis, San Antonio Fighting Back

Art Naperstack, Dean of School of Social Work at Case Western

* Boston Pol Chief
 * The man who is Mayor's youth
 * person in Boston
 * Mayor of Boston
 Houston

PROPOSED TASK FORCE FOR GOAL 3: Health

Co-Chairs

- ✓ Irwin Redliner, Co-founder of Children's Health Initiative
- Steve Schroeder, President of the Robert Wood Johnson Foundation

Vice-Chair

- Antonia Novello

THE PRESIDENT HAS SEEN

4/14/97

Currently Proposed Task Force Members

- ✓ Roy Vagelos
- Dave Broan
- Tommy First
- Russ Acoff
- Carrie Moffett
- Priya Iiaj
- AMA President
- ✓ Marian Wright Edelman
- Angela Blackwell
- ✓ Isabelle Sawhill
- ✓ Sheila Burke
- Dianna Walsh
- Bill Butler

Possible Additional Submissions

- ✓ Patricia Duff
- ✓ Ellen Pena
- ✓ Scott Oki
- ✓ Francis Mosely
- ✓ Mark Solomon
- ✓ Peter Edelman
- ✓ Dr. Martha Ferrell Erickson
- ✓ Kristi Yamaguchi
- ✓ Donna McLarty
- ✓ Li Evans, Charles Revson Foundation
- ✓ Paul Anthony
- ✓ Woody Johnson, IV, Robert Wood Johnson Foundation

✓ Steve Gleason
✓ Rick Boker
✓ Sue Bailey

PROPOSED TASK FORCE FOR GOAL 4: Marketable Skills

Co-Chairs

- Jill Barad, CEO of Mattel Inc.
- Bill Marriott, Executive Vice-President of Marriott

Vice-Chairs

- Jim Hayes, President of Junior Achievement
- Jack Kemp, Empower America

THE PRESIDENT HAS SEEN

4/14/97

Currently Proposed Task Force Members

- Bill Gray
- Evan Kemp
- Bernadette Chi
- Ted Sizer
- Wendy Kopp
- LISC
- CDC
- Jim Pitofsky
- Ben Barber
- Harry Boyle
- Dick Celeste
- Rev. Charles Smith

Possible Additional Submissions

- ✓ Bob Reich (VC)
- Peter Goldmark
- Harry Boite
- ✓ Linda Chavez Thompson
- Hugh Price
- Billy Webster
- Paul Diamond
- Rick Allen
- Mary Elizabeth Teasley, NEA
- Wendy Sherman, FannieMae Foundation
- Rachelle Horowitz, AFT
- Janice Weinstein, AAUW

Follow from
Carnegie Corp. Comm.
on Status of American's Workforce.

PROPOSED TASK FORCE FOR GOAL 5: Youth Service

Co-Chairs

- Rosabeth Moss Kanter, Harvard Business School
- Tim Shriver, CEO of Special Olympics International Inc.

Vice-Chairs

- Alan Khazei, Co-Founder City Year
- Shirley Sagawa
- Phillip Wu, AmeriCorps Alumnus

THE PRESIDENT HAS SEEN
4114197

Currently Proposed Task Force Members

- Harris Wofford, Corporation for National Service
- Robert Burkhardt, Eagle Rock School, CO
- Stan Litow, IBM Foundation
- Robert Coles, Harvard University
- Clare Gaudiani, Connecticut College
- Richard Lovett, Creative Artists Agency
- Marcia Bullard, USA Weekend
- Sarah From, Maryland Youth Action Committee
- Michael Sanchez, Do Something
- Bill Bentley, Florida Commission on National and Community Service
- Linda Forsyth, California Commission on National and Community Service
- AT&T Representative
- Michael Brown
- Catherine Milton
- Jeremy Rifkin
- Chuck Supple
- Bob Woodson
- Julien Phillips
- Robert Payton
- Ellie Ferndon
- Robert Jones

* Kathleen K Townsend
↳ Has only State requiring
University Pres. w/.
Service requirements
on Service Club.
Service Service person?

Other Possible Members

- Jeff Swartz, Timberland Co.
- Wayne Meisel, Bonner Foundation
- Michele Engler, First Lady of Michigan
- Johnetta Cole, Spelman College
- Tom Erlich
- Mike Buscemi, Quest International

Potential Additional Submissions

✓ Charlie Moskos
David Matthews
Jenny Mansbridge
Tony Perez

✓ Ricki Seidman
Jackie Joyner-Kersey
Toni Morrison
✓ Yo Yo Ma

✓ Bill Galston
✓ Amitai Etzioni
Geraldine Ferraro
Vanessa Kirsch

THE PRESIDENT HAS SEEN

4114197

THE WHITE HOUSE

WASHINGTON

March 25, 1997

RECOMMENDED TELEPHONE CALL

*Admin's
Call*

TO: Senate Majority Leader Lott, Speaker
Gingrich, Senate Minority Leader
Daschle and House Minority Leader
Gephardt

DATE: As soon as possible beginning March
25th

RECOMMENDED BY: Samuel R. Berger *SB*
John Hilley *SB*

PURPOSE: To brief the leadership on the
favorable results of your recently
concluded summit with Russian
President Yeltsin, putting
particular emphasis on NATO
enlargement, arms control and
economic initiatives.

TOPICS OF DISCUSSION Talking points are attached at
Tab A.

CONTACT PERSON AND
TELEPHONE NUMBERS: William K. Davis, x69171

DATE OF SUBMISSION: March 24, 1997

Attachment

Tab A Points to be Made

Copied
Berger
Hilley
Cos

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
CONGRESSIONAL LEADERS ON HELSINKI SUMMIT

Summary

- Wanted to report on Helsinki. Believe was successful; Yeltsin came prepared to tackle tough issues and make decisions.
- Summit reenergized U.S.-Russian relationship after period of Yeltsin's illness. Well along on recovery; in full control.
- Also turned a corner on NATO enlargement; Russians still oppose, but now see as inevitable and do not want to be isolated.
- Finally, made some solid progress on arms control. Let me briefly describe each area.

European Security

- Discussed Europe, NATO-Russia in detail. Did not expect to change Yeltsin's mind on enlargement, but hoped to shift focus to building NATO-Russia partnership. Believe we did that.
- Yeltsin committed to work with us and with NATO to develop cooperative NATO-Russia relationship. In our interest to create opportunity for democratic Russia to play constructive role in European security. Russia will have voice, not veto.
- Helsinki statement reflects declared NATO policy on what is required to extend real defense guarantees to new members in today's security environment.
- Made clear that new members will be full members -- no "second-class" status -- and that all Europe's emerging democracies eligible to seek NATO membership.

Nuclear Arms Control

- Important progress on nuclear arms control.
- Agreed on formulation for ABM/TMD demarcation that preserves ABM Treaty while allowing us to go forward with all six current TMD programs, which are not constrained by the Treaty.

- Agreed not to test TMDs against strategic ballistic missiles, which would violate ABM Treaty. But did not and will not agree to velocity limits on TMD interceptors.

(If asked why agreed to ban on development, testing and deployment of space-based TMD interceptors:)

- *No plans for space-based TMD interceptors, and no way to distinguish space-based TMD interceptors from ABM space-based interceptors, which are banned by ABM Treaty. No ban on research -- if promising technologies emerge, could seek to amend ABM Treaty.*
- Laid out path with Yeltsin to bring START II into force, following prompt Duma ratification, and launch START III.
- START III ceiling of 2000-2500 strategic warheads. Would mean 80 percent reduction of U.S., Russian strategic forces from levels deployed at end of Cold War just five years ago.
- Given delay in START II entry-into-force, agreed to extend certain START II deadlines, but all warheads must be removed from systems to be eliminated no later than end of 2003.
- Of course, changes in START II timelines, and START III, subject to Senate ratification.

Economic Initiative

- Defined path forward to stimulate investment and growth in Russia, advance Russia's integration into international economic institutions.
- Good for Russian reform and for America -- will mean jobs and opportunities for U.S. business to tap into Russian market.
- Yeltsin committed to create more attractive investment climate. We committed to make available financing (OPIC, EXIM support) for U.S. investment in Russia.
- Agreed to set targets and make best efforts for Russia to join Paris Club in 1997, WTO in 1998, provided it can meet commercial terms, made progress toward joining OECD and continued evolution of Summit at Eight

In Sum

- Good results that advance U.S. interests in all three areas. Will work to sustain momentum in coming months. Hope I can count on your support.

04-10-1997 12:52 501 399 719

4-10-97

To: Margaret

From: Lynne

Handwritten note:
• NEED LETTER
to his son
too

THE WHITE HOUSE
WASHINGTON

April 11, 1997

Wife: Sue Gill
204 Maryland Street
Hot Springs, AR 71913

Son: James Gill
P.O. Box 2277
Hot Springs, AR 71914

Son: Steve Gill
410 Brookhollow
Hot Springs, AR 71909

Sue Gill
204 Maryland Street
Hot Springs, Arkansas 71913

Dear Sue:

I was very sorry to learn of Earl's death and want to send my prayers and deepest sympathy to you. He was a good man, and I'll always be grateful for his support through the years.

My heart goes out to you, and I hope the love and comfort of your family and friends will bring you strength in the time ahead. Our thoughts are with you and your family.

Sincerely,

Rin Christen

He was so good
to me — and we had
a lot of fun and did a lot
of good

rec'd 4-7-97
8:50pm

THE WHITE HOUSE
WASHINGTON

April 7, 1997

THE PRESIDENT HAS SEEN
4-14-97

MEMORANDUM TO THE PRESIDENT

FROM: STEPHANIE STREETT
SUBJECT: SCHEDULING DECISIONS
CC: JOHN PODESTA & SYLVIA MATHEWS

Copied
Streett
QOS

ACCEPT:

Date of Event:

Description of Event:

4/9/97

Bipartisan Meeting with Senators Regarding the Chemical
Weapons Convention
Staff Contact: Samuel Berger, John Hilley

4/18/97

Announce the National Teacher of the Year
Staff Contact: Kitty Higgins

4/32/97

Reading is Fun Event with the First Lady
Staff Contact: Don Baer, Ann Lewis, Bruce Reed

April TBD

Meeting with Vice President Gore, Governor Howard Dean
and Governor Pedro Rossello
Staff Contact: Craig Smith, Marcia Hale

**The purpose of this meeting is to discuss the 1998
gubernatorial races**

5/19/97

Democratic Business Council Dinner, Washington, DC
Staff Contact: Craig Smith

5/19/97

Major Supporters Dinner, Washington, DC
Staff Contact: Craig Smith

5/20/97

Meeting with the Green Bay Packers, Super Bowl
Champions
Staff Contact: Maria Echaveste

5/21/97	DSCC Fundraiser, Washington, DC <i>Staff Contact: Doug Sosnik, Craig Smith</i>
6/11/97	DNC African-American/Jewish Dinner, Washington, DC <i>Staff Contact: Craig Smith</i>
6/16/97	DNC Dinner, Washington, DC <i>Staff Contact: Craig Smith</i>
6/30/97	Fundraising Luncheon, Boston, MA <i>Staff Contact: Craig Smith</i>
6/30/97	New York Fundraising Gala <i>Staff Contact: Craig Smith</i>

PENDING:

Date of Event:

Description of Event:

4/14/97 - 4/18/97

Handwritten:
Mud
4/30/97

Second Bipartisan Meeting with Senators Regarding the
Chemical Weapons Convention
Staff Contact: Samuel Berger, John Hilley

4/7/97 - 4/18/97

Meeting with the Democratic Leaders, Senator Tom
Daschle and Rep. Dick Gephardt, and Budget Ranking
Members Lautenberg and Spratt
Staff Contact: John Hilley

April TBD

Bipartisan Leadership Meeting on the Budget
Staff Contact: John Hilley

April TBD

Meeting with the Senate Republican Leadership and
Chairmen in a Social Setting
Staff Contact: John Hilley

April TBD

Meeting with the House Republican Leadership and
Chairmen in a Social Setting
Staff Contact: John Hilley

April TBD

Meeting and Photo-Op with the Bipartisan Co-Sponsors of the Employment Non-Discrimination Act (ENDA)

Staff Contact: Maria Echaveste, Doug Sosnik, Craig Smith, Bruce Reed

This meeting would be on the occasion of ENDA's reintroduction into Congress. This is an opportunity to highlight to the gay community your unity and reconciliation themes in advance of your race speech.

4/18/97

*Why not
Sober*

Satellite Link to the Grand Opening of the Newseum
Arlington, VA

Staff Contact: Mike McCurry

The Newseum is devoted to the history of news and the role that it plays in the development of free societies throughout the world. We have previously regretted an invitation to attend the grand opening. Mike McCurry would like you to participate in the grand opening via satellite.

April/May TBD

Press Conference

Staff Contact: Mike McCurry

April TBD

Brief Meeting/Photo-Op with Survivors of the Tuskegee Syphilis Experiments and Their Family Members

Staff Contact: Kitty Higgins, Maria Echaveste

This is an opportunity to present a Presidential apology on behalf of the nation and to restore confidence in American medical research.

REGRET:

Date of Event:

4/7/97 - 4/17/97

Description of Event:

Seat-Belt Promotion Event with Constituency Groups

Staff Contact: Bruce Reed, Gene Sperling

DOT is preparing to submit a report you requested recommending ways to promote seat belt use. The recommendation was to release this report on paper.

4/16/97

Address the Council of Jewish Federations' Washington Leadership Mission

Staff Contact: Maria Echaveste

Your schedule does not allow for this event on that day, therefore we have sent this to the First Lady's office for consideration.

4/19/97

Meeting with the Co-Chairs of the Oklahoma City Memorial Foundation and the Design Finalists or Designer of the Memorial

Staff Contact: Marcia Hale

We have agreed to a meeting with this group following the completion of the bombing trial.

4/26/97 - 4/29/97

Address the 1997 National School Boards Association Conference, Anaheim, CA

Staff Contact: Maria Echaveste

You will be taping a video for this group.

Meeting with Poet Mary Stevenson, Author of the Poem "Footprints in the Sand"

Staff Contact: Marcia Hale

Mary Stevenson would like to present you with the pencil-written original copy of her famous 1939 poem, which has been encased for preservation. This proposal was sent to the First Lady's office for consideration. If the First Lady is not able to meet with her, we will request that the poem be sent to you.

TBD

Handwritten note:
TBD - *Woman's*
group - Mrs. [unclear]
OK to go

April 1997

* Presidential Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																										
March <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td></tr> <tr><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td></tr> <tr><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td></tr> <tr><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td></tr> <tr><td>30</td><td>31</td><td></td><td></td><td></td><td></td><td></td></tr> </table> 6 Day & Evening Off Daylight Savings Time Begins	S	M	T	W	T	F	S	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31						7 Mtg. w/ Israeli PM Netanyahu Announcement Videos Drop-by EB/Powell Mtg. Evening Off	1 Meeting w/ King Hussein FCC Liquor Letter Annc. Interview w/ Tracey Brown Hold 1 hour Evening Off April Fool's Day	2 California School Announcement VP Lunch DBC Fundraiser, DC	3 Chicago Bulls Event Lunch w/ Portuguese PM Guterres (1 hour) Brown Memorial Evening Off	4 Chemical Weapons Convention Event Drop-by w/ Women's Economic Leadership Summit Budget Meeting WH Fellows Event Evening Off	5 Live Radio Address (National Service) Evening Off
S	M	T	W	T	F	S																																										
2	3	4	5	6	7	8																																										
9	10	11	12	13	14	15																																										
16	17	18	19	20	21	22																																										
23	24	25	26	27	28	29																																										
30	31																																															
13 Day & Evening Off Spring Garden Tours	14 Education Event (T) Videos Evening Off	8 Chretien Official Visit	9 Shanker Service Brf. Mtg. w/ Leah Rabin Speech Prep Congressional Mtg. (T) Evening Off	10 Distinguished Rank Award Winners Photo Op VP Lunch Speech Prep Welfare Cabinet Meeting Radio and Television Correspondent's Dinner	11 Speech Prep ASNE Speech Tape Radio Address Hold 1 Hour (MM) Spring Garden Tours	12 Day & Evening Off																																										
20 Day Off Kennedy Center Reception (3:30pm) Speech to UAW Leg-Pol Conference Dinner	21 Day & Evening Off Hold 2 Hours Passover (begins at sundown)	15 "Kick Butts" Event, NY (T) DCCC Fundraising Lunch, NYC Interview w/ Hal Bodley Radio Interviews (2) Baseball Game Honoring Jackie Robinson, New York City Empowerment Zone Conference, Detroit, MI.	16 Down until 12:00pm Childrens Health Annc. (T) Congressional Hispanic Caucus Meeting Foreign Policy Retreat (6-9pm) (T)	17 WH Conference on Early Childhood Development Hold 1 hour Evening Off Anti-Terrorism Bill Anniv. Take Daughters To Work Day	18 WH Volunteer Appreciation Event National Teacher of the Year Event VP Lunch Gov. Dean Mtg. (T) Evening Off	19 Live Radio Address (Net Day) Day & Evening Off NetDay '97 Anniversary of Waco Oklahoma City Anniversary																																										
27 Hold for President's Summit for America's Future RON Philadelphia, PA Summit for America's Future, Philadelphia	28 Hold for President's Summit for America's Future	22 Earth Day Event Speech Prep Evening Off Earth Day	23 America Reads/RIF Event (T) VP Lunch Speech Prep Hold 1 hour Evening Off	24 Speech Prep Knight Ridder Roundtable Interview Evening Off	25 Official Working Visit w/ Japanese PM Hashimoto Speech Prep Evening Off	26 Live Radio Address WH Correspondent's Association Dinner																																										
		29 Day & Evening Off	30 Lunch w/ Spanish PM Aznar (1 hour/lunch) National Commanders Photos Hold 1 hour Library of Congress Gala Dinner	May <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td></tr> <tr><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td></tr> <tr><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td></tr> <tr><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td></tr> </table>			S	M	T	W	T	F	S					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
S	M	T	W	T	F	S																																										
				1	2	3																																										
4	5	6	7	8	9	10																																										
11	12	13	14	15	16	17																																										
18	19	20	21	22	23	24																																										
25	26	27	28	29	30	31																																										

May 1997

* Presidential Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																				
April <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td></tr> <tr><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td></tr> <tr><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td></tr> <tr><td>27</td><td>28</td><td>29</td><td>30</td><td></td><td></td><td></td></tr> </table>				S	M	T	W	T	F	S			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30				June <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr> <tr><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td></tr> <tr><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td></tr> <tr><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td></tr> <tr><td>29</td><td>30</td><td></td><td></td><td></td><td></td><td></td></tr> </table>			S	M	T	W	T	F	S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
S	M	T	W	T	F	S																																																																																				
		1	2	3	4	5																																																																																				
6	7	8	9	10	11	12																																																																																				
13	14	15	16	17	18	19																																																																																				
20	21	22	23	24	25	26																																																																																				
27	28	29	30																																																																																							
S	M	T	W	T	F	S																																																																																				
1	2	3	4	5	6	7																																																																																				
8	9	10	11	12	13	14																																																																																				
15	16	17	18	19	20	21																																																																																				
22	23	24	25	26	27	28																																																																																				
29	30																																																																																									
				1 Boys and Girls Club Photo-Op VP Lunch Hold 1 hour (MM) DNC Gala National Day of Prayer	2 FDR Memorial Event Senate Retreat, Baltimore Tape Radio Address Hold Evening For Family Time	3 Hold Day & Evening (SS)																																																																																				
4 Day & Evening Off School to Work Bill Anniv.	5 Briefing for Foreign Trip Interviews (T) Evening Off	6 Hold for Foreign Travel	7 Hold for Foreign Travel	8 Hold for Foreign Travel	9 Hold for Foreign Travel Tape Radio Address	10 Hold for Foreign Travel																																																																																				
11 Hold for Foreign Travel Mother's Day	12 Day & Evening Off	13	14	15 Evening Off Police Officers Memorial, DC	16 Down until 12:00pm Mtg. w/ VP & Ukrainian President Kuchma Tape Radio Address Evening Off	17 WH News Photographer's Assoc. Dinner (T) Armed Forces Day																																																																																				
18 Evening Off	19 2 DNC Dinners, DC	20 Green Bay Packers Event (T) Evening Off	21 US Conference of Mayors Drug Summit DSCC Fundraiser, DC	22 Down at 5pm Hold Evening for Family Time	23 Briefing for Foreign Trip Evening Off Congressional Recess (5/23 - 6/3)	24 Live Radio Address Evening Off																																																																																				
25 Evening Off	26 Events at Arlington National Cemetery Foreign Travel TBD Memorial Day	27 Foreign Travel TBD	28 USEU Summit, The Hague, Netherlands	29 Foreign Travel TBD	30 Tape Radio Address Evening Off	31 West Point Graduation (10am)																																																																																				

June 1997

** Presidential Calendar*

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																				
1 Day & Evening Off Hold For Family Time (7:30pm)	2	3 Hold Evening For Family Time	4 Hold for Meeting w/ Chancellor Kohl	5 Day & Evening Off Hold for Family Time	6 Day & Evening Off Tape Radio Address Hold for Family Time Sidwell Graduation	7 Day & Evening Off Hold for Family Time																																																																																				
8 Day & Evening Off Hold for Family Time	9 Hold Day US Open Golf Tournament, DC	10 Mtg. w/ Committee of Advisors on Science and Tech. (T)	11 DNC Dinner, DC	12	13	14 Flag Day																																																																																				
15 Father's Day	16 DNC Dinner, DC	17	18	19 Briefing for G-7	20 G-7 Economic Conference, Denver, CO.	21 G-7 Economic Conference, Denver, CO. First Day of Summer																																																																																				
22 G-7 Economic Conference, Denver, CO.	23 Speech to US Conference of Mayors, San Francisco, CA Fundraising Lunch, San Francisco, CA Los Angeles Fundraising Dinner RON AF 1	24 Day & Evening Off	25 Hold for Travel to TN Annual VP Family Reunion, TN	26	27 Mtg. w/ Australian PM Howard (T)	28																																																																																				
29	30 Hold for Travel Boston \$ Lunch New York \$ Gala RON DC Congressional Recess (6/30 - 7/8)	May <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td></tr> <tr><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td></tr> <tr><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td></tr> <tr><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td></tr> </table> July <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td></tr> <tr><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td></tr> <tr><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td></tr> <tr><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td></tr> </table>					S	M	T	W	T	F	S					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	S	M	T	W	T	F	S					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
S	M	T	W	T	F	S																																																																																				
				1	2	3																																																																																				
4	5	6	7	8	9	10																																																																																				
11	12	13	14	15	16	17																																																																																				
18	19	20	21	22	23	24																																																																																				
25	26	27	28	29	30	31																																																																																				
S	M	T	W	T	F	S																																																																																				
				1	2	3																																																																																				
4	5	6	7	8	9	10																																																																																				
11	12	13	14	15	16	17																																																																																				
18	19	20	21	22	23	24																																																																																				
25	26	27	28	29	30	31																																																																																				

April 1997

VP BLOCK: FOR DISTRIBUTION

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Baseball Opening Day Dist Liq Evt/Hussein Mtg. No helo activity 3/31-4/3 Speech Prep/Video Time Urban Dinner Easter Recess	2 Bagley Mtg Enviro Mtg High Tech CEO's Mtg Note: Velasco last day POTUS Lunch/CA Ed Annot Urban dinner Prep Hold 1 hour + RK Mtg.	3 Note: Mule Day-Climbia,TN PM Guterres Lunch RB/Commerce Memorial Speech Prep 30min Urban dinner 7:00 pm	4 Chemical Weapons Event DC Net Day event EZ Conf prep 30m Note: CA Dem Pty Conv Portuguese reception Women's Eco Ldshp Summit Easter Recess	5 Hale Bopp Radion Address (T)
6 AIPAC DC Dinner Daylight savings time 2:00 am Easter Recess	7 NIH briefing time 20m POTUS Netanyahu mt Remarks to NIH REGO Conf Seniors Anti-fraud (T) Urban dinner Prep Whitehead, IAFF Mtg Urban dinner 7:00 pm	8 Lith Parl Spkr Landsbergis PM Chretien State visit	9 Agutha Israel OEOB Al Shanker Service Burson 15 m Chretien breakfast Com Tech meeting Hold 1 hour + RK Mtg. AIDS Action Evt-PM	10 EZ Conference Brfg (T) Ira Shapiro Mtg./ Tucker Mt Kamarck 15 m (T) MEG NYC POTUS Lunch SEA Reception/Dinner Welfare Cabinet Mtg	11 POTUS ASNE Speech Seniors Anti-fraud (T) VP Schedule TBD	12 2nd stop tbd Illinois Dem Party Reception -Springfield Illinois, 2 stops
13 Mikulski Fundraiser Nat'l Donor recognition event Baltimore, MD	14 Morning down RON MI Seniors Anti-fraud (T)	15 POTUS Jackie Robinson game tribute -NYC POTUS Kick Butts Evt NYC	16 Foreign Policy Retreat 6-9 POTUS Hispanic Caucus Mtg	17 Dr. Gibbons 15 m Gore Sr's Annivary Intergov. Big 7 mtg-T WHCon Early Child dev Hold 1 hour + RK Mtg.	18 POTUS Lunch	19 Anniversary of Waco and OK City Net Day '97 w/POTUS
	EZ Conference Detroit			Ntl CRIME VICTIMS week		
20 MEG Richmond	21 Note: Reiner children's event airs Sundown - Passover	22 Enviro reception NAVOBS (T) Passover Earth Day	23 Official working visit of Chirac (T) Hold 1 hour + RK Mtg.	24 Family Conference dinner (T) Note DBC in Miami Note:Anti-terrorism Anniv POTUS Lunch	25 Official working visit w/ Japanese PM Hashimoto	26 POTUS WH Correspondent's Assoc Dinner
27 Philly's own service day Note: National Conf of Blac... Citizens Service Summit Philadelphia, PA	28 Service Summit opens 10am	29 Carter/Ford Latin American Summit Service Summit closes 2pm Atlanta, GA	30 Hold 1 hour + RK Mtg.	Note: National Conf of Black Mayors, St. Louis, MO		

March

S	M	T	W	T	F	S
	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

May

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

May 1997

VP BLOCK: FOR DISTRIBUTION

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																								
April <table><tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr><tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td></tr><tr><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td></tr><tr><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td></tr><tr><td>27</td><td>28</td><td>29</td><td>30</td><td></td><td></td><td></td></tr></table>				S	M	T	W	T	F	S			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30				June <table><tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr><tr><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td></tr><tr><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td></tr><tr><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td></tr><tr><td>29</td><td>30</td><td></td><td></td><td></td><td></td><td></td></tr></table>				S	M	T	W	T	F	S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30						1 DNC Gala Enviro meeting: Labor National Prayer Day POTUS Lunch	2 Democratic Senators Retreat NOTE: Memphis in May Music Festival 5/2-5/4 Baltimore, MD	3 NOTE: Strawberry Festival (Humboldt, TN - West TN) May 3-10
S	M	T	W	T	F	S																																																																																								
		1	2	3	4	5																																																																																								
6	7	8	9	10	11	12																																																																																								
13	14	15	16	17	18	19																																																																																								
20	21	22	23	24	25	26																																																																																								
27	28	29	30																																																																																											
S	M	T	W	T	F	S																																																																																								
1	2	3	4	5	6	7																																																																																								
8	9	10	11	12	13	14																																																																																								
15	16	17	18	19	20	21																																																																																								
22	23	24	25	26	27	28																																																																																								
29	30																																																																																													
4 Public Service Recog Week School to Work Bill anniv.	5 Cinco de Mayo	6	7 JJ Dinner RON Seattle (T) Arkansas	8	9 Note: VA Dem St Party Conv Richmond Seattle - Microsoft event	10 Note: VA Dem St Party Conv Richmond																																																																																								
11 Mother's Day	12	13 Kuchma briefing (T)	14 Fam Con dinner (T) Greet Kuchma Andrews AFB	15 NOTE: Memphis in May BBQ Festival 5/15-17 Police Officers' Memorial DC	16 Gore/Kuchma Lunch & Meet- ing (T)	17 Armed Forces Day																																																																																								
18	19 Gore's Anniversary	20 Fam Con press roundtable (T)	21	22 Commencement Speech Prep Space Day (T)	23 Annapolis Commencement NOTE: Congressional Recess 5/23-6/3 Annapolis, MD Memorial Day Recess	24 NOTE: Memphis in May Sunset Symphony																																																																																								
25	26 Memorial Day observed	27 New Hampshire	28	29 CPA Dinner DC	30	31 POTUS West Point Commencement																																																																																								
POTUS Foreign Travel and EU Summit Netherlands 5/26-5/29																																																																																														
Memorial Day Recess																																																																																														

April 1997

MEG BLOCK SCHEDULE

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																																		
		1 11:30 AM Priv mtg *Dinner at NavObs	2	3 2:00 PM Commerce Memorial Service *Dinner at NavObs	4	5 *Event @ NavObs																																																																																																		
6	7 4:45 PM Priv meeting at NavObs *Dinner at NavObs	8 11:30 AM Priv mtg Canada state visit Gifts meeting/ Intern photo Phone/office time	9 *Lunch at NavObs AIDS Action Foundation Event	10 Educ Event-NYC WLF Event - NY NEW YORK	11 *Mtg at NavObs	12																																																																																																		
13	14	15 11:30 AM Priv mtg	16 Women's Bar Association Event	17 WLF Conf Reception WLF Confer- DC	18 WLF Lunch	19																																																																																																		
20 BLOCK - Richmond	21 *Private event - eve	22 11:30 AM Priv mtg *Enviro Recept at NavObs	23 Race for the Cure Cap Hill Lunch	24 *Dinner at NavObs	25	26 *WH Correspondents Assoc Dinner																																																																																																		
27 *Volunteer cleanup event (all four principals)	28 *Opening of Volunteer Summit	29 11:30 AM Priv mtg *Volunteer Summit Closing	30 *Dinner - President of Spain CPC Women's Power Tea	March <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td>1</td></tr> <tr><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td></tr> <tr><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td></tr> <tr><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td></tr> <tr><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td></tr> <tr><td>30</td><td>31</td><td></td><td></td><td></td><td></td><td></td></tr> </table> May <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td>1</td></tr> <tr><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td></tr> <tr><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td></tr> <tr><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td></tr> <tr><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td></tr> <tr><td>30</td><td>31</td><td></td><td></td><td></td><td></td><td></td></tr> </table>			S	M	T	W	T	F	S							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31						S	M	T	W	T	F	S							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
S	M	T	W	T	F	S																																																																																																		
						1																																																																																																		
2	3	4	5	6	7	8																																																																																																		
9	10	11	12	13	14	15																																																																																																		
16	17	18	19	20	21	22																																																																																																		
23	24	25	26	27	28	29																																																																																																		
30	31																																																																																																							
S	M	T	W	T	F	S																																																																																																		
						1																																																																																																		
2	3	4	5	6	7	8																																																																																																		
9	10	11	12	13	14	15																																																																																																		
16	17	18	19	20	21	22																																																																																																		
23	24	25	26	27	28	29																																																																																																		
30	31																																																																																																							
Volunteer Summit - Philly																																																																																																								

M 1997

MEG BLOCK SCHEDULE

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																				
April <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td></tr> <tr><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td></tr> <tr><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td></tr> <tr><td>27</td><td>28</td><td>29</td><td>30</td><td></td><td></td><td></td></tr> </table> June <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr> <tr><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td></tr> <tr><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td></tr> <tr><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td></tr> <tr><td>29</td><td>30</td><td></td><td></td><td></td><td></td><td></td></tr> </table>				S	M	T	W	T	F	S			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30				S	M	T	W	T	F	S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30						1 Congressional Tea DNC GALA	2 *FDR Memorial Dedication	3
S	M	T	W	T	F	S																																																																																				
		1	2	3	4	5																																																																																				
6	7	8	9	10	11	12																																																																																				
13	14	15	16	17	18	19																																																																																				
20	21	22	23	24	25	26																																																																																				
27	28	29	30																																																																																							
S	M	T	W	T	F	S																																																																																				
1	2	3	4	5	6	7																																																																																				
8	9	10	11	12	13	14																																																																																				
15	16	17	18	19	20	21																																																																																				
22	23	24	25	26	27	28																																																																																				
29	30																																																																																									
4 *Holliday Event	5 *Harvard Women's Health Confer	6 11:30 AM Priv mtg 2:30 PM NCS Event Leadership Conf Dinner	7	8	9	10																																																																																				
	*BOSTON																																																																																									
11	12	13 11:30 AM Priv mtg	14 *Dinner at NavObs Senate Spouses Lunch	15	16	17 *WH News Photo Dinner																																																																																				
				*Kuchma (Ukraine) Visit to DC																																																																																						
18	19	20 11:30 AM Priv mtg *Fam Conf Event *Students visit	21 *Possible DCCC Event Congressional Club Lunch	22	23	24 *WH News Photog- raphers Event																																																																																				
				*Possible Travel	*CA Travel																																																																																					
25	26	27 11:30 AM Priv mtg	28	29 *Reception	30	31																																																																																				
				*Possible Travel																																																																																						

April 1997

HILLARY RODHAM CLINTON

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																										
March <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td></tr> <tr><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td></tr> <tr><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td></tr> <tr><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td></tr> <tr><td>30</td><td>31</td><td></td><td></td><td></td><td></td><td></td></tr> </table>		S	M	T	W	T	F	S	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31						1	2	3 Chicago Bulls Childhood Dev. Conf.	4 - Walpole Society WH Fellows Receptn	5
S	M	T	W	T	F	S																																										
2	3	4	5	6	7	8																																										
9	10	11	12	13	14	15																																										
16	17	18	19	20	21	22																																										
23	24	25	26	27	28	29																																										
30	31																																															
Congress out of Session																																																
6	7 Tallahassee Chil- dren's Week	8 Chretien State Visit	9 New York, NY	10 Cherry Blossom Tree-Planting Diane Rehm (T) Radio & TV Corre- spondents' Dinner	11	12																																										
Congress out of Session																																																
13	14	15	16 Adoption Dinner (T)	17 White House Early Childhood Conf.	18 Beth Dosoertz Tea Mary Pipher- drop-by WLF Reception	19																																										
20 Mother/Daughter Banquet The King and I	21 Skip Rutherford	22 Earth Day Passover Bill Moyers & James Dunn (T)	23	24 Kentucky Author Forum	25 GMA Princeton Symposium	26 WH Correspon- dent's Dinner X-mas in April																																										
27 Gala	28 Awards Lunch Plenary	29 Carl Anthony Event Folger Library Event Larry King Volunteerism Lunch	30 Endowment Dinner [New York, NY] Library of Congr- ess Dinner [T]	May <table> <tr><td>S</td><td>M</td><td>T</td><td>W</td><td>T</td><td>F</td><td>S</td></tr> <tr><td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td></tr> <tr><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td></tr> <tr><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td></tr> <tr><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td></tr> </table>			S	M	T	W	T	F	S					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
S	M	T	W	T	F	S																																										
				1	2	3																																										
4	5	6	7	8	9	10																																										
11	12	13	14	15	16	17																																										
18	19	20	21	22	23	24																																										
25	26	27	28	29	30	31																																										
National Service Summit, Philadelphia																																																

May 1997

HILLARY RODHAM CLINTON

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
April S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 June S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30				1 DC Gala Rex Scouten Reception	2 - FDR Memorial Senior Dinner Dance	3 Maggie's Wedding
4 Eleanor Tiding Ditzen Party (T)	5 Interaction Reception	6	7	8	9	10 Sidwell Auction
11 Mother's Day	12	13	14 Senate Spouse's Lunch	15	16 Senior Breakfast	17
18 CA Endowment \$\$	19 Gov's Children's Conference	20	21 Congressional Club Lunch Women's Maga- zine Editors	22 Green Bay Packers Parents Magazine SAIS, John Hopkins	23	24 -
Los Angeles, CA						
25	26 Memorial Day	27 No School	28	29	30	31 85th Anniversary of Girl Scouts
Netherlands (T)				HOLD (poss travel)		

June 1997

HILLARY RODHAM CLINTON

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Rory Eakin's Potluck Dinner	2	3	4	5 Upper School Awards Ceremony/ Closing	6 - Sidwell Commence- ment 10:30am	7
8	9	10	11	12	13	14
15 Father's Day	16 Arts & Embassies (T)	17	18	19	20 G-7 Summit Denver	21 G-7 Summit Denver
22 G-7 Summit Denver	23	24	25 Gore Family Conference Kellogg Foun- dation Confer- ence (T)	26	27	28 -
29	30 Georgia O'Keefe (T)	May S M T W T F S 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 July S M T W T F S 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31				

From the Oval -
Send to Denskind?

4/14/97

Yes ☒

No ☐

Please advise
whether
response is
necessary.

C.

THE 21ST CENTURY[®]

A JOURNAL WRITTEN BY THE NEXT GENERATION

BOARD MEMBERS:

DAVID ANABLE
Chairman, BU
Journalism School

J. ROBERT CASEY
Law Partner
Rubin & Rudman

JOHN B. MEYER
Publisher
The 21st Century
President of
The Young Authors
Foundation, Inc.

STEPHANIE MEYER
Publisher
The 21st Century
Sec.-Treasurer of
The Young Authors
Foundation, Inc.

ADVISORY BOARD:
THOMAS WINSHIP
Editor, 1965-84
The Boston Globe

SUSAN WELD
Lecturer in
Chinese History
Harvard University

KAY FANNING
Editor 1983-88
The Christian
Science Monitor

BEVERLY BECKHAM
Columnist
The Boston Herald

HAROLD RAYNOLDS
Mass. Commissioner
Education, 1986-91

April 7, 1997

Ms. Betty Currie
White House, West Wing
1600 Pennsylvania Avenue
Washington, D.C. 20500

'97 APR 14 AM 8:18

Dear Ms. Currie:

Last February I sent you copies of our monthly paper written entirely by teens for teens. As I mentioned, Andrew Friendly asked me to send the enclosed copies of *The 21st Century* to you so you could forward them to the First Family. We have been in close contact with Andrew since 1993 when President Clinton met personally with us in Boston and asked that we continue to send the paper to him and his family on a regular basis.

The March and April issues that are enclosed include a College Supplement with many college facts and other information that may interest the Clinton family at this particular time. For example, page 27 of the March issue shows the highest college endowments with Harvard leading with 7 billion, Yale at 4 billion and Brown at 700 million. I have also enclosed our Spring Poetry Journal for their interest too.

I hope you enjoy the paper and can continue to pass it along to the Clintons. Thanks for all your help and if you need any additional information, please let me know.

Cordially,



John B. Meyer, President and Publisher

P.S. Since I know you receive a great deal of mail, it would be wonderful if you could call or send me a note acknowledging that you did receive this. Thanks.

Acknowledged
JAC
4-11-97

Box 30, Newton, MA 02161 • (617) 964-6800 • www.teenpaper.org

A Publication of The Young Authors Foundation, Inc.

the

21ST
CENTURY

Reaching 1,800 schools throughout New York, New England and beyond!

RELIVING THE NIGHTMARE

It was a dark rainy day in mid-November. Washington, D.C. looked gloomy and the topic was not helping. The building looked like a ghetto from Warsaw. You could see smoke stacks and chain-link fences along the insides. Just looking at this morbid building sent chills down my spine. I never thought it was possible to feel this way. It was as if some outside force was about to take over my feelings, beyond my control.

As I walked into the first exhibit at the Holocaust Museum with my grandmother clutching my hand for dear life, I knew this was going to be one of the hardest things she would ever do. But if it meant educating me about a horrific event, which she had the misfortune of taking part in, she was willing to endure the pain. My family accompanied my grandparents through this traumatic experience. My grandparents relive the nightmare of the Holocaust every night when they go to sleep. They constantly have nightmares of the screams and gunshots which rang out during the night.

This nonfiction piece by Alison Reemer of New City, NY continues on page 8.



Photograph by Richard Senter II, Hampton, NH



Photograph by Peter Chertok, Marshfield, MA

College Pull-Out Section

New facts, figures, stories on pp. 15-28.

Summer Programs

Monthly guide on pages 37-39.

3 pages of Poetry!

In celebration of National Poetry Month.

Feedback -

We need your voice. See page 12.

Family Background -
Special Focus

Pieces about India, Poland and more.

ANTICIPATION

I stand here trembling. My knees feel weak. My fingers fidget nervously, as my palms begin to sweat. When I glance over my right shoulder I see crowds of wild-eyed people, screaming and yelling the names of their loved ones. Some of those eyes are staring at me and yelling my name. The sounds mesh together into one loud rumbling roar. My heart feels like it is going to burst. I look down at my right hand as it continues to shake, ever so slightly. I look at the silver band on my right pinky, it is supposed to bring me luck. Over to my left, a gang of people look around, secretly whispering and scratching down meaningless numbers on paper. Far behind me I can hear grunting and more screams. I look back and see, through a wire fence, large girls hurling heavy objects and groaning.

This piece by Megan Cross of Pembroke, MA concludes on page 33.

I N S I D E

Book Reviews.....29	Science & Tech.....14
College Articles.....20	Solutions.....10-11
College Essays.....18	Special Focus.....6
College Section.....18-26	Sports.....33
Community Service.....27	TeenArt Gallery.....9
Concert Reviews.....28	TV Review.....29
Educator/Year.....24	Websites List.....14
Environment.....13	
Feedback.....12	
Fiction.....34-36	
Letters to Editor.....3	
Movie Reviews.....29	
Music Reviews.....28	
Nonfiction.....4-8	
Opinion.....10-11	
Poetry.....30-32	
Reviews.....28-29	

All published contributors receive an environmentally sound pen plus a gift certificate from

Strawberries
MUSIC AND VIDEO STORES

Volume 8 - Number 8 - 40 pages

the 21st CENTURY

Reaching 1,800 schools throughout New York, New England and beyond!

DISCRIMINATION BY APPEARANCE

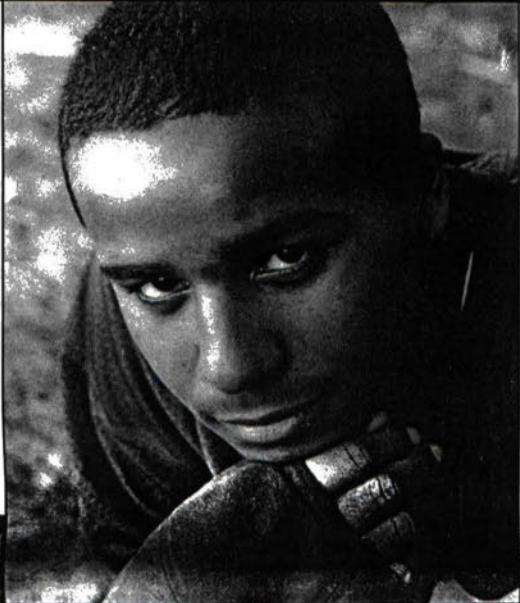
by Andrea Messmer,
Braintree, MA

There is a full-length mirror in my bedroom. Often before I leave my home, I glance in this mirror. A quick look assures me that my appearance is okay and I go out the door to face the rest of the world. But do others see me as I see myself? How much of the real me does my mirror reflect?

Webster's Dictionary defines appearance as the "look or outward aspect of a person or thing..." I would like to share some incidents where appearances were deceiving and could lead to discrimination.

One of my family's best friends is a person with Down's Syndrome. Last year, my family joined his family for a day of skiing. I was confident that this would be an easy sport to master. Was I wrong! When I fell, which was often, my friend with Down's Syndrome was there to encourage and assure me that I was not stupid or incompetent.

This opinion piece continues on page 10.



Photograph by Tim Trank, Fryeburg, ME



Photograph by Michael Pagnano, New City, NY

College Pull-Out Section

Unusual facts & info. See pp. 17-28.

Educator of the Year

Nominating essays due April 4th!

Academy Award Contest

Win Blockbuster Video coupons. See p. 35.

Summer Programs

Monthly guide on pages 40-43.

Your Feedback

Many of your responses on pages 8-9.

EDUCATOR NOMINATION

by Leanne Scorzoni, Danvers, MA

A teacher comes along once in a lifetime who really teaches you something. Not about math or science or grammar, but about life. To me that teacher is my honors English teacher, Mr. Sousa. Dwarfed by most of his students, he barely clears 5' 4", but what he lacks in height he makes up in personality. Besides teaching English, he directs all the plays our drama club performs. From reading "April Morning" to directing "West Side Story," he puts everything he has into what he does. His unmistakable hoarse voice is always telling a story, sometimes about his father, or a past student, but mostly we discuss what is going on around us.

This, and other Educator of the Year nominations, can be found on page 14.

INSIDE

Acad. Award Contest ..35	Science & Tech.....30
Book Reviews.....34	Sports.....31
College Articles.....22	Summer Guide...40-43
College Essays.....20	TeenArt Gallery.....37
College Section...17-28	You & Your Health...16
Community Service..29	Video Reviews.....34
Concert Reviews.....32	Websites List.....14
Educator/Year.....14-15	
Environment.....24	
Feedback.....8-9	
Fiction.....36-38	
Letters to Editor.....3	
Movie Reviews.....35	
Music Reviews.....32	
Nonfiction.....4-6	
Opinion.....10-11	
Poetry.....12-13	



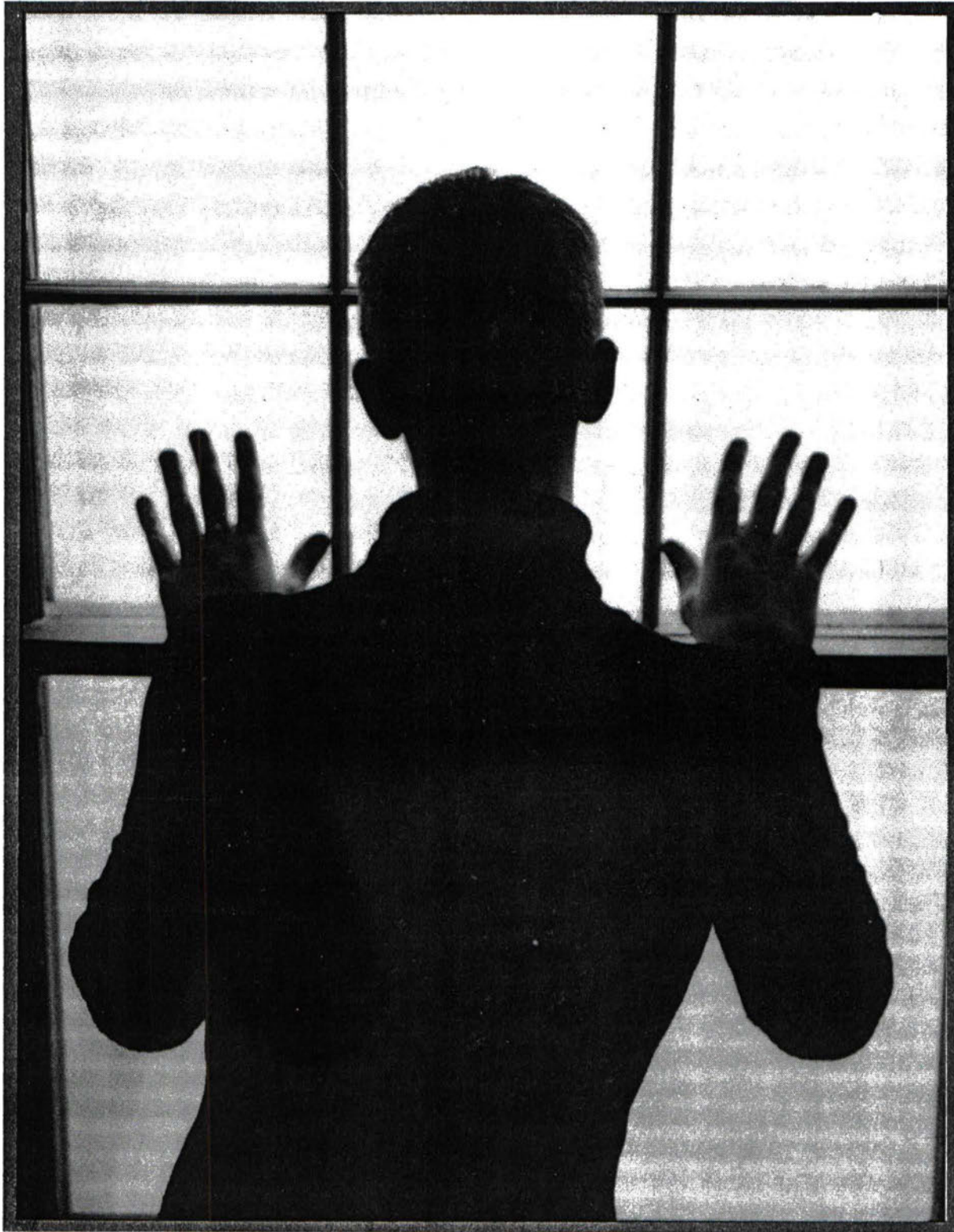
Volume 8 • Number 7 • 44 pages

the 21ST CENTURY

Vol. 2 • No. 3

Reaching 1800 Schools Throughout New York, New England and beyond!

Spring 1997



POETRY JOURNAL

Written By The Next Generation
W R I T T E N B Y T H E N E X T G E N E R A T I O N

Baer
a lot of their
very good
Baer

THE WHITE HOUSE
WASHINGTON

cc: w/incoming:
Don Baer
Michael Waldman

March 28, 1997

Hiram Eastland
101 North State Street
Jackson, Mississippi 39201

Dear Hiram:

Thanks for your fine letter and paper on the Good Society. They both were helpful, and I'm having some of my communications people review your ideas.

I'll continue to speak out on the importance of supporting such goals and keep working to move us in this direction.

Sincerely,

Baer

Copied
Baer
Waldman
COs

HIRAM EASTLAND
EASTLAND LAW OFFICES

101 NORTH STATE STREET
JACKSON, MISSISSIPPI 39201

*Travis
de Thonk
cc Bar
Walton*

(601) 355-7961

(601) 355-0530

March 18, 1997

VIA FACSIMILE: (202) 456-2883

Ms. Nancy Hernreich
Personal Secretary to the President
The White House

Re: Reply to the President's personal letter regarding a potential
speech on "The Good Society"

Dear Ms. Hernreich:

Attached please find a reply to the President's recent personal letter to me regarding a potential speech on the "Good Society." I would sincerely appreciate your providing the President with this follow-up letter which includes additional remarks he may wish to consider for a Good Society address.

I have also attached a copy of the President's personal letter to me indicating his interest in these ideas and possibly delivering an address on the Good Society.

Sincerest and Best Regards,

Hiram Eastland

HIRAM EASTLAND

HE/rcd

Enclosure

03/20/97 15:58

2 601 756 2770

EASTLAND LAW OFC

P. 03



THE WHITE HOUSE
WASHINGTON

2/20/97

Dear Hiram

Thank you for your fine
moving letter - It came too
late for the State of the Union
but I may want to use your
idea in a separate speech on
the Goss Society which, after
all, is what we are trying to
establish.

Sincerely,
Bill Clinton

HIRAM EASTLAND
EASTLAND LAW OFFICES

101 NORTH STATE STREET
JACKSON, MISSISSIPPI 39201

(601) 355-7961
(601) 355-0530

March 18, 1997

CONFIDENTIAL

VIA FACSIMILE: (202) 456-2883

President Bill Clinton
The White House
(Attn: Ms. Nancy Hernreich)

Re: Reply to the President's personal letter regarding a
potential speech on "The Good Society"

Dear Mr. President:

I sincerely appreciate your taking the time to personally respond to the suggestions I provided you regarding the State of the Union Address.

I am very pleased that you may find the ideas useful in a separate speech on the "Good Society," and I want to once again assure you that the ideas and remarks I provided for such an address are for you and are yours as far as I am concerned.

As I indicated in my initial letter, the Presidential leadership/bi-partisanship/triangulation theme of bringing out the best of the "Good Society's" ideas and ideals and common values to meet the challenges of the twenty-first century are a nice compliment to your first Inaugural Address in which you stated that there is nothing wrong with America that cannot be successfully addressed by concentrating upon what is right about America.

Moreover, the theme of even more comprehensively establishing a Good Society is a nice New Democratic subtle contrast and compliment to the lessons learned from the 60's theme of seeking to establish a "Great Society," and to De Tocqueville's discovery and admonition that America's greatness comes about first and foremost because of America's goodness.

The Good Society provides a strong sense of national direction, is based upon common sense and common ground, and is more appealing to common purpose and common commitment. In its appeal to deeply held common ideals and common patriotic and spiritual values the Good Society unites rather than divides, and is in no way elitist.

President Bill Clinton

Page 2

March 18, 1997

I have provided an attached sample of the general goals and concepts of the Good Society, as well as additional remarks that would blend well with a Good Society address. I would be most pleased to confer further with you and/or provide further suggested ideas and remarks for such an address.

As you indicated in your letter, it is a Good Society that we are trying to establish. I agree, and because of that, there are so many of your most important initiatives that already fall under the concept of securing a Good Society.

I would note that the themes and details of a Good Society address might work very well with your invitation to speak at Ole Miss in honor of Robert Kennedy's landmark reconciliation address there thirty-one years ago today (March 18, 1966). America is of course already "good," (This is not a malaise address!) but the comprehensive establishment of a Good Society paradigm to more fully realize the promise of America, to make America more unified and more secure, and to prepare America for the challenges of the twenty-first century is itself an exercise in reconciling the many diverse interests of American society. As indicated in my prior letter, it is sad but true that just three weeks before his assassination Robert Kennedy stated:

"What we do need. . . is a better liberalism and a better conservatism. We need a liberalism in its wish to do good; that yet recognizes the limits to rhetoric and American power abroad; that knows the answer to all problems is not spending money. . . We need a conservatism, in its wish to preserve the enduring values of the American society, that yet recognizes the urgent need to bring opportunity to all citizens, that is willing to take action to meet the needs of the future. What the new politics is, in the last analysis, is a reaffirmation of the best within the great political traditions of our nation: compassion for those who suffer, determination to right the wrongs within our nation, and a willingness to think and act anew, free from old concepts and false illusions. That is the kind of politics -- that is the kind of leadership -- the American people want.

As also related to some of the bi-partisan / bring out the best of American values type remarks in my initial letter, it would appear interesting and appropriate to invite Senator Lott to a Good Society Ole Miss address, since he is an Ole Miss alumnus.

President Bill Clinton

Page 3

March 18, 1997

Again I am glad that some of these ideas and remarks may be of use to you. As fellow Southerners, you and I were raised in a turbulent time when we were forced to examine what we truly believe to be the right direction for America, and what we truly believe to be the real strengths that have made America great and can make America more secure and even greater. It is probably no coincidence, therefore, that you and I think very much alike!

Your friend,

A handwritten signature in cursive script that reads "Hiram Eastland". The signature is written in dark ink and includes a long, sweeping flourish at the end.

HIRAM EASTLAND

*American Legion Boys Nation Delegate, 1967.

HE/rcd

Ps. All God speed for a quick and successful recovery! Also, remember there is now a DOE's in Georgetown that can serve you up some Hot Tamales and a big juicy steak to help your knee get back in full swing!

GENERAL GOALS AND CONCEPTS OF THE GOOD SOCIETY:

A major goal of describing a Good Society paradigm through Presidential and moral leadership is to reveal a pathway to the future, a bridge to the twenty-first century, a strong sense of national direction, based upon common values, common ground, and common sense that the broad spectrum of the American people can innately understand and rally around in common bond, common purpose, and individual and common commitment.

The Good Society is a sensible, widely unified, and morally acceptable direction for America.

The Good Society takes actions based on our common humanity rather than our individual prejudices. It is also based upon individual and community common purpose and responsibility, rather than simply throwing money at national, state, and local challenges.

Once the Good Society's simple, understandable, common sense, but powerful approach is understood, your leadership to fully establish a Good Society can inspire and restore an abiding faith in the power of the American people to confront the future and to transcend the mistakes of the past to make things better for all Americans.

The Good Society is a journey of reconciliation. It is based upon a deeply held common bond of patriotic and spiritual values, strong family values, opportunity, work ethic and responsibility, and a deep faith in the promise and possibilities of America.

The Good Society is also based upon a deeply held belief in the capacity of the American people to collectively assert moral leadership over the unacceptable conditions of American society, and that men and women of good will can be unified and inspired to grasp the future through their common sense, deeply and commonly held patriotic and spiritual ideals and values.

The Good Society blends the best of conservative and liberal ideology and transcends the old liberal/conservative debate to provide common sense, common ground (often triangulation), unified,

common bond answers to problems we face as a nation and to provide widely accepted common purpose and national direction. In so doing it can inspire young and old alike to each do their part to further strengthen and secure America for themselves and generations to come.

The final words of Robert Kennedy upon the death of Martin Luther King, acutely focused and forged as they were by a deep sense of loss and frustration by the failure of the American people to move forward together in unity and common purpose and common humanity, are a testament to the type of common direction and common bond that we must forge together to live out our lives as Americans in a truly Good Society.

"... when you teach that those who differ from you threaten your freedom or your job or your family, then you also learn to confront others not as fellow citizens but as enemies -- to be met not with cooperation but with conquest, to be subjugated and mastered.

We learn, at the last, to look at our brothers as aliens, men [and women] with whom we have a city, but not a community, men [and women] bound to us in common dwelling, but not in common effort. We learn to share only a common fear -- only a common desire to retreat from each other -- only a common impulse to meet disagreement with force. For all this there are no final answers -- yet we know what we must do. It is to achieve true justice among our fellow citizens. The question is whether we can find in our midst and in our hearts that leadership of human purpose that will recognize the terrible truths of our existence.

We must admit the vanity of our false distinctions among men [and women] and learn to find our own advancement in the search for the advancement of all. We

must admit in ourselves that our own children's future cannot be built on the misfortunes of others. We must recognize that this short life can neither be enabled or enriched by hatred or revenge. Our lives on this planet are too short and the work to be done too great to let this spirit flourish any longer in our land.

Of course we cannot vanquish it with a program, nor with a resolution. But we can perhaps remember -- even if only for a time -- that those who live with us are our brothers [and sisters], that they share with us the same short movement of life, that they seek -- as we do -- nothing but the chance to live out their lives in purpose and happiness, winning what satisfaction and fulfillment they can. Surely this bond of common faith, this bond of common goal, can begin to teach us something. Surely we can learn, at least, to look at those around us as fellow men [and women] and surely we can begin to work a little harder to bind up the wounds among us and become in our hearts brothers and countrymen once again."

[Source: Robert Kennedy, April 5, 1968, Cleveland, Ohio, only sixty days before his own assassination.]

**BRIEF SAMPLE ADDITIONAL REMARKS
FOR A GOOD SOCIETY ADDRESS:**

We have to learn to better allocate and intermingle the vast intellectual, educational, business, financial, economic, health care, environmental, communications, governmental, community, individual and spiritual resources of this county to better serve the American people and better secure their families and their futures.

We are a good country and the greatest country in the history of the world and there are, to be sure, many accomplishments that Americans since the 1960's can, and should be proud of. We've ushered in the end of the Cold War and witnessed the triumphs of democracy and freedom over communism. Our ideals of freedom and democracy continue to light the world. American ingenuity and innovation has continued to lead the way in technological after technological break through. (obviously numerous examples can be applied here).

In other regards, the family of America since the 1960's has not done so good -- and we should learn our lessons well, just as we should "teach our children well."

Just since the 1960's we have witnessed many declining moral, social and behavioral values in American society, resulting, for example, in more crime, more drug abuse, more teenage pregnancies, more welfare dependency, and more divisiveness. Just since 1960, social spending by all levels of government has seen a five fold increase. (There are obviously a host of paradoxes and statistics that could be used in this example). Yet during the same thirty-year period, there has been a 560 percent increase in violent crime; more than a 400 percent increase in illegitimate births; a quadrupling in divorces; more that a 200 percent increase in the teenage suicide rate; and a drop of 80 points in average SAT scores of high school students. So money alone does not build a Great Society.

We have learned, often the hard way, that for America to be at its best, for America to be a Great Society, we have to first and foremost be a Good Society.

We have learned that we have to incorporate the right values into our national moral fabric, fibers like work, faith, family, community, individual, church, civic, and governmental responsibility, or we will reap what we sow. Along with opportunity comes responsibility, personal and common

05/20/37 16:25 EAMES LAW OFFICE - 2023953972 NO. 012 010

commitment, and community.

These are the values that have sustained America and allowed her to grow.

These are the defining values that have allowed America to become stronger, and have provided more and more opportunities for more and more Americans to share in the American Dream.

And we have learned, often the hard way that for America to be at its best, America must be truly united in common purpose and common commitment based on common ground. Too many of the programs of the past have caused too much resentment and divisiveness. And it is time that we set a new course as a nation, a new direction towards a Good Society truly based upon our common humanity rather than our individual prejudices.

Other Examples:

* You may also wish to include remarks similar to the extremely effective moral leadership provisions of your Memphis speech in which you admonished, for example, that Martin Luther King did not live and die (or our founding fathers, or anyone who has given their life for our country) for the type of so called "freedom" being exercised on the streets today, etc. (or maybe even on the airways) (or so children could have children) (or so citizens could chose apathy and ignorance over education, job training, opportunity, and responsibility)

* You may wish to develop and include even more specific examples of how faith based organizations and churches can constitutionally assist bringing about the kind of transformation in the lives needed to turn America away from, crime, drugs, teenage pregnancy, use of abortion as a form of birth control, welfare dependency, and other threats to a full and productive American life and a Good Society as a whole.

* There are of course numerous examples of your initiatives that fall under the concept of establishing a Good Society. For example, educational standards, educational opportunities through enhanced communications, putting children first in general, protecting children from trashy communications, crime fighting and crime reduction measures, welfare reform, new drug fighting initiatives, health care, including protecting our children from additional vices and harm such as tobacco, recent challenges to church and faith based organizations, mentoring, and balanced budget initiatives, including targeted tax credits and incentives that help reinforce security and opportunity in a Good Society.

4-14-97

THE WHITE HOUSE
WASHINGTON

April 5, 1997

*Podesta
admin in 7 Jan
consultation*

MR. PRESIDENT:

Texas is asking federal permission to privatize part of its welfare, Medicaid and Food Stamp operations. In particular, the state wants to hire private contractors both (a) to interview persons and assist them in completing their applications, and (b) to determine eligibility for benefits. The state would retain control over the appeals and quality control processes.

Under the new welfare law, states already have the right to contract with companies to administer Temporary Assistance for Needy Families. But Texas (as well as a few other states) is seeking authority to privatize Medicaid and Food Stamps as well, so it can operate private, one-stop eligibility centers.

Labor, as you know, is strongly opposed to the Texas proposal on the ground that it would displace unionized state workers.

HHS, USDA and DPC are proposing a compromise under which interviewing and assistance in completing applications could be privatized, while determinations of eligibility would have to be made by state workers. The Shalala/Glickman/Reed memo indicates that the relevant agencies and White House offices support this compromise. John Podesta believes that Labor will still be quite unhappy.

Approve compromise___ Disapprove ✓ Discuss___

*copied
Podesta
COS*

Todd Stern
Todd Stern

4-14-97

April 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: DONNA SHALALA
DAN GLICKMAN
BRUCE REED

SUBJECT: TEXAS WELFARE PLAN

As you know, Texas has asked for federal permission to issue a "request for offers" for a private company to operate an integrated enrollment system for Medicaid, Food Stamps, Temporary Assistance for Needy Families, and potentially other nutrition and workforce programs.

We believe we must give Texas an answer immediately. The state has engaged in good faith discussions with various agencies for more than 9 months, and state officials are now publicly criticizing the Administration for the delay.

We believe we have a compromise proposal which will break the stalemate -- a proposal based on existing Medicaid laws and regulations, that will allow the state to explore innovative ways to deliver public services while ensuring beneficiaries' rights to assistance and maintaining many public sector jobs. As shown in the chart below, our plan would allow Texas to use private contractors to obtain information from applicants and assist them in completing their applications for benefits. However, the determination of eligibility would be conducted by public sector employees.

Allows Private Contractors to:	Texas Proposal	Union Proposal	Our Compromise
Assist Individuals in Completing Applications	Yes	No	Yes
Determine Eligibility	Yes	No	No
Consider Appeals	No	No	No
Conduct Quality Control	No	No	No

Our plan would:

- Protect beneficiaries by ensuring that only public sector civil service employees determine benefit eligibility, consider appeals, and conduct quality control operations, and ensuring that the contract does not contain incentives that would lead to inappropriate denial of program benefits.
- Maintain public sector jobs associated with the determination of eligibility for benefits.
- Allow Texas to achieve program efficiencies through a bidding process. The Texas legislature, in authorizing the project in 1995, required that any savings fund additional health and human services programs. The Bush Administration has not committed to how these savings would be reinvested, but estimates the state could save enough to expand health care coverage to up to 150,000 needy children.

We would allow the state of Texas to release a request for offers based on these principles. Once the state chooses among the bids, the state would be required to submit to HHS and USDA the proposed contract for approval. The Administration would refuse the contract if it did not meet our standards.

Background on the Texas Proposal

The new welfare law explicitly allows states to contract with private entities to administer Temporary Assistance for Needy Families (TANF). Because of this new authority in TANF, a few states are seeking new contracting authority for Medicaid and Food Stamps as well, so they can operate privately-run, one-stop eligibility centers. In addition to the Texas proposal, Wisconsin has submitted a proposal which would allow 10% of its welfare caseload to be served by private entities (this percentage could significantly increase in later years). We will continue to meet to consider Wisconsin's proposal.

Federal agencies and the state of Texas have been negotiating since June 1996 over the state's proposal to privatize the administration of TANF, Medicaid, Food Stamps, and certain other federally-funded nutrition programs. Last spring, the state legislature passed a welfare reform plan with bipartisan support, with endorsements from Lt. Gov. Bob Bullock and other leading Democrats. This legislation did not specifically call for privatization but authorized the state to conduct a bidding process. Under the potential proposal, private contractors could collect information about applicants and make eligibility determinations. The State would retain control over the appeals and quality control processes.

Texas argues that it cannot proceed with plans to contract out TANF (as the welfare law allows) unless the Administration permits private contracting for Food Stamps and Medicaid, because maintaining separate eligibility systems for these programs would create administrative difficulties. To take the most obvious problem, a dual system would require many individuals to go to one location to apply for TANF and another location to apply for Food Stamps and Medicaid.

As you know, labor leaders would like us to refuse the Texas request entirely. They see even limited privatization as a dangerous precedent and have made clear that they view this decision as critically important to public employee unions.

Recommendation

All the relevant agencies and White House offices agree that the Administration should adopt a compromise position which would give Texas the opportunity to seek a partially privatized integrated system. This position would draw the line on the basis of our existing Medicaid law and practice, which would allow privatization of some but not all administrative functions. Under this approach, the application, interview, and other information-gathering could be done by private employees; the eligibility determination itself, as well as appeals and quality control, would remain in the hands of public employees. In addition, the Administration should require that any contract Texas enters into protects applicants' and beneficiaries' privacy rights and does not include incentives that would lead to inappropriate denials -- or, as OMB notes, inappropriate issuances -- of program benefits.

The Medicaid program already allows private hospital workers to do intake and eligibility work, up to the point of actually determining eligibility. For the Food Stamp program this approach would require the granting of administrative waivers.

Allowing privatization of these functions, conditioned on appropriate contract incentives and safeguards, strikes the right balance between allowing states to explore innovative ways to deliver public services and ensuring that applicants' and beneficiaries' rights are protected. It is true that this approach will allow the state to displace some state workers. But the potential for displacement is much lower than under the state's own proposal. In any event, we have crossed this bridge already in Medicaid and other contexts -- for example, the Department of Labor has granted a waiver to Massachusetts to contract out all employment services and is prepared to do the same for other states as well.

In line with this view, we recommend that we inform Texas of the principles we will apply in reviewing any privatization contract and give formal permission to the State to issue its RFO. Once the State accepts a bid, the Administration will review whether the contract appropriately accords with our principles, and bar the state from proceeding if it does not.

Approve _____

Disapprove _____

4-14-97

THE WHITE HOUSE
WASHINGTON

April 2, 1997

MEMORANDUM TO THE PRESIDENT

FROM : MIKE McCURRY *MM*

SUBJECT : ROGER SIMON

McC
Let's discuss
Let P
R

Roger Simon is writing a book on the 1996 presidential campaign. He has interviewed a number of Administration and former-campaign staffers for the book, including Rahm Emanuel, George Stephanopoulos, Doug Sosnik, Ann Lewis, Joe Lockhart, and myself. In addition he has spoken with Bob Dole and a number of his campaign staffers.

Simon has asked you to answer a number of questions for the first chapter in the book, called "Rope Line", that discusses your ability to connect with people. Simon is interested in hearing you detail your strengths as a campaigner, the role your campaign staff played in your success, and a few memories from the campaign trail.

Excerpts of your answers will be published in his book this Fall, which is being published by Harper-Collins. See the attached list of questions posed by Simon. I do not think it is necessary to answer every one of these questions. However, any memories or thoughts you can jot down will add interesting color to Simon's book.

Please let me know if you would like to discuss these questions with me in lieu of writing out the answers.

The final deadline for the questions is next Wednesday, April 9.

copied
McC
COS

QUESTIONS FROM ROGER SIMON

1. Both Michael Sheehan and Mike McCurry say a candidate must really believe in what he is saying or the public will notice. Do you believe the public can really discern sincerity in a professional politician? Can the public be fooled? What protection does the public have against the insincere, but skilled, politician?

① Yes - at least over the long haul. ② Maybe the first time, but not consistently. ③ Principled vigorous opposition, which is why it's important for elections to be genuinely contested.

2. While Bob Dole has many qualities, the ability to campaign on a national stage was apparently not one of them. How important is it for a candidate for president to be able to perform? To be able to communicate via speeches and via television? Some campaign professionals say that if Abraham Lincoln were alive today, he could never be elected president because he was insufficiently telegenic. Do you agree or disagree? Why?

I think Sen. Dole performs well - in the sense of being able to communicate effectively. Many different styles can be effective if they're considered genuine. I think Lincoln would be effective but uncomfortable on TV. There are advantages and disadvantages of growth. His electability would be more endangered by contemporary mistreatment of his severe depression ~~in~~ in his pre-presidential years and his wife's mental state and associated behavior in the White House.

3. What does the press least understand about you and the job you do?

4. Mary Ellen Savoie was the teenager from Sulphur, Louisiana, who on 10/24/96 you talked to on the rope line about "partial birth" abortions. It was a very dramatic encounter and she was obviously very moved by the meeting. She said she could now go home and tell her mother that she could vote for you. What did this meeting mean to you? Have you heard from her since that day?

5. In a national poll conducted last year, nearly two-thirds of the respondents said they would not want their children to become president. Why do you think this is so? Is there anything you can or want to do about it? Would you want Chelsea to be president?

6. For some election cycles now, the importance of staff has been increasingly emphasize by the press. How important are staff, handlers, pollsters, etc. to a presidential campaign? Can they be more important than a candidate himself? How do you decide when to listen to your staff and when to rely on your own judgement?

7. I know this sounds silly, but I am serious. At the visitor's center in Hot Springs, the Hot Springs Advertising and Promotion Commission has a 12-page pamphlet about your life in Hot Springs including a map of famous places from your childhood (McClard's, Cook's, The Malco, etc.). Item 9 in the pamphlet says "MOUNTAIN VISTA: West Mountain. The view of the city below from near the sheltered overlook on West mountain Loop was the President's favorite. He and friends would look for the "duck" - - the outline that the street lamps made below." After reading that, I went up there at night and for the life of me, I could not see the duck. When I later visited David Leopoulos in Little Rock and told him about the pamphlet, he burst into laughter. "There isn't any duck!" he said. "At least I never saw any duck. We would just take girls up there and you'd tell your girl to look at the duck so she would turn up her head and you could kiss her!" Is this a true story? Can you expand it a little?

THE PRESIDENT HAS SEEN
4-14-97

THE WHITE HOUSE
WASHINGTON

April 9, 1997

10/10/97

MR. PRESIDENT:

Attached for your review is a letter to the members of the Federal Election Commission that asks them to promulgate a rule banning the use of "soft money" in federal elections.

Rahm, John Podesta, John Hilley, Michael Waldman and Counsel have all signed off on the letter.

Rahm and Podesta et. al. will discuss the timing of the release of the letter with you.

We're sending this to you now so that you have adequate time to review it, and we'll have a signature copy prepared once a determination is made on timing of the release.

*Copied
Emanuel
CS*

Todd Stern
Phil Caplan *Phil*

WASHINGTON

April 4, 1997

FROM: Rahm Emanuel

SUBJECT: Soft Money Petition

Attached for your consideration is a draft petition from you to the Federal Election Commission (FEC) requesting the FEC to revisit its rules on "soft money" and act to ban the use of soft money in federal elections, as proposed in bipartisan campaign finance reform legislation now before Congress. The petition proposes to end the current soft money system by requiring that candidates for federal office and national parties only be permitted to raise and spend "hard money" -- funds subject to the restrictions, contribution limits, and reporting requirements of the 1974 Federal Election Campaign Act (FECA). This ban would apply to all political party committees, as anticipated by the bipartisan campaign finance reform legislation.

Specifically, the petition asks the FEC to consider new rulemaking to accomplish the following:

- Prohibit national political parties (and their congressional campaign committees or agents) from soliciting or receiving any funds not subject to the limitations or prohibitions of FECA. (This would preclude, for example, contributions directly from corporate or union treasuries, or contributions from individuals in excess of the amount an individual can give to a national parties federal account.)
- Prohibit any federal officeholder or candidate (and their agents) from soliciting or receiving any funds not subject to the limitations or prohibitions of FECA.
- Provide that any amount of funds expended by a political party during a federal election year for any activity that influences a federal election (including any voter registration or get-out-the-vote drive, generic advertising, or any communication that refers to a federal candidate) must be paid for from funds subject to FECA. (This would end the allocation system, currently authorized by the FEC, under which ‘hard’ and ‘soft’ money are mixed for campaign activities that affect both state and federal elections.)

Members of the
Federal Election Commission
c/o Office of the General Counsel
999 E Street, N.W.
Washington, D.C. 20463

To the Members of the Federal Election Commission:

I am writing to you, pursuant to 11 CFR Part 200, to request that you take action under your existing statutory authority to ban "soft money" and end the system under which both political parties compete to raise unlimited sums from individuals, labor unions, and corporations.

The rules governing our system of financing Federal election campaigns are sorely out of date. Enacted more than two decades ago when election campaigns were much less expensive, the rules have been overtaken by dramatic changes in the nature and cost of campaigns and the accompanying flood of money. Today, money is raised and spent in ways that simply were not contemplated when the Congress last overhauled our campaign finance laws. We must bring the rules up to date to reflect the changes in elections and campaigning.

An important step in this process would be to change the rules governing the use and solicitation of "soft money" -- funds not subject to the contribution limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended (FECA). Currently Federal Election Commission (FEC) regulations (11 CFR 106.5) allow political parties to raise and spend soft money in elections involving State and Federal candidates by providing an allocation formula between Federal and non-Federal expenses incurred by party committees. These regulations, and limited additional guidance provided through advisory opinions, are the basis upon which party committees make expenditures and raise funds with respect to Federal and State elections. The use of soft money by party committees is largely based on the direction provided in these regulations.

Whatever the merit of these regulations at the time they were adopted, it has become abundantly clear today that they are no longer adequate to the task of regulating campaigns. The role of soft money has grown dramatically in the past several elections so that by the 1996 elections the two parties raised more than \$250 million, more than triple the total of 4 years before.

The current allocation system, in short, is simply outmoded. Accordingly, I propose that the FEC adopt new rules requiring that candidates for Federal office and national parties be permitted to raise and spend only "hard money" -- funds subject to the restrictions, contribution limits, and reporting requirements of FECA.

The soft money ban I seek achieves similar goals as provisions of the "Bipartisan Campaign Reform Act of 1997," introduced by Senators John McCain and Russell Feingold, and Representatives Christopher Shays and Martin Meehan. Specifically, I am requesting that the FEC consider new rulemaking to accomplish the following:

1. Prohibit national political parties (and their congressional campaign committees or agents) from soliciting or receiving any funds not subject to the limitations or prohibitions of FECA. (This action would preclude, for example, contributions directly from corporate or union treasuries, or contributions from individuals in excess of the amount an individual can give to a national party's Federal account.)
2. Prohibit any Federal officeholder or candidate (and his or her agents) from soliciting or receiving any funds not subject to the limitations or prohibitions of FECA.
3. Provide that any expenditure by any national, State, or local political party during a Federal election year for any activity that influences a Federal election (including any voter registration or get-out-the-vote drive, generic advertising, or any communication that refers to a Federal candidate) must be paid for from funds subject to FECA. (This would end the allocation system, currently authorized by the FEC, under which hard and soft money are mixed for campaign activities that affect both State and Federal elections.)

These steps, available to you under your existing statutory authority, will enable our election laws to catch up with the reality of the way elections are financed today, and along with new campaign finance reform legislation, will take significant strides toward restoring public confidence in the campaign finance process.

Sincerely,

THE PRESIDENT HAS SEEN

4-14-97

THE WHITE HOUSE

WASHINGTON

April 11, 1997

NOTE TO THE PRESIDENT

FROM: GENE SPERLING

RE: Tax Simplification

Attached is a tax simplification proposal that the Treasury Department has developed. Both Bob Rubin and Larry Summers feel strongly that it is a good package. Earlier this week, Larry presented the proposal to the other members of the budget team and it has been signed off by the NEC, OMB, and CEA.

Our plan is to release it this Sunday so it will appear in Monday's papers as well as in media discussions leading up to April 15. Because of the time sensitivity involved, it is important to get your reaction on the proposal this weekend. Due to the complexity of the issue, if you have any questions, I recommend that you call Larry Summers directly.

copied
Sperling
COS



THE PRESIDENT HAS SEEN

4-14-97

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

April 11, 1997

SECRETARY OF THE TREASURY

'97 APR 11 PM2:46

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT E. RUBIN, SECRETARY *R. E. R.*
LAWRENCE H. SUMMERS, DEPUTY SECRETARY *L. H. S.*

SUBJECT: Tax Simplification

In the next week leading up to the April 15 filing deadline for individual tax returns, the Republicans are planning a series of events, including Congressional hearings on replacing the income tax and a vote on a constitutional amendment to require a two-thirds vote to pass increases in the Internal Revenue, as a continuation of their demagogic attacks on the income tax and the IRS.

In the Budget you stated that the Administration will propose to Congress "in the near future a package of measures to simplify the tax laws and enhance taxpayers' rights." We have prepared a tax simplification package of over 50 new proposals, some of which have previously been approved by one or both houses of Congress, plus several proposals already announced in the Budget. Some will provide important relief for individuals, families and large and small businesses from the complexities and paperwork burdens of the existing Internal Revenue Code. Other proposals will provide substantial new rights to taxpayers with a "TBOR 3" -- a new Taxpayer Bill of Rights that builds upon your success in the enactment of the 1996 Taxpayer Bill of Rights 2. The proposals meet the Budget commitment to offer further simplification measures this year *without additional revenue costs*. The last two proposals described in the memo advance simplification but also produce enough revenue to offset revenue losses inherent in the bulk of our proposals.

H&R Block, perhaps the most widely known of the tax preparers, has offered a list of 10 proposed administrative and legislative tax changes to address the most widespread concerns or interests of the general taxpaying public. Our proposed package addresses in some measure 9 of these 10 (although a few in only incidental ways).

Our plan is to announce the tax simplification package prior to April 15 unless you have any concerns. The major items of the package are:

Increase the standard deduction attributable to unearned income of dependent filers.

- o This provision will eliminate *1.7 million* dependents (typically children) from having to file a separate tax return. Under current law, a dependent in this situation would have to file a return. Under current law, the dependent with \$700 or more of earned income

(e.g., a newsboy) in 1998 would be taxed on all his or her capital income (interest in a savings account, dividends, capital gains distributions of mutual funds) and would have to file a return. Under the proposal, the dependent would not have to file unless his or her capital income exceeds \$700 (as long as the sum of capital and earned income was below the standard deduction, currently \$4,100).

Increase de minimis threshold for payment of estimated tax from \$500 to \$1,000.

- o This provision will *eliminate penalties on more than 600,000 taxpayers*. As many as 1.3 million taxpayers may be able to delay payment on a small portion of their tax liability because of this provision.

Corporate AMT reform.

- o The proposal would exclude altogether from AMT corporations with gross receipts below \$5 million. *Over 15,000 corporations pay the corporate AMT each year. Of these, over 6,000 would no longer have to calculate and pay the AMT. Millions of corporations have to calculate the determination of whether they are liable for the AMT, even when they have no such liability. Under this proposal, roughly 95 percent of all corporations (over 2 million) would be spared the trouble of calculating the AMT.*

Individual foreign tax credit limitation.

- o Taxpayers with foreign tax credits under \$300 (\$600 on a joint return) would be exempt from limitations on the use of the credit and allowed to claim the credit without a complicated calculation on Form 1116. This provision would *reduce* the number of taxpayers filing Form 1116 *by about 500,000, or roughly one-third of all that are filed.*
- ✓ A January *Wall Street Journal* article described it as "... the devilish Form 1116 ... The limitations on credits require so many calculations that tax experts shy away from trying to describe the complications of Form 1116... For many taxpayers, the hassle and cost of figuring credits may not be worth the effort. If you are a small investor with \$50 of foreign tax payments attributable to your mutual fund account you don't want to pay an accountant \$50 or more to claim the credit." This proposal provides tremendous simplification at little cost.

Simplify "10-50 corporation" foreign tax credit limitation basket.

- o This proposal would reduce complexity and compliance burdens on U.S. companies with foreign joint venture operations by eliminating most of the multiple, separately computed limitations on the credits applicable to income from foreign corporations the taxpayer does not control. Under current law, credits from each such joint venture operation are subject to a separate limitation. The reduction in compliance burdens

would reduce the complexity created by current law in the case of U.S. participation in foreign joint ventures and foreign investment by U.S. companies through affiliates that are not majority owned. The somewhat increased ability to mix high- and low-tax income for foreign tax credit purposes would relieve some of the harsh tax effects of these separate limitations.

Large partnership simplification.

- o Several provisions would be added to simplify the audit and reporting of large partnership income. The simplification of the system of reporting income from large partnerships will affect *about 2,000 partnerships*, containing *40 percent of all partners (around 6 million)*.
✂ The proposals will, among other things, make it much easier for these partners to report their shares of partnership earnings on their tax returns.

De minimis exception to passive loss rules.

- ✓ Passive losses under \$1,000 would be allowed without limitation. This provision would reduce taxes for *about 400,000 taxpayers* and relieve them from the recordkeeping burden of carrying over disallowed losses to the following year.

Exclusion for gains on sale of principal residence (previously announced).

- ✓ The proposal exempts up to \$500,000 of gain on the sale of a principal residence. This provision lowers the number of taxpayers *paying capital gains taxes on residences to roughly 10,000 per year from 150,000 per year*. It will substantially reduce record-keeping requirements for over 60 million households who own their own home.

Clarify independent contractor rules.

- o The proposal (which we originally presented in June, 1996) to allow the IRS to issue guidance regarding the classification of workers would reduce ambiguity about the classification of workers for all employers, including many small business owners. Other proposals will expedite the procedure of determining classification and in many cases, avoid retroactive adverse determinations for taxpayers.

The revenue losing simplification proposals are paid for principally by two significant revenue raising simplification proposals:

Simplify treatment of real estate exchanges.

- o Currently real estate exchanges of business or investment property can be made tax free no matter what the nature of the real estate. However unless a direct swap can be negotiated between the parties, a complicated three party transaction must be constructed

through a broker who finds replacement property for the party desiring to dispose of a parcel. The proposal would eliminate the necessity of the complex structure with three parties by allowing gain from a sale to be deferred even if sold for cash, so long as the cash is reinvested within six months. The replacement property, however, must be similar in use to the disposed of property, e.g., rental property. No longer would deferral be allowed for swaps of apartment houses for vacant land.

Dividend dumping of stock of foreign corporations.

- o A proposal would curb the practice of corporations and other investors that are not able to use foreign tax credits because of tax law limits, and that own shares of stock of foreign corporations, from parking such shares for a temporary period while a dividend is paid, with another corporation that can utilize foreign tax credits based on foreign taxes attributable to the dividend. The second corporation resells the stock to the first corporation at a price giving it the benefit of the dividend, but retains a part of the benefit of the foreign tax credit.