'97 APR 14 PM 7:30

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
4-21-97

copied
Hale
COS

April 11, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Marcia L. Hale MLH

SUBJECT: Weekly Report

National Service: We will fax the Presidential Proclamation on Service Week to 1,500 state and local elected officials, along with a memo asking them to amplify your initiatives in this area and to further broadcast the message by issuing local proclamations, facilitating service projects in their communities, plugging into events that are being held in their communities, in addition to being involved in Service Summit follow-up activities. We are also working to generate stories from the Summit to be published in the weekly newspapers that are distributed to state and local officials around the country.

Texas Land Commissioner Garry Mauro: At the request of Texas Land Commissioner Garry Mauro, we have set up a reception in the Indian Treaty Room on April 14 for the Western States Land Commissioners and the Eastern Lands Resources Council who will be in Washington for their Joint Spring Conference. This meeting will provide an opportunity for public land managers from across the country to interact with key members of the Administration.

White House Conference on Early Childhood Development: We are working closely with the First Lady's Office to ensure that elected officials participate in the Early Childhood Development Conference either at the White House or simultaneously at satellite locations around the country. The six members of NGA's 0-3 Task Force have been invited: Governor Miller (D-NV), Governor Chiles (D-FL), Governor Dean (D-VT), Governor Voinovich (R-OH), Governor Almond (R-RI) and Governor Ridge (R-PA). Governor Romer (D-CO) asked to attend and has been invited. Per your remarks to the North Carolina State Legislature, several of those involved in the Smart Start program have also been invited. Governor Miller and Governor Voinovich, as Chair and Co-Chair of both the NGA and the 0-3 Task Force, have been asked to participate on a panel. None of the Republican Governors are able to attend.

We will send state and local elected officials the press release and list of satellite sites and encourage them to participate in these locations. Using the attendance of Cuyahoga Commissioner Jane Campbell at the conference, the National Association of Counties will do a prominent feature story in their weekly newsletter, which is distributed to 3,200 counties.

New York -- TWA Flight 800: We coordinated with Cabinet Affairs and Congressional Affairs to facilitate a White House meeting on April 1 with Congressional staff members, New York State Emergency Management Agency staff, and state and local government officials. This meeting focused on requests for federal assistance to New York State and Suffolk County for costs incurred in response to the July, 1996 TWA crash. FEMA has determined that a major disaster declaration is not warranted. OMB is reviewing the situation and considering alternative means of reimbursement.

Seat Belts -- Opposition from State and Local Elected Officials: There is serious opposition among the bipartisan elected officials' groups and the Governors' highway administrators to Federal legislation that "mandates" enactments of primary seat belt laws. While Governor Glendening will be supportive, as will a few other elected officials, state and local elected officials have expressed their opposition loudly and clearly.

Thursday, stories appeared on the front page of *USA Today* and in the *Detroit Free Press* (see attachments) that essentially discussed the planned announcement of the initiative and the resulting tension between the Administration and the Governors. There was also an AP story (attached) that is more descriptive and does not talk about the conflicts.

On a separate issue, a preliminary check shows minimal opposition from the state and local groups to issuing an Executive Order about the mandatory use of seat belts on Federal lands, presumably because they do not have to enforce it.

Children's Health Initiative: We coordinated with DPC to brief Governors' senior staff members on the Administration's children's health initiative.

Governors and Medicaid: Both democratic and republican Governors continue to be strongly opposed to the Administration's per capita cap and disproportionate share cuts. The NGA has sent a letter requesting a meeting with you and the Medicaid Task Force (Miller, Chiles, Dean, Leavitt, Voinovich, Thompson) for late April or early May. It is clear from conversations with the National Governors' Association and with Democratic Governors that the purpose of the meeting is to express their opposition to the per capita cap and to reiterate that they will not support your children's health inititative unless we drop the cap. The Governors plan to meet with Congressional leadership as well.

Attached is a letter signed by 40 Governor's stating their objection to our Medicaid position and reiterating their desire to be involved in the process.

Fair Labor Standards Act and the Governors: The Governors continue to be concerned about the application of the Fair Labor Standards Act to the implementation of welfare reform. Governors are concerned that such a decision would require that minimum wage be paid to welfare recipients currently assigned to workfare positions.

The Governors believe that states could not afford to fund those positions at minimum wage as well as comply with the minimum hours of work required by the welfare law if only cash grant

THE PRESIDENT HAS SEEN
4-21-97

money would count toward minimum wage payments. Some Governors are also concerned that such a policy would discriminate against states with insufficient low-skilled jobs or those that have invested resources in services to promote self-sufficiency rather than increasing cash grants.

One proposal advocated by some Governors is to allow states to count the value of Food Stamps, Medicaid and child care, in addition to cash grant money, towards minimum wage payments.

Good

North Carolina Follow-up: T.J. Glauthier and I met with several of Governor Hunt's staff to follow-up on the issues that Governor Hunt raised with you when you were in North Carolina. A memo from OMB and IGA summarizing each of the projects will be sent to you and Erskine by mid-week. In addition, I will be sending you a letter and picture to be signed to State Senator Basnight to follow-up on his request for assistance on the Cape Hatteras Light House.

Good

Mayor Rendell: Bruce Reed and I met with Mayor Rendell to discuss welfare reform implementation at the Mayor's request. Ed Rendell and Norm Rice are working together to bring this issue to the forefront at the summer meeting of the U.S. Conference of Mayors. As you may know, Norm Rice is considering starting a separate organization to deal with welfare implementation ~~since he has decided not to run for re-election. I~~ arranged for him to meet with Eli Siegel last week so they could discuss how their entities could complement each other should Norm proceed with his plans to start a new organization.

Native American and Tribal Issues: The situation with Lakota-Dakota tribe appears to be resolved. This involved the need to have the Governor of South Dakota request emergency assistance for the winter hardships the tribe suffered. North Dakota Governor Ed Schafer had recently made the request. Governor Bill Janklow has now agreed to request assistance, and we understand that FEMA is expediting the matter.

We have also closely monitored a land dispute between the Navajo and Hopis. The Justice Department staff working on this issue have made a strong contribution to the efforts to find a compromise between the parties. This is a result of the Navajo-Hopi Land Settlement Act of 1996 that you signed last fall.

Several meetings have been held with many representatives of Native American tribes, and we are working on some of the issues and personnel appointments that are critical to them.

NATIONAL
GOVERNORS'
ASSOCIATION

Bob Miller
Governor of Nevada
Chairman

George V. Voinovich
Governor of Ohio
Vice Chairman

Raymond C. Scheppach
Executive Director

Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1512
Telephone (202) 624-5300

also sent to:
Gingrich
Gephardt
Lott
Daschle

April 14, 1997

The Honorable William J. Clinton
The White House
Washington, DC 20500

Dear Mr. President:

As budget discussions continue to move forward, we wanted to reiterate our concerns regarding the role of Medicaid in a deficit reduction package. No single decision made in the context of balancing the budget will be of greater importance to states than the treatment of the Medicaid program. For that reason, we believe that it is critical that the concerns we raise on behalf of the National Governors' Association be addressed successfully as negotiations continue. Our most vital concerns relate to the level of Medicaid savings targeted in a deficit reduction package, the per capita cap, and the disproportionate share hospital (DSH) program.

As set forth in NGA testimony before the Senate Finance Committee and the House Commerce Committee on March 11, the Governors strongly believe that the overall level of Medicaid savings included in any deficit reduction package should reflect the contribution the program already has made to deficit reduction. Despite limited flexibility in the program, Governors have been able to significantly restrain Medicaid spending in recent years. In recognition of this success, the Congressional Budget Office lowered its baseline projections of future growth in Medicaid spending by almost $86 billion in February.

This $86 billion makes a significant contribution to deficit reduction. Accordingly, any additional Medicaid savings included in a balanced budget package should be kept to a minimum. Governors believe that with the additional program flexibility we outlined in our testimony, another $8 billion in Medicaid savings can be produced between now and 2002. Attached you will find a detailed description of our savings recommendations. Actual state experiences in implementation could well yield levels of savings beyond our conservative estimate.

In order to ensure that recipients retain access to high quality health care, Governors believe overall levels of additional Medicaid savings should be kept at $8 billion. Furthermore, the method adopted for achieving Medicaid savings is of primary importance to Governors. We adamantly oppose a cap on federal Medicaid spending in any form. Unilateral caps in federal Medicaid spending will result in cost shifts to states, enabling the federal government to balance its budget at the expense of the states.

Under a cap, once the federal spending obligation is fulfilled, states would become solely responsible for meeting uncontrollable program cost increases, stemming from things such as new drug treatments, lawsuits, and disasters. In confronting this cost shift, states would be presented with several bad alternatives. States would have to choose between cutting back on payment rates to providers, eliminating optional benefits provided to recipients, ending coverage for optional beneficiaries, or coming up with additional state funds to absorb 100 percent of the cost of services.

Rather than make the tough choices on budget priorities, the federal government is putting states i the position of having to make an impossible decision. No option would be painless. If states chos to address shortfalls by significantly cutting provider reimbursement rates, those who needed healt care the most could find it difficult to access care. Medicaid options could not be easily eliminated because they make up an important core of the program. More than two-thirds of Medicaid spendin goes toward the elderly and people with disabilities. So-called optional eligibility categories includ the frail elderly in nursing homes and pregnant women and children. The largest optional benefit i many states is coverage for critical prescription drug services. In the end, states could find that the have no choice but to raise taxes or cut other important spending priorities, such as education.

The federal government will spend almost $7 billion on the Medicaid prescription drug benefit i 1998. Shifting costs to states through a per capita cap in order to achieve $7 billion in saving essentially forces states to confront choices such as discontinuing a vitally important benefit that i currently provided to 24 million Americans.

The Medicaid proposals that have been set forth so far have included significant cuts in the DSH program in addition to the federal savings that would be realized through a per capita cap. Governor believe that $8 billion in additional savings on top of the $86 billion already produced is a reasonable savings target for Medicaid. Accordingly, we would oppose the high levels of DSH savings included in the budget proposals on the table. It is also important that DSH not be considered a potential source of savings isolated from the rest of Medicaid; DSH funds are an important part of statewide systems of health care access for the uninsured. All Medicaid savings proposals will be evaluated on the basis of their impact on the program as a whole.

Furthermore, DSH funds must continue to be distributed through states and not directly to providers. This will ensure that DSH dollars are used in ways that complement other federal and state sources o health care funding. Maintaining the state role in the distribution of DSH will ensure effective coordination with the state's overall health infrastructure.

Governors place the highest priority on the successful resolution of the concerns we have raised. We would welcome the opportunity to work with you as Medicaid issues are addressed in the context o developing a balanced budget package, and we would be happy to provide you with any additional information you may require. Because states administer the program and provide on average 4 percent of its funding, Governors must be involved in any budget negotiations related to the future o Medicaid.

Sincerely,

Bob Miller   George V. Voinovich

Lawton Chiles

Michael O. Leavitt

Tommy G. Thompson

Zell Miller

John Engler

Edward T. Schafer

Jim Edgar

John G. Rowland

Benjamin J. Cayetano

Philip E. Batt

Fife Symington

Terry E. Branstad

Paul E. Patton

Arne H. Carlson

Mel Carnahan

Jeanne Shaheen

George E. Pataki

John A. Kitzhaber

Tom Ridge

Pedro Rossello

Lincoln C. Almond

David M. Beasley

Frank O'Bannon

George Allen

Gary Locke

Jeff D. Anderson

Jim Geringer

Fob James, Jr.

Jim Hunt

Tony Knowles

Christine T. Whitman

E. Benjamin Nelson

Frank Keating

[illegible]

Pete Wilson

Mike Huckabee

Mary E Johnson

Marc Racicot

'97 APR 18 PM6:22

THE WHITE HOUSE

WASHINGTON

April 18, 1997

THE PRESIDENT HAS SEEN
4-21-97

copied
Hilley
COS

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN HILLEY John Hilley

SUBJECT: WEEKLY LEGISLATIVE REPORT

House of Representatives

1. **Tax Constitutional Amendment**: On Tuesday, April 15, the House rejected (233--190, two-thirds present not having voted for the amendment) an Administration-opposed Constitutional Amendment to Require Two-Thirds Majorities for Bills Increasing Taxes (H.J.Res. 62). Republicans staged the vote knowing it would come up short but hoping it would win more support than it did a year ago. Instead, it received 10 fewer "yes" votes than it did in 1996.

2. **Patent System Improvement**: On Thursday, April 17, the House began consideration of the 21st Century Patent Improvement Act (HR 400). This legislation would modify various patent laws to make intellectual property right protection in the United States similar to those in the rest of the industrialized world. During the debate:

a. The House adopted by voice vote a Manager's amendment which was drafted with the Administration (Commerce Department, the Patent and Trademark Office, White House Legislative Affairs) to address a number of Administration concerns. The Manager's amendment will ensure that the Patent and Trademark Office will operate under performance based objectives as envisioned by the National Performance Review.

b. The House defeated (178--227: Democrats - 54 yeas, 138 nays ; Republicans - 138 yeas, 89 nays) an amendment by Rep. Dana Rohrabacher (R-CA) which was strongly opposed by the Administration. The Rohrabacher amendment would have resulted in U.S. patent law violating our treaty obligations under GATT.

The House is expected the resume consideration of this bill on Wednesday, April 23. Given the actions to date, the Administration will support House passage and oppose any further amendments to the legislation.

3. **Homeowner Insurance**: On Wednesday, April 16, the House passed (421--7) the Homeowners Insurance Protection Act (HR 607). This legislation aims to free homeowners from mortgage insurance payments once they have paid off 25 percent of their mortgages. The Administration supported passage of this bill.

THE PRESIDENT HAS SEEN
4-21-97

4. **Gingrich Ethics**: House Speaker Newt Gingrich announced Thursday, April 17, that he will pay his $300,000 ethics penalty with money loaned to him by retired Senate Majority Leader Bob Dole. Documents released by the Speaker's office said Dole had agreed to loan Gingrich the fill $300,000 to be repaid with 10 percent total interest over eight years.

5. **Rep. Ciro Rodriguez Sworn In:** On Thursday, April 17, Rep. Ciro Rodriguez (D-TX) was sworn in to fill the vacancy left by the late Rep. Frank Tejeda (D-TX).

The Week Ahead

There will be no votes in the House on Monday, 4/21, or Tuesday, 4/22, in observation of Passover and there are no votes expected on Friday, 4/25. It is expected that the House will take-up several Suspension bills, complete consideration of the 21st Century Patent Improvement Act, and then turn to several science authorization bills.

Senate

1. **Nuclear Waste:** On Tuesday, April 15, the Senate passed (65--34; Senators Coats and Nighthorse Campbell joined 32 Democrats in voting against passage) S. 104, the Nuclear Waste Policy Act, as amended. Senator Rockefeller did not vote, but opponents of the bill announced he would vote against the measure, leaving supporters two votes shy of the two-thirds majority needed to override your promised veto. Enactment of this legislation would lead to construction of a temporary nuclear waste repository at Yucca Mountain in Nevada.

Good

a. On Tuesday, April 15, the Senate tabled (59--39) an amendment sponsored by Senator Bingaman that would have prevented the Yucca Mountain site from being licensed if it were deemed unsuitable. In addition, the amendment would have also removed the automatic default to another site in Nevada if Yucca Mountain was found unsuitable.

Good
Enormously significant to real people.

2. **IRS Browsing:** On Tuesday, April 15, the Senate passed (97--0) S.522, the Taxpayer Browsing Act, as amended, criminalizing unauthorized browsing of tax returns by IRS employees.

3. **Assisted Suicide:** On Wednesday, April 16, the Senate passed (99--0) H.R. 1003, the Assisted Suicide Act, prohibiting the federal funding of assisted suicides. The Administration-supported measure is now cleared for your signature.

Good

4. **Chemical Weapons Convention:** On Thursday, April 17, the Senate reached a unanimous consent agreement under which to consider the treaty. Under the provisions of the agreement, the Senate turned to consideration and subsequently passed (53--44; Senator Lieberman joined 52 Republicans voting for passage) S. 495, the Chemical and Biological Weapons Bill. The Kyl-sponsored measure would essentially apply the treaty to the United States, but it would not subject the United States to other conditions in the treaty, including international inspections of chemical plants and intelligence sharing. According to the unanimous consent agreement reached, the Senate will turn to consideration of the resolution of

ratification on Wednesday, April 23. The first 28 conditions will be subject to a vote (Senator Lott indicated a voice vote), while the remaining 5 conditions will be subject to 5 separate motions to strike. Finally, as part of the agreement, the Senate will consider implementing legislation before the Memorial Day recess.

5. **Herman Nomination:** The Senate Republican leadership postponed a vote on the confirmation of Alexis Herman's nomination to be Secretary of Labor over concerns with the Administration's proposed Executive Order relating to project labor agreements.

The Week Ahead

On Wednesday, April 23, the Senate will turn to consideration of the resolution of ratification of the CWC according to the provisions of the previous unanimous consent agreement. The Senate may also consider Alexis Herman's nomination.

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

'97 APR 18 PM 7:13

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

THE PRESIDENT HAS SEEN
4-21-97

April 18, 1997

copied
McGinty
COS

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY WPW for KAM

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

RIGHT-TO-KNOW EXPANSION

This evening we reached agreement among CEQ, OMB, and EPA concerning changes to 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, but the final rule has been delayed by White House concern about the scope of EPA's current proposal and its potential impact on smaller businesses. We worked with EPA and OMB to develop a compromise package that retains the scope of the expansion, but delays the start of reporting while EPA provides sector-specific guidance on how to reduce the cost of reporting. EPA will also undertake a broad stakeholder process to identify further ways to reduce the cost of TRI reporting while enhancing the information available to communities. This compromise approach is expected to have the strong support of the environmental community, and we hope that it will assuage small business concerns.

CHILDREN'S HEALTH EXECUTIVE ORDER

On Monday, April 21, you will sign and the Vice President will announce an Executive Order directing agencies to enhance their efforts to protect children from environmental health and safety risks. Issuance of this Executive Order, which was first proposed by EPA and CEQ and later revised through an interagency process convened by CEQ, DPC, and NEC, will serve as a follow-up to the First Lady's conference on early childhood development and a curtain-raiser for Earth Day the following day.

NEW WORLD MINE

The Crown Butte company has indicated that they want to continue pursuing the federal asset exchange for the New World Mine. There is also continuing Congressional interest in our proposal. I am scheduled to testify about the history and details of the New World Mine and Headwaters agreements before the House Resources Committee on April 24th.

THE PRESIDENT HAS SEEN
4-21-97

CLIMATE CHANGE

The United Kingdom has been hit by its worst drought since rainfall records were first collected there more than 200 years ago. Water rationing and risk of fire in the (usually soggy) English countryside have put climate change on the agenda in the British election campaign. (The Labour Party is pushing tougher global warming policies than the incumbent Conservatives). Many stories in the British media note links between the drought and global climate change.

More frequent and severe droughts are among the many consequences scientists expect as greenhouse gases accumulate in the atmosphere. Ironically, more frequent and severe floods are also expected. Global warming will speed evaporation of water, intensifying the hydrologic cycle. More droughts and floods, as well as more frequent and severe storms (such as hurricanes), are predicted. While no single drought, flood or storm can definitively be linked to global warming, we can expect more of these in the years and decades ahead unless greenhouse gas emissions can be brought under control.

WHALES

A storm is brewing in the environmental community over whales. A combination of mainstream and more left-wing groups (World Wildlife Fund, Greenpeace, the Humane Society and the International Fund for Animal Welfare) are planning a mid-May press conference to blast the Administration for its whaling policy. The groups will complain that global whaling has tripled since you took office, that you and the Vice President do not give the issue sufficient priority, and that the administration is unwilling to use trade sanctions against whaling nations.

The real culprits on whaling are Japan and Norway. Japan refuses to accept a 1994 global agreement to stop whaling off Antarctica. (The Japanese fleet will take more than 400 whales there this year). The Norwegians are steadily increasing their whaling in the northern Atlantic, skirting the edges of the rules of the International Whaling Commission.

For many U.S. environmentalists, whales have enormous symbolic significance. They are the classic "charismatic mammal," easily used as an emblem of the environmental movement. The recovery of many whale stocks from near-devastation in the 19th and early-20th centuries is a tremendous environmental success story.

The easiest way to show leadership on this issue would be for you to raise whaling in your meeting with Prime Minister Hashimoto next week. A brief reference would significantly reduce the intensity of complaints from U.S. environmental groups and give us an important tool for managing this issue. We have suggested you raise whaling in each of your last two meetings with Prime Minister Hashimoto, but it has not happened. I understand that, against the backdrop of our broader security and economic relationship with Japan, whaling issues can appear insignificant. However, our raising this issue with Prime Minister Hashimoto would have enormous symbolic significance and pay considerable dividends with environmentalists.

agree

EARTH DAY

Next Tuesday, April 22nd is Earth Day. You have time blocked on your schedule to participate in an event on the Anacostia River. We are preparing separate materials for you regarding this event.

THE PRESIDENT HAS SEEN
4-21-97

MEMORANDUM TO THE CHIEF OF STAFF
FROM: RAHM EMANUEL R.E.
RE: WEEKLY REPORT

'97 APR 19 PM 12:40

STRATEGY: I have attached a copy of a memo from Bob Shrum. I met last week with Bob and after the discussion asked if he could put some of his thoughts down on paper. Some of his suggestions are worth testing and some are worth implementing immediately. If you are interested, I can ask him to come in to go over the memo.

RACE: I have also attached a memo from Bernie Aronson on the subject of race. He offers some helpful insights into how to proceed on this initiative. Some of his ideas are off base, but he has a real understanding of the history of the Civil Rights movement.

CRIME/DRUGS: Starting May 15th all Federal Firearms Dealers will have a new Brady form in response to the President's directive. The form requires an affirmative statement on residence from all gun purchasers; requires noncitizens to provide proof of residence through other substantiating documents such as utility bills; and requires all FFL's to examine photo id of all noncitizen gun purchasers.

good

I have asked that Ray Kelly hold a press conference to initiate the new forms.

I stated this in my report last week, as of October 15 all Federally issued handguns will have a child safety lock. Treasury and Justice represent 90% of the issued handguns and may even complete their issuance earlier.

good
when announce
timing more

Congressman McCullom has indicated a real interest in working together to produce a bipartisan Juvenile Justice bill. He is desperate for Congressman Schumer's support. I am heading up to the Hill on Monday with staff from White House and Justice Legislative Affairs to meet with Congressman Schumer.

Based on our preliminary discussions with Cong. McCullom and his staff, I think he will draft a bill that incoporates the President's major initiatives. After the meeting with Schumer and McCullom's staff I will draft a memo for the President. I do not want to sound to polyanna-ish, we will face difficult negotiations with the Republicans and with members of the Black Caucus.

good!

We need to schedule a time for the President to sign the Executive Order on Sexual Predators. The signing can be as low key as the release of a White House photo without any guests and as big as the message event of the day. The signing of the order can also be the subject of a radio address.

agree
get it set
Need some visibility

copied
Emanuel
COS

THE PRESIDENT HAS SEEN
4-21-97

I have asked for a number of reports for the President to release in upcoming events. At the Mayors Conference the President will release a report on "Meth" and a study on his EO from last year on drug testing for federal offenders. At the Police memorial he will release a report on Community Policing and the drop in crime. Prior to his trip to Mexico he could sign the order on GTO's and money laundering.

CAMPAIGN FINANCE: The FCC will be ruling on free TV for candidates in the near future. Reed Hundt has announced that he intends to make a decision on this matter in the coming month. We need to be poised, both the President and the Vice President, to take advantage of this announcement.

If my sense of the FCC timing is right, we need to announce the Chair of our Commission immediately. I have no sense of the timing of this announcement or where it stands, but we must be ready shortly.

On the subject of petitioning the FEC, Senator McCain's opposition offered the administration a way to hold off the filing. We could always claim that we were holding off from filing the petition in deference to Senator McCain when in reality the filing will anger Senator Kerry and Congressman Frost.

However, James Bennet from the *New York Times* is onto our back and forth game. We need to decide whether to proceed with the petition or allow the *Times* to run their story and our answer be that Senator McCain asked for a delay.

The good news is that the FCC and FEC allow us to look and act serious about reform.

IMMIGRATION: I called the Attorney General about the Saturday stories concerning the INS' failure to properly implement the naturalization reforms. I was clear that the failure to implement was going to impact her reputation. The AG led the effort to adopt these reforms. I could not be clearer that this was not a resource problem, but a management problem and needed to be fixed. The AG will get back to me on Monday.

copied
Reed
COS

THE PRESIDENT HAS SEEN
4-21-97

THE WHITE HOUSE

WASHINGTON

April 19, 1997

'97 APR 19 PM1:15

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed BR

RE: DPC Weekly Report

Good

1. National Standards and Testing Initiative: We are continuing to identify states to sign up for the 4th and 8th grade testing initiative. Governor Weld announced, at a recent education meeting with Governor Hunt in North Carolina, that Massachusetts will participate in the testing initiative. Last week, the West Virginia State Board of Education voted to participate; the State Board is now working to secure Governor Underwood's support as well. Secretary Riley recently met with Governor Carnahan in Missouri and Governor Dean in Vermont, and believes that both states will sign up shortly. New York State Commissioner of Education Rick Mills is working hard to secure the support of the State Board of Regents and Governor Pataki. We expect to get a number of firm commitments within the next few weeks and at that time will schedule a White House event to highlight the participation of this new group of states.

2. Service Summit: We are working on a number of proposals for you to announce at the Service Summit. First, you can announce $20 million in new Police Corps grants. Second, you may be able to announce new proposals for a teacher corps and child care corps. We are working to reach agreement with the Department of Education and OMB on the teacher corps proposal, which could take the form of giving scholarships to young people who will commit to teaching for a certain period of time in inner city and possibly rural schools. Our current thought is to submit the legislation creating this program as part of the reauthorization of the Higher Education Act, with questions of financing deferred to FY 99. We also are talking with HHS and the Corporation for National Service about a child corps program that would help meet the demand for high-quality child care, but these discussions are less far along.

Pt of America Reads?

priority on welf. recipients?

Third, we are exploring Tony Campolo's idea of deferring, or even forgiving, interest payments on student loans while an individual is engaged in service. As you know, our income contingent repayment plan already allows people with low incomes to keep their loan payments affordable. One question about Campolo's proposal is whether the small amount of additional relief it provides would induce more young people to serve. Fourth, we are reviewing proposals from federal agencies with the hope that you could announce that military and civilian employees (mostly military) will mentor or tutor a million children by the year 2000.

Are you questioning? Do both

To build momentum toward the summit, we recommend that you announce at next week's Reading Is Fundamental event a commitment by federal agencies to adopt thousands of schools across the nation. We are also trying to ensure that in next week's radio address, when

including Lit. tutors we need to get to 1m. volunteers. numbers

THE PRESIDENT HAS SEEN
4-21-97

you announce the transmittal of the America Reads legislation, you can say that several more colleges have agreed to use work-study slots to provide reading tutors.

3. Medicare Trust Fund: On April 24th, the Medicare Trustees (Secretaries Rubin and Shalala and Acting Secretary Metzler) will release the annual Medicare Trust Fund Report. Its findings and recommendations will not differ significantly from last year's report. Although the White House cannot review the actual document, we do know that the report projects that the Medicare Trust Fund will become exhausted in 2001 unless legislative action is taken and that the Fund will face much greater financing problems starting in 2010, when the baby-boomers start to retire.

It is unclear how the Republicans will react to release of the Report. They may attempt to use the Report to chastise us for not reforming the Medicare program. But because we have the only budget proposal on the table and it extends the life of the Trust Fund to 2007, they may hesitate to be overly critical. They also may worry about the effects of such criticism on budget negotiations. We may want to preempt any potential attacks by using the release of the Report to challenge the Republicans to move more promptly on the budget. But this response also poses a risk of impeding negotiations. We will keep close watch on the situation over the next few days and advise you accordingly.

agree
make
sure
FLOTUS.
office involved

4. Child Care: As follow-up to the Conference on Early Childhood Development and Learning, the DPC would like to launch an intensive policy process to examine ways to meet the demand for high-quality affordable child care. We will meet with experts across the nation and around the world, and we will examine a wide range of regulatory, investment, and tax proposals. We then will use next fall's Conference on Child Care, which you announced last week, as a forcing mechanism to develop a significant legislative proposal in this area.

5. Washington State Request for Food Stamp Waiver: You recently asked why the Department of Agriculture denied Washington State's request to waive the food stamp work requirements for people pursuing graduate equivalency diplomas. The Department concluded that it had no legal authority to grant this waiver, because the law allows waivers only on the basis of geographic criteria -- *i.e.*, in areas (counties or cities) where unemployment rates exceed 10% or where there are insufficient jobs -- and not on the basis of any educational criteria. Using the legally authorized geographic standard, the Department so far has given waivers to Washington for all or part of 24 counties and 7 Indian reservations.

We
should
ask for
waiver
auth. for
Ed. students
[illegible]
[illegible]

6. Study on Crime Prevention: This week the Justice Department released a study, requested by Congress, on federal crime prevention funding. The study received a fair amount of press because it asserts that many prevention programs, including DARE and midnight basketball, have little impact. In many respects, however, the study supports the direction the Administration has taken. Most notably, the study endorses programs for community policing and for prison drug testing and treatment. The study also says that formula and block grants are

Let me
see
[illegible]

THE PRESIDENT HAS SEEN
4-21-97

less effective than discretionary grants; it calls for targeting funding to urban neighborhoods where youth violence is highly concentrated. In light of the questions this study raises, you should know that your Anti-Gang and Youth Violence Bill would reserve 10% of juvenile justice grants for research on program effectiveness -- exactly the percentage the study says is appropriate.

THE PRESIDENT HAS SEEN
4-21-97

'97 APR 18 AM8:13

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

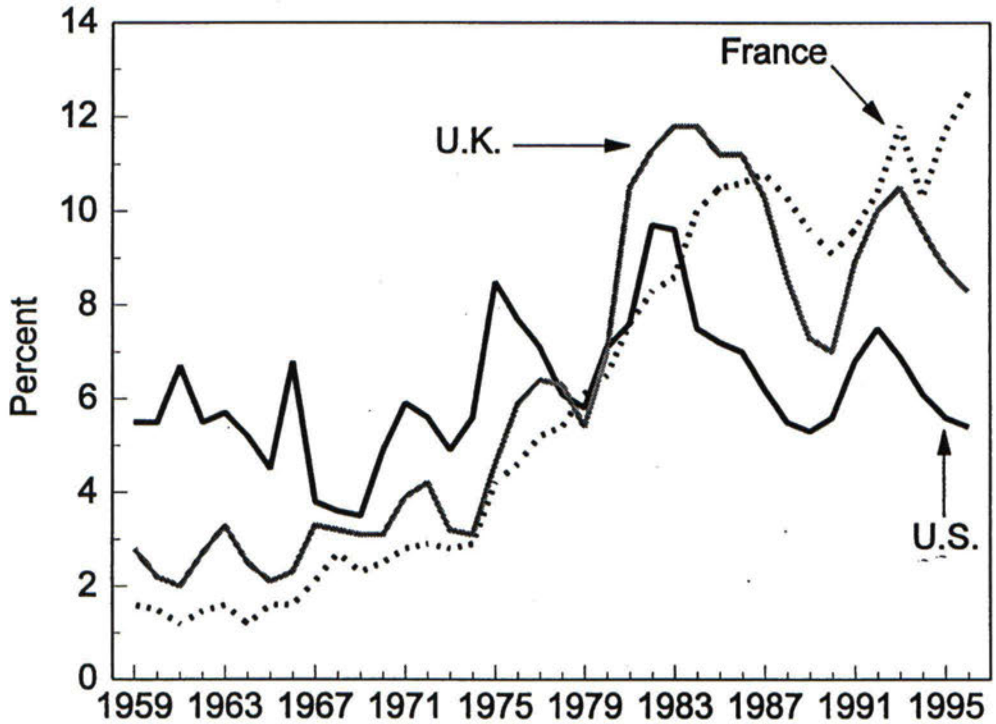
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

April 18, 1997

copied
whole report:
COS
page 3 + cover:
Yellen

CHART OF THE WEEK

U.S. and European Unemployment Rates



The United States has a lower unemployment rate than nearly every European member of the OECD. The unemployment rate for OECD Europe as a whole now stands at 10.5 percent, and several countries—including France, Germany, Italy, Norway, and Sweden—have hit their highest level in at least 45 years during the past 12 months. Almost a quarter of the labor force is unemployed in Spain. A few countries that have instituted labor market reforms, including the UK, have seen their unemployment rate start to come down. An article in this *Weekly Economic Briefing* discusses why unemployment is so high in Europe.

CONTENTS

TREND

The Housing Market 1

SPECIAL ANALYSES

Welfare Reform and the Unemployment Insurance System 2

Economic Growth and Environmental Quality 4

ARTICLE

Why Is Unemployment So High in Europe? 5

DEPARTMENTS

Business, Consumer, and Regional Roundup 7

International Roundup 8

Releases 9

U.S. Economic Statistics 10

Financial and International Statistics 11

THE WALL STREET JOURNAL

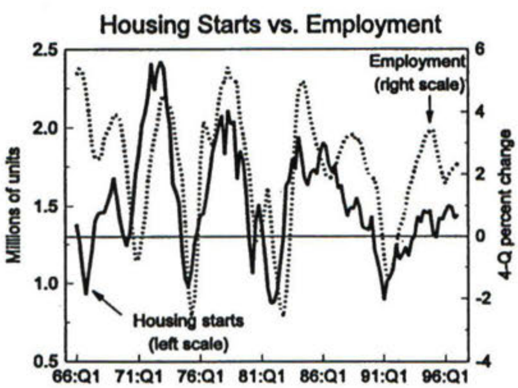
"I'm sorry I'm late for my audit ... I was abducted by aliens and they confiscated my records ..."

TREND

The Housing Market

Homebuilding is a highly cyclical sector, accounting for a disproportionate share of GDP fluctuations. It is also one of the key interest-sensitive sectors affected by monetary policy.

Which measure? Each month brings a flurry of housing statistics, including permits, starts, sales of new homes, and sales of existing homes. Of these, permits are the most reliable short-run indicator. They are more stable, less affected by bad weather, and more forward-looking than starts. Housing starts, however, directly affect the pace of construction and hence GDP. They also have broader geographic coverage than permits. Housing starts in the first quarter rose to a 1.45-million-unit annual pace, about the same as for 1996 as a whole (see upper chart). Although new home sales may be the clearest expression of demand for housing, initial estimates are subject to substantial revision. Sales of existing homes have little effect on GDP.



Analysis. Over the short and intermediate run, housing demand and economic activity are closely related (see lower chart). Interest rates also matter, but the correlation is weaker. Over periods of decades, demographic factors like the rate of household formation tend to assert themselves. Many experts believe that these factors argue for a pace of housing starts of about 1.3 to 1.4 million units per year, slightly below the current pace.

Conclusion. In the near term, solid rates of growth of employment and income are likely to support homebuilding activity near recent levels. Interest rates, however, have risen recently and may start to exert a damping influence.

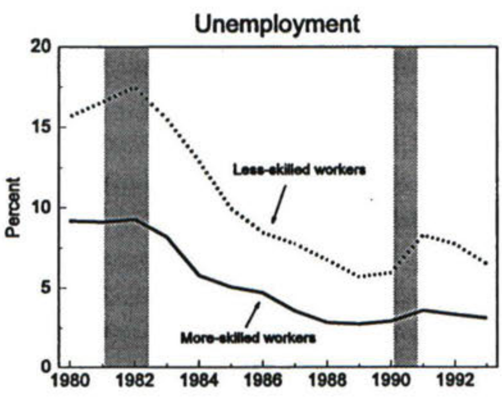
SPECIAL ANALYSIS

Welfare Reform and the Unemployment Insurance System

With hundreds of thousands of less-skilled workers likely to enter the workforce under welfare reform, the unemployment insurance (UI) system will take on increased importance as a safety net program.

Employment prospects for welfare recipients. The new welfare law has put time limits on receipt of benefits—2 years for a single spell without work and 5 years for lifetime receipt. States have some discretion, however, and many have chosen narrower limits. Thus, many people who may have relied on welfare in the past will now have to find work.

The employment experiences of similar less-skilled workers may provide a useful indicator of how former welfare recipients will fare when they enter the labor market. Like other low-skilled workers, welfare recipients are more likely to be high school dropouts and to score relatively poorly on standardized tests compared with other workers. For example, in a sample of roughly 10,000 individuals from the 1957-1964 birth cohort, almost half of those who received welfare for 3 or more years between 1980 and 1993 fell in the bottom 25 percent of the distribution on a standardized exam of aptitude/achievement.



The chart shows the unemployment rate between 1980 and 1993 for less-skilled and more-skilled workers from the 1957-1964 birth cohort. Both groups saw their unemployment rate drop over time as they gained work experience. But the unemployment rates of the less-skilled were both higher and more sensitive to recessions. This evidence suggests that welfare recipients could exhaust their lifetime benefits over the course of one lengthy recession.

Welfare reform and UI. The UI system could provide additional protection. UI benefits are available to job losers with a sufficient work history (job leavers are generally not eligible). Although the specific rules differ among states, the minimum work requirements are not that stringent. For instance, a minimum-wage worker who had been employed 30 hours per week for 6 to 9 months would be eligible in most states. The amount and duration of benefits also vary among states, but such a worker would typically receive about $75 a week for up to 6 months (potentially longer in a recession). These benefits are roughly comparable to the maximum monthly welfare benefit for a family of three in many states.

THE PRESIDENT HAS SEEN
4-21-97

Implications for the UI system. The additional inflow of low-skilled workers into the UI system resulting from welfare reform raises issues regarding program funding and design. The system is funded by a tax on employers that is imperfectly experience-rated. Firms that lay off more workers pay more into the system, but only up to a point. To the extent that welfare recipients get hired by firms that are already paying the maximum tax rate, the number of potential UI recipients will go up, but no additional funding will be generated. Other issues of program design—including the relatively high UI tax on low-wage workers and the adequacy of the trigger for extending benefits during a recession—will be addressed in a future *Weekly Economic Briefing*.

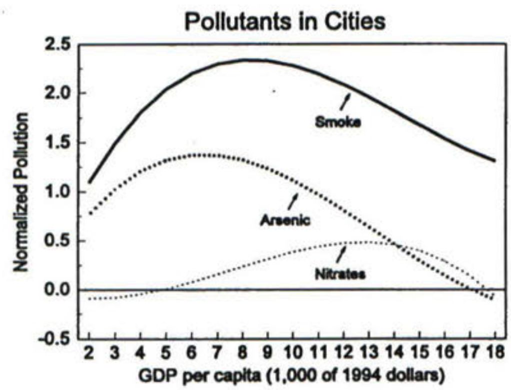
SPECIAL ANALYSIS

Economic Growth and Environmental Quality

Does an ever-richer economy create an ever-poorer environment? Evidence suggests not; with the right policies, environmental quality can improve even as growth continues.

An inverted U. Several recent statistical studies have found that, for many environmental indicators, the relationship between economic growth and environmental quality seems to have an inverted-U shape. For low levels of income, environmental quality deteriorates as income rises, but, beyond a certain point, further increases in growth are associated with improving environmental quality. These improvements presumably do not occur spontaneously. As a nation gets richer, it imposes tighter environmental regulations because its citizens demand more environmental quality. To a much lesser extent, richer nations may also reduce their own pollution by importing "pollution-intensive" goods rather than producing them at home.

One study found this pattern in cross-country data for a number of air and water quality indicators, including smoke, arsenic, and nitrates. The exact turning point varied from one environmental indicator to another, but it tended to be at a per capita income of about $6,000 to $13,000 (see chart). Other studies have revealed a similar pattern for sulfur dioxide, particulate matter, oxides of nitrogen, carbon monoxide, and deforestation.



In 1994 Chile, Malaysia, and Mexico were countries with per capita incomes in the $6,000 to $13,000 range where pollution stops rising and starts turning down. China, Indonesia, and Turkey had lower per capita income. Some richer nations over the hump included Australia, Canada, and the United States.

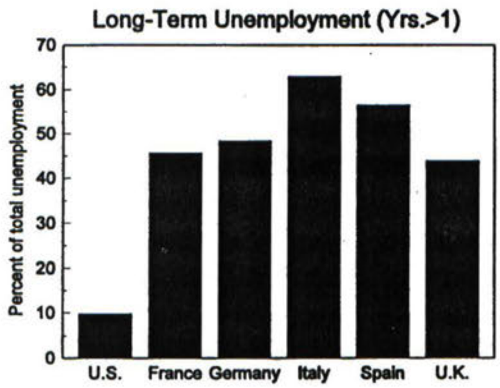
What about greenhouse gases? Greenhouse gas emissions do not yet show an inverted-U pattern. Emissions are still worsening with economic growth even in many prosperous countries. This may be a case where the effects of emissions are not felt directly enough by the emitters to call forth a response. Since each country alone can do little because of the classic free-rider problem in the global commons, all nations will have to work together as they reconsider their development strategies.

ARTICLE

Why Is Unemployment So High in Europe?

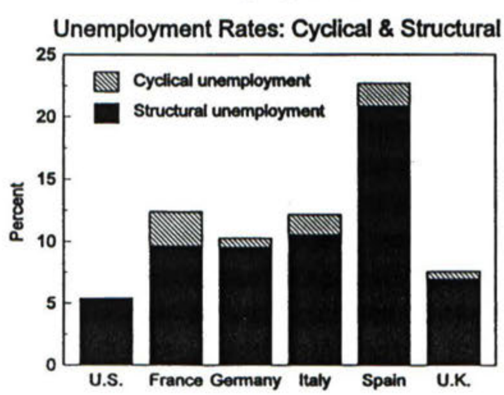
The trends in European unemployment discussed in the Chart of the Week are not just a business cycle phenomenon. They reflect underlying structural problems. In a few countries, improvements in employment creation following major structural reforms suggest, however, that rising unemployment is not inevitable.

Background. The contrast between job creation in Europe and in the United States is stark. Between 1980 and 1995, employment grew by more than 25 million in the United States, with most of the new jobs in the private sector. Over the same period, employment in OECD Europe grew by only 10 million, almost all of which came from the public sector. Three features of European unemployment are particularly troubling:

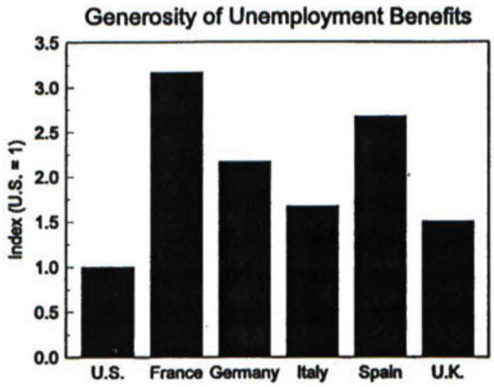


- Dispersion. Unemployment is spread very unevenly, with high unemployment rates for young workers and large regional disparities.
- Duration. Long-term unemployment is substantially larger for many European countries than it is for the United States (see upper chart). Even countries with unemployment rates not much higher than ours have substantially larger fractions of long-term unemployment.
- Participation. Compared with the United States, a larger fraction of the working-age population is not even in the labor force in Europe. In France, for example, the labor force participation rate was 55 percent in 1995, 11 percentage points lower than that of the United States.

Structural unemployment. Several episodes of contractionary macroeconomic policy, most recently the tight monetary and fiscal policies undertaken to meet the Maastricht criteria for monetary union, have contributed to rising unemployment. But the bulk of European unemployment is structural (see lower chart). Compared with the United States, where the unemployment rate falls relatively quickly once contractionary policies are relaxed, unemployment in Europe tends to persist



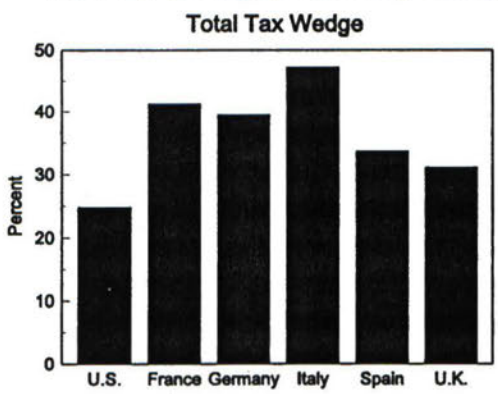
even after macroeconomic policy becomes looser. Three impediments to labor market flexibility may be at work:



- Insider protection. Employment-protection legislation and strong labor unions provide "insiders" with long-term contracts that protect against wage erosion and dismissal. This discourages firms from hiring workers in the first place. And it concentrates the costs of adjustment among young, immigrant, and part-time workers, as well as others who lack insider protection.

- Generous unemployment benefits. Unemployment benefits are substantially more generous than they are here in terms of amount, coverage, and duration (see upper chart). This not only creates a disincentive for unemployed workers to look hard for jobs, but it also increases the bargaining power of insiders by strengthening their fall-back position. The duration of unemployment benefits may be one of the most important determinants of aggregate unemployment.

- Employment costs. The statutory minimum wage and taxes (social insurance and income) are higher in many European countries than they are in the United States. In France, for example, the statutory minimum wage is 55 percent of the average manufacturing wage. This compares with about 40 percent in the United States once the latest increase is fully phased in. The tax wedge measuring the difference between the compensation paid by the firm and the after-tax wage received by the worker is also substantially higher in Europe than it is here (see lower chart).



Implications. Although many countries in Continental Europe have taken some steps to liberalize their labor markets, most have not addressed any of the three fundamental impediments to labor market flexibility. (France, for example, has reduced employment protection for part-time workers and tightened rules governing eligibility for unemployment benefits.) The unemployment rate has come down, however, where countries have pursued more sweeping reforms—reducing employment protection legislation (the UK), cutting the level or duration of unemployment benefits (Ireland, the Netherlands, and the UK), substantially reducing the minimum wage (the Netherlands and the UK), and reducing the tax wedge (the Netherlands).

Birth Rate is Lowest Since 1978. The birth rate fell 2 percent, to 15.2 per thousand total population in 1994. This is the lowest rate since 1978, and provisional National Center for Health Statistics (NCHS) data indicate that the rate fell by about 2 percent in 1995 as well. The falling birth rate is attributable to declining fertility rates, as well as demographic shifts. The proportion of women aged 20 to 34—the ages when more than three-quarters of births occur—has been falling. Both the birth and abortion rates for teenagers continued to fall. (The falling birth rates, however, are not enough to offset growth in the number of teenaged women, hence total births to teenagers are rising). The report also showed that use of pre-natal care increased among all age and racial and ethnic groups, with the largest increases among those with the lowest levels of care. Unfortunately these increases were not enough to reverse the upward trend in the incidence of low birthweight babies, although this incidence did improve somewhat among black mothers. Finally, babies continue to prefer to enter the world on Tuesdays.

Another Baby Bell Tries to Be the First to Enter the Long-Distance Market. SBC, the Oklahoma-based company formerly known as Southwestern Bell, is trying to become the first Regional Bell Operating Company (RBOC) to be allowed into the long-distance market under the 1996 Telecommunications Act. To be allowed in the long-distance market, Baby Bells must submit an application to the FCC and show that they have agreed to "interconnect" with other providers in their local market (a prerequisite for more competitive local-telephone-service markets). Earlier this year, another RBOC (Ameritech) withdrew its application after the FCC determined that it had not provided adequate evidence that it had the necessary interconnection agreements. Similar allegations have surfaced regarding SBC. If the company's application overcomes this hurdle, the telecommunications world will be watching to see how much discretion the FCC has under the Telecommunications Act in determining whether a Baby Bell's entering the long-distance market is in the "public interest."

Women-Owned Businesses Flourish. Over 15 percent of U.S. businesses with employees are owned by women, and women own another 19 percent of such businesses jointly with men, according to recent results from the Census Bureau's Survey of Business by Gender of Ownership—the first survey focusing on women-owned businesses. The report also suggests that the proportion of businesses owned by women has been growing. Nearly 20 percent of firms established between 1991 and 1994 were women-owned, compared to 12 percent of those established before 1980. Not surprisingly, businesses owned by women tended to be younger than the average business. The survey did not confirm worries that the expansion of such businesses is thwarted by poor access to credit. Compared with male-owned businesses having similar characteristics, women-owned businesses had no more difficulty gaining access to credit and tended to use the same sources of credit. In addition, they had similar plans for expansion.

INTERNATIONAL ROUNDUP

Business Confidence Rises Among Japanese Manufacturers. For the first time since late 1991, the Bank of Japan TANKAN survey shows that principal manufacturing companies regard Japanese business conditions as "favorable." Nonmanufacturing and small manufacturing enterprises, by contrast, continue to rate business conditions as "unfavorable." In fact, the business confidence of nonmanufacturing industries was lower in the most recent (March) survey than it was in November 1996. A possible explanation for the division within the Japanese business community is that principal manufacturing enterprises are more export-oriented and expect to benefit from a weaker yen.

WTO Report Indicates World Trade Slowdown in 1996. Last year, the volume of world merchandise trade grew about 4 percent, after growing 8.5 percent in 1995 and about 10 percent in 1994. The deceleration last year was much greater than was forecast by any of the leading analysts. Substantially lower growth in both Asian exports and Asian imports were a significant contributing factor. In many Asian countries (including China and Japan), growth in trade lagged behind growth in GDP—a striking reversal of the usual pattern. In Japan, export growth was negative in 1996. In the United States, by contrast, merchandise export and import growth exceeded the world growth rate in 1996. In nominal dollar terms, U.S. merchandise exports grew 6.8 percent, while imports grew 6.1 percent.

Emerging EU Rift over New Central Bank. Reports that the French government may propose its own candidate for the presidency of the European Central Bank (ECB) are reported to have received a cool reception from German and Dutch officials. The current front-runner for the ECB post is Wim Duisenberg of the Netherlands, who will take over the Presidency of the European Monetary Institute this summer. The Institute is the precursor organization to the proposed ECB. French officials have publicly criticized the statutory independence of the ECB, and Duisenberg's perceived devotion to conservative banking principles and central bank independence may make him unpalatable to France. Some German media reports claim that the French will propose Michel Camdessus, the managing director at the IMF, instead of Duisenberg. Meanwhile, the current President of the European Monetary Institute, Alexandre Lamfalussy of Belgium, warned against any delay of monetary union.

RELEASES THIS WEEK

U.S. International Trade in Goods and Services

According to revised estimates the goods and services trade deficit declined to approximately $10.4 billion in February from $12.7 billion in January.

Industrial Production and Capacity Utilization

The Federal Reserve's index of industrial production increased 0.9 percent in March. Capacity utilization increased 0.5 percentage point to 84.1 percent.

Housing Starts

Housing starts decreased 6 percent in March to 1.43 million units at an annual rate.

Consumer Price Index

The consumer price index increased 0.1 percent in March. Excluding food and energy, consumer prices increased 0.2 percent.

MAJOR RELEASES NEXT WEEK

There are no major releases scheduled for release.

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
Nonfarm business (NFB) sector:					
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	**0.1**
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.**

FINANCIAL STATISTICS

	1995	1996	Feb. 1997	Mar. 1997	April 17, 1997
Dow-Jones Industrial Average	4494	5743	6917	6901	6659
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	6.86
Mortgage rate, 30-year fixed	7.95	7.80	7.65	7.90	8.16
Prime rate	8.83	8.27	8.25	8.30	8.50

INTERNATIONAL STATISTICS

Exchange Rates	**Current level April 17, 1997**	**Percent Change from**	
		Week ago	**Year ago**
Deutschemark-Dollar	1.725	0.4	14.5
Yen-Dollar	126.1	0.1	16.4
Multilateral $ (Mar. 1973=100)	96.85	0.2	10.5

International Comparisons	**Real GDP growth (last 4 quarters)**	**Unemployment rate**	**CPI inflation (last 12 months)**
United States	3.1 (Q4)	5.2 (Mar)	2.8 (Mar)
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	0.1 (Q4)	12.3 (Jan)	2.4 (Feb)
United Kingdom	2.0 (Q4)	7.2 (Feb)	2.7 (Feb)

14

THE PRESIDENT HAS SEEN
4-21-97

- **February Trade Estimate Mistake:** On April 17, the Census Bureau estimate of the February trade deficit was initially overestimated by $1.2 billion due to misreporting of crude oil imports by the Customs Bureau. Customs had been trying to update its files and had sent in backdated import declarations, some going back as far as November 1995, which were inadvertently mixed in with the current month's oil import declarations. The mistake was discovered and the correct trade deficit figure for February, $10.4 billion, was released late on April 17. There has been some media coverage.

- **Dismantlement Bill:** On April 14, Representative Royce introduced the Department of Commerce Dismantling Act. The bill would transfer many of DOC's functions to other Departments and eliminate several bureaus and programs.

- **Helms-Burton:** An interagency team led by Under Secretary Eizenstat reached an understanding with the European Union (EU) concerning the Helms-Burton law. The EU agreed to suspend its case in the WTO while the Administration consults with Congress with a view to obtaining an amendment to waive Title IV. In addition, it was agreed that the U.S. and the EU would work to create international rules to protect investment.

Issue a thank you note to Stu - good work -

- **Census Release:** On April 21, Census will release its report, *Estimates of the Population of States by Age Groups and Sex: 1990 to 1996.*

- **Coho Salmon:** Next week, at a press conference in Portland, OR, the National Marine Fisheries Service (NMFS) will announce a decision about whether or not to list two populations of coho salmon, one in northern CA and southern OR, and the second along the OR coast. NMFS Northwest Regional Administrator will be presenting recommendations on the transboundary and OR coast populations of coho. The decision will be considered controversial by environmental groups that have been pushing for NMFS to list the coho as "threatened" under the Endangered Species Act.

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

copy to Dorskind

Housing Vacancies (1st Q)	April 22
New One-Family Houses Sold and For Sale (March)	April 28
Advance Report on Durable Goods, Manufacturers' Shipments and Orders (March)	April 29
Gross Domestic Product (1st Q)	April 30
Personal Income and Outlays (March)	May 1
Value of New Construction Put in Place (March)	May 1

- **House Race and Ethnicity Hearing:** On April 23, the House Committee on Government Reform and Oversight Subcommittee on Government Management, Information and Technology will hold a hearing on OMB Directive 15: race and ethnicity classifications. Census Director Riche will testify regarding Census research on this

JIM DORSKIND:
Please coordinate the reply.

THE WHITE HOUSE

WASHINGTON

April 21, 1997

MEMORANDUM FOR MIKE MCCURRY

THROUGH: TODD STERN

FROM: JIM DORSKIND

SUBJECT: PASSOVER

Attached is the President's message for PASSOVER, 1997, which you may want to release to the media. Passover begins at sundown, Monday, April 21, 1997.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

PASSOVER, 1997

Warm greetings to everyone observing Passover.

Commemorating God's liberation of the Israelites from Egyptian slavery, Passover is the story of a people who, sustained by their faith in God and strengthened by their own courage and determination, broke free from oppression to seek a new life in a new land. Their journey was long and full of peril, and their resolve sometimes shaken by doubt; but ultimately the Jewish people reached the Promised Land where they could live and worship and raise their children in the sweet air of freedom.

The ageless festival of Passover holds profound meaning for Americans. We began our nation's journey to freedom more than two hundred years ago, a journey that is still not complete. Now we look forward to a new century and a new millennium, strengthened by the knowledge that we, too, have been blessed by God with the vision of a land of great promise set aside for those who cherish freedom.

As we mark the observance of another Passover, let us renew our commitment to America's promise. Let us continue our journey to a land where all our people are free to pursue our common dreams -- to live in peace, to provide for our families, and to give our children the opportunity for a better life.

Hillary joins me in extending best wishes for a joyous Passover celebration.

WILLIAM J. CLINTON

# # #

THE WHITE HOUSE

WASHINGTON

PASSOVER, 1997

Warm greetings to everyone observing Passover.

Commemorating God's liberation of the Israelites from Egyptian slavery, Passover is the story of a people who, sustained by their faith in God and strengthened by their own courage and determination, broke free from oppression to seek a new life in a new land. Their journey was long and full of peril, and their resolve sometimes shaken by doubt; but ultimately the Jewish people reached the Promised Land where they could live and worship and raise their children in the sweet air of freedom.

The ageless festival of Passover holds profound meaning for Americans. We began our nation's journey to freedom more than two hundred years ago, a journey that is still not complete. Now we look forward to a new century and a new millennium, strengthened by the knowledge that we, too, have been blessed by God with the vision of a land of great promise set aside for those who cherish freedom.

As we mark the observance of another Passover, let us renew our commitment to America's promise. Let us continue our journey to a land where all our people are free to pursue our common dreams -- to live in peace, to provide for our families, and to give our children the opportunity for a better life.

Hillary joins me in extending best wishes for a joyous Passover celebration.

Bill Clinton

THE WHITE HOUSE
WASHINGTON

Date 4/21

To: Rob Weiner

From: The Staff Secretary

Note that invitation involves establishment of WJC scholarship fund. with 25K from Vance Foundation. Can sitting President do such a thing? Thoughts?

Phil Caplan

Sched.?

John C. King

Stay Sec.?

One State Street, P O Box 231277
Hartford, Connecticut 06123-1277
Telephone (203) 548-2608
Facsimile (203) 548-2680

March 31, 1997

'97 APR 10 PM 4:43

The President
The White House
Washington, D.C. 20500-2000

Dear Mr. President:

This letter is being written in long hand (but indecipherable unless printed) in Moultonborough, New Hampshire during a Spring snowstorm affecting much of the northeast. At the same time, I heard you today on the radio begin the Easter egg roll on the south lawn. Actually, it's very pretty and peaceful, with the warm sun just a few weeks away here and in Connecticut. I (and Patty) did spend five days in Phoenix at the beginning of March, so I guess we should have no complaints.

While I have never torn a tendon, over the last few years my running, dating from the crew days along the canal, has led to ankle and knee problems, a stress fracture here and there and not infrequent but short bouts with crutches. A few years ago, Patty and I were in an automobile accident and we <u>both</u> were on crutches for a number of weeks. That was a trip, with five kids to take care of, who really took care of us. We found out how fortunate we were in our friends and neighbors and, of course, mothers. In any event, I've abandoned the running for Nordic Track and mostly stretch work outs and push ups, plus long walks, when time permits. This is an unfortunate concession to age.

In much shorter bursts, I've somewhat experienced what you're going through: the simplest tasks which were taken for granted, the lost activities and reliance upon others. While over the last year, I've been the beneficiary of your kindness and friendship - be it Chicago, Hartford, Little Rock and the Inaugural activities - and a strident supporter, nonetheless, it is difficult to relate to your triumphs and difficulties. It even is hard to offer support during those difficult times without feeling like who am I to waste his time with my ten cents worth. At least in the instance of your injury, I can relate, although my empathy extends across the board.

On another note, I enclose a letter to me from Dick Judd, a close friend and new President of Central Connecticut State University ("CCSU"). CCSU, in New Britain, is a branch of the Connecticut university system. The April, 1999 invitation of the Vance Lectureship, as you can see, is accompanied by the creation of the William Jefferson Clinton Scholarship Fund with initial capitalization of $25,000.00 from The Vance Foundation. Prior Vance lecturers have included Presidents Jimmy Carter and Gerald Ford, Secretary Henry Kissinger, Ambassador Jeanne Kirkpatrick, Senator George McGovern, Harold Lord Wilson and others. None, to my knowledge, has received the scholarship accolade proposed here. Given your critical educational initiatives, I hope you will give favorable consideration to this invitation.

Well, the snow is more steady and swirling and our eighteen year old son, J.P., a Georgetown applicant, safely made it home to Connecticut. We expect to see Kit and Amy in a couple of weeks and I'll be in New York Wednesday at Ed Villani's office at the first pre-Reunion event for the Thirtieth Reunion (ouch)! Also, I recently sat with Chris Dodd to offer whatever support he may need now and in '98.

Keep up the good work that people really care about.

Sincerely,

John C. King

JCK:mjp
Enclosure

CENTRAL CONNECTICUT STATE UNIVERSITY
NEW BRITAIN 1849

CENTRAL CONNECTICUT STATE UNIVERSITY

CONNECTICUT STATE UNIVERSITY SYSTEM

March 17, 1997

Atty. John C. King
Updike, Kelly, & Spellacy, P.C.
1 State Street
P.O. Box 231277
Hartford, CT 06123

Dear John:

Each year, under a grant from the Robert C. Vance Charitable Foundation in New Britain, a distinguished person is invited to present a lecture on a topic related to the speaker's interest and expertise. I am writing to ask you to formally extend our invitation to President Clinton to deliver the Robert C. Vance Distinguished Lecture at Central Connecticut State University in the spring of 1999 when we begin a year-long celebration of the University's 150th anniversary.

The Robert C. Vance Lecture has a history of distinguished persons of national and international prominence. Recent lecturers have included Presidents Jimmy Carter and Gerald Ford, German Chancellor Helmut Schmidt, Canadian Prime Minister Brian Mulroney, Secretary Henry Kissinger, Ambassador Jeane Kirkpatrick, Harold Lord Wilson, and Senator George McGovern. The 1996 Vance Lecture was delivered by President Lech Walesa; this year's lecturer is former South African President F. W. deKlerk.

Typically, the program for the Vance Lecture is as follows:

- a 60-minute "question and answer" seminar with approximately 75 honor students and student leaders in the afternoon;
- a press conference;
- a "VIP" dinner with members of our University community, state and local officials, University benefactors, and regional corporate leaders; and
- a public address.

The address itself begins at 8:00 p.m. and is open to the public free of charge. Past lecturers have attracted as many as 3,500 persons. We have the flexibility to alter the above schedule as necessary.

1615 STANLEY STREET P. O. BOX 4010 NEW BRITAIN, CT 06050-4010

The dinner program is structured as a fund-raising activity for our student scholarship program. We have done this in the past with great success.

Prior to the lecture, we would like to bestow on President Clinton an honorary degree from the University. Several of our previous Vance lecturers have been accorded similar honors.

May I suggest sometime during the last two weeks of April, 1999 as the preferred time for the Vance Lecture. I, of course, realize the complexity of the President's schedule. An alternate date from mid-March to late-April could be considered.

To honor President Clinton's acceptance of the Vance Lectureship, we will create the William Jefferson Clinton Scholarship Fund, the purpose of which will be to support scholarships for Central Connecticut State University students preparing for careers in government, public service, and law. To finance this initiative, the Vance Foundation will initially capitalize the Clinton Fund with $25,000.00.

The Robert C. Vance Distinguished Lecture Series is a unique opportunity for our students and the general public in the Central Connecticut community to meet and hear from persons of national and international prominence. We would be honored to have President Clinton inaugurate our 150th celebration by delivering the 1999 Vance Lecture.

Thank you most sincerely for your assistance in conveying this invitation to President Clinton.

Sincerely,

Richard L. Judd
President

From Richard Dreyfuss on how imp. peace in Middle East is —

Copied
Berger
COS
NSC WW Desk
original given to NSC

4/17/ cc Sandy 2-Pres

Dear Mr. President and Mrs. Clinton,

We haven't communicated since my stay at the Lincoln Bedroom, about which I rem unashamedly proud, and if you'll permit me, amused by, and filled with scorn for, the attempts made to find fault with such an honor. It's evidence of something pathetic in o process that such good things are made little of, or misrepresented so casually.

This is not what I am writing you about; I just took the oppurtunity to vent.....

As the increasingly desperate news continues to come in from the Middle East, and with the impending visit from Prime minister Netenyahu, I want to send you this urgent note. All the important work done by you and the Administration in the name of Peace in the region is in truly grave jeapordy; the chances of finding ourselves tragically back where we were 10 years ago, with Intifada again an ugly fact of our lives, have risen unmistakably in the recent months.

As a concerned Jewish American, I implore that you not let a minority chorus cinvince you that the majority of Jews want anything less than a full scale effort to rescue this process. Israe is a strong, sovereign nation, and can withstand tough love in the short run. It may not surviv in the long run without it.

As important, We can withstand it. The American Jewish Community may have seemed in th past monolithic in its support of a hardline stance; I dont think that was reflective of reality, then or now. Perhaps the active "leadership" seemed rightist; the general community, however, has always been much more supportive of the Peace Process and your efforts, and they would be enormously enthusiastic and grateful to see continued effort in the pursuit of that process.

P.M. Netanyahu is of course a controversial figure, considered by some to be less idealogical, less thoughtful, and buffeted by events without an overall plan. Others think that he is far more thoughtful and intelligent, and has an agenda for the achievement of Greater Israel, which Is considered and perhaps even more fatal to the Peace Process, and the immediate circumstances of the lives of Israelis and Palestinians. I tend to side with this latter camp; Bib is not to be underestimated.

Only the Unite States, only the President, has the power and the perspective to help realize th peace. For the sake of Israel's true security, the time to exercise it is now.

Best regards,

Richard Dreyfuss

THE PRESIDENT HAS SEEN
4-21-97

Sandy
nice letter
pls have reply done

BC

THE WHITE HOUSE

'97 APR 18 PM3:56

OFFICE OF LEGISLATIVE AFFAIRS

FAX COVER SHEET

NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY.

DATE: 4/18

TO: HELEN

FAX:

FROM: CHRISTOPHER WALKER

456-7500 (TEL) 456-6221 (FAX)

RE: If you approve, I'll put on azure.
CW

PAGE 1 OF 3

If there are any problems with this transmission, please call (202) 456-7500.

Chris - (Walker)
ok
put on azure
and bring over and
will give you a pen
Phil Caplan
4/21/97

4/18/97

Helen,

Representative Hastings requested a pen for H.R. 412, which the President signed into law on Monday, Apr. 12. This is our standard thank you language that we would use to accompany the pen. We have no other outstanding pen requests for this bill. Please note that the bill was introduced by Hastings. Please let me know if you have any questions or concerns.

Chris

April 18, 1997

Dear Representative Hastings:

Thank you for your leadership in securing passage of H.R. 412, the Oroville-Tonasquet Claim Settlement and Conveyance Act.

You can take pride in your role in ensuring enactment of this important measure. Please accept the enclosed signing pen and red line copy of the bill as a token of my appreciation.

Sincerely,

The Honorable Richard 'Doc' Hastings
House of Representatives
Washington, D.C. 20515

4-19-97
TO DORSKIND
FOR REPLY ✓
yes ———
no ———

'97 APR 19 AM10:03

April 6,1997

Honorable President William J.Clinton
The White House
1600 Pennsylvania Avenue N.W.
Washington DC 20500

Subject: Hatch/Kennedy Bill

Dear President Clinton:

This week Senator Hatch and Senator Kennedy will be introducing a Bill in the United States Senate to increase the national cigarettes tax to $.43.

As national Chairman of the Student Coalition Against Tobacco I have seen how easy it is for teenagers to buy cigarettes. The primary reason for this is because they are cheap. I am asking that you endorse this Bill so that it will be able to pass in the Senate. Without your endorsement the Bill cannot proceed.

Senator Trent Lott and other leaders have stated that this Bill would not benefit our country, I think they are wrong. The Hatch/Kennedy Bill should have bi-partisan support. The Republicans in Congress are strong tobacco industry supporters, because they receive so much of their campaign contributions form them. The 1996 Republican National Convention's major sponsor was Philip Morris. It is time we tell the tobacco industry that they cannot buy people.

Since you became President, you have been the strongest supporter which has lifted the anti-smoking movement to new levels. I hope you continue to support the movement and endorse this Bill.

6 Whittier Place, Suite 2J . Boston, MA 02114 . Tel/Fax (617)742-2950

Honorable President William J. Clinton
April 6, 1997
Page # 2

I hope I can count on your support. Regards,

Sincerely,

A. B. Ganguly

Arun B. Ganguly
Chairman

ABG:kw

cc: Honorable Senator Orrin Hatch

Honorable Senator Edward Kennedy

Honorable Senator Trent Lott

Honorable Senator Tom Daschle

Honorable Representative Henry Waxman

Honorable Representative Martin Meehan