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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

5-26-97

May 23, 1997

'97 MAY 23 PM 2:17

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN HILLEY *John Hilley*
SUBJECT: WEEKLY LEGISLATIVE REPORT

5-26-97

copied to...
Hilley
COS

House of Representatives

1. **FY 98 Budget Resolution:** On Wednesday, May 21, the House passed (333--99; 26 Republicans, 72 Democrats and one Independent voting against) H.Con.Res. 84, the Fiscal 1998 Budget Resolution.

a. The House rejected (214--216; 48 Democrats voting against) Rep Shuster's (R-PA) substitute amendment to increase transportation funding by \$12 billion over five years, offset by additional reductions in other parts of the budget, including defense, non-defense discretionary and tax cuts. White House Legislative Affairs worked through the night to secure adequate Democratic opposition to the Shuster substitute. This substitute amendment was one of five rejected by the House.

2. **Dolphin-Safe Tuna:** On Wednesday, May 21, the House passed (262--166) H.R. 408, the International Dolphin Program Act. This Administration-supported legislation would loosen the definition of what constitutes "dolphin-safe" tuna and lift a longstanding embargo on tuna imports from several countries. Bill supporters said it was important to implement the agreement so the laws now governing United States catches would be applied to other nations and stem dolphin deaths. Bill opponents charged that Republicans and the Clinton Administration were sacrificing environmental laws for trade policy.

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3. **Drug Free Community Act:** On Thursday, May 22, the House passed (420--1) H.R. 956, the Drug Free Community Act. This bill, which the Administration supports, would authorize the transfer of as much as \$10 million of the \$16 million federal drug control budget during fiscal 1998 for small grants to local groups that have established effective plans to stem drug use in their communities. It would authorize \$143.5 million over five years for the grants, to be drawn from the budget of the Office of National Drug Control Policy.

4. **Volunteer Liability:** On Wednesday, May 21, the House passed (390--35) H.R. 911, the Volunteer Protection Act. This legislation would grant nonprofit volunteers immunity from civil lawsuits except in extraordinary circumstances. The House agreed to two Administration-supported changes. First, the measure will now take effect 90 days after the date of enactment

and will only apply to actions that occur after the effective date of the bill. Second, the measure will not apply to volunteers who work for organizations that undertake conduct covered by the Hate Crime Statistics Act. While the Administration still has several concerns with the measure, particularly the prohibition on joint and several liability for non-economic damages, the Administration has not opposed passage.

The Week Ahead

The House is currently in recess and is expected to stay in recess until Tuesday, June 3. There is the unlikely chance that the House may return earlier to consider H.R. 1469, the Supplemental Appropriations Act. When the House returns on June 3, budget reconciliation and the 13 annual appropriations bills are expected to be the major focus, along with H.Con.Res. 84 and H.R. 1469. Also slated for House floor action in June is legislation to reorganize the State Department, the annual defense authorization bill, and a Constitutional amendment to prohibit flag-burning.

Senate

1. Budget Resolution: On Monday, May 19, the Senate Budget Committee reported (17-4; Senators Phil Gramm, Rod Grams, Hollings, and Sarbanes voting no) S. Con. Res. 27, the FY98 budget resolution to the Senate. During floor consideration, the Senate:

- a. Tabled (55-45; 8 Democrats joining 47 Republicans in voting to table) a Kennedy/Hatch amendment increasing cigarette taxes by 43 cents-a-pack to help pay for medical coverage for uninsured children.
- b. Tabled (56-43) a Moseley-Braun amendment providing \$5 billion for school construction.
- c. Tabled (51-49; 16 Democrats joining 35 Republicans in voting to table) a Warner amendment increasing transportation spending by \$12 billion in outlays over five years. Unlike the Shuster amendment defeated in the House, Warner's amendment included no offsets.

Finally, the Senate passed (78-22; 8 Democrats voting against) H. Con. Res. 84, the FY98 Budget Resolution, as amended.

2. Late-Term Abortion: On Tuesday, May 20, the Senate passed (64-36; 13 Democrats joining 51 Republicans in supporting the bill) H.R. 1122, the Partial Birth Abortion Act, as amended; however, supporters were three votes shy of a veto-proof margin. Senators Daschle, Byrd, and Hollings switched their vote to support final passage. The bill provides for an exception for the life but not the health of the mother. In addition, it applies to abortions performed before viability using this procedure.

- a. Senator Santorum amended the measure by unanimous consent to allow a physician facing charges under the bill to obtain an expert review by a state

medical board as to whether the procedure was necessary to save the life of the woman. The American Medical Association endorsed the legislation after Santorum included this procedural safeguard.

You have stated repeatedly that you will veto this bill, even with the Santorum modification, because it does not adequately protect women from grievous physical harm.

3. Volunteer Liability: On Wednesday, May 21, the Senate passed S. 543, the Volunteer Protection Act, as amended by the House, by unanimous consent. The Administration did not oppose passage and the measure is cleared for your signature.

4. CWC Implementing Legislation: On Friday, March 23, the Senate passed the CWC implementing legislation by unanimous consent. The implementing legislation sets legislative parameters, including criminal penalties, liabilities, and standards, to the actual Convention which passed in April.

5. Disaster Supplemental Conference Report: House and Senate conferees met throughout the week; however, no compromise was reached. While there is broad support for the core of the bill, the three Administration-opposed provisions, the "automatic CR" provision, a Stevens provision that would block an Interior Department policy change, announced earlier this year, to regulate access to rights-of-way on federal lands, and a Senate-passed provision that would bar the Census Bureau from making "irreversible plans" to use sampling techniques in the 2000 decennial census, continue to block negotiations. House Appropriations Chairman Livingston attempted to pass an interim, stripped-down \$1 billion funding bill, but his efforts were impeded by Representatives Arney and DeLay.

 **6. Campaign Finance:** On Thursday, May 22, Senators McCain and Feingold held a press conference to announce that Sen. Collins will join as a co-sponsor of their campaign finance legislation. Collins agreed to cosponsor the measure after McCain and Feingold agreed to several changes in the bill. Key changes included removing the ban on PACs; raising the aggregate PAC contribution limit from 20% of the spending limit to 25%; and allowing an individual PAC to give \$2,500 per election.

The Week Ahead

The Senate will convene *pro forma* throughout the week. When the Senate reconvenes on June 2 for legislative action, the FY98 budget resolution conference report and the FY97 disaster supplemental appropriations bill conference report are expected to be the major focus. The only other items presently slated for floor action are budget reconciliation, S. 4, the Family Friendly Workplace Act, and the juvenile justice bill sent over from the House.

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

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

5-26-97

May 23, 1997

MEMORANDUM FOR THE PRESIDENT

'97 MAY 23 PM2:04

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
May 16 - 23, 1997

5-26-97

*Copied to
Higgins
COS*

DEPARTMENT OF TREASURY

- **Sallie Mae Privatization:** Sallie Mae management and the dissident directors (CRV) have failed to obtain majority shareholder approval of reorganization. Management adjourned its May 15 special shareholders meeting to June 5, with the polls left open for voting until that time, and the two parties are currently working to reach a compromise solution. Treasury officials are discussing with staff from the D.C. Control Board ways to assist the District in conjunction with the privatization of Sallie Mae.
- **Savings Bonds:** The new interest rate structure for Series EE Savings Bonds which became effective on May 1 has resulted in rates that are about one percent higher than the rate for previous Savings Bonds.
- **D.C. Initiative:** The D.C. Council has voted to accept the MOU, and Treasury has finalized the legislation implementing your plan and provided legislative language to Representative Davis. Treasury continues to work with OMB in completing the draft legislation for the D.C. Initiative, including the financing of D.C.'s accumulated deficit, the IRS tax collection proposal and D.C.'s pension takeover. Treasury has also been monitoring D.C.'s planned May sale of general obligation notes and continues to work with OMB and the D.C. Convention Center Authority on the Authority's request for Federal Government assistance.
- **Pennsylvania Avenue:** Congresswoman Norton has recently renewed her push to reopen Pennsylvania Avenue. In early June, Treasury will release its Environmental Assessment for Pennsylvania Avenue.

- **Financial Modernization:** On May 21, Secretary Rubin called key members of Congress before his speech on financial modernization and met with Representative Army. On June 3, Secretary Rubin and Under Secretary Hawke will testify before the House Banking Committee and submit Treasury's final legislative proposal. By June 15, Chairman Leach will report a bill out of the Committee, at which time the House Commerce Committee will take up financial modernization. On May 22, Comptroller Ludwig will testify before the House Committee on Banking and Financial Services on financial modernization.
- **Thailand:** Thailand is experiencing a relatively serious financial crisis, and Treasury is encouraging the IMF to monitor the situation closely. The markets' lack of confidence in Thailand does not seem to be seriously affecting other countries in the region, although Indonesia, Malaysia and the Philippines had to raise domestic interest rates. The Philippines also had to sell dollars.
- **IRS Commission Recommendations:** On May 21, the IRS Commission held the last executive session to discuss the Commission's forthcoming recommendations, which are scheduled to be put to a vote on June 5. On June 30, the Commission is expected to announce these recommendations, although news of the recommendations may appear sooner.
- **Education Tax Incentives:** Treasury officials continue to meet with members of Congress on the tax bill, with a focus on the education package. There are indications that a bipartisan group of Senators plans to introduce an alternative education tax package that would include: a permanent extension of section 127, a deduction for the interest on student loans, a pre-paid tuition provision and a "Kidsave" proposal to tie a portion of the child tax credit to a tax-preferred savings vehicle that can be used for the child's education and retirement. Treasury is working to analyze these alternative proposals.
- **Bosnia Appropriations:** On May 20, the Bosnia Supplemental Appropriations Bill went to conference and the report, expected to pass in both the House and the Senate, contains the automatic CR which you have indicated you will veto. Treasury is also opposing a provision that provides \$2 million of funding to the Bartlett Commission, which studies federal law enforcement incidents. Treasury opposed this Commission in the Terrorism Bill because it was created to study incidents such as Waco and Ruby Ridge. If the bill is vetoed, Treasury is working to include this provision in the veto message.

DEPARTMENT OF JUSTICE

- **Cigarette Vending Machines:** Cigarette Ventures, Inc. d/b/a AAA Cigarette Co. v. FDA, (ND GA). On May 13, a cigarette vending machine operator filed suit challenging that portion of FDA's regulation of cigarettes and smokeless tobacco that prohibits the sale of such products through vending machines. The plaintiff claims that FDA does not

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have authority to regulate tobacco products; that the vending machine ban deprives plaintiff of its property without due process; that the procedures followed by FDA in adopting the ban were deficient; that plaintiff was deprived of equal protection because FDA did not consider factors relevant to vending machine operators; and that the ban constitutes an impermissible taking.

 **MD 311 Project:** On May 20, the COPS Office announced the release of Baltimore, MD's six-month report on the 311 non-emergency number. The report highlights the overall 20 percent drop in calls to 911 and the subsequent benefit of redeployment into community policing efforts of officers previously occupied with 911 functions.

- **Cali Drug Cartel:** On April 25, a second lawsuit was filed challenging the constitutionality of Executive Order 12,978. Moreno v. Newcomb, et al. (ED NY). Issued pursuant to the International Emergency Economic Powers Act, the Executive Order blocks all property and interests in property subject to the jurisdiction of the U.S. of the four principal figures in the Cali drug cartel and individuals or entities who have been found to "act for or on behalf of" persons or entities designated in or pursuant to the Executive Order. The plaintiff, who was named a Specially Designated Narcotics Trafficker pursuant to the Order, is a dual citizen of the U.S. and Colombia and is the daughter of Miguel Rodriguez Orjuela, a principal kingpin of the Cali drug cartel.
- **Military Sexual Harassment:** Colon v. U.S., et al., (May 7, 1997) [5th Cir.; WD TX]. Alexis Colon was on active duty in the Army when she committed suicide after complaining about alleged sexual harassment in her workplace and subsequent retaliatory discipline by her superior officers. Her estate and survivors filed a Federal Tort Claims Act claim against the U.S. and claims against the individual service members alleged to have engaged in the harassment and the retaliation. Among the individual defendants, DOJ represented only the officers involved in the disciplinary proceeding. The district court dismissed all claims as incident to military service and thus barred by the Feres doctrine. The Fifth Circuit affirmed.
- **CA Councilwoman Bribery Case:** Former City Councilwoman Patricia Anne Moore, who was convicted of taking nearly \$50,000 in bribes while in office, was sentenced to 33 months in prison. Moore was found guilty of 15 federal criminal counts, including 13 counts of extortion. As a member of the City Council, Moore extorted payments from two companies with matters pending before the Council. Moore was unaware that one of the companies was cooperating in an investigation of political corruption, and the payments to her were captured on audio and videotape.
- **ME Peace Activists Case:** Six peace activists were found guilty of damaging government property. On February 12, the defendants broke into the Bath Iron Works Shipyard, where they boarded and vandalized the U.S. Navy destroyer, the USS *The Sullivans*. The defendants smashed navigational equipment, hammered missile launchers

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and splattered blood around the ship. Fourteen others involved in the vandalism were arrested by the end of the trial, including a peace activist who scaled the federal courthouse wall to wave a Prince of Peace Plowshares banner.

Campaign Finance: The Acting Solicitor General has asked the Court to review the judgment of the First Circuit in FEC v. ME Right to Life Committee, Inc., which presents the question whether 11 C.F.R. 100.22(b), an FEC regulation defining the types of activity that constitute "expressly advocating" a candidate's election, is contrary to the Federal Election Campaign Act of 1971 (FECA). Respondents challenged Section 100.22(b) under the Administrative Procedure Act, alleging that it is too broad, beyond the authority of the FEC to promulgate and unconstitutionally vague. DOJ argues that review of the First Circuit's decision is warranted because that decision (1) conflicts with the decision of the Ninth Circuit; (2) incorrectly ascribes to Buckley's "express advocacy" test a wooden literalism that focuses on the use of particular words rather than on the "essential nature" of the message that is conveyed; (3) trivializes the compelling governmental interests of preventing corruption and fostering disclosure of independent campaign expenditures by reducing the FECA to a mere form of words; and (4) threatens to open the door for corporations, unions and others in the First Circuit to influence federal elections by spending large amounts of money in independent advertisements that unambiguously attack clearly identified candidates, while carefully avoiding a list of "magic words."

cc:
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MO KIDSAFE: The U.S. Attorney, as part of a coalition of 35 agencies and community groups, participated in the development of an organization to improve the current child-protection system by introducing neighborhood-based prevention and treatment programs. The agencies will deal with selected child abuse and neglect cases as a team. Other programs offered will be aimed at high-risk mothers, children of domestic violence, and children who abuse other children. The Metropolitan Child Abuse Network and the United Way will select a 25-member KIDSAFE council to oversee the project.

DOJ Tutoring Program: The U.S. Attorney, in conjunction with the Virgin Islands Bar Association, launched its tutoring and mentoring program at the Juanita Gardine Elementary School on St. Croix, Virgin Islands. Members of the U.S. Attorney's office and the Bar Association, through its Young Lawyers section, will assist children between the ages of 6-10 in reading, writing, and various other skills.

Austrian Drug Proceeds: On May 9, the Austrian Justice Ministry allowed the transfer of \$7.38 million in cocaine drug proceeds, once controlled by deceased Colombian drug trafficker Jose Gonzalo Rodriguez Gacha, from a bank in Vienna to the U.S. In April 1995, the U.S. reached a settlement with Gacha's relatives, who are the signatory authorities on the accounts. Austria agreed to unblock the funds based on the letters of instruction to the Vienna bank signed by Gacha's relatives.

- **Attorney General's Schedule:**
 - ▶ May 29 - Attorney General Reno will address the U.S. Attorneys Conference in Santa Fe, NM. She will also address the ONDCP Methamphetamine Conference in Omaha, NE.
 - ▶ June 3 - HUD and DOJ will hold a "Get Tough on Violent Crime and Drugs in Public Housing" event.

DEPARTMENT OF COMMERCE

- **Census 2000:** On May 15, the House passed its version of the FY97 Supplemental Appropriations Bill, including no Census 2000 sampling provisions. On May 7, the full Senate agreed to a compromise language amendment regarding Census 2000 in its version of the bill. The compromise language, which was worked out among Senators Stevens, Thompson, Hollings and Glenn, states that Census can do nothing "irreversible" in FY97 with respect to sampling in the decennial census. Published reports indicate that the House and Senate Republican leadership may attempt to reinsert language prohibiting sampling in the Conference Committee this week.
- **Marshall Plan Commemoration:** On May 26-27, Secretary Daley will participate in the OECD Ministerial/Marshall Plan Commemoration and meet with senior members of the new French Government. Secretary Daley will also hold bilaterals with senior officials of Germany, France, Italy, UK and Turkey, and meet with senior European Commission officials.
- **U.S.-EU Summit:** On May 28, Secretary Daley will participate in the U.S.-EU Summit to discuss the Mutual Recognition Agreements (MRAs), the New Transatlantic Marketplace, and the Transatlantic Business Dialogue (TABD).
- **Military Munition Privatization:** BXA and the U.S. Army have reached an agreement to initiate a joint, multi-year assessment of the U.S. Army's acquisition of munitions. The Army is interested in developing private commercial sources to replace its costly infrastructure of Army-owned munitions depots. This effort is part of a larger Army-wide effort to promote privatization and cost savings.
- **Thunder Bay:** On May 30, the Draft Environmental Impact Statement and Draft Management Plan (DEIS/DMP) for the proposed Thunder Bay, MI, National Marine Sanctuary is scheduled for publication. If designated, Thunder Bay would be the first freshwater and Great Lakes sanctuary located entirely within state waters, and focusing on a large collection of shipwrecks and other cultural underwater resources.
- **OR Trout:** On May 7, a coalition of fishing associations and environmental groups, represented by the Sierra Club Legal Defense Fund, filed suit against the NMFS. The suit, Pacific Coast Federation of Fishermen's Associations v. NMFS, filed in Seattle,

WA, alleges that NMFS was arbitrary when it concluded that the Aquatic Conservation Strategy of the Northwest Forest Plan provides sufficient controls on the forest activities of the U.S. Forest Service and Bureau of Land Management to not likely jeopardize the endangered Umpqua River Cutthroat Trout, an OR coastal species of anadromous fish.

- **ITA Success Story:** On May 8, Max Control Systems was awarded the Israel Electric Corporation (IEC) project to provide the central control system for the Rutenberg B Power Plant. The firm estimates the total project value to be \$8 million, with a U.S. export content of approximately \$6 million. This is the first time in over a year that a U.S. company has been awarded a substantial contract for the Rutenberg Power Plant.
- **Glacier Bay:** This litigation stems from the grounding of the tanker GLACIER BAY in Cook Inlet, AK on July 27, 1987. The suit against the U.S. for \$50 million alleges negligence by NOAA in the conduct of its hydrographic surveys for failure to find and depict the rock on its relevant nautical chart. On May 19, the trial is set to begin.
- **The following economic indicators will be released during the next two weeks:**
Advance Report on Durable Goods,

Manufacturers' Shipments and Orders (April):	May 28
Gross Domestic Product (1st Q, preliminary):	May 30
Corporate Profits (1st Q, preliminary):	May 30
New One-Family Houses Sold and For Sale (April):	May 30
Personal Income and Outlays (April):	June 2
Value of New Construction Put in Place (April):	June 2
- **Secretary's Schedule:** On May 30, Secretary Daley meets with AFL-CIO President Sweeney.

DEPARTMENT OF LABOR

- **Transatlantic Agenda:** On May 21, Secretary Herman addressed the joint DOL / EU workshop on "Employment Policy and the Promotion of Employability Security" at The George Washington University. This workshop is being held to advance the objectives of the New Transatlantic Agenda (NTA) signed by you and the Presidents of the European Council and the European Commission in 1995 as the foundation for US/EU relationship of the 21st century.
- **Retirement Education:** On June 2, DOL's Pension and Welfare Benefits Administration (PWBA), in conjunction with SBA and Treasury, is planning to launch the small business component of DOL's Retirement Education Campaign. Three new brochures designed to encourage small employers to set up or expand pension plans will be unveiled. A White House event is under consideration for this announcement.

- **Pension Security:** As part of a nation-wide initiative, DOL recently filed the following cases involving 401(k) plans:
 - ▶ On May 13, DOL filed suit in federal court in CO in *Herman v. Hopkins* to recover pension contributions that the trustees of the First Federated Communication Services, Inc. 401(k) plan withheld from the paychecks of the plan's 26 participants. DOL alleges that the trustees failed to transfer \$27,878 in employee contributions to the plan and that the defendants used the money to pay expenses of the plan sponsor, First Federated Communication Services, Inc.
 - ▶ On May 14, DOL filed a complaint in federal court in Philadelphia, PA, in *Herman v. Muehsam and KenCor, Inc.*, alleging violations of ERISA by KenCor and its president. KenCor is an elevator construction and service company, and currently employs about nineteen people. DOL alleges that the company deducted over \$18,000 in contributions to 401(k) plans from employee wages but did not remit that money to the plan.

✓ **Retirement Income Security:** On May 21, the House approved the Savings Are Vital to Everyone's Retirement Act of 1997 (SAVER Act). This bill would mandate that you convene three national pension summits to increase public awareness of the need for retirement savings and to develop pension policy recommendations. The SAVER Act would also require DOL to conduct pension education activities.

- **OK, MI GM Strikes:** Work stoppages by nearly 9,000 UAW members continued at two assembly plants amid speculation that the Auto Workers would soon issue a strike notice at one of the company's parts facilities. Staffing levels and related matters are the principal issues in the six-week strike by some 3,500 workers at GM's OK City, OK, auto assembly plant and the four-week walkout by some 5,400 employees at its Pontiac, MI, truck assembly facility. Talks are continuing at both locations, but little progress is reported.
- **Red Cross Strike:** On May 19, nearly 300 employees staffing Red Cross blood donor sites in southeastern PA and central and southern NJ went on strike after rejecting management's final offer on an initial contract. On May 21, an FMCS mediator scheduled resumption of negotiations between the Red Cross and Health Professionals and the Allied Employees local union. Meanwhile, a strike by more than 200 Red Cross nurses and medical assistants represented by the Service Employees local union continues at blood donor sites in Los Angeles and Orange county, CA.
- **UNITE:** Negotiations to replace contracts expiring May 31 are taking place in the women's apparel industry between UNITE, a number of employer associations and independent firms. The more than 40,000 workers covered by these agreements are employed mostly in the NY metropolitan area, Allentown-Bethlehem-Easton, PA, and northern NJ. Preservation of wages, health care benefits and labor standards are the union's principal areas of concern.

- **NV Casinos Contracts:** On May 31, a number of Las Vegas, NV, hotels and casinos and the Hotel Employees and Restaurant Employees Union are facing contract expirations. The contracts include those at Circus Circus and Caesar's Palace and cover more than 20,000 workers.
- **Secretary's Schedule:**
 - ▶ On May 27, Secretary Herman will travel to Philadelphia, PA, to tour a job training facility with Senator Arlen Specter and meet with the *Philadelphia Enquirer* editorial board.
 - ▶ On May 30, Secretary Herman will make remarks at the Marymount University Conference on sweatshops.
 - ▶ On June 2, Secretary Herman will make remarks at the dedication ceremony of the Martin Slate PBGC Employee Training Center in Washington, D.C.

DEPARTMENT OF TRANSPORTATION

- **Park Overflights:** On May 19, Secretary Slater and Secretary Babbitt established a National Park Overflights Working Group to develop a plan to ensure the preservation of the natural quiet in the nation's parks.
- **LA Pipeline Crack:** On May 16, a pipeline owned by Texaco, under Lake Barre, LA, cracked, spilling 210,000 gallons of crude oil into Lake Barre which opens into the Gulf of Mexico. On May 17, the pipeline was repaired, the cause is still under investigation. Texaco has assumed responsibility for the spill. The Coast Guard is on scene and overseeing the clean up efforts. Impacts to wildlife and fisheries have been minimal and are continuing to be monitored. Local media interest is moderate.
- **Great Lakes Aviation:** On May 17, Great Lakes Aviation, which operates as a commuter connection for many Great Lakes area cities agreed to suspend operations temporarily rather than be grounded by the FAA. FAA has found that the airline operated some aircraft that were not airworthy and that maintenance personnel were not properly trained. Under code-sharing agreements with United Airlines and Midway Airlines, Great Lakes Aviation operates as United Express and Midway Express. In addition, the airline provides service to 22 cities under Essential Air Service provisions.
- **WA Air Incident:** On May 21, there was an incident where the signals from the carrier U.S.S. Abraham Lincoln jammed the signals at the Makah, WA, radar site, one of many sites that feeds the Seattle Air Route Traffic Control Center. There was no impact on operations due to the early time of the incident. FAA is investigating with DOD to determine why the incident occurred.

- **Northwest Airlines Incident:** On May 18, a passenger aboard a Northwest Airlines flight from Amsterdam to Newark, NJ, physically accosted two flight attendants. During the struggle, the passenger reportedly hit his head against a flight attendant seat and was in and out of consciousness for the remaining 4 hours of the flight. Upon arrival at Newark, NJ, the passenger was transported to University hospital where it was determined he had a blood alcohol content of .41 percent. The FBI has charged the passenger with interference with a flight crew and disorderly conduct.
- **UPS Pilots Strike:** There has been no change since last week. The National Mediation Board has not released the pilots from negotiations (which would start a thirty-day clock ticking toward a strike deadline) until possible self-help. The Pilots have voted to strike if an agreement can not be reached and the Teamsters have stated their intention to honor the Pilot's picket lines. 80 percent of all surface-based small package shipments are handled by UPS.
- **NTSB Most Wanted List:** On May 20, the NTSB met to discuss the updated "Most Wanted" list. There will be a number of aviation issues on the list, including Flight Data Recorders, and Fire Suppression and Detection in Class D compartments. NTSB is awaiting FAA rule making on both. They will also add Fuel Tank Modification (from the TWA 800 accident) and Airframe Icing Structure (from the Roselawn accident) and airbag deactivation.

UNITED STATES TRADE REPRESENTATIVE

- **Mexico:** On May 19, Ambassador Barshefsky announced the conclusion of an agreement with Mexico on an exchange of product safety test data for telecommunications equipment. The agreement was finalized through an exchange of letters between Ambassador Barshefsky and the Mexican Secretary of Commerce and Industrial Development. NAFTA requires that parties have procedures in place to accept test data relating to telecommunications equipment from other parties' laboratories or test facilities.
- **Mutual Recognition:** USTR continues efforts to reach a Mutual Recognition Agreement with the EU in advance of the U.S.-EU Summit on May 28. While considerable progress has been made on pharmaceuticals and the framework "umbrella" agreement, major issues remain unresolved.
- **Multilateral Investments:** Next week, at the OECD Ministerial Meeting in Paris, Ambassador Barshefsky will secure Ministerial agreement on a one year extension of the Multilateral Agreement on Investment negotiations.

- **Japan Deregulation:** USTR led an interagency delegation in first round talks with Japan on implementation of an enhanced bilateral dialogue under the Framework Agreement agreed to by you and Prime Minister Hashimoto on April 25. Talks were productive with both sides seeking agreement by the Summit of the Eight in Denver, CO. The U.S. has proposed to initially focus on four sectoral areas (telecommunications, housing, financial services, and medial/pharmaceuticals) and such structural issues as competition policy and distribution, and transparency of government procedures.

SMALL BUSINESS ADMINISTRATION

- **7(a) Loan Program:** On May 21, Administrator Alvarez notified the House and Senate Small Business Committees that the agency would establish a weekly limit on the amount of loans guaranteed under the 7(a) business loan program. A weekly loan volume less than \$80 million should ensure that loan funds will be available through the end of the fiscal year. Under the statute, SBA must wait 15 days before implementing the new policy. Lenders thwarted earlier SBA efforts to reduce 7(a) demand this year. On April 15, SBA announced a decision to set a \$500,000 cap on the size of the loans it would guarantee. SBA lenders took advantage of the 15-day Congressional notification period to rush through more than \$1 billion in loans – 1,200 of which were above the proposed \$500,000 cap and 422 of which were for \$1 million or more.
- **Disaster Loans:** As of May 21, the SBA has approved disaster loans of \$45.8 million to businesses, homeowners and renters in ND, SD, and MN. This is an increase of \$23.3 million over the previous week. The Framework for Federal Action presented to you this week outlines the role that SBA disaster loans will play in the recovery and describes other SBA business development programs that will help redevelop the business sector in the areas affected by the floods.
- **Loan Securitization Hearing.** On May 28, SBA will hold a hearing on its proposed rule to allow all SBA lenders to securitize the non-guaranteed portion of loans on which SBA provides its guarantee.

DEPARTMENT OF THE INTERIOR

✓ **Apache Tribe Settlement:** On May 19, the San Carlos Apache Tribe reached a favorable settlement with Phelps Dodge Corporation over the use of the tribe's water and the ownership of a pumping station and pipeline on reservation lands. The terms of the settlement will be included in the 1997 Supplemental/Rescission bill that is now in conference. The terms of the settlement are as follows:

- ▶ Phelps Dodge will be required to vacate the Reservation by July 23. The pump station and pipeline will be operated during the interim by the Bureau of Reclamation with all the costs being covered by Phelps Dodge.

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- ▶ By December 31, Phelps Dodge will surrender the pump station, pipeline, and electrical lines on the Reservation and the Bureau will turn over operation of the pump station to the Tribe.
- ▶ The Tribe will lease about 14,000 acre feet of water to Phelps Dodge on terms that will result in payments to the Tribe of about \$1 million per year. Phelps Dodge will provide an initial cash payment for the lease of \$5 million and will pay all costs associated with the operation and maintenance of the pump station and pipeline facilities from which the mine benefits.

✓

Native Americans and the Endangered Species Act (ESA): On June 5, Secretary Babbitt and Secretary Daley are scheduled to sign the Secretarial Order regarding the ESA and tribal treaty rights and trust responsibilities. This Order represents a landmark achievement in addressing a decades-old controversy over whether and how the ESA can affect the exercise of tribal treaty rights.

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Species Listing: The Fish and Wildlife Service (FWS) is undertaking listing actions on several species as directed by recent court orders. FWS will complete a rule for two populations of bull trout. The Canada lynx, which is found in ME, NH, VT, and NY, is being examined for a remanded 12-month petition finding. By May 31, FWS will issue new 12-month findings for the Queen Charlotte goshawk and the Alexander Archipelago wolf. The District Court of AZ ordered FWS to designate critical habitat for the southwestern willow flycatcher and to designate critical habitat for the water umbel, Sonora tiger salamander, cactus ferruginous pygmy-owl, and list the jaguar as endangered by July 17. FWS will seek stays pending appeals for both court orders.

• **National Park Environmental Initiative:** The Natural Resources Defense Council (NRDC) and the National Trust for Historic Preservation are planning a major public relations and legislative campaign focused on the National Park System. In June or July the groups are planning to release a report on the problems facing the Park System, along with possible solutions. The report is likely to suggest: a major increase in appropriations for the NPS; concessions reform; allowing bonding for some capital projects in parks; and fee reform to allow parks to keep more of the fees they collect.

✓

• **Mexican Border Crossing:** Park operations and visitor satisfaction at Big Bend National Park may be disrupted by recent efforts by Customs to enforce a 1986 law regarding border crossings. In addition to forming the international border, the Rio Grande River serves as the southern boundary of Big Bend for 118 miles. Three small Mexican towns lie across the river from the park. Big Bend's managers have worked closely with Mexican officials on environmental protection, law enforcement, fire control and community outreach. If the border is closed, travel time from the park to the three Mexican towns would increase from about a half-hour to over a day, limiting the cooperative activities between the park and Mexican authorities.

Is this the
negotiating
to do? Need
to review

5-26-97

- **National Fishing Week:** On June 2, the kickoff to National Fishing Week is scheduled at Constitution Gardens in Washington, D.C. This year, National Fishing Week celebrates the tenth anniversary of the Future Fisherman Foundation's "Hooked on Fishing-- Not on Drugs" program. This award-winning educational program uses fishing and aquatic resource stewardship to help children develop a positive self-image. About 500 children from the Tri-state area are scheduled to participate in the Kick-off event.
- **Federal Oil Regulations:** On May 13 - 14, officials of the Minerals Management Service (MMS) met with representatives of the Independent Petroleum Association of America (IPAA) and the Independent Petroleum Association of Mountain States (IPAMS) concerning the proposed Federal oil valuation regulations. This week, MMS will meet with representatives of the major oil companies. MMS intends to propose additional changes to the rule and DOI expects that the comment period, which is scheduled to close on May 28, will be extended.
- **Katmai Park:** Visitors to Katmai National Park, AK, may be immediately excluded from one of the most popular areas in the park as the result of a May 5 decision in Federal District Court. The ruling affirmed the validity of a 47-acre Native allotment claim along the Brooks River contains roads and trails important to public use and administration of the park. With the May 5 decision, the allottees may assert immediate possession and control of the parcel, to the exclusion of the public. The U.S. does have authority to condemn the parcel, but that would be extremely controversial.
- **Park Overflights:** The *Federal Register* will soon publish an amendment to FAA's proposed rule on aircraft overflights at Grand Canyon National Park. The amendment modifies two flight-free zones to create air tour routes for quiet aircraft, as an incentive for air tour operators to convert noisy aircraft to quieter technology. The proposed rule will be final in January 1998.
- **Sterling Forest:** The federal agreement with the Palisades Interstate Park Commission can be signed in the next 30 days. The Commission is in agreement with the final draft of the document in which the National Park Service (NPS) obligates up to \$17.5 million for Sterling Forest (\$9 million was appropriated in FY97, and the \$8.5 million balance is in your FY98 budget request). Within the next two weeks, the Commission expects to be in a position to sign an agreement with NJ to fund \$10 million toward the purchase. The Commission is exploring a signing ceremony to be held either on top of Bear Mountain, NY, or in Washington, D.C.
- **Biological Corridors:** The technical sessions between NPS and Conservation Area representatives from the U.S. and Central America following your Braulio Carrillo ceremony were highly successful. Both NPS and Central American scientists expressed an interest in examining the implementation of "biological corridors" -- partnerships across the Americas between parks in the nations which share migratory bird species.

Other projects for collaboration included: a series of technical workshops, beginning with a workshop on biodiversity prospecting; provisions for Costa Rican park managers to attend advanced training in the U.S.; and training of U.S. park managers by Costa Rican experts in computerized collections management.

- **Fox River:** On May 21, the Fish and Wildlife Service (FWS) held a public meeting to discuss PCB pollution of the Fox River in eastern WI by seven paper companies and others. Two tribes and the EPA, as well as FWS and WI, will participate in the meeting. Representative Johnson is a lead supporter of a collaborative effort to clean up the Fox River, compensate for public losses, and maintain a healthy local economy. Seven paper companies have been identified as Potentially Responsible Parties (PRPs) for 125 tons of PCB contamination. On average, 600 pounds of PCBs are flushed from the river to Green Bay and Lake Michigan each year, injuring many state, federal and tribal natural resources such as bald eagles, migratory birds and lake trout.
- **Secretary's Schedule:**
 - ▶ On May 23, Secretary Babbitt will travel to Chicago, IL, to address the Ducks Unlimited Meeting.
 - ▶ On May 29, the Secretary will dedicate a new temperature control device at the Shasta Dam on the Sacramento River outside Redding, CA. The device was developed to control water temperatures in the upper river to reduce salmon loss while maintaining hydroelectric generation.
 - ▶ On May 30, representatives of NM Native American Tribes will join Secretary Babbitt in Albuquerque to discuss a broad range of issues important to the tribes.
- **Press Inquiries:**
 - ▶ On the week of May 12, *CNN* crews were in the Grand Canyon and Glen Canyon Dam area producing three news stories: a one-year review of the Glen Canyon Dam Beach/Habitat-Building Test Flow through the Grand Canyon; the Sierra Club proposal to drain Lake Powell behind Glen Canyon Dam; and visitor issues at Grand Canyon National Park.
 - ▶ *CNN* is working on a piece on maintenance problems at the Korean War Memorial and about deteriorated resources at Gettysburg. The story is scheduled to run Memorial weekend.
 - ▶ NPS has provided information to the *New York Times* on visitation at over 20 Presidential sites. The reporter specifically asked for total operating, construction and land acquisition costs at the Jimmy Carter National Historic Site (NHS). The story will also focus on your boyhood home in Hope, AR, which is listed on the National Register of Historic Places, but is not designated an NHS.

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- ▶ The *Washington Post* has requested an advance copy of the C & O Canal National Historical Park Flood Recovery Assessment for a possible story on May 24 or 25. The Assessment, produced by the park and the engineering firm Dewberry and Davis, details park damage sustained along the 184-mile towpath during the floods of 1996. Repair estimates total \$55 million, double the amount generated through private donations and supplemental appropriations from Congress.
- ▶ *CBS Morning News* is visiting Pompeys Pillar, a National Historic Landmark of the Lewis and Clark expedition, to collect footage for an upcoming story.
- ▶ *USA Today* will soon run a story to follow up on the anniversary of the 1872 Mining Law.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Conservation Programs:** On May 22, Secretary Glickman announced enrollment of 16.1 million acres of environmentally sensitive agricultural cropland into the Conservation Reserve Program (CRP). This will bring total CRP enrollment to 27.6 million acres as of October 1, 1997.
- **Tongass:** On May 23, AK Regional Forester Phil Janik is expected to sign the Record of Decision for the Tongass Land Management Plan, which will guide all natural resource activities associated with the Tongass National Forest in AK for the next 10-15 years under the National Forest Management Act. This decision has been the subject of intense congressional, media and public attention.

Immunization Successes: In one year's time, the USDA Women, Infants, and Children (WIC) program's immunization promotion efforts in three major cities resulted in an increase of almost 10 percent in immunization coverage rates for two-year-old children.

- **Native Americans Assistance:** On May 22, USDA hosted the American Indian/Alaska Native Corporation Procurement Opportunities Conference and Exhibition in Washington, D.C.
- **Welfare Reform:** USDA is currently reviewing a request from a Native American reservation in WY to exempt individuals from the provisions in the welfare reform bill, which limits food stamp program participation to three months in any 36-month period for able-bodied adults without dependents between the ages 18-50 unless the affected individuals are employed for an average of 20 hours per week or are participating in a work program.

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- **Northwest Forest Plan:** On May 21, the Forest Service Pacific Southwest Region awarded \$1.8 million in community assistance grants as part of the Northwest Forest Plan rural community assistance. Another \$600,000 will be made available to CA for loans to businesses. A \$500,000 rural development grant will be made in HI and \$200,000 in grants will be made to the Cascades and Sierra Nevada counties.

DEPARTMENT OF ENERGY

- ✓ **National Ignition Facility:** On May 29, Secretary Peña will hold a groundbreaking ceremony at the Lawrence Livermore National Laboratory (LLNL). The National Ignition Facility (NIF) is the prime example of the nuclear weapons stockpile stewardship technology being developed by DOE to ensure the performance and safety of our nuclear deterrent in the absence of underground nuclear testing. A lawsuit, pending against the Stockpile Stewardship Program, including the NIF, has been filed against DOE by anti-nuclear groups (The National Resources Defense Council). A hearing on this lawsuit, which seeks a postponement of construction and a revamped process, is scheduled for June 10. Excavation has been voluntarily postponed until June 16 as a result of the lawsuit. The judge has approved the groundbreaking ceremony.

- ✗ **TN Community Assistance:** Secretary Peña will visit TN in conjunction with the Knoxville Summit to announce that \$10 million will be made available for community assistance funding to the Community Reuse Organization of East TN and Oak Ridge contractors. The funding to the Oak Ridge community will support economic development programs in the counties surrounding the Oak Ridge Site, create jobs for displaced workers and will allow creative uses of the DOE's facilities affected by downsizing. CE
JP

- **Federal Energy Reduction:** On May 21, a new capitalization strategy that will meet your directive to cut Federal building energy use 30 percent by 2005 was unveiled. DOE announced its transformation of contract and procurement procedures known as RiskFREE (Financing Renewable Energy and Efficiency). The program inspires private sector investment in energy saving technology modernization projects-at no risk to the taxpayer. This new financing formula will make it possible for Federal agencies to quickly tap private sector investment for energy-saving projects at their facilities and cut by half the length of time required by current procurement methods. A yearly savings of \$1 billion on utility bills for 500,000 Federal facilities nationwide is projected.

- **IEA Ministerial:** On May 22-23, Secretary Peña will head the U.S. Delegation to the International Energy Agency's Ministerial in Paris, France. This year's Ministerial addresses three key challenges: 1) the energy security implications of regulatory reform in developed nations and the changing role of governments in these market structures, 2) global climate change and, 3) injecting the perspective of energy ministers into the preparations for Kyoto.

- **U.S.-China Bilateral:** On May 28, as a follow-up to The Vice-President's trip to China under the China-U.S. Environment and Development Forum, Vice Chairman of China's State Planning Commission Ye Qing will lead a Chinese delegation to Washington, D.C., to participate in U.S.-China Bilateral Energy Consultations at the DOE.

DEPARTMENT OF EDUCATION

- **Blue Ribbon Schools:** On May 27, the Blue Ribbon Schools will be announced. Secretary Riley's remarks will be available by satellite downlink for events across the country.
- **CA Trip:** On May 29 - June 1, Secretary Riley will travel to CA to meet with higher education officials regarding teacher preparation, address a meeting of West Coast college presidents in San Francisco, CA, and give the commencement speech at UC at Stanislaus.
- **IDEA Reauthorization:** The Senate and the House have both passed the Individuals With Disabilities Education Act Reauthorization. On June 4, a White House bill signing ceremony will take place.
- **Secretary's Schedule:** On May 28, Secretary Riley will address the League of United Latin American Citizens in Washington, D.C. On June 2, Secretary Riley will address the Seattle, WA, Read*Write*Now kickoff. On June 6, Secretary Riley will speak to the Association of Community College Trustees in Baltimore, MD. On June 17, the Secretary will speak at the International Leadership Forum for Women with Disabilities in Washington, D.C.

ENVIRONMENTAL PROTECTION AGENCY

- **Community Right-to-Know:** On May 20, Administrator Browner announced the most recent data about toxic chemicals in communities under the Toxic Release Inventory (TRI) program. The TRI program is the centerpiece of EPA's effort to ensure the public's right-to-know about their environment and consists of annual information about releases of toxic chemicals, submitted to EPA and the states by facilities covered by the law.
- **Proposed Air Standards:** EPA is working with the NEC, CEA and Treasury and other agencies on concerns connected to the ozone and particulate matter standards proposed by EPA. EPA expects to deliver the final standards for final review to OMB in the near future.

- **BEACH Program:** On May 23, Administrator Browner announced a new EPA program to help protect public health at the U.S.' lake, river and ocean beaches. Through improved science, technical assistance and outreach, the Beaches Environmental Assessment, Closure and Health (BEACH) Program will: strengthen local beach monitoring and advisory programs, improve the EPA's ability to detect pollution more rapidly and inform the public of swimming advisories.

Chicken Dioxin: An EPA/USDA national study of dioxin in chicken found two out of 78 chicken samples have dioxin concentrations that are significantly elevated. These elevated samples have toxic equivalent dioxin levels about 25 times higher than average poultry levels reported in earlier studies. The chickens with elevated dioxin levels were grown at two separate farms in AR for Tysons Foods and were sampled at the slaughter establishments. EPA is working closely with USDA, CDC and FDA to address the problem expeditiously.

- **Administrator's Schedule:**

- ▶ May 27 Administrator Browner will meet with Attorney General Reno on Everglades and Homestead Air Force Base.
- ▶ May 28 Administrator Browner will participate in National Press Club panel on proposed air standards.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Cigar Consumption:** More than one-quarter of all U.S. high school students, an estimated 6 million youth, reported smoking a cigar in 1996, according to the Robert Wood Johnson Foundation's 1996 National Study of Tobacco Price Sensitivity, Behavior and Attitudes Among Teenagers and Young Adults. Cigarette smokers were more than three times more likely than non-cigarette smokers to report having smoked a cigar. Cigar smoking can cause cancers of the oral cavity, larynx, esophagus and lung and chronic obstructive pulmonary disease. Despite these health risks, overall cigar consumption in the U.S. has increased by 34 percent since 1993.
- **Medicare Audit:** As required by the Government Management Reform Act, the Inspector General has completed the first comprehensive annual audit of HCFA's FY96 financial statements. The overall results reveal up to \$22.7 billion in improper Medicare benefit payments. Only a small proportion of these erroneous payments were detectable through controls and edits at the Medicare contractors; almost all required review of provider medical records. Currently, only about 3 of every 1000 providers are subjected to medical review audit. Initiatives launched in recent years, including Operation Restore Trust and the Medicare Integrity Program, should help reduce the level of improper payments. HHS has directed HCFA to develop an action plan outlining additional steps to address the problem.

- **Child Immunizations:** HHS, HUD, and the Corporation for National Service will announce that four cities will share an \$800,000 federal grant to begin pilot programs aimed at increasing immunization levels among children living in public housing. The four cities are Chicago, IL, Philadelphia, PA, Little Rock, AR, and Kansas City, MO. HHS will coordinate roll out with the White House.

- **NH Hospitals:** On April 25, Governor Shaheen wrote Secretary Shalala outlining two proposals addressing NH's financial concerns. In the past, NH has relied on Disproportionate Share Hospitals (DSH) payments to finance its Medicaid program. With the imposition of hospital-specific DSH limits in OBRA '93, DSH payments to NH have been reduced by about \$30 million per year. A major goal of NH in pursuing a section 1115 waiver is to be able to retain higher DSH spending levels than would be permitted under current law.

Big problems
for NH
to work
out

- **Infants Assistance:** On May 22, a *Federal Register* notice announced the availability of FY97 funds for competing new discretionary grants under the Abandoned Infants Assistance Program. Approximately \$4.6 million will fund competitive grants in varying amounts in several priority areas.
- **MA Physician-Reduction:** Boston, MA, area teaching hospitals have decided that they will not seek to participate in the Federal program to reduce the numbers of physicians graduated by medical schools. MA hospitals and members of the congressional delegation expressed interest in the program after the NY pilot program was announced earlier this year. The Boston teaching hospitals objected to the conditions of participation in the program, including reductions in residency training slots and prefer a national program.
- **Dietary Supplement Warning:** On May 16, the FDA issued a warning to consumers not to purchase or consume Chomper, one of a line of dietary supplement products being promoted as an "herbal laxative" and "cleansing" agent and distributed by Arise & Shine of Mount Shasta, CA. This product has been associated with a severe injury and it may contain substances that could cause an abnormal heart rate and could potentially cause cardiac arrest.
- **New Anti-Obesity Drug:** On May 14, an FDA advisory panel unanimously voted to recommend approval of Hoffmann-La Roche, Inc.'s Xenical as a treatment for obesity in adults. Xenical inhibits intestinal enzymes from absorbing up to 30 percent of ingested fat. The FDA cautioned that Xenical can decrease absorption of certain vitamins and recommended that dieters also take vitamin supplements and use Xenical in conjunction with a controlled diet.

- **Health Professional Shortage:** On May 22, the Health Resources and Services Administration (HRSA) published in the *Federal Register* a list of all areas, population groups, and facilities designated as primary medical care, mental and dental health professional shortage areas. This designation is a factor in determining allocation of National Health Service Corps physicians and other HRSA programs for under served populations.
- **Smoking Cessation Drug:** On May 14, the FDA approved Glaxo Wellcome's Zyban Sustained Release Tablets as an aid for smoking cessation. Zyban, which was previously approved for the treatment of depression, is the first non-nicotine smoking cessation product to be approved.
- **Long Term Care:** Secretary Shalala will send the Administration on Aging's FY95 Long Term Care Ombudsman Annual Report to Congress in accordance with the Older Americans Act. The report provides information on the problems experienced by residents of long-term care facilities and on the structure and operation of the statewide ombudsman programs.
- **Veterans' Medicare:** On May 21, the House Veterans' Affairs Committee marked up a bill that will establish a demonstration project to provide for Medicare reimbursement for health care services rendered to veterans in selected VA facilities.
- **Contaminated Strawberries:** On June 5, the Senate Agriculture Committee will hold a hearing on the outbreak of Hepatitis A caused by contaminated strawberries in the school lunch program in MI. Representatives from CDC and FDA have been invited to testify.
- **Press Activities**
 - ▶ During April and May, approximately 80 cases of infection with the parasite cyclospora were confirmed in five states: CA, FL, NV, NY and TX. Cyclosporiasis causes a variety of gastrointestinal symptoms which can last for days or weeks. State and local health departments, CDC and the FDA are conducting investigations to identify the vehicle for the infection. On May 22, *Morbidity and Mortality Weekly Report* included an article on the infection.
 - ▶ In the May 22 issue of the *New England Journal of Medicine*, National Institute for Allergies and Infectious Diseases researchers and colleagues from other institutions reported that use of thalidomide resulted in complete healing of certain oral ulcers in 16 of 29 HIV patients.

- ▶ In the May 28 issue of the *Journal of the American Medical Association*, NIH-supported researchers from Duke University and other institutions report that mental stress in daily life can double the risk of blocked blood flow to the heart. The clinical significance of this stress effect needs further evaluation, the researchers report.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Operation Safe Home:** Operation Safe Home is a federal-state-local partnership attacking crime and drugs in public and assisted housing developments. In Butler Co., OH, 52 individuals were arrested on numerous accounts for drug trafficking, drug abuse, as well as trafficking in food stamps. The operation was carried out by several local police departments, the Butler Co. prosecutor's office, the Warren Co., OH, Drug Task Force, the OH Department of Public Safety and the OH HUD Office of Inspector General investigators. Post-enforcement actions, funded through a HUD Drug Elimination Grant to Butler Co. Metropolitan Housing Authority, call for off duty Hamilton, OH, police officers to patrol the development on foot and create several special youth programs.
- **Affordable Housing Workshop:** Local developers, city officials, nonprofit groups, lenders and public housing authority officials participated in a HUD sponsored workshop that focused on leveraging private and public resources to promote affordable housing. Held on May 12, the workshop in New York City highlighted several HUD programs as well as a local group's success at producing a mixed-income community. A mixed-income community is a housing development that includes both subsidized and market-rate units.
- **Public Housing Reform Bill:** HUD staff is working with Senate Housing Subcommittee majority and minority staff to make technical corrections to the draft Committee report that was filed May 23. Before going to the floor the first or second week of June, Senator Mack has indicated he will consider other provisions contained in the Administration bill for the manager's amendment.
- **Secretary's Schedule:**
 - ▶ Next week, Secretary Cuomo may hold an announcement event regarding the Title I Home Improvement Program. HUD is planning to significantly alter the changing the manner in which funds are made available for loans in the Title I program.
 - ▶ On June 9, Secretary Cuomo and the Vice President kick-off "Community 2020: A New Future for the American City" seminar series. The first session will discuss "Jobs and Economic Prosperity."
 - ▶ On June 17, Secretary Cuomo will accept the Cerebral Palsy Humanitarian Award on your behalf at a dinner in New York City.

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- **Press Activities:** On May 19, Secretary Cuomo discussed your second term agenda on domestic policies at HUD with *David Broder*.

VETERANS AFFAIRS

- **Memorial Day Activities:** On May 16, VA announced it will mark Memorial Day with ceremonies and public activities at its facilities around the country. The release also included Secretary Brown's endorsement of a nationwide effort by No Greater Love, an organization committed to paying tribute to those lost in service to our country or to acts of terrorism, to have all Americans pause for a minute of silence at 3 p.m. (ET) on Memorial Day.
- **AL Medical Center Merger:** Representative Everett has expressed strong reservations about VA's proposal to merge the Tuskegee and Montgomery, AL, VA Medical Centers, even though it will clearly lead to more efficient use of resources and improve services in the Montgomery area. It appears that Representative Everett possible opposition is based on the concerns of VA employees that they may be let go or transferred from Montgomery to Tuskegee.

Military Tobacco Use: At the May 14 House Veterans' Affairs Subcommittee on Benefits hearing, the Vietnam Veterans of America, and the Disabled American Veterans opposed VA's legislative proposal to disallow compensation claims for disabilities based on illnesses resulting from tobacco. They argued that, since VA considers tobacco addictive, it should not oppose paying compensation to those who became addicted during service -- especially when the Armed Forces were providing free cigarettes and condoning, if not encouraging, smoking. On May 5 and 12 respectively, *Modern Healthcare* and *Army Times* published articles on the VA's proposal. *ABC World News Tonight* is also working on a story regarding the proposed legislation and that may include VA research on smoking cessation and nicotine replacement. An air date is not yet known.

- **Medicare Reimbursement:** Progress on VA's Medicare reimbursement pilot-program legislation is delayed while the Health Care Financing Administration, OMB and VA iron out a MOA for implementing the pilot. Meanwhile, the House Veterans' Affairs Committee (HVAC) introduced their own bill. On May 15, a hearing was held and the HVAC bill was marked-up. VA's major disappointment regarding the HVAC bill is that it omits authority for VA to conduct Medicare HMOs under the pilot program. VA is also concerned about the CBO's surprisingly high -- \$50 million -- PAY-GO estimate for the pilot and the fact that CBO attributes the cost to its belief that VA's proposal would adversely affect the Medicare Trust Fund.

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- **Brownfields:** In cooperation with the Veterans Health Administration's Compensated Work Therapy Program and the Veterans Benefits Administration's Vocational Rehabilitation and Counseling Service, VA's Office of Policy is developing an MOU between VA and the EPA. The memorandum will serve to construct a framework for veterans to take part in environmental cleanup and economic redevelopment of neglected, declining urban zones.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Methamphetamine Conference:** On May 28-30, Director McCaffrey and Senator Kerrey will host the National Methamphetamine Conference in Omaha, NE. The conference, which will be attended by 325 participants from the treatment, prevention and law enforcement communities. The conference will refine the National Methamphetamine Strategy.

SOCIAL SECURITY ADMINISTRATION

- **Noncitizen Legislation:** SSA is beginning to plan how to implement legislative changes that will result from the provision in the budget agreement regarding Supplemental Security Income (SSI) eligibility for certain noncitizens. Under current law, most noncitizens would lose eligibility this summer under the 1996 Welfare Reform law.
- **SSI Report:** On May 30, the Acting Commissioner Callahan will submit a comprehensive report to you and Congress on the SSI program. The report will include estimates over a 25-year period.
- **Mandatory Direct Deposit:** On May 22, Senator D'Amato held a hearing before the Senate Banking, Housing, and Urban Affairs Committee on Mandatory Direct Deposits. SSA and Treasury testified.

GENERAL SERVICES ADMINISTRATION

- **OK Bombing:** On May 1, an award was made for the design of the repairs to the Murrah Garage and Plaza necessary due to the bombing of the Murrah Federal Building. Completion date for the repairs is August 19, 1997. The design and construction of these repairs will be carefully coordinated with the Murrah Memorial Committee.
- **FL Urban Revitalization:** GSA entered into an MOU with Miami, FL, agreeing to further the goals of the GSA Good Neighbor Program. GSA will work with the City and the Miami Downtown Association in finding ways to revitalize the urban areas to spur business development.

- **D.C. Federal Building Parking:** On May 21, GSA will hold a public meeting on an environmental-impact statement on perimeter security near selected federal buildings in the D.C. area. GSA plans to reduce parking around certain federal buildings as a security precaution.
- **Missing Children's Day Event:** On May 23, GSA's TX Federal Protective Service (FPS) in conjunction with local law enforcement and other organizations will sponsor several community programs in recognition of National Missing Children's Day. FPS Officers will be conducting a fingerprinting service for children in child care centers operating in GSA controlled space. Also, a public awareness session will also be conducted on "stranger danger" techniques to keep children safe from abduction and other crimes.

OFFICE OF PERSONAL MANAGEMENT

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- **Emergency Leave:** On May 15, Representative Norton successfully attached an amendment to the House version of the Supplemental Appropriations Bill that would give you authority to direct OPM to create a special leave transfer program for federal employees affected by a major disaster or emergency. Employees of an agency could donate leave directly or an agency could make a donation from its leave bank.

cc:

The Vice President
Erskine Bowles
Franklin Raines
John Podesta
Sylvia Mathews
Ron Klain
Rahm Emanuel
Maggie Williams
Michael McCurry
Doug Sosnik
Craig Smith
Marcia Hale
Don Baer
Maria Echaveste
John Hilley
Janis Kearney
Ann Lewis
Bruce Reed
Gene Sperling
Kathleen McGinty
John H. Gibbons

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May 23, 1997

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Craig Smith

SUBJECT: Weekly Political Update

ARIZONA

The opening arguments began this week in the bankruptcy trial of Governor Fife Symington (R). David Schindler, chief prosecutor, says Symington "is a very smart and clever man who told lies to get millions of dollars in loans," then misled lenders and voters alike to cover up his crimes. Defense attorney John Dowd told the jury that Symington is "completely innocent" and would not be on trial were it not for a faulty memory, negligent accountants and a real-estate market plunge that sucked the value out of his developments.

A survey of 350 registered voters by the Arizona State University's Walter Cronkite School of Journalism and KAET-TV found that Arizonians feel the Governor cannot conduct business of the state while on trial.

CAN GOV. FIFE SYMINGTON (R) DO HIS JOB WHILE ON TRIAL?

Yes 31%
No 64%

WILL HE RECEIVE A FAIR TRIAL?

Yes 64%
No 28%

Democratic gubernatorial candidate Paul Johnson and Attorney General Grant Woods are sponsoring a petition drive for the open primary amendment, where voters could cast a nominating vote for anyone they like, regardless of party affiliation. A Rocky Mountain poll, conducted 5/2-11 by Behavior Research Center, surveyed 440 registered voters, and found that voters would support the proposed initiative.

IF ASKED TO SIGN PETITION TO PUT PRIMARY MEASURE ON BALLOT?

	ALL	GOP	DEM	IND
Would sign	69%	67%	71%	79%
Would not sign	24%	27%	22%	16%
Unsure	7%	6%	7%	5%

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Smith
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IF VOTING TODAY, HOW VOTE ON OPEN PRIMARY AMENDMENT?

	ALL	GOP	DEM	IND
Yes	69%	66%	70%	82%
No	22%	26%	21%	14%
Unsure	9%	8%	9%	4%

IF APPROVED, LIKELIHOOD TO VOTE IN AZ PRIMARY?

	ALL	GOP	DEM	IND
More likely to vote	55%	52%	52%	72%
No impact on vote	34%	40%	32%	17%
Less likely	7%	5%	9%	3%
Unsure	4%	3%	7%	8%

CALIFORNIA

This week, Republicans in the US House took overt action against freshman Representative Loretta Sanchez. Republicans refused to hold a higher-education congressional hearing in her district because of ex-Rep. Bob Dornan's election challenge.

Though we will produce a more detailed analysis of the Field poll for you next week, a snap shot of this week's Field Poll of likely California voters shows a big drop in Clinton positives:

Clinton Job	Among All 5/97 2/97 9/96			Dems 5/97 2/97		GOP 5/97 2/97	
Very good/good	35%	51%	45%	48%	67%	21%	26%
Fair	39%	28%	36%	40%	17%	38%	36%
Poor/very poor	23%	20%	18%	11%	14%	40%	37%

However, when these Californians are asked how you are doing on the job, your approval rating is steady, at 55%, close to where it was in September, 1996.

Clinton Job Approve/Disapprove

	5/97	2/97	9/96	2/96	5/95	2/95	10/94
Approve	55%	59%	58%	55%	43%	47%	50%
Disapprove	33%	29%	33%	37%	44%	41%	38%

In the race for Governor, a Field poll of 724 registered voters indicates that this may be one of the most fiercely fought races in California for decades. The general election numbers show that Lungren is in a very solid position.

November 1998 matchup

Vs.

Lungren

Al Checchi	19%	43%
Kathleen Connell	32%	40%
Gray Davis	40%	37%
Dianne Feinstein	47%	41%
Leon Panetta	36%	40%

Affirmative Action continues to be a big issue in California, which makes your commencement speech at the University of California at San Diego all the more potent and appropriate. For example, this week, to enlarge the pool of disadvantaged students qualified to enter the University of California, the University recommended a major expansion of its college-prep programs in high schools as well as middle and elementary schools. The proposed program would focus on those schools that have significant educational disadvantages instead of racial criteria. Officials are hopeful though that the program will increase the number of black and Latino students that apply to all nine U.C. campuses.

On another front, the new strategic defense recipe that the Pentagon has prescribed is provoking an outcry in California because they still have 100 military facilities despite the deep cuts of recent years. The Pentagon called for new rounds of military base closings and the elimination of 225,000 active duty, reserve and civilian support jobs to free funds for new weapons and troop readiness. As a result, the Southwest Defense Alliance has formed out of groups from across Utah, Nevada, Arizona, New Mexico and California. It is a political alliance to protect research labs and training centers.

COLORADO

Senator Ben Nighthorse Campbell (R) is prepared to fight Representative Scott McInnis for the Republican nomination. Campbell will make his formal announcement in September 1997. McInnis questioned Campbell's credentials as a Republican.

CONNECTICUT

State Treasurer Chris Burnham (R) on 5/15 filed reelection papers "but said the move did not rule out a run," against Senator Chris Dodd (D). Former Congressman Gary Franks (R) "continues using the National Democratic fundraising scandal" against Senator Chris Dodd. Franks, in a 5/10 fund-raising letter for his senate campaign, said "Dodd's role in '96 as DNC General Chair, is now at the very center of the Democratic fund-raising scandal involving foreign contributions, convicted felons and renting out the White House to the highest bidder." Nevertheless, there is no indication that either of these candidates would be formidable opponents to Sen. Dodd.

FLORIDA

In order to run for governor in 1998, 1994 nominee Jeb Bush (R) resigned as president of the Miami based think tank Foundation for Florida's Future. Bush will formally announce his candidacy in the fall. He has hired Mike Murphy as his media consultant and will reappoint Sally Harrell as campaign manager. Bush says he will not use public financing if it is made available.

The Florida Democratic Party produced a radio ad comparing state Rep. Sandy Murman's (R) decision to switch parties to a football player switching jerseys in the middle of a crucial game. Until Murman switched, the GOP outnumbered the Democrats 61-59; now it is 62-58. Other conservative Democrats are talking about making the same switch.

A Florida Voter poll conducted on May 6-17, surveying 601 registered voters tested the standings for potential Governor running mates, Jeb Bush (R) and Lieutenant Governor Buddy MacKay (D). Potential Lieutenant Governor running mates tested were Mayor Alex Penelas (D) and Orlando Mayor Glenda Hood (R). The results of the poll are as follows:

General Election Matchup

	<u>Now</u>	<u>3/97</u>	<u>1/97</u>	<u>With Potential LG Candidates</u>	
Bush	47%	45%	40%	Bush-Hood	45%
MacKay	41%	43%	43%	MacKay-Penelas	38%
Undecided	12%	12%	17%	Undecided	17%

	<u>Positive/Negative</u>	<u>NEU</u>	<u>ID</u>
Bush	40% / 25%	35%	94%
MacKay	38% / 19%	43%	83%

The Florida Supreme Court has blocked the use of the state's 74-year-old electric chair until at least mid-September. The stay follows the March 25 execution of Pedro Medina. Governor Lawton Chiles has ordered a panel of experts to examine the chair, saying he would implement new methods if they are warranted.

HAWAII

Hawaii GOPers, "the underdogs" of Hawaii politics held their state convention last weekend and were addressed by Jack Kemp.

IDAHO

Donna Weaver, Idaho campaign chair of Citizens for Federal Term Limits has joined GOP leaders in lobbying businessman Tony Paquin (R) to challenge U.S. Representative Helen Chenoweth (R) in the '98 primary. Chenoweth, who vowed to serve no more than six years, has

✓ backed off her earlier commitments. '96 nominee Dan Williams (D) issued a statement 5/13 "in the aftermath of Chenoweth speculating that the dearth of African-Americans and Hispanics in northern Idaho is due to their preference for hot weather." Williams, who is contemplating another run: "Idaho needs political leaders of both parties who understand that racism isn't just bad form, it's bad business."

ILLINOIS

Comptroller Loleta Didrickson (R) announced that she would not challenge Senator Carol Mosely-Braun (D) in 1998. She may run for Governor or Secretary of State. A factor in her withdraw was the rival candidacy of state Sen. Peter Fitzgerald who has the resources to outspend her in the GOP primary. Mosely-Braun's re-election hopes were boosted as a result of Didrickson's withdraw. Senator Carol Moseley-Braun has been plagued with controversies throughout her first term. A poll last fall suggested she is the second-most vulnerable senator (behind New York's Alfonse D'Amato (R)). But Moseley-Braun always has managed to get the right opponent and could wind up with another perfect setup. Moseley-Braun has vulnerabilities among women, according to recent polls. Only 14% of female voters rated her very favorably and 22% rated her very favorably according to a statewide poll of 420 women that was taken by the Southfield, MI firm of Market Strategies. Women are evenly split in their opinions of Moseley-Braun another poll found.

Illinois house Republicans have abandoned a plea to be sent to Governor Jim Edgar's (R) office asking him to decide soon about a challenge to Senator Carol Mosely-Braun (D). Edgar's spokesperson claimed that there would be no way that he would decide before the end of the legislative season, and that there is no reason why he should have to. Polls show Edgar and Secretary of State George Ryan (R) beating Mosely-Braun. Ryan said he would run only if Edgar didn't run.

Illinois' two US Senators on Monday announced their recommendations for five open federal judgeships in the state, including one candidate who has served as an attorney for Senator Carol Moseley-Braun (D). On Monday, the candidates that were named include two choices for vacancies in the Northern District of Illinois, which includes Chicago's Jeffrey Colman, a partner in the law firm Jenner & Bock, and Rebecca Ruth Pallmeyer, currently a US magistrate judge. Recommendations for other positions include for the Central District of Illinois, Illinois Appellate Court Judge Michael McCuskey, 50 of Washburn.

On Thursday, Mayor Richard Daley alleged Alderman Edward M. Burke, once one of the most powerful Aldermans in the city of Chicago, was involved in a conflict of interest. Daley said that the Southwest Side Alderman should be investigated by the Attorney Registration and Disciplinary Commission. Some City Hall insiders believe that the Mayor is looking to future politics of the increasingly Hispanic Southwest Side area where Burke has held sway for years. Daley has made no secret that he would like to replace Burke with a Hispanic candidate in the 1998 city elections.

A movement is underway to shorten campaign time. Currently Illinois has the second earliest primary in the nation for nominating state officials. Voters would prefer a later primary and a higher turnout is probable if the primary is held closer to the general election. They believe the winners of a later primary would carry momentum into the general election.

Former U.S. Senate hopeful Chad Koppie became the first Republican to seek the party's nomination for Governor. He said giving parents more control of the state's education system would be high on his priority list. Koppie also favors deregulating the state's electric utility industry, abolishing abortion rights, setting term limits for elected officials and allowing health-care recipients to choose their providers. He is opposed to special rights for homosexuals. Representative Glenn Poshard (D), a downstate Democrat, is the only other declared gubernatorial candidate.

With time running out for Illinois to explain how it will respond to federal welfare reforms, Democrats and Edgar aides are still bickering over who should control the process. The main sticking point is the amount of oversight that lawmakers should have in the process. The spring session is scheduled to end this week and lawmakers have to make a decision before then. However, lawmakers are saying that the legislature leaves them out of the loop and they want some of their questions answered before they vote on it.

Governor Jim Edgar (R) has worked all spring to convince lawmakers to accept school-funding overhauls that would swap a higher state income tax for lower property taxes.

MAINE

Governor Angus King (I) signed into law a bill making it illegal to discriminate against homosexuals in Maine.

MARYLAND

Ellen Sauerbrey (R), the 1994 gubernatorial GOP nominee, formally announced her candidacy for governor. A potential Sauerbrey primary rival is Howard County Exec. Charles Ecker (R). Sauerbrey will not campaign solely on taxes as she did in 1994. She plans to focus on education to soften her public image.

Hartford County Exec. Eileen Rehrmann (D) declared herself a primary rival to Governor Parris Glendening (R). Rehrmann announced her challenge in unusually low-key style, releasing the text of a letter she mailed to 4,000 citizens throughout her state.

Glendening appears to have less than \$1 million on hand for his reelection, and could face serious financial problems. Glendening flatly refused to discuss campaign financing in an interview last week, but said his organization will make sure they have what they need.

MASSACHUSETTS

The top Massachusetts court began hearing arguments on the state's term-limits law passed in 1994. After an unsympathetic hearing initially, it appears the term-limits law will be struck down. The law limits state politicians to eight years in office. The immediate implications of striking the bill down would be a change in the dynamics of the 1998 election, and a sudden end to much of the competitive wrangling in the legislature.

MISSOURI

Attorney General Jay Nixon (D) last Saturday criticized Sen. Kit Bond (R) at an outdoor campaign-style rally that the Kansas City Star called "one of [Nixon's] first campaign forays." Nixon emphasized Bond's record on the environment, the deficit, as well as past PAC contributions. Nixon has not formally announced his Senate candidacy.

NEBRASKA

U.S. District Judge Warren Urbom issued a preliminary injunction barring the state from carrying out the state's term limits amendment because it was "coercive and might infringe on citizens' First Amendment right to vote." Under the amendment, the Secretary of State would be required to print 'DISREGARDED VOTERS INSTRUCTIONS ON TERM LIMITS' on the ballot next to names of lawmakers who did not support the measure." The initiative directed the state's congressional delegation senators to seek federal term limits.

NEVADA

Utah Governor Mike Leavitt (R) joined Nevada Governor Bob Miller (D) in testifying before Utah's Assembly Election committee on 5/20 for a same-day Western presidential primary. Leavitt called for NV to band together with UT, AZ, and other states for a same-day presidential primary in 2000. He contends that presidential candidates ignore Western states other than CA. Within moments of completing his presentation, the committee approved a bill to allow NV to send a group of legislators to a conference where Western state leaders will set a presidential primary date. The governors envision a group of as many as eight states in the West having a same-day primary the week after the NH primary.

Retired millionaire businessman Bruce James (R), who made his fortune in the publishing business, is the first to formally declare his candidacy against U.S. Senator Harry Reid (D). While Reid has not officially announced, he is expected to seek a third term. U.S. Representative John Ensign (R) is also a potential candidate, but he has said he will not make a formal decision until the fall.

NEW HAMPSHIRE

Governor Jeanne Shaheen (D) paid an additional \$3,755 penalty for exceeding the \$500,000 voluntary spending cap in last year's election.

A Hickman-Brown Public Opinion Research (D) poll conducted on May 13-15, surveying 600 registered voters tested the standings between Governor Jeanne Shaheen (D), and Senator Judd Greg (D). The results of the poll are as follows:

Gregg Reelect

Consider someone else	38%
Definitely reelect	26%
Definitely someone else	17%

General Election Matchup

Shaheen	45%
Gregg	40%
Undecided	15%

NEW JERSEY

A Mason-Dixon poll conducted on May 12-14, of 829 registered voters, and 310 likely primary voters, tested the race for governor between Governor Christie Whitman (R), Representative Rob Andrews (D), Woodbridge Mayor/State Senator Jim McGreevey (D), and former Morris County prosecutor Michael Murphy (D). The results of the poll are as follows:

Democratic Primary

Andrews	22%
McGreevey	14%
Murphy	6%
Undecided	58%

Whitman
Andrews
McGreevey
Murphy

Fav/Unfav

47% / 39%
19% / 4%
14% / 5%
10% / 3%

ID

100%
51%
41%
34%

General Election Matchups

Whitman	48%
Andrews	35%
Undecided	15%

Whitman	51%
McGreevey	32%
Undecided	15%

Whitman	53%
Murphy	24%
Undecided	20%

Representative Rob Andrews (D) began airing a 30-second TV ad in Philadelphia and NYC, attacking Governor Christie Whitman (R) for driving up the cost of insurance. The ad points out that 17 rate increases have occurred in the last four years and New Jersey's rates are the highest in the nation as a result. During the Democratic debates, the three Democratic candidates continually indicted Whitman for high property taxes, exorbitant auto insurance rates, and cuts in environmental protection.

State Senator Jim McGreevey (D) has raised more than \$1 million to date, generating a state match of \$1.86 million, leaving him with \$2.9 million in his account.

With political pressure mounting, Governor Whitman recently announced she would support a ban on abortions after a fetus can survive outside the womb, as long as the ban provides an exception for women facing serious physical health injury.

5-26-97

Jersey City's disputed mayoral election, which returned Mayor Bret Schundler (R) to office by a handful of votes is heading back to court. The tentative date for the trial to determine whether any irregularities in the balloting warrant a runoff has been set for June 2nd. Schundler needed one vote more than 50% of the total votes cast in order to avoid a runoff. He tallied 50.01%, or 19,744 votes, just 5.5 votes above the figure required. The challenge to the election was brought by second-place finisher, Jerramiah Healy (D).

NEW MEXICO

Democrats have begun to target the 3rd Congressional District race in '98. State Senator Roman Maes (D) has announced interest, as has Attorney General Tom Udall (D). Udall has also discussed running for the Democratic gubernatorial nomination.

Democrats are "lining up" to challenge Governor Gary Johnson (R). Ex-Lieutenant Governor Casey Luna (D) said he will probably announce his candidacy in June; House Speaker Raymond Sanchez (D) has lined up labor leaders and plans to announce this summer; Albuquerque Mayor Martin Chavez (D) said he will decide whether to seek a second term as mayor or run for gov. by the end of this month; ex-NM Land Commissioner Jim Baca (D) and ex-Gov. Tony Anaya (D) are also considering bids. Announced Democrats: Auditor Robert Vigil, ex-Gov. Jerry Apodaca, Corporation Commissioner Gloria Tristani and ex-NM Appeals Court Judge Ben Chavez.

NEW YORK

The Queens Democratic Party made its second endorsement for mayor, picking Manhattan Borough President Ruth Messinger (D) less than a week after its first choice, Bronx Borough President Fernando Ferrer, dropped out of the race. The party also endorsed the reelection of Queens Borough President Clair Shulman (D).

The three remaining Democratic contenders for NYC mayor had their first debate since Bronx Borough President Fernando Ferrer (D) dropped out of the race. The three agreed on rent regulation, but offered differing views on taxes while drubbing Mayor Giuliani on most issues. Ruth Messinger continually avoided answering the question of whether she is a liberal. City Council member Sal Albanese noted that he has a better chance of beating Giuliani because of his proven law-enforcement record.

Senator Al D'Amato (R) launched a series of ads in Syracuse, Rochester, Binghamton and Long Island highlighting his efforts to stop acid rain, eliminate certain ATM fees and increase spending on breast cancer research. Representative Charlie Schumer (D) criticized the advertisements by noting that D'Amato received a 0% rating in 1996 from LCV, while Schumer received a 92% mark. Tenant groups have unleashed news ads against Governor Pataki and D'Amato, accusing them of trying to end rent protection for 2.7 million tenants. The ads noted that in the 1970's the state GOP imposed a vacancy decontrol. As a result of the legislation there

were increased evictions, tenant harassment, and a 50% increase in rent. Pataki recently proposed to abolish limits on rent as tenants vacate their apartments. Thousands of New Yorker's gathered at the capitol in Albany recently for a rally to save rent protection.

A recently released NY1 poll by Blum & Weprin Associates conducted on April 14-20 surveying 1,204 registered voters tested Mayor Rudy Giuliani (R) versus Manhattan Borough President Ruth Messinger, Bronx Borough President Fernando Ferrer, City Council member Sal Albanese and Reverend Al Sharpton. The poll was taken before Ferrer dropped out of the race. The results of the poll are as follows:

Democratic Primary

	<u>5/97</u>	<u>4/97</u>	<u>3/97</u>	<u>2/97</u>
Messinger	28%	28%	31%	25%
Ferrer	25%	23%	24%	31%
Sharpton	13%	11%	11%	13%
Albanese	6%	7%	6%	6%

General Election Matchup

	<u>5/97</u>	<u>4/97</u>	<u>3/97</u>	<u>2/97</u>
Giuliani	51%	47%	52%	54%
Messinger	40%	41%	38%	36%

NORTH CAROLINA

Former Wake County GOP chair Tom Roberg (R) announced on May 16 that he will run against freshman Representative David Price (D).

OHIO

Rep. John Kasich (R) spoke to approximately 1,000 Iowa Republicans at the Iowa Abe Lincoln Gala last weekend, an appearance that Yepsen reports "was widely seen as a signal" Kasich is thinking about a presidential run. Kasich says, "I've got to get through 1998 before I worry about 2000."

OKLAHOMA

Dan Lowe, a '96 GOP Senate challenger to Sen. Jim Inhofe (R), was a speaker at the OK Democratic convention last weekend. Lowe, who has since switched to the Democrat Party, announced his interest in running for Lieutenant Governor. And Jerry Kobyluk, who finished "back in the pack" in the '94 GOP governor primary, was handing out cards reading "Jerry Kobyluk -- Victory '98 -- Democrat for Governor." In other business, ex-Lieutenant Governor Robert Kerr III was elected state chair.

State Democrats will gather in Oklahoma City last weekend to lay out the '98 election strategy.

PENNSYLVANIA

Representative Dwight Evans (D) announced that he will run for the mayor of Philadelphia in 1999, and he will not run for Governor or Congress in 1998.

Mayor Tom Murphy defeated City Council member Bob O'Connor and Chaston Roston in the May 20 Democratic primary. The results are as follows:

<u>Democratic Primary</u>	<u>Votes</u>	<u>% of Vote</u>
Murphy	35,557	54%
O'Connor	27,652	42%
Roston	3,104	5%

Montgomery County Democrats would like to see Dr. Stuart Shapiro run for Congress against Representative John Fox (R). Shapiro lost his race for county coroner in the 1995 election in a largely Republican county. Dr. Shapiro was the CEO of last month's volunteer summit in Philadelphia.

SOUTH CAROLINA

Union County Sheriff Howard Wells (D), who gained notoriety for the way he handled the Susan Smith murder trial, is being wooed by the South Carolina Democratic Party to run for Lt. Governor in 1998. Wells agreed to consider the request.

TENNESSEE

The Orlando Business Journal took a poll of 750 Tennessee voters and asked whom they would vote for if the candidates were Tennessee's own Al Gore (D) and Senator Fred Thompson (R). The results: Thompson 46% and Gore 45% (9% were undecided). If the choices were Gore and Kemp, Gore pulled ahead with 56% and Kemp had 34% while 10% were undecided. These numbers underscore that Tennessee is becoming a more Independent state and that even a well-known Democrat will have a tough time winning against a popular Republican.

In another poll last week, conducted by John Grimm of Multi-Quest, of 817 registered voters, 54% say that they switch their votes according to the person running for office. In this poll, it becomes clear that fewer Tennesseans are voting straight tickets, thus making the races more unpredictable. Polls by Gov. Sundquist and other campaigns show swing voters accounted for about a third of the balloting. 53% of the 421 people that voted for Clinton and Gore said they regularly switch the party that they vote for.

Another way to interpret the Vice President's numbers is that he is not as popular now as he

was in November of 1996. Although in a statewide poll Gore beat Alexander and tied Thompson, Gore's negative rating among nine politicians was the second worst, next to former Sen. Jim Sasser, D-Tenn. 27.5% of the 817 polled said that they did not have a favorable opinion of Gore compared to Sasser's 29%. In predominantly East Republican Tennessee Gore's unfavorable rating was 32%, 22% in Middle Tennessee and 28% in West Tennessee.

In a poll regarding Governor Sundquist's (R) re-election, 50% of the 817 registered voters polled, would vote for his re-election. It showed former Senator Jim Sasser as the Democrat with the best chance against Sundquist, but Sasser has not indicated any serious interest in running.

TEXAS

Poll - A Harte-Hanks poll conducted from March 21st to May 2nd surveyed 1000 adults to reveal the popularity rating of Governor George Bush (R), Comptroller John Sharp (D) and Land Commissioner Gary Mauro (D) in their 1998 and 2000 campaigns for office. In the Democratic Primary poll (337 Democratic subsample), Sharp garnered 32% over Mauro's 24%. In general election match-ups, Bush received 66% to Sharp's 17%. In a match-up with Bush, Mauro received 13% versus Bush's 69%.

SHOULD BUSH RUN FOR PRES IN '98

Yes	43%
No	43%

SUPPORT OF BUSH IN 2000

Presidential CAMPAIGN

Likely	60%
Not likely	29%

DEMOCRATIC PRIMARY

	<u>ALL</u>	<u>MEN</u>	<u>WOMEN</u>	<u>WHITE</u>	<u>LATINO</u>	<u>BLACK</u>
Sharp	32%	35%	30%	30%	33%	31%
Mauro	24	27	22	27	24	17

GENERAL ELECTION MATCHUPS

Bush	66%	Bush	69%
Sharp	17	Mauro	13

Primaries - A proposal to move Texas primaries from March to May failed to get enough votes for Senate consideration. Opponents cited concerns from the Hispanic community where some thought that the later date would hurt constituents who leave the state in May to work up North when their children get out of school.

Campaign contributions - It's reported that Dallas businessman Harold Simmons made at least \$110,000 in political contributions in excess of legal limits. He repeatedly surpassed the annual spending limit of \$25,000 in 1989 and 1990 as well. FEC records showed that Mr. and Mrs. Simmons may have surpassed the legal limit by as much as \$65,000. The family is in the top tier of family donors nationwide, having given at least \$1.5 million in political contributions to

mostly Republican candidates and causes since 1980.

Campaign finance reform - The Texas House killed a campaign reform bill. Republicans opposed a provision requiring consultants paid more than \$5,000 by a campaign to register with the Texas Ethics Commission. Texas is currently one of only six states which does not limit campaign contributions. Under current law, state officeholders cannot accept contributions from PACs or individuals during the legislative session but there are no limits on the contributions which can be made otherwise.

Tax plan - The legislative conference committee is struggling to reconcile the House and Senate versions of the Bush tax bill. The proposed House plan would cut school property taxes by about \$5 billion over two years and would raise nearly \$3.8 billion in state taxes to offset the cuts. The Senate plan would lower taxes by about \$2.5 billion over two years and raise about \$1.1 million through new states taxes by expanding the franchise and sales taxes. A major problem for the committee surrounds the issue of creating a new statewide business property tax. The committee has until June 2 to reach a compromise. If it passes the House and Senate, it will go to voters on August 9. If it fails, Governor Bush could call for a special session.

TX GOP - Divisions within the Texas Republican party are on the rise. On a personal level, conflicts between key figures such as Karl Rove, Bush's chief political advisor, and Lester Van Pelt, the state party's spokesman, are adding to the discord. Although Governor Bush (R) has dismissed speculation that he would run for president, the governor has drawn heat from conservatives for putting taxes at the top of his agenda and some say the tax reform fight could work against him on a national level.

College admissions and minority enrollment bills - In response to the Hopwood case, recent bills passed to bolster declining minority enrollment at Texas universities. Minority senators passed a bill--21 to 1-- directing state officials to monitor minority participation at state colleges and universities in a study conducted by the Texas Higher Education Coordinating Board. Governor Bush (R) signed into law a bill creating a new admissions system for Texas universities. A university must automatically admit students ranking in the top 10 percent of an accredited public or private high school's graduating class. A university could extend admission to the top 25 percent of the class.

Military border enforcement. This concern has been raised by Hispanic advocacy groups in their meetings with Administration officials this year. This week, a U.S. Marine fatally shot Ezequiel Hernandez Jr., an 18-year-old U.S. citizen and a 10th-grader at Presidio High School, as he was tending a herd of sheep on ranch land near his family's home at the time of the shooting. A Marine detachment from Camp Pendleton California was conducting surveillance in the same area for drug smugglers. This is the second shooting in four months. According to border rights advocacy groups, incidents of this nature are inevitable when non-local, often untrained Border Patrol agents are assigned to a region they are not familiar with. Pending an investigation, U.S.

Border Patrol officials have suspended military border activities in the Big Bend area.

Base Closures - Two large rounds of base closures announced recently by Defense Secretary William Cohen could render Brooks AFB and Fort Sam Houston vulnerable to cuts or elimination. Defense Secretary William Cohen has requested a repeal of the 60-40 law that could save thousands of jobs at the Kelly Air Force Base in San Antonio. The privatization effort at Kelly, which is expected to close by 2002, could save up to 11,000 civilian jobs if successful. However, lawmakers who represent the military community have attacked the proposal as weakening military readiness and favoring large defense firms.

UTAH

Utah Democrats elected Meghan Holbrook State Party chair last weekend at the state convention in Salt Lake City. She becomes the first woman elected to head a major party in Utah.

WASHINGTON

King County Council member Greg Nickels (D) says it's "very likely" he'll enter the race to replace Mayor Norm Rice (D) later this month. Also running: Seattle Council member Jane Noland (D), ex-director of the city Office of Management and Planning Tom Tierney (D). Potential candidates are City Council member Martha Choe (D) and Seattle architect Peter Steinbrueck (D).

U.S. Representative Linda Smith (R), who refuses PAC money, is seeking funding from conservative Christian audiences outside of Washington in order to fund her senate campaign against U.S. Senator Patty Murray (D). She is increasing fundraising by appearing on Christian talk-shows, especially with the popularity of the partial-birth abortion issue.

Governor Gary Locke (D) has vetoed more bills than any governor in Washington state's history, killing or editing 24% of all measures passed by this year's GOP legislature. The "record-setting spree" ended 5/20, the end of the 20-day period a governor is allowed to act on bills after the close of a legislative session.

cc: The First Lady
Mrs. Gore
Erskine Bowles
Sylvia Matthews
John Podesta
Doug Sosnik
Maria Echaveste

Kitty Higgins
Don Baer
Rahm Emmanuel
Bruce Reed
Mike McCurry
John Hilley

5-26-97

May 23, 1997

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: MARIA ECHAVESTE

'97 MAY 23 PM7:14

SUBJECT: OPL WEEKLY REPORT - May 17 to May 23

5-26-97

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

copied to
Echaveste
COS

BUDGET

- OPL held conference calls with African American civil rights leaders to express the historical importance of the budget framework and to answer their questions. They were very upbeat about the deal as a whole, and were extremely happy about the Pell Grants and health benefits to children. OPL continued to solicit endorsement letters from African American leaders for the budget agreement.
- ✓ ● We continue to work with the Asian community, particularly in California, to educate them on the balanced budget proposal. Overall, the Asian Pacific groups are pleased with the legal immigrant portions of the budget deal, but continue to worry about seniors and the disabled in the community.
- We also hosted a conference call with representatives of the American Jewish community and Dr. Joe Minarik, of the OMB, regarding the budget agreement. Community concerns were focused on the restoration of benefits for legal immigrants, subsidized housing and foreign aid. We continue to send out updated fact sheets on the budget to American Jewish community representatives and religious and organizational leadership.
- OPL is working with DPC to build support for the Medicare provisions within the budget agreement among senior citizen groups. We organized conference calls with the key national groups to provide additional information on Medicare premiums, new benefits, structural reforms, and low-income beneficiary protections. We received letters of support from the big three senior organizations: AARP, National Committee to Protect Social Security and Medicare, and the National Council of Senior Citizens. Next week, we will focus on senior specialty press, and are working to arrange an interview with the AARP Bulletin (c. 20 million) with the Vice President.

5-26-97

- We had several conversations with veterans groups who are extremely upset with what they perceive to be a significant cut in the VA budget as proposed in the balanced budget agreement. To oppose the proposed VA budget, veterans groups will launch a grassroots campaign, including newspapers ads, and Hill calls, E-mails, letters and visits. We anticipate that leaders of some of the groups will take advantage of the events on Memorial Day to voice their displeasure to you. We do not expect any public display at the Arlington Cemetery event.

EDUCATION



We are working with DPC and the Department of Education to address issues raised by minority communities regarding national standards and testing initiative. We participated in a meeting this week with the Leadership Conference on Civil Rights at the Department of Education to discuss issues concerning language, and access to and usage of testing data.

HEALTH INSURANCE FOR CHILDREN



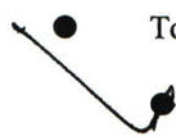
The national children's groups are disappointed in the Administration's opposition to the Hatch-Kennedy Amendment, but are not devastated by it. They view the support it received on the Hill and your support of the ideals, as an opportunity to continue the discussion on improving children's health, not an end of the discussion. There is also concern that to push forward with this would jeopardize the "wins" for the community in the current budget plan.

WELFARE TO WORK

- OPL organized a briefing on the Administration's NEXTEA bill and its provisions dealing with welfare to work. Secretary Slater, Jane Gary, Bruce Reed, and Clarence Harmon (Mayor of St. Louis) spoke to more than 220 people who represent a wide array of social welfare agencies, unions, interest groups, state and local officials, and activists concerned about this issue.

CONSTITUENT AND OTHER ISSUES

BUSINESS



To follow-up on your notes from last week's report:

We requested that Gene Sperling meet with several real estate representatives to discuss their concerns regarding capital gains. Last week, I mentioned that they were hearing from the congressional leadership that the only way the Administration could see paying for a cut in the capital gains rate is if it eliminated real estate from the equation. It is our hope that we will clarify our position and put to rest any further concerns.

- We have forwarded your comments on the Electronic Federal Tax Payment System (EFTP) and Home Office Deduction to Treasury. On Thursday, Treasury's Office of Legislative Affairs convened a meeting to discuss EFTP and how best to proceed. We are still waiting for feedback on the Home Office Deduction issue.

NATO ENLARGEMENT

- We continued our "house calls" in cooperation with State and Defense with major Veterans/Military organizations. These visits have been fruitful in producing commitments of support, convention speaking invites and identification of key issues.

MFN

- OPL received 3 press releases supporting your announcement from the National Retail Federation, the American Business Conference and the US-ROC Economic Council.

RECONCILIATION

- OPL met with David Ogden at Justice about their hate crimes initiative. He explained that the Attorney General assembled a hate crimes working group and asked for a report/proposal for a more integrated, coordinated effort on hate crimes by mid-July. The working group has five sub-groups: legislative initiatives, data collection and analysis issues, community outreach issues, prosecution and enforcement issues, and to conduct a coordination and structure review. We will use the results as a starting point for the White House Conference on Hate Crimes in the fall.

AFRICAN AMERICAN OUTREACH

- OPL worked with Legislative Affairs on your meeting with the Congressional Black Caucus. The reaction from the meeting was that it was a success and many of the members said good things about their open dialogue with you.
- We also assisted with the coordination of the Morgan State commencement last Sunday. The event was a huge success and you got high marks for choosing Morgan State from among the Historically Black Colleges and Universities.

JEWISH OUTREACH

- OPL assisted in the coordination of briefings and remarks for Vice President Gore's drop-by at the 19th Annual National Leadership Conference of the Anti-Defamation League.
- On Wednesday, we met with representatives of B'nai B'rith regarding Presidential initiatives for the second term and briefed them on the budget agreement.

LABOR

- OPL staff met with the leadership of the IUE. Their contract with General Electric expires in June and they are concerned that recent statements by GE management indicate that they will be taking a very hard line in the negotiations despite record profits. We will work with other offices to respond to IUE's request that the White House personally appeal to both parties to be "reasonable," especially in light of GE's major defense contracts.

WOMEN'S OUTREACH

- On Wednesday, the Vice President announced the production and distribution of 200 million stamp booklets which advertises the National Domestic Violence Hotline. Program participants included, Senator Stevens, Postmaster General Runyon, Violence Against Women Office Director Bonnie Campbell and Bessie M. Love (survivor/advocate from Houston, TX). Senator Kennedy, the other Senate leader on this initiative was unable to attend. Over 125 domestic violence prevention advocates and 33 top women magazine editors were also in attendance.
- Also on Wednesday, OPL hosted 33 editors from top women, family and children's magazines for day of briefings from senior women in the Administration. Briefers included: Tipper Gore, Madeline Albright, Donna Shalala, Alexis Herman, Janet Reno, Carol Browner, Aida Alvarez, Judith Winston, and Carol Rasco. The editors also attended the Vice President's announcement of the Domestic Hotline Stamp Booklet, and were later briefed by the First Lady on a broad range of issues affecting women and families.
- Conducted outreach with pro-choice groups and leaders on their lobbying, grassroots organizing, and media strategy for a sustaining a veto on Santorum.

COMMUNITY PARTNERSHIP/SUMMIT FOLLOW-UP

- We met with nonprofit groups who attended the Summit on America's Future, who believe that as a whole the message of the Summit was good and the dialog productive, but they felt that specific policy ideas were lost. We will continue to talk with them to work on this issue and their growing concern that they are continually expected to do more with less.

DISABILITY

- The disability community is excited about the re-authorization of the Individuals with Disabilities Education Act (IDEA). We are working to coordinate the inclusion of the education and disability communities in the bill signing ceremony, scheduled for June 4th on the South Lawn.

GAY & LESBIAN OUTREACH

- The reaction to the vaccine initiative announced at Morgan State has been mixed. Most mainstream AIDS groups applauded your challenge to find a vaccine in the next decade. However, some activists expressed concern that this reflected a lessening of our efforts to find a cure and to care for those who are already sick. *How can we respond to this*

Also, on Wednesday, Congresswoman Pelosi (D-CA) introduced an emergency supplemental appropriations request of \$68 million for the AIDS Drug Assistance Program, which we did not support. This, in some activists minds, was evidence of our decreasing interest in funding to provide for the sick. A meeting has been scheduled for next Tuesday with the principal AIDS advocacy groups and Sandy Thurman, Nancy-Ann Min and Richard Socarides of my staff.

VETERANS

- OPL continues to be the lead coordinator for the Memorial Day events. The first is a breakfast hosted by you for 200 guests. The list includes veteran/military organization leaders, key administration officials selected White house staff and military leaders. The second is the annual wreath laying ceremony at Arlington National Cemetery. It is anticipated that over 4000 will be in attendance for your remarks.

cc: First Lady
Mrs. Gore
Erskine Bowles
John Podesta
Sylvia Mathews
Doug Sosnik
Craig Smith
Rahm Emanuel
Kitty Higgins
John Hilley
Marsha Hale
Bruce Reed
Gene Sperling
Mike McCurry
Susan Liss

THE WHITE HOUSE
WASHINGTON

May 22, 1997

THE PRESIDENT HAS SEEN

5-26-97

MEMORANDUM FOR THE PRESIDENT

FROM: Emily Bromberg *AW for EP*
Lynn Cutler *lyn*
Fred DuVal *FD*

SUBJECT: Weekly Report

5-26-97
copied to
Bromberg
COS

Office of Intergovernmental Affairs: As you know, Marcia Hale concluded her position in our office with a highly successful breakfast round table for the U.S. Conference of Mayors National Forum on Drug Control. Fred DuVal has joined our staff and along with Emily Bromberg and Lynn Cutler, we are all working together to maintain our department's focus and agenda. We are thrilled about Mickey Ibarra's appointment and are confident that our team under his leadership we will continue to advance our office's primary missions and goals.

U.S. Conference of Mayors National Forum on Drug Control: The nation's mayors expressed their excitement over the success of the White House event for the U.S. Conference of Mayors National Forum on Drug Control. Mayor Richard M. Daley (D-Chicago) was particularly pleased with your opening remarks and your responses to the mayors' questions and concerns.

*Don't
forget
to sign*

Mayor Jim Rout (R-Shelby County, TN): We met with Mayor Rout of Shelby County, Tennessee this week. He is a Republican who clearly supports many of your initiatives, and is willing to assist the Administration. Mayor Jim Rout's work in children's health, juvenile justice, and welfare-to-work is noteworthy. He is an excellent resource in our ongoing dialogue with the Congressional Republican leadership.

*Should
addition
up letter
from him*

Mayor Clarence Harmon (D-St. Louis, MO): The new mayor of St. Louis, Clarence Harmon, who you met recently at the welfare-to-work event, previously served as the city's police chief. He participated in a briefing we held in conjunction with Office of Public Liaison on Tuesday, May 20. The briefing addressed the welfare-to-work provisions in the NEXTEA proposed legislation. He articulated his support for several of our policy initiatives. The St. Louis region has some particularly innovative transportation planning programs.

City of Newport Beach: There was a meeting with Newport Beach mayor, Jan DeBay (R), and several city officials regarding their proposed usage for the El Toro Marine Base Airfield. They have an excellent plan to convert the military field to a commercial airfield.

*Don't
forget
to sign*

Democratic Governors: The Democratic Governors Association met in Los Angeles last weekend. Mrs. Clinton was the keynote speaker at the conference which focused on children. The media coverage was excellent. As anticipated, the governors privately expressed concern over the decision to apply the Fair Labor Standards Act and the minimum wage requirements to welfare workers. Governor Chiles (D-FL) was the most vocal with regards to this issue.

Governor Tom Carper (D-DE): The Governor called personally to ask that we consider Dr. Michael Axe for the President's Council on Physical Fitness. Currently, there are no vacancies on the Council, but we assured the Governor that his candidate will be considered when an opening arises.

cc: B7
✓
Governor Mel Carnahan (D-MO): The Governor called to lobby on behalf of a close friend and supporter, Jim Nutton^{SA}, to be reappointed to the Freddie Mac Board. Nutton has been told that "no one on the Board is being reappointed." The Governor accepts this, but if other Board Members are reappointed, we anticipate the Governor will express displeasure. We will track this.

g000
Governor Bob Miller (D-NV): The Governor has personally asked us to assure that his son Ross is selected for a White House Internship this fall, and is placed to his liking. We have spoken with Ross and have worked this out.

Census: There is another move by Speaker Gingrich to eliminate the sampling techniques which are planned to make the 2000 census an accurate count. Obviously, this deeply affects local governments and tribal nations because of the formulas used in federal and state aid. From a broader standpoint, we could lose more Congressional districts due to undercounting. We are mobilizing our local government constituencies and tribal governments to fight, and they are responding.

Fair Labor Standards Act: In conjunction with DPC are coordinating briefings for elected officials with DOL, HHS, and USDA on the application of the Fair Labor Standards Act to the new welfare law. As you are aware, DOL has concluded that the Fair Labor Standards Act applies to participants in the TANF program with the same stipulations that apply to other workers. This means that in many cases participants will have to pay the minimum wage. States are dissatisfied with this ruling and maintain that it will cost them significant money in out years.

Indian Country: You should be receiving a report from counsel on the Seneca /New York state issue. We are continuing to work with the Justice Department as they monitor the situation. The good news is the state Supreme Court ruled it was not legal for New York to enter into an agreement with certain tribes to tax goods sold on reservations to non-Indians. They further ruled that the state could not detain movements of gasoline to reservations and that usage of state law enforcement had not been appropriate. On Thursday, May 22, Congresswoman Slaughter (D-NY) called to say that Governor Pataki (R-NY) submitted a bill to the legislature banning taxation of goods sold on Indian reservations (See attached article from Friday, 5/23 NYT).

cc:
Bos
NRV

5-26-97

ag
We have an extremely daunting challenge approaching us involving federal taxation of tribal revenues. Chairman Archer (R-TX) of the House Ways and Means Committee is attempting to impose taxation on Indian gaming. He plans to have it in the Chairman's mark in mid-June. We are working with the Department of Interior and Treasury to reiterate our position against this kind of taxation which is consistent with your ongoing policy. It is important that we send an early signal to the Hill.

Bruce Reed and Erskine Bowles will sign a memorandum this week to go to all of the agencies of the federal government to follow-up your memorandum of 1994. Attached is a copy of this memo.

Race Reconciliation: We are participating in the race reconciliation meetings on behalf of both Indian concerns and state and local governments in order to provide them opportunities to be included in the continuing conversations and town hall meetings on this issue.

Puerto Rico Status Legislation: The House Resources Committee approved the bill by Chairman C.W. Young (R-FL) and others which 1) calls for Puerto Ricans to choose between commonwealth, nationhood, and statehood options for next year and periodically until a fully democratic status is selected and 2) provides an implementation process including two additional laws and referendum. Some of our concerns were addressed, but Young abruptly retreated from a rough draft compromise on the commonwealth option negotiated with his staff and that of Ranking Democrat George Miller and Resident Commissioner Romero last week. Young's action caused Miller to express serious reservations about the bill -- as well as strong complaints from the commonwealth party. Young and Miller's key staffers and Romero have since agreed to discuss further amendments before the bill goes to the Rules Committee.

Good
Puerto Rico Investment Incentive: Senate Finance Committee Members John Chafee (R-RI), Orrin Hatch (R-UT), John Breaux (D-LA), and Lindsey Graham (R-SC) joined Senators Daniel Moynihan (D-NY) and Alfonse D'Amato (R-NY) in urging support for your proposal to make the tax credit based on wages and other economic activity in Puerto Rico available to new operations for as long as needed. Fourteen Hispanic House Members signed a similar letter.

The Tongass Land Management Plan: The plan has been finalized and will be released shortly. It reflects a compromise between the logging and environmental community in Alaska however, it will be controversial on both sides with likely litigation. Governor Tony Knowles (D-AK) has been thoroughly involved and briefed and is satisfied with the final product.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR HEADS OF AGENCIES AND DEPARTMENTS

FROM: ERSKINE BOWLES, CHIEF OF STAFF TO THE PRESIDENT
BRUCE REED, ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY

DATE: MAY 23, 1997

SUBJECT: EXECUTIVE MEMORANDUM ON GOVERNMENT-TO-GOVERNMENT
RELATIONS

On April 29, 1994, President Clinton issued an Executive Memorandum to all Executive Departments and Agencies directing them to engage in continuing Government-to-Government relations with federally recognized tribal governments. (See April 29, 1994 Executive Memorandum on Government-to-Government Relations with Native American Tribal Governments, attached.) We write to request the assistance of your Department or Agency in ensuring that the President's directive is appropriately implemented.

The April 29, 1994 Executive Memorandum is based on the unique historical and legal relationship with Native American tribal governments as set forth in the Constitution of the United States, treaties, statutes, executive actions, and court decisions. When executive actions will affect government or treaty rights of Indian tribes or tribal trust property, the Executive Memorandum requires the responsible Department or Agency to consult with tribal governments concerning the impact of the federal action to the greatest extent practicable and permitted by law.

Government-to-Government consultations should be conducted with knowledge of, and sensitivity for, tribal governmental and treaty rights. In addition, Executive Departments and Agencies are required to take steps to remove procedural impediments to working directly and effectively with Indian tribes.

Several Executive Departments and Agencies have implemented the President's directive by adopting their own policies on Government-to-Government relations with Native American Tribal Governments. In addition, some Departments and Agencies have designated staff as liaisons with Native American Tribal governments to facilitate implementation of the President's directive.

To assist us in ensuring that the President's directive is appropriately implemented, please send us the following:

- a) your Department or Agency policy on Government-to-Government Relations with native American Tribal governments if you have such a policy;
- b) the name, position, address and telephone number of Department or Agency staff designated as liaisons with tribal governments; and
- c) a two or three-page synopsis of your Department's or Agency's approach and activities in implementing the President's April 29, 1994 Executive Memorandum.

Please return this information to us by August 23, 1997. Information should be sent to: White House Cabinet Affairs, Attention: Kris Balderston, Old Executive Office Building, Room 160, Washington, D.C. 20502. If you have any questions, you may call Lynn Cutler in the Office of Intergovernmental Affairs at (202) 456-2896.

Thank you for your assistance.

In a Shift, State Won't Try to Tax Sales on Indian Reservations

By RAYMOND HERNANDEZ

ALBANY, May 22 — Facing a bitter standoff with the state's Indians, Gov. George E. Pataki today announced that the state would abandon its efforts to collect taxes on gasoline and cigarette sales on Indian Reservations.

The decision marks a drastic shift in policy on an issue that had plagued both Mr. Pataki and his predecessor, Mario M. Cuomo, and led to years of lawsuits and angry protests. Today's announcement drew immediate criticism from the owners of small businesses operating outside reservations, who have long complained that selling goods tax free gives Indian competitors an unfair advantage that attracts thousands of non-Indian customers to reservation stores.

But the Governor's decision not to try to collect the taxes, which the administration had estimated would amount to \$100 million a year, was raised by Indian leaders on reservations across the state. Bitter demonstrations have erupted since last month when the administration imposed a virtual blockade of gasoline and cigarette shipments to Indian tribes that refused to be taxed. They said the move affirmed their status as sovereign peoples.

"This is a big turn of events," said Jose Patterson, a member of the council of the Seneca Nation near Buffalo. "We commend Mr. Pataki for being the first Governor to end any efforts by New York State to collect taxes from sovereign Indian nations."

Mr. Pataki and Mr. Cuomo had both found themselves stymied in their efforts to collect taxes from businesses operating on Indian reservations without violating Indian sovereignty.

States are generally barred by treaties from enforcing taxation and other laws on Indian tribes, and New York had no plans to impose taxes on



Associated Press

Gov. George E. Pataki talked yesterday with Seneca Indians and politicians in Buffalo. The Governor announced that he was dropping a plan to tax gas and cigarette sales to non-Indians on Indian reservations.

goods sold by Indians to other Indians. But the courts had upheld a plan by New York State to tax goods sold by Indian businesses to non-Indian customers.

The state began attempting to enforce the plan on April 1, and the state police had begun blocking shipments to tribes who were not cooperating with the plan. Michael McKeon, a spokesman for Mr. Pataki, said that the Governor decided to abandon the effort after a State Supreme Court justice in Buffalo ordered the state to lift the blockade — an order

that was upheld by a higher court.

Last month, the Pataki administration reached a tentative agreement with five of the state's nine Indian nations on the tax issue. But the deal did not include the state's four major tribes, whose resistance led to today's decision.

In a statement released late this afternoon, Governor Pataki said he hoped his decision would end the dispute.

"We have made real progress in resolving this issue, but as we have seen in recent weeks, this issue re-

mains extremely complex and continues to divide us," the Governor said.

Because Indian land is under the jurisdiction of the Federal Government, the states cannot seize property on reservations or otherwise enforce tax collection.

But the plan by New York that was upheld by the courts provided a way of getting around such restrictions. Under the plan, the state would have estimated, based on the population of a reservation, what portion of the cigarette and gasoline sales from

Indian stores was going to Indians. It would then have imposed taxes on the rest, on the assumption that those products were being sold to non-Indian customers coming from outside the reservations.

The taxes would have been collected from wholesalers before the goods were delivered, with the cost then passed along to the retailers and their non-Indian customers.

Since taking office, Mr. Pataki has repeatedly threatened to implement the plan if the Indian nations did not agree to an alternative. But he ultimately backed away from the threats, clearly wanting to avoid the kind of protest that erupted under Mr. Cuomo in 1992. In that incident, about 200 Indians burned tires and threw debris from a bridge, leading to many arrests.

A break in the standoff appeared to come earlier this year, just a day before the state said it would begin implementing its tax-collection plan on April 1. The state reached a deal with five Indian nations that agreed to impose their own taxes on cigarette and gasoline sold on their reservations. But the state failed to reach a compromise with the reservation that had the most at stake in the gasoline and cigarette businesses, including the St. Regis Mohawks near the Canadian border, the Seneca Nation outside Buffalo and the Shinnecock and Poospatuck Indians, both on Long Island.

Constance Barrella, the president of the New York Association of Convenience Stores, said that the Governor's decision will hurt many small businesses.

"My members are disgusted with him today," she said. "There are a minimum of 20,000 people who own and operate stores within the state. They will never support the Governor again. They are done. You can't lie to people and expect them to come back for more."



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

May 21, 1997

Copied to:

Gibbons

COS

5-26-97

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN H. GIBBONS 
CC: ERSKINE BOWLES
SUBJECT: OSTP WEEKLY REPORT

THE PRESIDENT HAS SEEN

5-26-97

EDUCATIONAL TECHNOLOGIES

Effective use of new technologies in education and training is a major element of your initiative to ensure that U.S. students and U.S. workers are prepared for the 21st Century. Your Committee of Advisors on Science and Technology (PCAST), which I co-chair with John Young, recently submitted a report to you on *The Use of Technology to Strengthen K-12 Education in the United States*, which endorsed your Educational Technology Initiative and made important recommendations about the Federal role in learning technology R&D. David Shaw and Dave Hamburg played key roles in the study. I expect the PCAST members will want to brief you on this important document along with their other analyses during your meeting with them on June 10. The meeting could be an excellent opportunity to highlight the multiple, intertwined initiatives of your administration in the areas of child development and educational activities, including cognitive sciences, technology-assisted learning, teacher up-skilling, and greater family and community involvement. On May 14, as a first step in response to the PCAST recommendations on education, I asked DOD, DoEd, and NSF to review priorities in federal sponsorship of learning technology R&D and to propose methods for ensuring the most effective use of these funds. The working group's recommendations will be delivered no later than October 1, 1997, in time to support agencies' FY99 budget proposals.

 EXPANDING BIPARTISAN SUPPORT FOR S&T INVESTMENTS

In recent weeks, we have achieved major progress toward your goal of building bipartisan support for critical investment programs. Notable accomplishments include:

- On May 16, I established an interagency working group on gene mapping for crops, in response to requests from Senators Bond, Kerrey, and Harkin.
- OSTP, DOE, NSF, and the State Department have worked closely with Chairman Sensenbrenner, House Science Committee, to assure continued U.S. participation in construction of the Large Hadron Collider, which represents the next generation of discovery in the search to understand the fundamental nature of matter. At a May 14

hearing, Chairman Sensenbrenner referenced a phone call I had made to him earlier in the day and told Secretary Pena that he was extremely pleased with the results of the negotiations to date.

- We are working closely with the Senate Armed Services Committee and the House National Security Committee on language for the FY98 Defense Authorization Bill that would show bipartisan support for your global positioning system (GPS) policy (PDD/NSTC-6). The U.S. GPS Industry Council has indicated their full support for this legislation.
- In recent days, in an effort to broaden the base of support for our FY98 science and technology budget priorities, I have addressed the leaders of the Natural Resources Council of America (representing virtually all of the nongovernmental national environmental organizations), the Council of Science Society Presidents (representing the top 60 U.S. scientific organizations), and the American Association of Engineering Societies (representing 800,000 engineers in industry, construction, and private practice).

CLONING

The National Bioethics Advisory Commission (NBAC) has worked expeditiously to fulfill your request for advice on the legal and ethical issues associated with the use of cloning technology as applied to the cloning of human beings. NBAC has discussed policy options that could be applied to publicly or privately funded research to prevent the creation of a child through somatic cell nuclear transfer techniques. We are preparing for the (likely) eventuality that NBAC may recommend that legislation be enacted to assure this goal. Currently NBAC plans to deliver its report to you the week of June 16, and I encourage you to receive this report in the presence of the Commissioners, who have provided yeomen's service on this task.

ECOSYSTEMS REPORT CARD

Good ✓ The federal government spends about \$650 million per year collecting data about our forests, agricultural and rangelands, lakes, rivers, estuaries, and coastal marine systems, but no single public document synthesizes that information. The Vice President asked the agencies participating in your National Science and Technology Council (NSTC) to fix that problem and to produce a "report card" on the health of our Nation's ecosystems by 2001. Just within the last two weeks we have put the finishing touches on an agreement between the agencies – which have pledged a total of \$500,000 to the effort – and the Heinz Center for Science, Economics, and the Environment – which will raise matching, private-sector funds and coordinate the effort. The agreement represents a significant contribution to the commitment you and the Vice President have made to environmental security and reinventing government.

ANTIPERSONNEL LAND MINES

Your aggressive pursuit of an international agreement to ban use, stockpiling, production, and transfer of anti-personnel landmines includes a strong commitment to humanitarian

(cc:)
✓ Sandy
Beizer

demining programs. These programs depend, in large part, on U.S. technical assistance and development of better technologies for clearing valuable land. OSTP and NSC are working closely with DOD to review and develop new technologies; 21 new projects have been selected for development and prototype equipment has been fielded in Bosnia, Honduras, Laos, Cambodia, Mozambique, and Rwanda. As you said on May 16 in support of the goal, these efforts will "save many lives and prevent many tragic injuries."

For more
push and
action
activity

THE PRESIDENT HAS SEEN

5-26-97

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
5-26-97

May 23, 1997

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

5-26-97

copied to

Emanuel

COS

Podesta
Ruff

CRIME/DRUGS: ABC and CBS News covered the President's statement on "Heroin Chic" Wednesday. CNN carried the statement live. This was a classic example of a "headline robbery".

On or around June 1 the FBI will release the 1996 Uniform Crime Report. Preliminary data reports a continued drop in the over-all rate of crime. I am trying to obtain specific data on juvenile violence. I want to be sensitive about getting information from the FBI before it is released.

We will most likely be able to get the Brady extension and some tougher penalties for gun crimes in the Juvenile Crime Bill. However we will be forced to drop child safety locks as a condition of shaping a Juvenile Crime Bill to our liking. Child safety locks actually enable us to force the GOP to compromise on prosecutors and after school funding. You should know that the press will go crazy when we drop the child safety locks

As a back-up I think we should consider extending the Youth Handgun Tracking Network. ATF is preparing a report that studies the Youth Handgun Tracking Network in 17 different cities over the course of a year. The report should be ready by early July. I would like to explore the possibility with Justice and ATF of expanding the Tracking service to 10 or so additional cities. This enables the president at one level to champion his efforts to prevent kids from getting guns. We can also bring in police chiefs and mayors who will agree to follow the Federal Law Enforcement community and require child safety locks on their handguns.

IMMIGRATION: As I mentioned in my last weekly report INS feels that the new individual in charge of citizenship has really turned the place around. I have spoken to the Attorney General on this subject and naturalization. She feels that we will not begin to see the results of the naturalization until mid or late summer.

I questioned the Attorney General on a replacement of Mr. Slattery who is in charge of

5-26-97

enforcement. I am very worried that all the hard work we have done on the enforcement of illegal immigration will now slide with no one at the helm. The Attorney General assured me that this search was a top priority. I cannot stress enough that someone in your office should be in touch with her office to ask about this vacancy. → Discuss w/ Podesta, Ruff

NEW INITIATIVES:

1. New this
PRESIDENTIAL COUNCIL... One of the more powerful images out of the Philadelphia conference was all the Presidents standing together. I thought we should look for or create future opportunities for the living Presidents to stand together again.

We could create a Presidential Council to meet here in Washington twice a year. The former Presidents would participate in a half day briefing by the White House policy departments and then attend a formal dinner with the President. The picture of all the Presidents together would be very powerful and it would assist us in building of the President's legacy. It would also provide a nice counter anecdote to the mean political sniping that the hearings are expected to produce.

again check
CHILDREN'S HEALTH... The drawback to opposing the Kennedy-Hatch legislation was the perception that we were against insuring more children. In addition to the five million new children who will be insured in the budget, we should look for opportunities to speak out on the issue. We should see if HHS has any Medicaid waivers in regards to children's health.

POST BUDGET AGENDA... Don and I pulled together a good meeting to discuss our 1998 agenda. The main issues discussed were health care, education, and job training and the sources of revenue were the tobacco tax and corporate welfare.

1. New this
EDUCATION... Although the President thought the town hall was very effective, the coverage was sparse and sporadic. The headlines ranged from V-Chip for computers to a longer school year. The diverse headlines only show that we need to toughen up our standards rhetoric and initiative if we are going to have an impact. I would like us to consider an amendment to the education appropriations bill that creates a bonus for states that adopt the national standards test.

CAMPAIGN FINANCE: We must do the FEC soft money petition and the FCC Free TV Commission in early June or we will be attacked for the lack of progress by July 4. We need a good deal of activity in June or we will be hit hard after July 4th. → 9/24

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

5-26-97

'97 MAY 24 PM 1:45

May 24, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

5-26-97

copied to
Reed
Kagan
COS

1. Welfare -- Welfare-to-Work Jobs Challenge: As you know, the budget agreement includes \$3 billion for welfare-to-work efforts, structured as a set-aside within the TANF block grant and targeted to areas of high poverty and unemployment, with an unspecified share going directly to cities. This week, we held a series of discussions with Secretaries Herman, Shalala, and Cuomo on a more detailed legislative proposal to present to the relevant Congressional committees. Our proposal would provide 50% of the money to states and 50% to cities and counties. The Department of Labor, in consultation with HHS and HUD, would award all of the money on a competitive basis -- much as the Department has done for empowerment zones. These "challenge grants" could be used for private sector wage subsidies; job placement programs (or contracts with private placement companies); job vouchers; job retention services; and job creation in high unemployment areas and on Indian reservations.

Some mayors may not be entirely satisfied with our plan, but it is consistent with our description of the program during the campaign as a 50-50 split designed to help long-term welfare recipients in both cities and poor rural areas. (While much of the most visible welfare dependency is in the cities, two-thirds of the poor live outside urban areas.) Secretary Cuomo agrees that the proposal makes good on our promises to the mayors, and he will help to enlist their support. Republicans will push to give a larger share of the money to the states and to allot this money by formula, rather than challenge grants (probably administered through HHS). The current Blue Dog proposal also gives only 20% of the funds directly to cities, with the rest going to states in a combination of formula grants and performance bonuses.

2. Welfare -- Fair Labor Standards Act: The Department of Labor has completed guidance on the application of the Fair Labor Standards Act and other worker protection laws to welfare recipients in workfare programs, and we have distributed this guidance to Democratic governors and members of Congress. We included in the same package guidance from USDA assuring states that they can count food stamps toward the minimum wage. We are meeting with staff of the Democratic governors on Tuesday, in the hope that we can prevent them from signing an NGA letter criticizing our policy and calling on Congress to pass corrective legislation. Republican members of Congress apparently are considering two proposals: (1) flatly exempting welfare recipients from the FLSA and (2) retaining FLSA coverage, but allowing states to count additional benefits (Medicaid, child care, housing, etc.) toward the minimum wage.

526-97

3. Welfare -- Permitting States to Purchase Food Stamps for Those Losing Federal Benefits: As part of the supplemental appropriations bill, Congress has agreed that states can purchase food stamps from the federal government to provide to people -- legal immigrants and/or unemployed childless adults -- who are ineligible for food stamps under the new welfare law. This measure will allow states to continue nutrition subsidies to these individuals without incurring the administrative costs of setting up separate state programs. The idea originated in Washington State, which asked USDA several months ago to sell the State food stamps to give to legal immigrants. USDA decided that it lacked legal authority to enter into this transaction, but DPC and the Department assisted the State in drafting the legislative proposal that the conferees have now incorporated in the supplemental bill. Maryland and Massachusetts are among the states that plan to take advantage of this new option for legal immigrants.

4. Health -- AIDS Vaccine: We are preparing a number of announcements and events to demonstrate your commitment to developing an AIDS vaccine within the decade. First, we are working with HHS to set up a White House meeting with key scientists, led by Nobel Laureate Dr. David Baltimore who heads the NIH AIDS Vaccine Research Committee, to discuss progress toward a vaccine. Second, we are developing an international initiative for announcement at the Denver Summit in June, as part of the Summit's Communique. Third, we are getting ready to announce a new grant program for AIDS vaccine research ("AIDS Vaccine Innovation Grants") and to issue the first set of grants. Fourth, we are asking the Vice President to meet with representatives of the biotechnology and pharmaceutical industries to engage their efforts in the campaign to develop a vaccine.

5. Community Policing -- The Officer Next Door: We are working with HUD to finalize a new demonstration project, called "The Officer Next Door," which is designed to encourage city law enforcement officers to live in low- and moderate-income neighborhoods. Under the one-year pilot program, HUD will make available to law enforcement officers at a 40% discount about 3,000 HUD-owned, single-family homes in designated communities. (HUD owns the homes as a result of foreclosures.) The program represents yet another way for the Administration to support community-oriented policing. The program should promote public safety by deterring crime and shortening emergency response times. At the same time, the program will increase opportunities for home ownership among law enforcement officers.

6. Education -- School Voucher Amendment: During the debate on the budget resolution, the Senate passed an amendment, by a vote of 51-49, allowing the Labor Committee to fund education vouchers for children who have been victims of violent crimes. The amendment provides for an additional \$2.5 billion in budget authority in FY2000, but no outlays in any year. The amendment came as a surprise to almost everyone, and a great deal of confusion surrounded it: many members (perhaps including Senator Domenici) thought it was a Sense of the Senate resolution. We do not believe the amendment will survive conference. Proponents of the amendment, however, will attempt to portray this vote as a symbolic victory -- the first time a voucher provision has passed the Senate.

5-26-97

✓ **Education -- New Charter Schools Study:** The Department of Education will release on Wednesday the first-year findings of a planned 4-year study of charter schools. Key findings include: (1) Over half of all charter schools are newly created; almost one-third were pre-existing public schools; and a little over one-tenth were pre-existing private schools. (2) In most states, charter schools are at least as economically and racially diverse as the overall population in the state's public schools. In a few states -- most notably, Arizona and Colorado -- charter schools are less diverse. (3) The three most significant obstacles cited by charter school leaders are lack of start-up funds, lack of planning time, and inadequate facilities. Only 6% said that federal regulations were a significant barrier to getting a charter school underway.

✓ **8. Education -- Reauthorization of IDEA:** You recently asked about a May 16 Wall Street Journal article which suggested that the new IDEA still prevents school authorities from dealing with disruptions caused by students with disabilities. The new bill does continue to provide strong procedural safeguards for students with disabilities, on the theory that such safeguards are integral to the legislation's guarantee of access to education. At the same time, however, the bill makes it easier than before for principals to remove children with disabilities from the classroom if they bring a gun, weapon, or drugs to school, or pose a danger to themselves, their teachers or their classmates. This compromise resulted from extensive bipartisan discussions involving representatives of the education and disabilities communities. Some in the education community may have wanted to go further, but most believe that the new bill successfully accommodates the competing interests at stake and marks a real improvement from the old IDEA.

✓ **9. Teen Pregnancy -- National Campaign to Prevent Teen Pregnancy:** You recently asked whether we have any continued involvement with the National Campaign to Prevent Teen Pregnancy, which we helped to get started. On May 2nd -- the same day you announced the budget deal -- the First Lady marked the Campaign's first anniversary in an East Room ceremony recognizing 12 individuals working to lower teen pregnancy rates. During its first year, the Campaign has focused on building its organization, engaging the media to promote pregnancy prevention messages, establishing linkages with state and local groups, and commissioning research on the problem and promising solutions. Former Gov. Thomas Kean, the Campaign's chairman, spoke along with the First Lady at the May 2nd event.

John



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

May 23, 1997

THE PRESIDENT HAS SEEN

5-26-97

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *pulling her for*

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

5-26-97

Copied to
McGinty
COS

SUPPLEMENTAL APPROPRIATIONS BILL AND R.S. 2477 (ROADS RIDER)

Your strong stand against this rider in discussions with Congress has been receiving universally positive press and public reaction and is viewed by the environmental community as extremely important in the effort to win on this issue. Such unlikely sources as the Anchorage Daily News, the Salt Lake Tribune, and the Deseret News (Utah) have written editorials supporting our position. Editorials in USA Today, The New York Times, The San Francisco Examiner, The Washington Post, The Atlanta Constitution, and in the Seattle, Helena, Montana, and Allentown and Scranton, Pennsylvania newspapers have also been very positive.

Formal opposition to Senator Ted Stevens (R-AK) has come from a variety of sources on the Hill, including letters or floor statements from 17 moderate House Republicans, 70 House Democrats, and Senators Tom Daschle (D-SD), Dale Bumpers (D-AR) and Max Baucus (D-MT).

In light of this, Senator Stevens has sent us an alternative proposal which is an improvement although still unacceptable. We will continue to work with him over the next week, but it is not clear whether we will be able to reach agreement. The Department of the Interior is more than willing to establish a process for working on this issue with the Congress, but (we think correctly) remains opposed to any substantive legislative change in current policy as part of the Supplemental Appropriations bill.

Substantively, Senator Steven's language would reinstate a 1866 law, repealed over 20 years ago, granting rights of way for highway construction across all public lands, including parks, wildlife refuges, and military bases. It also allows state law to control all legal questions about the propriety of rights-of-way. It has the potential to impact all states, and some private property that was originally federal land. Due to existing state law, its impact in Alaska is particularly dangerous, and it's been estimated that it would permit up to 300 miles of paved roads through the Arctic National Wildlife Refuge.

YELLOWSTONE

THE PRESIDENT HAS SEEN

5-26-97

On Tuesday I testified before the House Resources Subcommittee on Energy and Mineral Resources regarding the agreement to protect Yellowstone. Testifying along with me was the President of Crown Butte mines and the Executive Director of the Greater Yellowstone Coalition. Representative Barbara Cubin (R-WY), Chair of the Subcommittee, expressed support for our use of the Land and Water Conservation Fund to buy the mine, but reiterated several times that she is not willing to advise the Appropriations Committee that the Authorizing Committee supports our approach. Representative Rick Hill (R-MT) had a series of comprehensive questions regarding the agreement and the status of the Environmental Impact Statement that had been in preparation prior to this agreement. He will surely work against us on this.

Overall, the signals are clear that we will have to continue to fight very hard to secure the funds for this initiative and the Headwaters agreement. Last week, Representative Bob Livingston (R-LA) was quoted saying: "Pigs will fly before Congress will spend this money for the New World mine and Headwaters."

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

I received your note asking about the status of this legislation. We are, in fact, closer to resolving this issue, but significant challenges remain.

On Wednesday, the House passed this legislation in a vote of 262-166. While this is a comfortable margin, it is down from the 318 votes we received last year. Most of the defections came from liberal Democrats. Procedural issues led to many of the defections: unlike last year, members did not have the opportunity to vote both for a substitute proposed by the legislation's opponents and then for final passage.

Now we move to the Senate, where prospects are uncertain. Senator Boxer remains adamant in her filibuster threat. Senators Joe Biden (D-DE) and Bob Smith (R-NH) will join her in opposition. Senator John Kerry (D-MA) indicated he would be interested in attempting to broker a potential compromise, but this will be challenging at best.

I think this difficult issue will play out in one of two ways. If it appears we have enough votes to invoke cloture, this legislation will proceed to the Senate floor sometime over the summer. If we do not, the Mexicans and other countries participating in this dolphin protection program will be forced to consider compromise. Whether they would consider a new deal or simply walk away is unclear. If they walk away, consequences would include collapse of the dolphin protection regime in the eastern tropical Pacific and challenge to the U.S. tuna embargo in the WTO. Under any scenario, we face ugly advertising of the kind you noticed.

5-26-97

TONGASS NATIONAL FOREST

On Friday, the Regional Forester for Alaska announced his decision regarding the long-awaited management plan for the Tongass National Forest in Southeast Alaska. The good news: after much effort, the plan incorporates enough conservation features to ensure that the need for listing species under the Endangered Species Act likely will be averted. The bad news: due to the intransigence of Forest Service employees in Alaska the document remains seriously flawed and likely will be struck down in court proceedings that will unfold over the next year.

Governor Tony Knowles (D-AK), the Alaska congressional delegation and the Southeast Alaska mayors were informed of the decision prior to the announcement. Governor Knowles seems pleased with the results for the moment. However, the bottom line is that he (and we) expect severe criticism, administrative appeals and litigation from environmentalists and the timber industry, as well as the Alaska delegation.

CLIMATE CHANGE

In a major speech this week, British Petroleum (BP) broke ranks with other oil companies and announced its support for actions to reduce greenhouse gas emissions. In a commencement address at Stanford University, BP Chief Executive John Brown said "it would be unwise and potentially dangerous" to ignore the mounting evidence of climate change. He said BP would reduce its own greenhouse gas emissions and invest heavily in solar energy, including an expansion of a California plant that manufactures state-of-the-art photovoltaic cells. In a follow-up meeting with the Vice President, Mr. Browne expressed support for key elements of the U.S. climate change position and offered to work with the business community and European governments on this issue.

Climate change will be a topic of discussion at the G-7 Summit and the United Nations General Assembly Special Session on Environment and Development (both in late June). Domestic constituencies and other countries are increasingly calling on us to clarify our views. Soon after your return from Europe, we expect to present you with a set of options on this issue.

LAKE TAHOE

Planning is well underway for the Lake Tahoe environmental event. The "event" is, in fact, five separate but related events that will begin unfolding in mid-June and culminate with your visit on Saturday, July 26th. Through June and early July, top officials from the Environmental Protection Agency (Administrator Browner), Department of the Interior (Secretary Babbitt), Department of Agriculture (Secretary Glickman), Department of Transportation (Secretary Slater), Department of Energy (tbd), and the Army Corps of Engineers (tbd) will host a series of three topically focused workshops in the Lake Tahoe area. The cabinet-level workshops will lead to a Vice Presidential workshop the day before your visit.

Your event will be organized to allow you to announce a package of measures to aid Lake Tahoe that will have been derived from and vetted through the workshop process. Some pre-advance

work has already begun, and an advance team will be in the Lake Tahoe area next week. Your event will occur in a highly photogenic site, reinforcing the event's overall environmental message.

Event planning is being done in close coordination with local officials, stakeholders, Governor Bob Miller's (R-NV) staff, Governor Wilson's (R-CA) staff, and interested Congressional offices, including most particularly Senator Harry Reid (D-NV). Senator Reid is apparently very happy with our process and his prominent role in it. The schedule of events has not yet been announced. Our plans are to release the information during the week of June 2nd in coordination with Senator Reid and other interested congressional offices.

Good (All signs indicate that the workshops, Vice Presidential, and Presidential events will be very positive and upbeat.

AMERICAN HERITAGE RIVERS INITIATIVE

The proposed design of the American Heritage Rivers initiative was published in the Federal Register on Monday, May 19 to seek additional public input. You will announce that citizens can begin to submit nominations on July 2. We continue to receive strong support for the initiative from members of Congress and local citizens groups.

'97 MAY 23 PM9:30

THE WHITE HOUSE
WASHINGTON

May 23, 1997

THE PRESIDENT HAS SEEN

5-26-97

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
cc: ERSKINE BOWLES
RE: NEC Weekly Report

Copy of notes

5-26-97

*Sperling
COS* } *copied to*

Sweatshops: The first meeting of an NEC-led interagency process to coordinate administration-wide efforts to fight sweatshops internationally and domestically will take place next week. We will continue to work with the Apparel Industry Partnership which has begun working to implement the framework announced at the White House last month, and will assist in the recruitment of additional members of the Partnership.

*Yes
Down
run*

Early Pell Grant Notification: Myself and Bob Shireman met with Cong. Chaka Fattah this week to go through some of the details of modifications that we are considering as well as the scoring issues. It was a very positive and constructive meeting. Cong. Fattah indicated he would be happy with any modification that we worked out jointly. We will press to get the scoring issue settled and get a decision memo to you shortly. The best times to announce this initiative could be the first couple of weeks of June (graduation of elementary school) or late August/early September (back to school).

Comp. Time: On Friday, we held a comp time meeting with John Podesta, Alexis Herman, Tracy Thornton, Maria Echaveste and others to discuss our strategy on comp time legislation. We went over both strategy as well as which provisions we needed to hold firm and which ones we could ultimately compromise on. We are going to continue to work with Senate Democrats on a common position and negotiate together jointly with them as well as Republicans such as Ashcroft and Jeffords.

America Reads: While it was a great victory to get a commitment in the budget agreement for a child literacy proposal consistent with America Reads, we still must go through the process of passing a bill authorizing it. Chairman Goodling has reportedly told his Republican colleagues that it is time to begin putting together legislation on America Reads, pursuant to the budget agreement. We are working with Education and National Service to determine some bottom lines and consider a strategy for the AmeriCorps component.

*Yes - with
Podesta
Amurphy*

The legislation you proposed does not actually authorize the National Service funds, it just makes reference to the additional appropriations and creates a joint Education-National Service structure for running the program. The cooperative arrangement *could* be accomplished without legislation, so we could simply authorize the Education Department's portion, and save the AmeriCorps fight for the appropriations bill, when we have more leverage.

Harris Wofford is concerned that not mentioning National Service in the authorizing legislation sends the wrong message. Therefore, we will start with the posture that National Service must be an integral part of the program, and see where that takes us with Goodling. At some point in the near future, I believe it could be productive for you to give Chairman Goodling a call directly since your Oval Office conversation with him seemed to have had a positive effect. I mentioned this to Secretary Riley, but I still need to consult with John Hilley as to the timing of such a call.

JK
Agree - Let's call on him again - let's call on him again

NEXTEA: We are continuing our aggressive outreach effort on NEXTEA. Hours before your recent welfare-to-work event, Secretary Slater, Bruce Reed and others briefed an overflow crowd in Room 450 on the welfare-to-work elements of NEXTEA. We are also working with the Senate Banking Committee to build support for those elements. Next week, we will hold a similar event on NEXTEA's program for disadvantaged business enterprises.

Boeing-McDonnell Douglas Merger: The NEC is working closely with USTR and other agencies to better understand the European Commission's stated objections to the Boeing-McDonnell Douglas merger. The Administration should not and will not speak out on the merits of the merger, until the FTC has made its decision, which is expected in mid-June or early July. However, we have been urging the EC to carry out the merger review in accordance with established regulations, free of political considerations.

Children's Issues: Cong. Tim Roemer contacted me this week about the possibility of setting aside funds, perhaps in the budget, for children's initiatives such as 0-3 and pre-school. I told him that while I couldn't say such a proposal would be consistent with the agreement, you were very interested in working on such children's issues as part of the Democratic agenda following the budget agreement.

This page to
Cassett

I continue to think that the focus on children's issues would fit well with an emphasis on long-term Medicare and Social Security reform. A children's initiative and long-term entitlement reform allows you to send the following simple message: We need to invest in our children today and not borrow from their tomorrows.

Agree

Because I continue to be worried that there may be a limit to how much we can spend on children's health care without inducing employers to drop health care coverage, it may be a good idea to think of using the tobacco tax for children's issues more generally (eg. 0-3, Head Start, day care, community schools).

Don, Rahm, Bruce, Michael Waldman, Ann Lewis and I have been in the process, however, of discussing different frameworks for building a new democratic agenda and there are several good and differing ideas being considered as to how best to frame and pay for different children, education and worker initiatives that I believe Don and Rahm are trying to pull together.

Sallie Mae: At Treasury's invitation, Ellen Seidman met with DC Control Board staff to discuss methods for selling the Sallie Mae warrants the Board will receive if Sallie Mae shareholders vote to privatize. We discussed the prior experience Treasury has had selling warrants, in particular the Chrysler warrant sale. Earlier this week, we drafted a memo to you on the current state of the Sallie Mae privatization vote.

PM/OZ: In cooperation with Sally Katzen and Katie McGinty, I chaired two principal level meetings this week on particulate matter (PM) and ozone standards. As you know there have been some significant policy differences on this, but Carol Browner has agreed to delay sending over the rule until June 5 so that the NEC could run an intensive process to ensure that all of the relevant cabinet members were fully able to get up to speed and express their views on this important issue and hopefully work out as many differences as possible consistent with the letter of the law.

John

Global Climate Change: On Monday, the NEC and CEQ (Dan Tarullo. and Katie McGinty.) co-chaired a Deputies-level meeting on climate change issues. This decision process is focused on developing options for international greenhouse gas emissions and targets and timetables for meeting those constraints in preparation for upcoming treaty negotiations -- which are expected to culminate in a treaty signed in Kyoto in early December.

The decisions made in this process will permit agencies to begin thinking about implementation strategies and signal them to begin a public education process. The process has not been smooth, reflecting the tensions between domestic and international concerns, the difficulties in undertaking policies with short-term economic and political costs and long-term environmental benefits, and reconciling conservative economic assumptions with the belief that technological progress is the key to addressing the problem in the long term.

Let's show the world a better way to deal with climate change. Let's make the world a better place.

Direct Loans: In our last weekly report, you inquired about direct loan contracting: A company called CDSI had been responsible for loan origination and servicing tasks in the first two years of the program, but re-competition is the normal course of business, and the statute contemplated multiple servicers as the program grew.

Education was also interested in reducing its costs and enhancing the technology to improve information available for program management. EDS won the loan origination contract and one of three servicing contracts. The immediate problems with EDS have been addressed, but Education is still analyzing whether the new system can handle the much larger volume that comes in August. A decision, if any, could come in a week or two.

Just the same, we can't wait around for a decision.

Student Aid Management: Education's testimony before the Senate Labor Committee on "management problems" at the Department was well-received, and the hearing was productive, not combative. We worked closely with Education in developing the testimony. To prevent Republicans from using management concerns as a reason for capping direct lending, we suggested that the testimony point out that the Direct Loan Program offers the government better management tools than the guarantee system (and that in fact GAO suggested direct loans as one way to improve accountability in the loan program).

We are working with OMB to ensure that Education has all of the information and backing it needs to assess its management and information system needs and to move in an innovative, but safe, direction.

THE PRESIDENT HAS SEEN

5-26-97

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

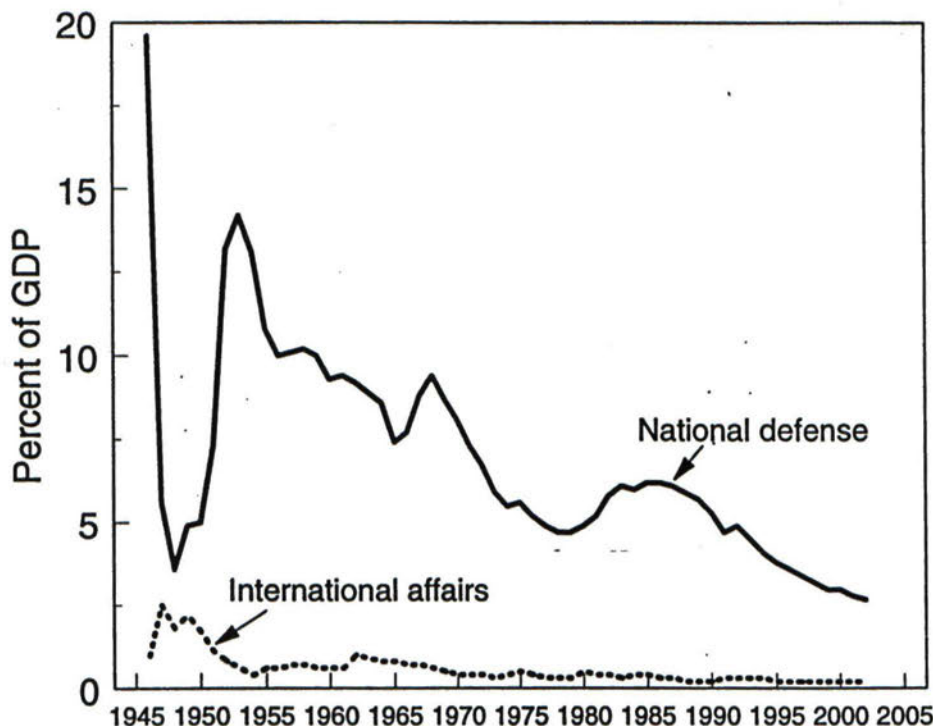
May 23, 1997

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Yellen
COS

5-25-97

CHART OF THE WEEK

Budget Outlays for Defense and International Affairs



For most of the past five decades, spending on international affairs (including foreign aid, international security assistance, and the conduct of foreign affairs) has been about a tenth as large as spending on national defense. And both have been on a downward trend as a share of GDP. For a brief time between the end of World War II and the Korean War, however, international affairs outlays, which included Marshall Plan spending, were almost as great as defense outlays.

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DEPARTMENTS

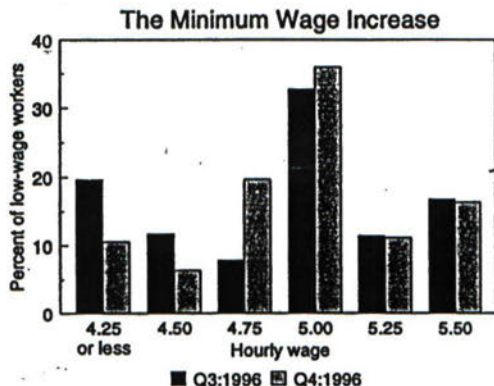
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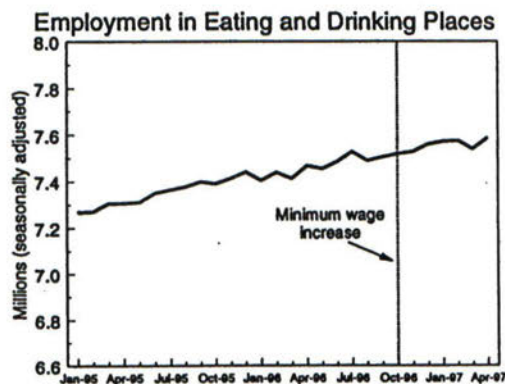
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CURRENT DEVELOPMENT**Effects of the Minimum Wage Increase**

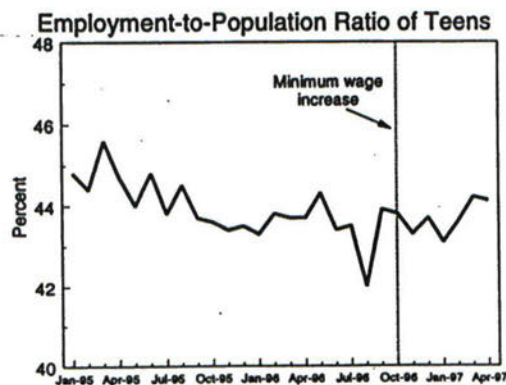
Critics of the recent minimum wage increase argued that it would hurt employment prospects of low-wage hourly workers. But a simple comparison of labor market outcomes before and after the October 1, 1996, increase in the minimum wage from \$4.25 to \$4.75 per hour shows that, for low-skilled workers, wages went up and employment was largely unaffected—results that are consistent with recent research.



Wage effects. Among low-wage hourly workers (those earning less than \$5.50 per hour), about 20 percent received the minimum wage of \$4.25 or lower in the third quarter of 1996, just before the increase (see upper chart). Babysitters, farm workers, and others not covered by the Fair Labor Standards Act represent some of those earning less than the minimum wage; inaccurate survey responses account for others.



In the fourth quarter of 1996, right after the rise in the minimum wage to \$4.75, the number of workers reporting an hourly wage at that level more than doubled. Moreover, the share of low-wage workers earning \$5.00 per hour also rose, probably because some employers who used to pay just above the minimum before the increase continued to pay more than the minimum after it.



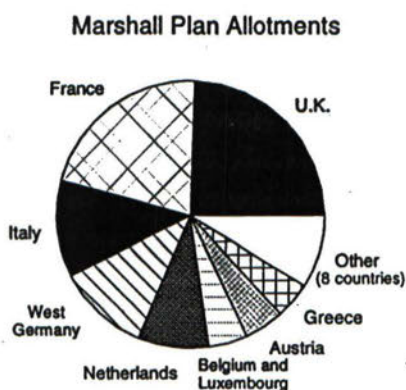
Employment-effects. Any substantial effect of the minimum wage on employment in low-wage sectors would likely show up as a deviation from employment trends about the time of the increase. Yet no such deviation occurs in either the restaurant industry (see middle chart) or the teenage labor market (see lower chart), where any such effects might be expected to be observed.

Although this analysis is crude, it suggests that wages have risen for low-wage workers without any readily observable reduction in employment.

SPECIAL ANALYSIS

What Made the Marshall Plan Matter?

Economists have shifted their interpretation of how the Marshall plan contributed to European recovery following World War II, in parallel with a shift in thinking about the effectiveness of foreign aid more generally. The sheer volume of dollars sent to Europe is now thought by some to have been less important than the impetus toward economic reform that was fostered by the plan.



Background. The Marshall Plan ran from 1948 through 1951, channeling \$12.5 billion in grants and loans to Europe over 39 months. This was equivalent to 1.3 percent of American GDP in those years, and compares with our current foreign aid budget of 0.1 percent of GDP. Seventeen European countries received Marshall Plan aid, with Britain and France together allotted 46 percent of the total (see chart).

Two interpretations. The opinion of contemporaries was that U.S. aid provided much-needed foreign currency to allow Europeans to import agricultural goods, raw materials, and capital goods from the United States and other sources. These purchases, in turn, were seen as facilitating Western Europe's growth spurt in the late 1940s and 1950s. Subsequently, however, revisionist historians argued that the amount of money provided by the plan was insufficient to have been responsible for Europe's growth, and that this growth would have taken place even in the absence of aid.

A new view. The revisionists have now been answered by other economists, who argue that the plan was instrumental in inducing European governments to undertake economic policies that were crucial for Europe's postwar recovery. Like foreign assistance in recent years, a key element of the plan was "conditionality," whereby aid was provided to countries on condition that their governments undertook necessary economic reform. One example was budget discipline. Another was the decontrol of prices, which alleviated an existing economic paralysis arising from producers' keeping their goods off the market, waiting for higher prices. Both of these reforms were opposed by left-wing labor interests and the socialist/communist parties representing them. The Marshall Plan tipped the domestic political balance in recipient countries away from these parties.

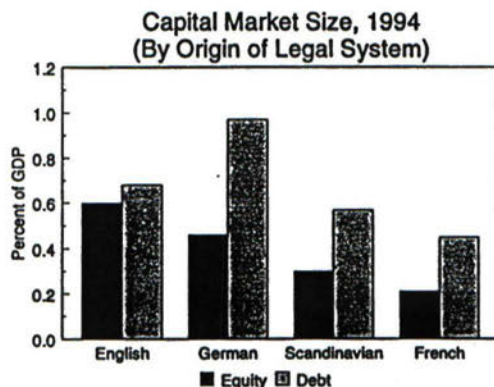
5-26-97

SPECIAL ANALYSIS**Laws and the Development of Financial Markets**

Efficient securities markets are important because they reduce the cost of corporate investment in plant and equipment, and thereby contribute to growth. Recent debate over class-action securities litigation and its possible effects on the efficiency of U.S. financial markets highlights the broader question of how a nation's legal system affects the development of its financial markets.

The legal system and investor protection. A recent research project examining this issue draws a distinction between legal systems of English origin, which are based on common law, and those of French, German or Scandinavian origin, which are based on civil law. In general, English systems provide the most protection for investors. For example, the United States, which has a legal system of English origin, has statutes that outlaw market manipulation and insider trading, support shareholder participation through proxy voting, impose Securities and Exchange Commission regulation on brokers and dealers, require public disclosure of pertinent information both by firms and by investors taking large stakes, and provide for civil penalties when investors have been wronged. By contrast, the study finds that legal

systems of French origin provide fewer protections than those of English origin. The other civil law systems are in between.



Development of financial markets. Stock markets are largest (relative to the size of the economy) in countries with legal systems of English origin, where investor protection is greatest. They are smallest in countries with French-origin systems (see chart). Moreover,

companies appear to borrow more in English-system countries than in French- or Scandinavian-system ones. Borrowing is higher still, however, in countries with German-origin systems, in which banks have a leading role in financing firms.

Chicken or egg? Some earlier researchers had argued that the link between financial markets and laws ran the other way, with those financial institutions that are important in a given country using their political clout to influence securities laws. One might expect both links to operate. The focus of the recent research on the origins of legal systems suggests, however, that the primary effect is from laws to financial markets rather than the reverse.

*MO Class-Share
Borrowing
Provisions*

ARTICLE

Will Bio-Prospecting Pan Out As a Protector of Habitat?

A number of important pharmaceutical drugs have been derived from plants, including aspirin, quinine, and the anti-cancer drug taxol (from the bark of the Pacific yew tree native to the northwest United States). This history raises the possibility that private companies might pay to preserve rainforests and other high-biodiversity habitats for the purpose of "bio-prospecting" (see box on next page). Although the concept is intriguing, economic analysis suggests that market forces alone are unlikely to preserve in this way a significant amount of habitat.

The market value of preserving biodiversity for pharmaceuticals. For private companies to want to pay to preserve biodiversity in natural habitats, such preservation must generate profits. But a recent estimate of the market value of plants conserved for the development of pharmaceutical drugs suggests that such profit opportunities may be limited. In particular, even if 10 new drugs per year are developed from higher plants, the maximum value to drug companies of preserving one additional species was calculated to be less than \$10,000. Translated into the value of preserving habitat, this comes to less than \$10 an acre.

Several factors help explain this result, including the following:

- Alternative ways to develop drugs. Between 1981 and 1993, the Food and Drug Administration approved an average of 24 new drugs per year, only about a third of them developed from plants. Chemical synthesis competes with bio-prospecting as a source of new drugs.
- Large number of species. The number of relevant plant species is estimated to be about 250,000. With so many potential prospects available, the marginal market value of preserving any one of them is low.
- High density per acre. In any particular area, only a few acres are needed for a rich variety of prospects. The reason is that the areas richest in prospects have very large numbers of species per acre, even though not all species are found in all areas.
- Other ways of preserving biodiversity. An alternative to native habitats as a means of species preservation is gene banks. The disadvantage of this approach, however, is that gene banks halt evolutionary development (see *Weekly Economic Briefing*, January 24, 1997).

Contracts to preserve biodiversity. Further difficulties may arise in setting the terms for bio-prospecting. Conceptually, a biodiversity reserve is akin to an unexplored offshore oil tract. In both cases, the contents of the prospect and the value of extracting and marketing those contents are unknown to both the buyer and

the seller. This analogy has led some to suggest that bio-prospecting leases might be developed that would be similar to Federal offshore oil exploration leases, with a competitive auction of the right to explore and a per unit royalty on subsequent production. Unlike the well-developed offshore oil lease market, however, the market for bio-prospecting leases may face formidable problems, including a small number of bidders, wildly divergent bid valuations and, most seriously, credible commitment on the part of the government.

A drug company should expect a large number of "dry holes" for every useful discovery. In rare cases, however, the payoff could be enormous. A real danger exists for developing countries that the contract will appear to be a "give-away" by the government to large foreign drug companies in the event of a successful find. Fear that the country would renege on such a contract may deter companies from making large up-front bids.

Conclusion. Bio-prospecting has received a great deal of attention recently. While this concept is exciting, economic analysis suggests that expectations should be modest, at least under current conditions. Drug companies have limited incentives to acquire land for bio-prospecting. Given the lucrative alternative uses of rain forests and other high diversity habitats such as logging and ranching, governments will almost surely have to act directly to preserve these valuable resources. Private market forces alone will not be sufficient.

The Merck-INBio Agreement in Costa Rica

The 1991 agreement between Merck and the Instituto Nacional de Biodiversidad (INBio) in Costa Rica has been widely publicized as a promising example of conservation through bio-prospecting. Merck agreed to pay \$1 million in return for which INBio will collect and process samples from Costa Rica's rain forest and send them to Merck. The arrangement appears to be of the fee-for-service type, rather than a payment by Merck for the value of Costa Rica's biodiversity resources. In other words, INBio is being compensated for its labor, rather than extracting rents from Costa Rica's biological resources.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Blacks Closing Education Gap... More African-Americans are finishing high school than used to, but they are doing it later in life than whites, according to a recent report. In 1995, about 87 percent of both blacks and whites aged 25 to 29 had a high-school diploma. In 1985, blacks in this age range had an 81-percent graduation rate, compared with 87 percent for whites. The gap may have closed due to more blacks finishing high-school requirements later in life through equivalency examinations. Among 18-to-24 year-olds, blacks continue to trail whites in high-school graduation rates—a disparity that has persisted for over two decades, but this gap is narrowing as well. College completion rates for those aged 25 to 29 reached their highest levels since 1975, with 26 percent of whites and 15 percent of blacks earning degrees.

...But College Admissions Are Starting to Fall. Two of the Nation's largest and most prestigious public universities are admitting a far smaller share of minorities than they used to, now that the schools have been prohibited from using race as a factor in admissions. Graduate programs at the University of California were the first to be affected by the race-neutral policy. As a result, it is reported that UCLA's law school has accepted only 21 black students for next fall's class—an 80-percent drop from last year and the lowest number since about 1970; UC-Berkeley's law school has accepted 14 blacks in its class of almost 800, compared with 75 last year. A similar decline has also appeared among Hispanic students at each law school. Both the undergraduate and graduate programs at the University of Texas are subject to the new policies this year, and acceptances of minorities are down sharply. Nearly 400 fewer black and Hispanic students are reported to have been admitted to the undergraduate program, a 20 percent decline. And only 10 black students have been admitted to the law school, down from 65 last year. Both states are now trying to increase minority recruitment and are pushing admissions committees to consider correlated but race-neutral factors like economic status and family background.

Justice Says "No" to RBOC. This past week, the Department of Justice recommended rejecting an application by SBC Communications to provide long distance service in Oklahoma. According to Justice, SBC has not completed the steps needed to open local telephone markets in Oklahoma to competition as required by the 1996 Telecommunications Act. Specifically, Justice argues that SBC has failed to permit competitors to have access to certain SBC facilities and services, and that no new entrants are providing residential service in Oklahoma. In setting out for the first time its standard for review of RBOC applications, Justice said that approval of SBC's application would not be in the public interest because the relevant local market has not been "irreversibly opened to competition." Under the Telecommunications Act, the FCC is supposed to give "substantial weight" to Justice's recommendations. SBC has announced that it remains confident it has fulfilled the legal requirements to provide long-distance service in Oklahoma. In a related development, Ameritech tried again with a 10,000 page, 200-pound request to the FCC for permission to offer long distance services to its Michigan customers.

INTERNATIONAL ROUNDUP

What Timetable for a Free Trade Area of the Americas? Trade ministers from 34 nations last week approved a declaration that cleared the way for substantive talks to create a region-wide common market when the heads of state meet next March in Santiago, Chile. The timetable for concluding negotiations no later than 2005, which was just reaffirmed, is not ambitious enough, according to former special assistant to the President for inter-American affairs Richard Feinberg. In a new book published this month by the Institute for International Economics, the former NSC official recommends that the summit in Chile should move up the deadline for agreeing on the FTAA by 5 years, to 2000. The author goes on to argue that inter-American summits are a valuable mechanism to promote convergence on fundamental principles, to gain multilateral support for U.S. policies, and to stabilize Latin American democracy, all of which will advance free trade. He suggests that the Santiago summit can improve on the previous one in Miami by tackling fewer initiatives, each one embodying measurable goals and phased timetables.

New Study Ranks Countries' Competitiveness. This year's report by the World Economic Forum in Geneva found the United States to be third among 53 countries, behind Singapore and Hong Kong, in an index of competitiveness. The index was calculated using a combination of observable variables that help predict economic growth, such as tariff rates, budget deficits, and number of internet hosts per capita. By grouping similar variables together, sub-indexes were created. In the rankings of these sub-indexes, the United States came out tops among all economies in management skills, second in access to technology, and third in both infrastructure development and the efficiency of financial markets. Interestingly, the top five countries on the overall list were English-speaking common law countries (see the special analysis in this Weekly Briefing). The study was methodologically reformulated last year, in response to earlier criticism, to emphasize the statistical conclusions of professional economists as opposed to a popularity contest among business executives. Two countries with disappointing rankings were France (#23) and Germany (#25). They are well-known for providing high living standards; nonetheless, they tend to have policies that generally undermine the efficiency of markets, discouraging rapid growth.

Thailand Fights Off Currency Speculators. Last week Thailand successfully defended its currency, the baht, against a speculative attack. The central bank pegs the baht against a basket of foreign currencies. Major international hedge funds were reported to be putting pressure on the exchange rate by selling baht short. The authorities persuaded Thai banks to refrain from lending offshore, a move that helped impede speculation. Thailand is also reported to have received assistance from regional monetary authorities, including those in Hong Kong and Singapore, which conducted intervention on Thailand's behalf (by buying baht). A set of formal regional arrangements for lending foreign exchange reserves exists, but was reportedly not used. Thailand itself has high reserves relative to what Mexico had when it was hit by the peso crisis in 1994.

RELEASES THIS WEEK

U.S. International Trade in Goods and Services

The goods and services trade deficit fell to \$8.5 billion in March from \$10.5 billion in February.

MAJOR RELEASES NEXT WEEK

Consumer Confidence—Conference Board (Tuesday)
Advance Durable Shipments and Orders (Wednesday)
Gross Domestic Product (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1996	1996:3	1996:4	1997:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.1	2.1	3.8	5.6
GDP chain-type price index	5.3	2.1	2.0	1.9	2.7
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	0.9	0.0	1.1	2.0
Real compensation per hour:					
Using CPI	0.6	0.4	0.7	0.2	2.3
Using NFB deflator	1.3	2.2	2.0	2.7	2.3
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.4	10.6	10.6	10.6
Residential investment	4.5	4.1	4.1	4.1	4.0
Exports	8.2	11.3	11.1	11.5	11.4
Imports	9.2	12.6	12.7	12.6	12.8
Personal saving	5.1	3.6	3.9	3.8	3.8
Federal surplus	-2.7	-1.7	-1.6	-1.4	N.A.
	1970- 1993	1996	February 1997	March 1997	April 1997
Unemployment Rate	6.7**	5.4**	5.3	5.2	4.9
Payroll employment (thousands)					
increase per month			314	139	142
increase since Jan. 1993	-				12053
Inflation (percent per period)					
CPI	5.8	3.3	0.3	0.1	0.1
PPI-Finished goods	5.0	2.8	-0.4	-0.1	-0.6

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

FINANCIAL STATISTICS

	1995	1996	March 1997	April 1997	May 22, 1997
Dow-Jones Industrial Average	4494	5743	6901	6658	7258
Interest Rates					
3-month T-bill	5.49	5.01	5.14	5.16	5.04
10-year T-bond	6.57	6.44	6.69	6.89	6.76
Mortgage rate, 30-year fixed	7.95	7.80	7.90	8.14	7.92
Prime rate	8.83	8.27	8.30	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level May 22, 1997	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.694	-0.3	10.1
Yen-Dollar	116.0	-0.3	8.3
Multilateral \$ (Mar. 1973=100)	94.49	-0.2	6.5

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	4.0 (Q1)	4.9 (Apr)	2.5 (Apr)
Canada	2.3 (Q4)	9.3 (Mar)	2.0 (Mar)
Japan	3.1 (Q4)	3.4 (Feb)	0.5 (Mar)
France	2.0 (Q4)	12.9 (Jan)	1.1 (Mar)
Germany	2.2 (Q4)	7.8 (Feb)	1.6 (Mar)
Italy	0.1 (Q4)	12.3 (Jan)	2.2 (Mar)
United Kingdom	3.0 (Q1)	7.2 (Mar)	2.6 (Mar)

We have also received the following items:

✓ **Poll Watch.** Forwarded by Rahm. A May 14-15 national Public Opinion Strategies poll showed 60% approve of your job performance and 34% disapprove. Congress is at 43% approve, 43% disapprove. 49% think the country is "seriously off on the wrong track" while 39% think "things are headed in the right direction" although only 38% think things "in their state are on the wrong track" while 50% think "things are headed in the right direction."

✓ **Letter from Maria Haley.** When you appointed her to the Board of the Ex-Im Bank it had the reputation of primarily supporting big business. Since 1993, the bank's small business portfolio has increased by 60% and now 81% of all bank transactions are in support of small business. She is grateful for your support and for the trust and confidence you have placed in her.

Do not reply

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Doriskind for
reply

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EXPORT-IMPORT BANK
OF THE UNITED STATES

BOARD OF DIRECTORS

May 21, 1997, '97 MAY 23 PM2:03

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

Dear Mr. President:

Three and a half years ago you nominated me as the Board member in charge of Small Business at the U.S. Export-Import Bank. At that time, Ex-Im Bank was known as "Boeing's Bank" and had the reputation of primarily supporting Big Business.

You should know our small business portfolio has increased by 60 percent compared to 1993. We have a congressional mandate that we set aside 10 percent of our budget for small business, and we have doubled this. Today, 81 percent of all our transactions are in support of small business.

The staff at Ex-Im Bank has done a superb job in accomplishing your administration's export strategy and goals. I am very proud of their work in advancing your economic agenda.

I am grateful for the support you gave me on my appointment, and most of all for the trust and confidence you had in me.

Sincerely,

A handwritten signature in cursive script, reading "Maria", followed by a long, sweeping horizontal flourish.

Maria Luisa M. Haley
Director

C Jennings
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it make sense to
and running of Jennings?
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By MIREYA NAVARRO

GREENACRES, Fla., May 19 — In the Durrance household there were no catastrophic health needs, just the run-of-the-mill bad cough, head stitches and school-required physical examinations and hepatitis shots.

But with three children and no health insurance, Robin Durrance and her husband, Scott, who runs a lawn-mowing business, drew on credit cards and borrowed from their parents to pay routine doctors' bills and considered a second mortgage their last-resort answer to emergencies.

The couple are still uninsured. But last month their son and two daughters, ages 12, 10 and 6, joined a Florida program called Healthy Kids, a health insurance plan for children that uses schools like Okechee Community Middle School near this Palm Beach County town to group enrollees much in the way employers

The Healthy Kids insurance program is lauded as a national model.

insure their employees.

For \$10 monthly premiums for each child, the Durrance children are fully covered, even if the parents have to wait, as their mother put it, "until we're dying before we go to the doctor."

As Clinton Administration officials and Congressional leaders debate one budget priority, how to cover the nation's 10 million uninsured children, they are looking to programs like Healthy Kids for ideas.

In lieu of a unified Federal approach, at least 14 states have in recent years started their own health insurance programs for children, with a patchwork of government, private and family financing.

New York has the largest, subsidizing coverage for 124,000 children through the Child Health Plus program. State officials are planning to double enrollment over two years, using a surcharge on health insurers.

In Florida, the five-year-old Healthy Kids has gained the attention of President Clinton, who cited it in his budget proposal as a state effort that should be expanded through Federal aid. The Robert Wood Johnson Foundation is giving \$3 million to copy the program in seven states yet to be selected.

Healthy Kids has its roots in an article in The New England Journal of Medicine in 1988 by Steve Freedman, director of the Institute for Child Health Policy at the University of Florida. He proposed a way to cover children whose families could not afford private insurance but earned too much to qualify for Medicaid: group children by school districts to negotiate affordable rates.

Intrigued, the Florida Legislature set up the Healthy Kids Corporation, which began testing the concept in Volusia County in 1992 with a Federal grant. Districts or counties are selected for participation based on local financial commitment and the preparedness of the school district.

For each community unit, the corporation negotiates contracts with a health maintenance organization through competitive bids. Although contracts for coverage vary, premium rates and benefits are relatively uniform, except for dental screenings and cleaning, which are not offered in some locations.

The program then offers premiums ranging from \$5 to \$37 a month per child, using the guidelines of the National School Lunch program to determine the family's ability to pay.

About half the program's cost is paid by the state, 35 percent by family contributions and 16 percent by a mix of local sources, including school districts, hospitals, children's services councils and other groups.

Healthy Kids is a \$28 million program, insuring 36,000 children in 16 counties, a fraction of the estimated 700,000 uninsured children in the state. The Florida Legislature has increased its contribution by 23 percent, to \$16 million, to expand the program to 50,000 participants over the next year.

Officials from participating counties say the program relieves pressure on county hospitals by sharing otherwise indigent care with private providers and encouraging early care that prevents costly illnesses.

Palm Beach County, where 4,000 children are enrolled, gave 20 percent of the cost, four times as much as the minimum required, to make sure it was accepted in the program.

"That's how badly we want the program," said Tim Henderson, director of research and policy for the county's health care district, which puts in \$500,000 a year. "We bought our way into the system. We know these kids are not going to the emergency room as much. We know they go to school more by having health insurance. These kids, often for the first time, get dental and vision services. It's a real quality-of-life issue."

More than 12 counties are lined up to start the program as state matching money becomes available.

Nationwide, 14 percent of children are not insured, census figures show. Nine out of 10 uninsured children are from families in which at least one parent works but whose employers do not offer health insurance or affordable coverage for dependents, a recent study by the Families USA Foundation found.

The Administration and Congressional leaders negotiating the budget have agreed to spend \$16 billion over five years to cover up to five million children.

Bills introduced this year with bipartisan support would expand Medicaid to cover the children or give states grants to subsidize insurance in programs like Healthy Kids.

"This is one of those encouraging times," said Chris Jennings, deputy assistant to President Clinton for health policy. "We feel we're on sure footing and common ground and that we'll produce something we can live with."

Healthy Kids, which won an Innovation in American Government Award last year from the Ford Foundation and the John F. Kennedy School of Government at Harvard, reduced emergency room visits by enrollees by up to 70 percent in Volusia County after the first year, program officials said.

In addition, hospitals reported a 30 percent decrease in pediatric charity care when Healthy Kids became available in their community.

The benefits package includes hospital and clinic care, immunizations, prescriptions, vision screenings and glasses, mental health services and, in some cases, dental services.

The structure of the program wins praise from parents like Mrs. Durrance, who said that aside from the peace of mind, she appreciated that the program did not carry the stigma of welfare.

"It makes me feel better because I'm paying," said the 32-year-old mother, whose family was once on Medicaid. "They treat you the same as if you had Blue Cross or Blue Shield."

But the program does have critics. Republican state legislators, one of whom called the program "a pseudo-entitlement" and more big government, passed a bill now awaiting the Governor's signature that would limit participation to five years.

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Program officials said the average child drops out of the program in less than 13 months, usually because a parent found a job with better insurance or qualified for Medicaid. About 8 percent return to Healthy Kids.

"It's a pretty good program, but I'm a proponent with some reservations," said Representative George Albright, Republican of Ocala, who sponsored the limit on participation. Mr. Albright is promoting what he considers a cheaper plan than constant coverage, a county clinic system in which services are paid for as needed.

Officials with the HIP Health Plan of Florida, which enrolls nearly half the children in Healthy Kids, said that in the two years they have participated, costs have run 5 percent to 10 percent higher than the revenue they receive from the program because of the initial pent-up demand for services. The HIP officials said they expected the cost to flatten out as participants caught up with their health care.

Healthy Kids officials said a study in Volusia County did not find excessive use among the previously uninsured children. In fact, not all those who were eligible participated. In surveys by the Institute for Child Health Policy, some parents said their children did not need it, illustrating a lack of awareness about the benefits of preventive care. Hispanic and black participants were less likely to seek health care than whites, which researchers said suggested that barriers other than a lack of money, like transportation and communication problems, were preventing them from getting treatment.

The most commonly diagnosed illnesses among the participants are asthma and other respiratory infections, and 18 percent to 20 percent of the children have special conditions like diabetes or epilepsy that require continuing care.

A Broward County pediatrician with Healthy Kids patients, Dr. Michael Halle, said that he had commonly seen untreated urinary tract infections in girls, chronic anemia, recurring ear infections and missed vaccines. Although they are "subtle" ailments in childhood, Dr. Halle said, they can lead to major adulthood problems like renal failure and hearing loss.

Such prospects worry some parents to desperation. Kathie Shepard and John Earl, who is a self-employed carpenter in Deland, said they refinanced their house to pay the medical bills of their 8-year-old son for the one year that they went without insurance after she had left her teaching job to take care of him. Ms. Shepard said they would have considered divorce so that she and the children could have become eligible for Medicaid.

Since joining Healthy Kids in 1993, their son, Christopher, who was born with a problem with his immune system that made him highly susceptible to disease and sometimes required doctors' visits twice a week, has had surgery and other treatment that allowed him to return to school. He now plays soccer and has perfect attendance, Ms. Shepard said.

"Because he got the very best care at 6, 7, 8, it has made him be able to grow up to be a normal child," said Ms. Shepard, who also has a 13-year-old daughter in the program. Insurance, she added, "has a much more profound effect on society than anybody cares to admit."

Study
can be done
about this

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Israel Chips Away E. Jerusalem Arabs

1,047 Denied IDs Crucial to Residency Rights

By Barton Gellman
Washington Post Foreign Service

JERUSALEM, May 4—Eight months pregnant and wobbly on her feet, Qudsia Diab Manko traveled recently to Israel's Interior Ministry for what she thought would be a joyful milestone. After years of waiting, the East Jerusalem Arab had been summoned for a "positive answer" on her request for legal papers for her husband.

Manko, 29, knew something had gone wrong when the permit clerk produced a form letter typed in Hebrew, which she could not read.

"I asked him what was written there," recalled Manko, who was born the year after Israel captured her neighborhood from Jordan in 1967. "He said, 'Everything is fine, just give me your identity card.' I gave him my ID and he gave me the paper and he said, 'You, your husband and your children have 15 days to leave the country.' Then he said goodbye."

Manko, whose first name means "Jerusalemite" in Arabic, is one of more than a thousand Arabs whose right to live in East Jerusalem has been revoked by Israel since last year. She learned, after trudging through the rain from office to office the next day, that she has no right to a hearing or appeal.

"I am afraid to give birth because I have no papers," said Manko, who is due any day. "I don't know which hospital to go to. How will I register? How will I get a birth certificate?"

The Israeli practice of stripping East Jerusalem Arabs of their legal papers, begun in the last months of the previous government and intensified since Prime Minister Binyamin Netanyahu came to power, is transforming those affected into illegal immigrants in the city of their birth. With 1,047 cases acknowledged by the government since last year, and thousands more family members affected in practice, the campaign has reached a scale at which it is beginning to shift the city's demographic balance.

Less publicized than conflicts over Jewish home-building in East Jerusalem and the West Bank, the confiscation of Jerusalem IDs looms at least as large in the popular Palestinian belief that Israel intends to impose its will instead of negotiating as promised on the holy city's future. The human rights groups B'tselem and Hamoked call the campaign a "quiet deportation," and Palestinian leader Yasser Arafat told foreign diplomats in March that it amounts to "a serious ethnic cleansing campaign."

Israeli officials deny a political motive. They say the East Jerusalem Arabs are losing their papers under neutral rules that apply to other na-

tionals as well. Manko and others like her, they maintain, are forfeiting their right to live here by moving, albeit temporarily, outside Jerusalem or by acquiring residency rights in another country. Israeli Jews are not similarly affected, they said, because they are citizens and not subject to the same rules.

Under U.S. and international pressure, Netanyahu said on CNN last week that he will "make it easier for those who have lost their identity cards to get them back." He has not, however, ordered a halt in the revocation of Arab ID cards or drafted legislation to do so. David Bar Ilan, his director of communication, said Netanyahu wants to change the law but that "will not be an easy matter because . . . there may be members of the coalition who object to it strenuously."

The man most responsible for enforcing the policy, Interior Minister Eli Suissa, is one of those. He said his ministry's goal, acting within the law, "is to prevent a flooding of Jerusalem by Arabs and to promote 'a rise in the Jewish population.'"

"We will fight with all our power in the war over Jerusalem, whether through this law or through the building and planning law or another law," he said in an interview. "It does not matter what means I use or other ministers use."

The identity cards in question, granted to East Jerusalem Arabs after Israel's victory in the 1967 Middle East War, confer the right of "permanent residence." Although falling short of citizenship, the cards entitle their holders to live and work in the city without the special permits required of other Palestinians.

Confiscation of the identity cards is intended, avowedly, to effect the departure of their holders from the city. The government has not sent soldiers and trucks to enforce physical deportations, as it did in the West Bank before an international outcry stopped the practice in 1989. But the loss of legal papers makes normal life impossible and exposes those without them to the risk of random arrest.

Those who remain here illegally lose their right to receive health care, to collect social insurance or to enroll their children in school. Some lose the only means they had to travel across international boundaries.

Among those ordered to leave their homes in Jerusalem are 105 Arabs who hold U.S. passports or green cards, a fact that has drawn sharp but thus far fruitless protests from the United States. Kathy Riley, chief U.S. consular officer in Jerusalem, said she's had five or six meetings with the Interior Ministry. "We're asking, 'Why have you changed this all of a sudden? For 30 years you haven't had this policy."

Why now are you implementing this?"

At the same time it is stripping identity cards from East Jerusalem Arabs, the government has all but halted the granting of "family reunification" permits under which spouses and children of residents are allowed to join them. Interior Ministry spokeswoman Tova Elinson said, "We don't have the staff" to process the backlog of 8,000 Arab requests since 1994. During the same period, her ministry evaluated and approved 236,268 applications for citizenship for Jews or their family members abroad, according to Israel's Central Bureau of Statistics.

Israel's legal argument rests on the status of "permanent resident" granted to the 66,000 Arabs it counted in a 1967 East Jerusalem census. East Jerusalem Arabs, who have since grown to number 160,000, moved freely back and forth to the West Bank, neighboring Arab countries and overseas.

But beginning in 1988, Israeli governments sought and obtained authority from the Supreme Court to treat East Jerusalem Arabs, in effect, as immigrants under Israel's Law of Entry.

Malka San, the Interior Ministry's legal adviser, said that the right to residency expires if permanent residents cease to live within city limits for seven years, if they obtain a legal right to live in any other country, or if other facts suggest they have shifted the "centers of their lives" elsewhere.

Elinson, the Interior Ministry spokeswoman, acknowledged that perhaps "one, two or three" East Jerusalem Arabs lost their IDs before 1996.

Suissa, the cabinet minister, explained the burgeoning caseload by arguing that Palestinians are trying to transfer large populations of Arabs back to Jerusalem for political reasons, "and I don't intend to help them."

The records of human rights counselors do not support that claim. Most of those stripped of their papers are already living here, and they are losing their legal status after examinations, sometimes inaccurate, into their pasts.

Manko, the pregnant 29-year-old, was born and raised here by a family that lived and owned property in Jerusalem for generations. In 1985 she married a cousin who did not have the right to live in Jerusalem. They lived together in Jordan under what Israel then called its "open bridges" policy. But Manko maintained her Jerusalem ID by spending two to six months a year with her parents here.

In 1994, Israel began accepting applications by Jerusalem Arab women for "reunification" ID cards for their husbands. Manko and her husband returned and applied for one. They have lived here continuously since, enrolling their children in schools, paying municipal taxes and \$312.73 a year for government-mandated social insurance.

It was in March, three years after she returned to Jerusalem, that the Interior Ministry's decided Qudsia Manko must leave.

"I was flabbergasted. I didn't know what was happening," Manko said. "When I went to the director, the words wouldn't come out. I was afraid I would start screaming. It's impossible that I would leave. This is my country, and one's country is in one's blood."

The Washington Post

MONDAY, MAY 5, 1997

'You Have ... Ceased to Be A Resident'

Move Against Teacher Tears Family Asunder

JERUSALEM—The calamity that struck Georgette Tarazi, tearing her from her husband and forcing a wrenching choice among family bonds, came in a polite form letter from a man she never met.

The Nov. 14 notice from the Interior Ministry's regional director began "Dear Sir or Madam" and ended with cordial regards. It told the East Jerusalem Arab schoolteacher that her application to register her children as residents had been turned down.

Then came the epilogue: "For your information, you have also ceased to be a resident of the country."

Soon came word that her Gaza-born husband, jeweler William Tarazi, would no longer be receiving three-month extensions of his permit to live with her in their walk-up apartment near the Old City's Damascus Gate. On Feb. 23, refusing to live here illegally, William Tarazi packed a battered brown suitcase and returned to Gaza.

In videotape shot that morning, the couple's 10-year-old daughter Lorena wept as she sat on her father's lap. "Children are supposed to be able to be with their parents," she cried.

Since then, William Tarazi has missed his son George Antoine's first birthday on March 5 and the Easter holiday celebrated by his Christian Orthodox family April 27.

Georgette Tarazi, 39, can bring her children to their father at any time—but the moment she reaches the Erez Crossing to Gaza, the soldiers there will take her Jerusalem identity card and she will not be able to return. That would leave no one to take care of her elderly mother, who has a bad heart. It would tear Lorena from the St. De-

metri school and dump her in Gaza's far more restrictive world of conservative Islam. And it would relinquish Tarazi's claim to live in the city where generations of her family were born.

"The whole idea is a one-way valve," said Yuval Ginbar of the Israeli human rights group B'tselem. "You want to go out, no problem. You want to come back, sorry. Other forms of deportation allow you to see the violence. This is a sort of bureaucratic violence."

Tarazi's problems began when she married her husband in 1984 and moved briefly to live with him in Gaza. At the time, before the Palestinian uprising and the Persian Gulf War, Arabs could travel without permits between here and there.

By 1987, despising the Gaza life, Tarazi persuaded her husband to move back to Jerusalem with her. She taught part-time at her daughter's Christian school, and he sold gold jewelry and later musical CDs.

Nine years later, in a letter mailed to her Jerusalem home, the Interior Ministry notified Tarazi that its records showed she was still living in Gaza and therefore had no right to a Jerusalem ID.

Tarazi has no right, either, to a hearing, even though another government agency found two months later that Tarazi is "a resident of Israel."

— Barton Gellman

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The Washington Post

MONDAY, MAY 5, 1997

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On Site: Statistical Yardsticks Taking the Nation's Measure

By Stephen Barr
Washington Post Staff Writer

The Clinton administration yesterday officially launched FedStats, an Internet service that links computer users to statistics from more than 70 federal Web sites.

Today, a high school student in Pittsburgh, Pennsylvania, has better access to federal statistics than a top government official five years ago," said Sally Katzen, administrator of the Office of Management and Budget's office of information and regulatory affairs.

The new World Wide Web page—found at www.fedstats.gov—includes a search engine that allows users to type in words or phrases to find documents or files. It also provides an "A to Z" listing of topics. Users also may look at a list of the federal agencies and 14 broad program areas to find data.

The Web site, for example, includes the Census Bureau population clock, which estimated the U.S. resident population at 267,306,982 at 7:28 p.m. yesterday. Census popula-

tion projections show one birth every eight seconds and one death every 14 seconds.

Many of the sites provide other basic research data. The 1995 "mini-digest" created by the National Center for Education Statistics, for instance, provides statistical snapshots showing Americans are becoming more educated. Between 1980 and 1994, the proportion of adults with at least four years of college increased from 17 to 22 percent, according to the digest.

The Web page also provides a "Fast Facts" link that allows users to visit "Federal Statistics Briefing Rooms," which were created last year, or an online version of the most frequently requested tables from the popular reference book, the Statistical Abstract of the United States.

Like many Web sites, FedStats may also hinder users without powerful computers or those who want to reuse the data, which is not easily accomplished with the "desktop publishing" format many of the documents come in.

Although officials said agencies

THE NUMBERS GAIN

Among the information you can find through the Fedstats Web site, at www.fedstats.gov:

■ According to the **Bureau of Economic Analysis**: Connecticut led the country in per capita personal income in 1996 (\$33,189), while Mississippi came in last (\$17,471).

■ According to the **Bureau of Labor Statistics**: The percentage of wage and salary workers belonging to a union declined again in 1996, to 14.5 percent.

■ According to the **Bureau of Justice Statistics**: 1,164,356 people were in federal or state prisons in June 1996.

■ According to the **Census Bureau**: 554,000 people lived in the District of Columbia in 1995; the total will drop to 523,000 in

2000 and bounce back to 655,000 by 2025.

■ According to the **Consumer Product Safety Commission**: Teddy bears, table lamps, go-carts, fleece shirts and woks are among the products recalled this month.

■ According to the **National Center for Education Statistics**: In 1993-94, 29 percent of public school teachers say unprepared students posed a serious problem, and 27.6 percent cited lack of parental involvement.

■ According to the **National Center for Health Statistics**: Life expectancy for Americans was 75.7 years in 1994, up from 62.9 in 1940.

THE WASHINGTON

planned to expand the information available for quick "key word" searches and would regularly update the information, users take a risk depending on Web site data alone, which may not be updated instantaneously when new statistics are released.

Katzen stressed that FedStats

should not raise concerns about confidentiality of personal information. data on individuals or names or dresses will be available through Web site.

Staff researcher Barbara J. Saffir contributed to this report.

A Speechless Scalia Puts Unlikely 'Spin' on His Conservatism

By Richard Carelli
Associated Press

Liberal judges have an unlikely ally: Justice Antonin Scalia, one of the most conservative members of the Supreme Court.

He is opposed to a move backed by some Republicans in Congress to impeach liberal judges.

"I don't think that's going anywhere," Scalia told hundreds of members of a Jewish civil rights

group, the Anti-Defamation League, earlier this week. "I think . . . it shouldn't go anywhere."

He added, "I think we have enough respect for our courts, enough understanding in the country that if you let the legislature intrude too much on the judiciary we'll be in trouble."

Scalia passed up the chance to make a speech Monday and instead responded to audience members' questions for nearly an hour. His comments offered insights into his conservative views and sense of humor.

"I do not believe in the living Constitution, this document that morphs from generation to generation," he said at one point. "I favor what some might call the dead Constitution, but I prefer to call it the enduring Constitution."

Grinning, he added, "It's all spin." Scalia called himself an "originalist" who seeks to be "faithful to the [Constitution's] text."

"There's no room in [my] judicial philosophy for my political or religious beliefs," he said, noting his unhappiness in casting the controlling vote when the court, 5 to 4, struck down in 1990 a law that banned flag burning.

Scalia said he reads the Constitution's First Amendment to include a freedom of expression

that encompasses those who seek to make political statements by burning a flag.

"I came down to breakfast the next morning, and my wife is humming 'Stars and Stripes Forever.' This does not make for a happy camper," he said.

Scalia disagreed with a proposal by Robert H. Bork, whose Supreme Court nomination was rejected by the Senate in 1987, to let Congress override the highest court's constitutional rulings.

"Bork essentially has given up," he said. "I'm not so pessimistic. I'm not ready to throw in the towel . . . We can get back."

Asked about church-state separation, Scalia said he believes the Constitution's framers wanted to be sure that Congress did not favor one religion over another. But in recent decades, he said, the Supreme Court has gone beyond that to require governmental neutrality between religion and nonreligion.

"That has never been the practice in the United States of America," he said.

Scalia said he has changed his mind and now opposes televising federal court proceedings, including Supreme Court argument sessions. "The justices are overwhelmingly against it," he said.



FILE PHOTO

The Washington Post

FRIDAY, MAY 23, 1997

Top of page:

Col 1: Ravaged by the 1966-76 Cultural Revolution and largely ignored by today's youth, Peking Opera is fast disappearing from the stages it once ruled throughout China; its audience is dropping by as much as 5 percent a year, by one estimate. If the trend continues, experts fear, one of the world's great art forms for two centuries is in danger of vanishing within a generation. (CHINA-OPERA, moving Friday).

Cols 2-6: The Pentagon agrees to allow Air Force pilot Kelly Flinn to resign from the service rather than face court-martial on charges of adultery, lying and disobedience; Flinn will be granted a general discharge, a decision that represents a relatively mild punishment compared to the lengthy prison sentence she could have faced if convicted on all charges and given a maximum sentence. (with art). (FLINN-TIMES, moved).

Above fold:

Cols 2-3: The Buddhist temple that hosted a controversial political fund-raiser featuring Vice President Al Gore last year privately reimbursed nuns and some temple devotees who made donations to the Democratic campaign, the Los Angeles Times has learned. (DONATE-TEMPLE, moved).

Col 4: The defense in the Oklahoma City bombing opens its case with suggestions that a never-identified leg from the blast site belonged to the real terrorist, and with two witnesses who cast doubts that defendant Timothy J. McVeigh rented the truck that delivered the bomb. (BOMBING-TIMES, moved).

Col 6: California's congressional delegation is mobilizing to block yet another threatened series of base closures, with many members asserting the state took an unfair beating in the last three rounds and it's somebody else's turn. (BASES, moved).

Below fold:

Col 3: Meeting with American reporters en route to her first official visit to Washington, British Cabinet secretary Marjorie Mowlam speaks with great animation about her hopes for resolving Northern Ireland's bitter divisions, there's new style, new substance a new, vigorous, anything-but-stuffy British government with fresh ideas and a can-do attitude. (BRITAIN, moved).

Cols 5-6: President Boris Yeltsin's anti-corruption ax cleaves deeply into the military hierarchy as he fires the defense minister and chief of staff for failing to reform an army in which "soldiers grow thinner while generals get fatter." (RUSSIA-TIMES, moved).

Bottom of page:

Cols 1-2: Local crime story.

Cols 4-6: The amount of the dispute is peanuts only \$6, which is why his fans at Dodger Stadium say makes the firing of one of local baseball's most venerable characters, peanut vendor Richard Aller, all the nuttier. (with art). (PEANUTS, moved).

**Clinton Says He Supports Longer School Year
(Clarksburg, W.Va.) By Sam Fulwood III and
Jonathan Peterson (c) 1997, Los Angeles Times**

CLARKSBURG, W.Va. In a surprise addition to his education agenda, President Clinton said Thursday he favored the "very unpopular idea" of a longer school year as a way to help America compete with other industrialized countries.

"I have always thought that if you could afford it, it was a good thing to do," Clinton said during a "town hall" style meeting with 160 students, teachers and parents in north-central West Virginia.

"The only major industrial country with a shorter school year than we have ... is Belgium," he added. "Every other nation in the world with an advanced economy has a longer school year."

Clinton's comments came in response to a questioner who wanted to know if the president believed that U.S. elementary and secondary school students should spend more of their year in the classroom. In his answer, the president noted that the current system of lengthy summer vacations has its roots in an era when America was a nation of farmers.

"I think on balance, it's a good thing to do," Clinton said.

To date, Clinton has emphasized national standards and testing programs as strategies to raise the quality of local schools, an area in which the federal government has traditionally played only a minor role.

While the idea of a longer school year has not been central to Clinton's agenda, which also includes \$35 billion in proposed new tax breaks for higher education, it is something he has considered for a long time. As a presidential candidate in 1992, Clinton said he "would not rule out" a longer school year, but placed his emphasis on "steps to ensure that our children spend more time learning while they are in school."

Opponents of a longer school year argue that hard-pressed school districts would face burdensome new expenses, including higher teacher salaries and air conditioning bills.

White House spokeswoman Ann Lewis soft-pedaled Clinton's remarks, saying the president viewed the longer year as an idea worth considering. It is "not something that we are wholesale recommending, but he does think it ought to get serious consideration," she said.

Indeed, Clinton seemed to be discussing the notion more than delivering a pitch for it.

Clinton also said Thursday that West Virginia and Massachusetts had signed onto his plan for voluntary national testing as a way to elevate school standards. The president has called for voluntary standardized national tests for fourth-grade reading and eighth-grade mathematics. Michigan, Maryland and North Carolina also have endorsed the plan.

**Lugar Blasts Clinton's Foreign-Policy Lobbying
Efforts (Washn) By Tyler Marshall (c) 1997,
Los Angeles Times**

WASHINGTON In a biting indictment of President Clinton's dealings with Congress on important international issues, Sen. Richard G. Lugar on Thursday accused him and his administration of a near-total failure to push key foreign policy initiatives.

Lugar, R-Ind., predicted that without a major improvement in lobbying efforts, Senate ratification of Clinton's premier foreign policy initiative enlargement of the NATO alliance would be in serious danger.

The lone exception to this broader failure, he said, was an effective press by the administration to win recent Senate approval of a global treaty banning chemical weapons.

"Aside from the last push on the (chemical weapons ban), the Clinton administration has been totally ineffective in terms of lobbying on foreign policy issues," Lugar charged during a breakfast meeting at the Los Angeles Times Washington Bureau. "And if we had the same sort of effort with regard to NATO (enlargement) that we've had with regard to other situations, we'll be in bad trouble."

Lugar, an unsuccessful candidate for the 1996 GOP presidential nomination, accused Clinton of personally bungling a chance to bring Senate Majority Leader Trent Lott, R-Miss., with him on his trip to Europe next week as a sign of the bipartisan nature of the U.S. commitment to European security. Instead of asking Lott directly, Lugar said, he was told Clinton merely mentioned to him that he would like to have a Republican along and asked if there might be a volunteer.

"That's demeaning the whole process," Lugar said. "(Clinton)

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should have said: 'Mr. Leader, will you be there with me?' But he didn't. The casualness and the lack of ability, the savvy in all this is indescribable."

The criticism is significant because Lugar is both one of the most respected congressional voices on foreign policy matters and an influential supporter of much of the administration's foreign policy agenda, including enlargement of NATO.

He has consistently pressed for an early debate in Congress on important but so far little noted aspects of enlargement, such as the new defense commitments it would mean for the United States and the potential difficulties it could bring to nuclear arms control talks with Russia.

Thursday, he urged that these issues be debated before Clinton meets with other alliance leaders in Madrid, Spain, in July to extend the first formal invitations to prospective new NATO members, a list that includes Hungary, Poland and the Czech Republic.

"My view is (these issues) ought to come up now, before Madrid, so we all go in eyes wide open," he said. That way, the Clinton administration can avoid accusations "of being devious or low-keying all of this or hiding in the woodwork," he added.

Responding to Lugar's remarks, a State Department official noted that Clinton had appointed a special assistant whose sole task was to work for Senate ratification of NATO enlargement. "We are starting this effort probably a full year ahead of the vote," the official said. "We're devoting unprecedented attention to this at a date that's unprecedented in its earliness."

On another subject, Lugar said he has found no evidence that alleged Chinese campaign contributions during the 1996 elections had in any way influenced Clinton's China policies.

"My own view is that the president's view on China was not influenced one whit by all this," Lugar said. "My charge is the president hasn't given much thought to China at all. This is the irony of the thing."

Buddhist Temple Reimbursed Some Contributors to DNC (Los Angeles) By William C. Rempel, Alan C. Miller and Henry Weinstein (c) 1997, Los Angeles Times

LOS ANGELES The Buddhist temple that hosted a controversial political fund-raiser featuring Vice President Al Gore last year privately reimbursed nuns and some temple devotees who made donations to the Democratic campaign, the Los Angeles Times has learned.

The undeclared repayments, ranging from \$2,200 to \$5,000 from about a dozen contributors, may have exceeded \$50,000, according to sources familiar with the transactions.

Federal election law prohibits reimbursements of campaign contributions and requires disclosure of the true source of the funds.

Newly obtained documents also reveal that the Hsi Lai Temple in Hacienda Heights, east of Los Angeles, engaged in a range of other political activities that raise questions about the religious center's compliance with tax laws that ban partisan activities by nonprofit institutions.

Since opening nearly a decade ago, records show the temple hosted a 1990 fund-raiser for a Connecticut gubernatorial candidate, provided support for various politicians and lobbied Congress on immigration legislation.

Democratic fund-raiser Maria Hsia, a private immigration consultant and longtime public relations adviser to the temple, arranged the events as well as a Taiwan trip that then-Sen. Gore and his top aides took in 1989, financed by the Buddhist sect.

An attorney for the temple declined to answer questions about temple fund raising. But Hsia's attorney, Gordon Greenberg, said in a statement: "She has done nothing illegal or improper. When all the hype and hysteria is over, it will be clear that Maria Hsia is simply a civic-minded activist and a hard-working businesswoman."

The temple donations are one facet of the widening federal investigations to determine whether foreign government and other interests attempted to influence the U.S. political process through contributions. The Hsi Lai Temple is a branch of Fo Kuang Shan, a Taiwan-based religious order with ties to the Taipei government.

The Senate Governmental Affairs Committee, which is investigating alleged fund-raising abuses in the 1996 campaign, issued subpoenas Thursday for Hsia and 23 temple workers, donors and attendees seeking to compel them to testify and provide documents.

The new information about temple fund raising could be particularly nettlesome to Gore, considered a certain contender for the Democratic

presidential nomination in 2000. In addition to suggesting additional improprieties in connection with the fund-raiser he attended, the documents show that he and his office had periodic contacts over the years with Hsia, a Taiwanese American and the temple's liaison to the political world. Gore initially insisted he did not know the luncheon was a fund-raiser but later acknowledged that some of his staff were aware of its purpose.

Hsia's partner in organizing the Gore event was Democratic fund-raiser John Huang, who is at the center of the campaign scandal. Hsia, Huang and Indonesian financier James Riady founded the now-defunct Pacific Leadership Council, or PLC, to support Democratic Senate candidates and to foster more political clout for Asian Americans.

The Gore luncheon at Hsi Lai Temple an imposing \$25 million complex and the largest Buddhist holy place in the Western hemisphere raised about \$140,000 for the Democratic National Committee on April 29, 1996.

However, the party acknowledged last October that it had been improper to hold a fund-raiser at a tax-exempt religious institution. After an internal audit, the DNC announced that it will return nearly half the contributions, primarily on grounds there was insufficient information to confirm that donors were eligible to contribute or that the listed donors actually gave the money.

The Times found that that about a dozen contributors were reimbursed by the temple, including at least five nuns, an official of the temple's religious university, a temple telephone operator and various lay members and volunteers.

Most of the individual checks made out to the Democratic National Committee were for \$5,000 each.

Master Shing Yun, founder of the Hacienda Heights temple and the sect's headquarters in southern Taiwan, contributed \$5,000, which was returned by the DNC. But it is not clear whether his donation drawn from a money market account he shared with the temple abbess was reimbursed from any other temple account.

Federal election law requires the identification of the true source of any campaign donation. It is unlawful to knowingly provide false information to the Federal Election Commission.

Making a federal campaign contribution in the name of another individual or entity is prohibited by federal election law. If the activity is knowing and willful, then it is potentially a criminal violation.

Questions have arisen over the extent to which federal election law applies to largely unregulated "soft money" contributions to political parties. But the DNC says virtually all of the contributions from temple figures were "hard money" raised under federal regulations and limits.

Under FEC laws, civil penalties can be assessed for the amount of the contribution or double the amount, if the offense was willful.

Election statutes also require that accurate information be provided to the FEC disclosing the donor's identity. Filing false information that conceals the name of an actual contributor can be prosecuted as a felony under criminal statutes.

In addition, election law prohibits contributions from people who are not legal residents.

One temple source who insisted on anonymity said no foreign money was involved in the reimbursements and that the money came from the local temple's own resources, such as book sales and donations from Southern California devotees.

The DNC has announced it will return at least two temple contributions because the donors were not legal residents.

But the party said it was unaware of any reimbursement scheme by the temple.

"We had no specific indication that anyone had been reimbursed for their contribution," DNC spokesman Steve Langdon said Thursday. "For some of those whose money we have returned or are returning, we could not identify the source of the contribution."

The temple is incorporated in California as a nonprofit religious organization. Officials at the state Franchise Tax Board said that such organizations are prohibited from making political contributions or using "substantial" assets for lobbying.

The Justice Department's office of public integrity has dispatched prosecutors and FBI agents to Los Angeles to interview temple donors about the sources of their political gifts. An attorney for one donor who says her contribution was not reimbursed by the temple or by any foreign interests said the donor will be questioned again by federal agents next week.

"They wanted to know all about Maria Hsia and the temple and who's a possible foreign agent and if there's any foreign money coming in," said the attorney.

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5-26-97 THE PRESIDENT HAS SEEN Lessons Learned

Army Devises System To Decide What Does, And Does Not, Work

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With Increasing Interest;
Now, a Hot-Selling Video

The Real Value of Experience

AI By THOMAS E. RICKS
Staff Reporter of THE WALL STREET JOURNAL
FORT IRWIN, Calif. — This is where the U.S. Army hopes to learn the lessons of any future war — before it begins.

During a recent exercise at its huge National Training Center here just south of Death Valley, a reconnaissance aircraft intercepted a radio conversation among "enemy" soldiers. An eavesdropping intelligence analyst guessed from code words that an attack was looming. So he dispatched an unmanned aerial vehicle (UAV) — a 23-foot model airplane carrying television and night-penetrating thermal-imaging cameras — to fly high and undetected over the enemy camp and transmit precise targeting data to his artillery.

He guessed right. As a lunar eclipse began 48 minutes later, five enemy trucks moved out, their occupants convinced they were hidden by the desert darkness. They were wrong. Big guns "devastated" their exposed force with 200 simulated artillery rounds, marked by small explosions and puffs of white smoke. All 135 "enemy" troops were marked as "killed."

A Difficult Problem

The spy plane's role was explained to "enemy" officers in after-action reviews. "The UAV is a problem," conceded Col. Guy Swan, commander of Fort Irwin's resident enemy force and the only U.S. colonel whose official uniform includes a big Soviet-style red star on his belt buckle. "I've got 2,400 soldiers walking around the battlefield craning their necks upward."

So in the next battle, his troops fired antiaircraft guns and missiles at the pesky little UAVs. They "knocked down" six — and thereby revealed their radar and air-defense locations to attack helicopters hovering just behind a nearby ridge. After that evening's review, Gen. William Hartzog, who acted as a neutral overseer, suggested that the Army needs swarms of inexpensive decoy UAVs to make a distracted enemy reveal his locations.

Mark down one "lesson learned."

That lesson and its many implications are being processed by military intelligence schools, the Center for Army Lessons Learned and the Training and Doctrine Command, for dissemination throughout the combat force. It is one piece of the Army's lessons-learned process, which itself is a major reason the Army has been successfully rebuilt in the past 20 years. The process also explains why the Army, after being clobbered in the first big battle of almost every previous war, didn't suffer that fate in Desert Storm. Perhaps because its reputation was so tarnished in Vietnam, the Army is the only service enthusiastically using the system to correct recurring weaknesses, according to a 1995 survey by the General Accounting Office.

Many Useful Lessons

The result: The Army can learn useful lessons after only a few days of bloodless battle here in the Mojave Desert rather than after months of real war and many casualties. And the way America would fight is changing. After two weeks of maneuvers this spring, Col. Thomas Goedkoop, commander of the experimental U.S. brigade that took part, concluded that no American combat leader will ever again want to enter battle without UAVs probing ahead of his troops. "It's a commander's dream," he says.

The lessons-learned system now is getting some attention in corporate America. Management experts say the Army outstrips many companies in learning from experience. "The Army has perfected a remarkably efficient process for correcting its mistakes and sustaining its successes," concludes a recent case study by the Harvard Business School, whose video on the system has grossed \$289,000. Done right, says an equally glowing report by Boston University's School of Management, the system of reviewing what happened and applying its lessons can create "a process of continuous learning and improvement."

Black & Veatch, a big engineering company based in Kansas City, Mo., hopes to adapt the system. "We sell experience, not a product," explains John Voeller, chief technology officer. "One of the most daunting difficulties for any professional-services corporation is the ability to learn from experience." Others using the process include Steelcase Inc., a Grand Rapids, Mich., office-furniture maker that holds after-action reviews with major customers. And Bill Goodspeed, president of the wood-products division of privately held J.M. Huber Corp., based in Edison, N.J., began the reviews two months ago. "It's taken off with a vengeance," he says. "We're seeing concrete results, some small, some very consequential," such as a "striking" reduction in the time required to stop his plant for weekly maintenance.

David Garvin, who wrote the Harvard study, says the process may apply best to companies that conduct repeatable but slightly differing activities, such as upgrading software.

For the Army, the process is especially significant because it now faces a perplexing management problem: How to change

Please Turn to Page A10, Column 1

Continued From First Page

a flourishing organization. The U.S. military is generally seen not just as the world's best-supplied but also as the world's best.

Hoping to stay on top, the Army recently brought its UAVs and 70 other emerging technologies here. They ranged from scout binoculars with lasers for finding an enemy's precise location to laptop computers inside tanks for displaying continuously changing maps showing locations of all friendly forces and — thanks to a flood of intelligence — the enemy.

The UAV problem resembled one facing many large organizations: Those close to the technology — in this case, intelligence officers — knew they had a useful tool, but those who might benefit the most showed little interest, mainly because they knew little about spy planes.

But after trying them and going through after-action reviews, commanders learned the advantages of combining UAVs with other intelligence-gathering mechanisms, ranging from space satellites to scouts operating behind enemy lines. As the exercise ended, Lt. Col. John Brooks, the Fourth Division's chief intelligence officer, said the main lesson he learned was that a lot of people still don't understand UAVs. But he was already moving on to a new problem: "We need to learn how to fight against UAVs, because we're not the only country that's going to have them."

Trying to improve the military is nothing new for the National Training Center. Established in 1980, the 1,000-square-mile desert laboratory has three elements that distinguish it from almost all previous military training: realistic battles, reliance on after-action reviews and distillation of those reviews into lessons learned.

The National Training Center and the after-action review are probably the two biggest changes in the Army since Vietnam," says retired Col. James McDonough, a former director of the Army's School of Advanced Military Studies and principal author of its current operations manual. "Everything follows from that."

The realism comes from a well-trained "opposition force" that usually wins. Yet the first after-action reviews proved even tougher than the battles. "You are a limp excuse for a colonel, your unit sucks and that was the sorriest excuse for an attack we've seen," retired Maj. Gen. Lon Maggart recalls being scolded during his first trip here.

Nowadays, after-action sessions usually are calmer. Far from foreshadowing sweeping changes, as with the UAV, most focus on executing the basics, such as

using terrain to mask vehicles and communicating the right information at the right time. One recent review, conducted atop a hot Mojave hill, centered on a brigade commander's excessive caution. "I failed to take the whole gamble here," he conceded to his staff in the kind of discussion a unit must undergo if it is to improve.

At first, each unit coming here tended to learn the same lessons as the one before it. The Army kept repeating a major mistake of Vietnam — where officer-rotation policies, it was said, meant the U.S. didn't fight for nine years but fought for one year nine times. To avoid that trap, it invented the lessons-learned process and, in 1985, founded the Center for Army Lessons Learned at Fort Leavenworth, Kan. At CALL, a small group of seasoned officers collected the lessons, codified and distributed them. One early lesson: Tanks placed on hilltops to gain a clear field of fire are almost always destroyed.

The analysts quickly learned that the

more hectic the operation, the more important is an organized system of collecting lessons learned. Otherwise, warns Col. Richard Sayre, head of the Advanced Concepts Directorate of the Army's Advanced Warfighting Experiment, the process degenerates into exchanges of "Here's what I thought..."

The remaining challenge is to ensure that lessons are applied. For example, the GAO found that problems leading to the Army's "friendly fire" casualties in the Gulf War had been spotted two years earlier but ignored.

Since then, the Army has gone far to apply new lessons. After the 1994 invasion of Haiti, CALL had experts interview soldiers about incidents with mobs and confrontations with local authorities, observe after-action reviews, read intelligence reports and compile lessons. They developed 26 training scenarios for use by replacement units getting ready for Haitian duty. In the next six months, the units actually encountered 23 of those scenarios.

Then, in 1995, came Bosnia, which was ideal for the process because the problems were difficult and new but generally not lethal. Rather than let each unit develop its own operational lore, Maj. Gen. William Nash, the U.S. commander, ordered that even operations such as routine convoys get intense reviews. "We must be a learning organization," he said.

Lessons were forwarded to CALL representatives, and the best ones were e-mailed to all units. Be careful of snow-covered roads that have no tracks — because they may be mined, warned one early report. If caught in a minefield, don't turn around; back out, cautioned another. Army officials credit rapid dissemination of such guidelines with helping minimize U.S. casualties in a region bristling with mines and booby traps. Every 72 hours, a new list of lessons was distributed.

"It was a big seller with the multinational units," recalls Capt. Fred Johnson, a CALL representative in Bosnia. "The Russian guy would say, 'Hey, have you got the latest Lessons Learned?'"

Some lessons were more sophisticated. Col. Gregory Fontenot and other officers found a way to impress Bosnian factions

with American firepower: Locals were invited to watch howitzer crews conduct drills that emphasized fast radar tracking of sniper fire and responding with devastating accuracy.

Harvard's Prof. Garvin says any corporation can adapt this process to collect information, compile lessons and disseminate them. "The key is to understand that no project is complete until it is systematically reviewed and its lessons learned," he adds. What the process does, says Maj. Gen. Robert Scales, who wrote an Army study of Gulf War preparations, is to "sharpen your leaders."

THE WALL STREET JOURNAL
FRIDAY, MAY 23, 1997

Nafta Environmental Lags May Delay Free Trade Expansion

By ANTHONY DePALMA

MONTREAL — During his recent Latin American trip, President Clinton enthusiastically promised to extend free trade throughout the hemisphere. But a delay in an environmental study on the effect of the increased trade that has already taken place is weakening support he will need to get wider trade agreements approved in Congress.

Environmentalists in the United States, Canada and Mexico fear that the delays signal a lack of commitment by the Governments of those countries to monitor the environmental effects of free trade. Such monitoring was a tenet of the side agreements that helped get the North American Free Trade Agreement approved when it was stalled in the United States Congress in 1993.

"What this shows is that the side

agreements really haven't delivered on commitments made by the Clinton Administration in 1993," said Dan Seligman, an official responsible for trade issues with the Sierra Club in Washington.

The organization originally opposed the passage of Nafta, but the support of other environmental groups was crucial to winning the accord's approval and the Sierra Club ultimately dropped its opposition. Mr. Seligman said the Government's weak support for the environmental agreements makes it unlikely that environmental groups could support expansion of the agreement.

President Clinton has said he will seek Congressional authority to negotiate agreements with Chile and other Latin American nations, but he has not made a commitment to include environmental accords.

"If the commission can't get the countries to study the environmental impacts of increased trade that's already taken place, how can they ever get them to do anything real about improving environmental standards, which is what they promised in 1993," Mr. Seligman said.

The environmental study is a comparatively small part of a comprehensive review of the trade pact and its effects on the United States economy, which by law must be completed this year. President Clinton must report to Congress by July.

Three areas were selected for examination: energy use, cattle raising and, in Mexico, raising corn — the country's primary agricultural crop.

The study was considered an important milestone because the work was to be done independently of the three Governments. An advisory panel made up mostly of experts and

representatives of citizens' groups was supposed to oversee the project.

The \$150,000 to finance the study this year is included in the \$9 million annual budget of the Commission for Environmental Cooperation, the organization set up in Montreal to oversee the environmental aspects of Nafta. But while the money has been in the budget since last fall, the three Governments have not given approval for the work to proceed. Trade officials from the United States have raised concerns about the study, but the Mexican Government has most forcefully objected, several people familiar with the negotiations say.

"The trade people in Mexico were nervous about letting any part of the Nafta process out from under their direct and total control," said Daniel C. Esty, now director of the Yale University Center for Environmental Law and Policy, who was the chief negotiator for the Environmental Protection Agency on Nafta.

Mexican officials agreed that the study teams should be independent, but they wanted so much input and oversight that it would have amounted to the ability to censor the reports, an American official said, speaking on condition of anonymity. The official said there appeared to be a split between Mexico's Environmental Ministry and the Trade Ministry.

Mario Aguilar, an Environmental Ministry official at the Mexican Embassy in Washington, denied that there was any split in his Government's position. He confirmed that Mexico has objected to the way the study was designed, he rejected any suggestion that there had been an attempt to censor the findings.

"We have doubts about the way the three sectors were chosen," Mr.

Aguilar said. "We want the work to have a scientific base, not to deal with politics and opinion."

A member of the group advising the environmental analysis said the three areas were selected after a thorough review of the free trade agreement's first years of operation. "Case studies were needed," said Richard Kamp, director of the Border Ecology Project in Bisbee, Ariz., "to show how investments have taken place and how they have affected society."

The study on corn is considered the most potentially damaging to Mexico, since it deals with the most important staple of nearly every Mexican's diet.

Before Nafta was passed, it was widely predicted that eliminating tariffs over a 15-year period would flood Mexico with imported corn, causing great disruptions as poor farmers gave up their fields and moved to Mexico's cities or across the border.

But the early drafts of the corn study show that while corn imports indeed have already surpassed the 15-year projections, there has been no widespread dislocation.

Alejandro Nadal, a professor of economics at the Colegio de México in Mexico City who is conducting the corn study, said he knows why the Mexican Government is worried about the results.

"They want Nafta to work out fine," he said. "But if they start fiddling around with the commission's work, we are going to have problems."

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The New York Times

WEDNESDAY, MAY 21, 1997

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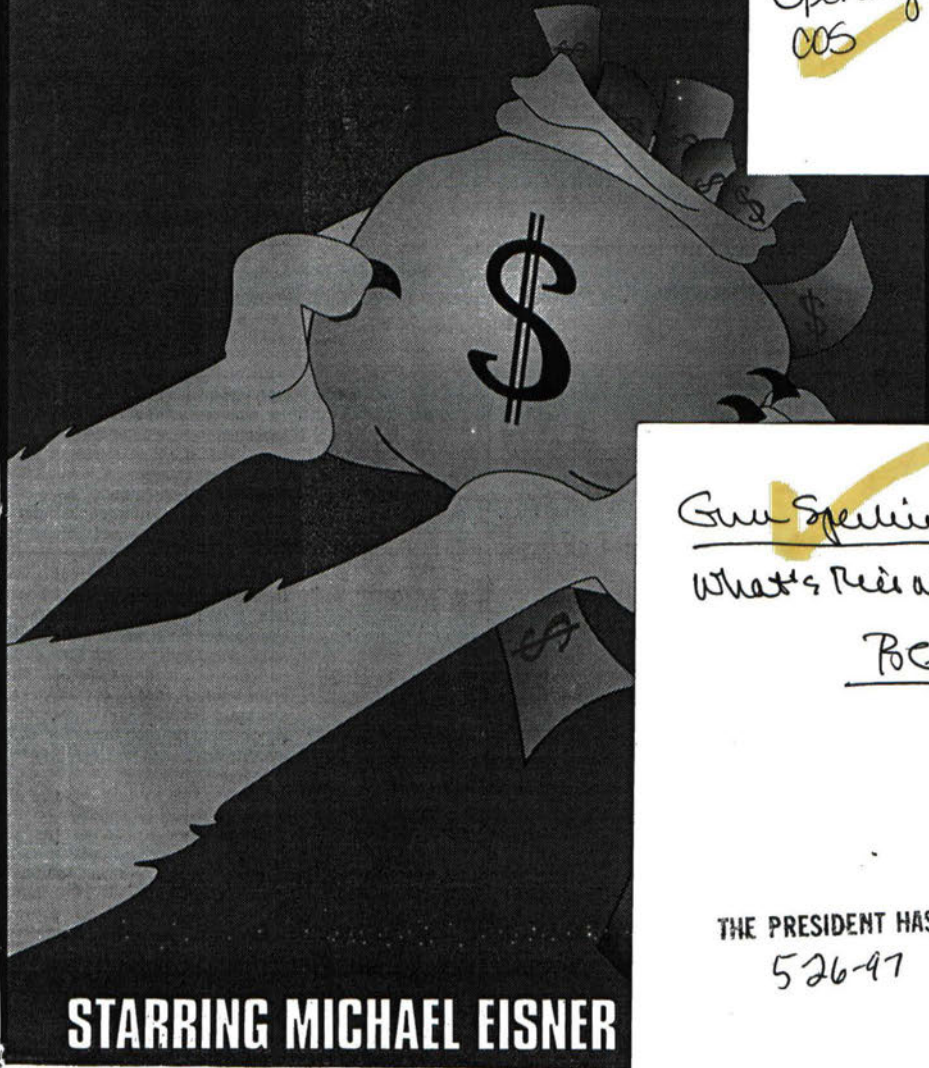
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**SEE \$600 MILLION IN TAXPAYER MONEY
FUNNELED TO A RICH CORPORATION!**

**EXPERIENCE A NEW LOW IN CORPORATE
WELFARE!**

It's a plot so ruthless it would shame Cruella De Vil. Despite billions in profits, Michael Eisner and Disney/ABC are trying to wiggle through a King-sized IRS loophole that some in Congress want to close. Disney's use of this "Morris Trust" loophole will cost taxpayers \$600 million.

But it's not just loopholes Disney/ABC is trying to exploit. News reports have exposed Disney-product sweatshops in Haiti and Thailand and violations of child labor laws in Los Angeles. Disney/ABC is even threatening its retirees' pensions and replacing good, full-time jobs with temporary workers who get no benefits. You'd think the company that gave CEO Michael Eisner a \$771 million pay package could at least provide decent benefits and job security for workers.

Tell Congress that this "Loophole King" scam is just plain wrong. Disney/ABC shouldn't be able to get away with \$600 million in taxpayer money. This is one Disney ride that should make everyone scream.

**Tell Congress to stop
Disney/ABC's taxpayer money grab.**

**COME TO A RALLY Thursday, May 15th, 6:30 p.m.,
at Disney's New Amsterdam Theater,
on 42nd St. between 7th & 8th Aves.**

**A MESSAGE FROM NABET AND THE COMMUNICATIONS WORKERS OF AMERICA
NEGOTIATING FOR A FAIR CONTRACT AT DISNEY/ABC**

www.cwa-union.org

REVIEW & OUTLOOK

William Jefferson Kasich

Anyone who doubts that the Republican revolution is moribund on Capitol Hill should consider that its leadership has just told the Heritage Foundation, the Cato Institute and Citizens for a Sound Economy to get lost. They were barred from GOP councils this week for daring to question the wisdom of the "bipartisan budget agreement" now being sold in Washington.

These outfits are three of the country's more prominent conservative activist groups, which means they care about policy. But the budget deal is mainly about politics, i.e., political survival, so Republicans don't want anyone rudely telling the truth about their transformation into Remocrats. Newt Gingrich, John Kasich and company have become Clintonian in their ability to call a square a circle.

Mr. Kasich, the House budget chairman and likely Presidential candidate in 2000, once railed about such Beltway deceptions as phony "cuts" proposed against imaginary budget "baselines." But now he's invoking them himself. "Over the next 10 years, passage of this plan will save taxpayers over \$950 billion," Mr. Kasich said the other day.

The only problem with that sentence is that none of it means anything at all. The 10-year period is fanciful, since as countless budget deals have taught us the only year that really matters is the current one, in this case Fiscal Year 1998. The 10-year boast allows politicians to claim fiscal austerity, while putting off all the spending cuts for some future Congress.

The "save taxpayers" lingo is also worthy of our current President. Mr. Kasich's "savings" are nothing more than reductions against the automatic spending increases included in a "baseline" that rises each year. This is an invention of Democratic Congresses that designed it to more easily grow the government; they knew they would be able to denounce any reductions from the baseline as "cuts." Republicans only last year griped about this when Democrats used it to deplore their Medicare "cuts," but now Mr. Kasich is playing the same game.

This is no doubt because it lets him avoid talking about the real budget issue, which is spending. The bipartisan deal proposes to spend \$1.692 trillion in 1998, or \$5 billion more than even President Clinton requested. That's a \$70 billion, or 4.3%, increase from 1997, a bigger increase than Democratic Congresses passed in fiscal years 1993, 1994 or 1995. This is compromise?

Republicans are even agreeing to bust the caps on non-defense discretionary spending that George Mitchell, Dick Gephardt and President Clinton were forced to agree to in

1993. And one more thing: Mr. Kasich and friends have agreed to continue, through 2002, the rule that requires that any tax cuts be offset either by tax increases or cuts in entitlements. They can't be offset merely by cuts in "discretionary" spending accounts such as arts funding or legal services.

The practical effect of this is to make future tax cuts all but impossible as a political matter. Republicans will never try to cut taxes by cutting entitlements, or at least they'll never see it through if they try. It also makes discretionary cuts that much more difficult to pass, because it means such cuts can't be used to return money to taxpayers. Instead, if Congress ever does zero out, say, the National Endowment for the Arts, the money will merely get absorbed back into the broader budget. So why should Congress bother to cut any spending, since all of the political pressure will come from those who oppose the cuts?

As for entitlements, we've already written about the lack of any real Medicare reform. But we can't let pass without notice that Republicans have agreed to accept the same Trust Fund sleight of hand they denounced when the President proposed it in February. This is the transfer of fast-growing home health care costs away from the Trust Fund (financed by the payroll tax) onto the general revenue budget. This ruse allows the pols to claim the trust fund is "secure for 10 years" when all they've done is reshuffle the accounts and put the financial burden onto all taxpayers.

And, lest we forget, Mr. Kasich and friends are hailing the budget deal's \$85 billion in "badly needed tax relief." But that number is so small, in comparison with \$8 trillion in federal revenue over five years, that Republicans will have a hard time satisfying all of their constituents. Mr. Gingrich has been privately promising "historically accurate" scoring for the tax cuts, which would mean that a capital gains cut would raise more revenue than it lost. But we'll believe that when we see Republicans finally show the guts to do it.

Here and there a few Republicans are stepping up to speak honestly about all of this. David McIntosh, a sophomore from Indiana, was planning to offer an amendment on the House floor last night to spend less on discretionary accounts in return for larger tax cuts. And Phil Gramm of Texas may offer something similar in the Senate today. But with the Clintonized GOP leadership massed against it, neither effort can do much more than educate the country about what is really going on here.

The political truth about this budget is that Republicans are selling out their agenda in return for President Clinton's blessing. They want cover against Dick Gephardt and AFL-CIO attacks in 1998. And we can even understand their reluctance to fight Bill Clinton. But do they also have to emulate him?



John Kasich

*Delany
Get in the
National Review
Editorial that says
we're all too stupid
now -
Be*

THE PRESIDENT HAS SEEN
5-26-97

THE WALL STREET JOURNAL

WEDNESDAY, MAY 21, 1997

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TO VP

What about a ~~White~~
White House Conference
on Climate Change -
1 Day - with the on
House & 1 day on Children
& Brain Development?

could do later this year,
set stage for year of work
ahead, involve experts and
people like Brown —

BS

Oil Executive Breaks Ranks

■ **Environment:** British
Petroleum official says that
continuing to ignore global
warming is 'unwise and
potentially dangerous.'

By JAMES GERSTENZANG
TIMES STAFF WRITER

WASHINGTON—Breaking with other oil industry leaders, a senior British Petroleum executive has acknowledged that scientists have reached a consensus about global warming and that to ignore concerns over climate change "would be unwise and potentially dangerous."

Browne, group chief executive of the British oil company, said that in tackling the issue of global warming—about which the oil industry has long expressed skepticism—it is time "for change and for a rethinking of corporate responsibility."

Although the oil industry has long held that scientists have yet to prove a link between global warming and automobile emissions, Browne said that a consensus has formed that is strong enough to persuade him of the need for action.

His remarks, in a speech Monday at Stanford University, drew a range of reaction from others in the oil industry. "He's out of the church," said one industry figure, speaking on condition of anonymity.

Ian Fowler, a spokesman for British Petroleum, ranked among the four largest oil firms, said that the remarks "will be pretty closely studied by the industry around the world."

The executive vice president of the American Petroleum Institute, William O'Keefe, portrayed Browne's speech as nothing out of the ordinary.

"Some characterize us as 'just say no—don't do anything' about global warming," O'Keefe said. "That's wrong."

But he added: "There remains a high degree of uncertainty about what the effect is of increasing [greenhouse gas] emissions."

Within the environmental community, Browne's comments were seen as a break as stunning as that which shook the tobacco industry two months ago when the Liggett Group acknowledged that smoking causes cancer and heart disease.

"The oil industry is now split over global warming and that's significant. They're a powerful player," said Dan Becker, a Sierra Club staff member who specializes in global warming and petroleum issues. "That's pretty dramatic. They're doing something and they're doing something in the right direction. One cheer for BP."

Browne also suggested that his company sees the potential for profit in solar power and said that the firm wanted to invest heavily enough to reach \$1 billion in sales within the next decade.

That focus alone sets the firm apart. The petroleum industry is skeptical about solar power, as was apparent Friday when Senate Majority Leader Trent Lott (R-Miss.) said at a meeting of the Independent Petroleum Assn. of America: "I'm sure you petroleum folks understand that solar power will solve all our problems. How much money have we blown on that? This is the hippies' program from the '70s and they're still pushing this stuff."

The debate over global warming—the trend toward higher temperatures across the surface of the Earth—has grown in intensity as study is piled upon study. The international Intergovernmental Panel on Climate Change concluded in 1995 that at least some of the global warming of the last century probably can be attributed to the burning of wood and fossil fuels—coal, oil and gas. They emit carbon dioxide, which traps heat much as the glass of a greenhouse traps solar energy.

The international study, more than five years in development, found that the average temperature around the world had increased about 1 degree Fahrenheit over the past 100 years and that it would climb between 1.8 degrees and 6.3 degrees over the next century if emissions are not reduced.

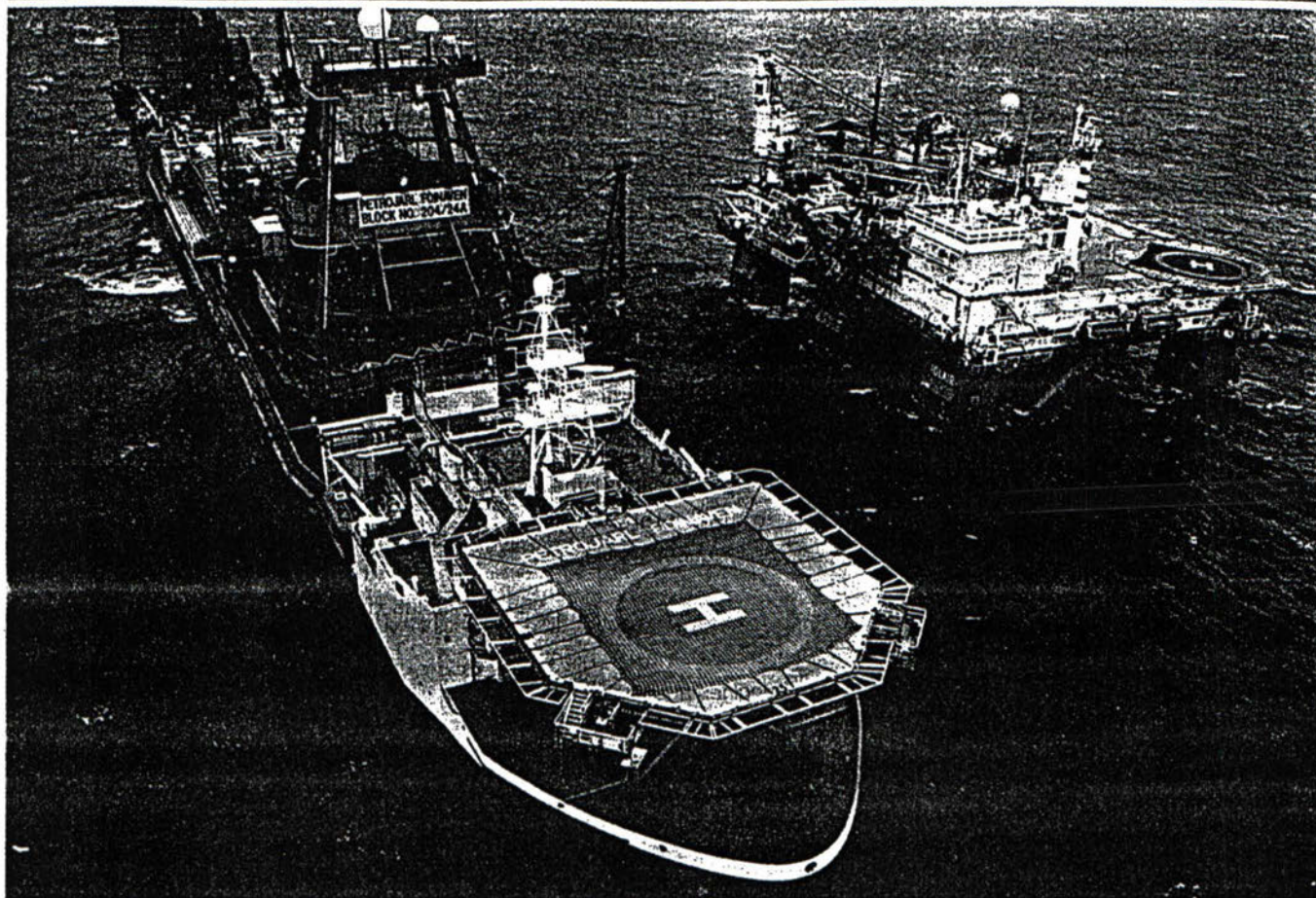
Browne acknowledged that there is no proven cause for global warming. But he said that "there is now an effective consensus among the world's leading scientists and serious and well-informed people outside the scientific community that there is a discernible human influence on the climate and a link between the concentration of carbon dioxide and the increase in temperature."

"We must now focus on what can and what should be done, not because we can be certain climate change is happening but because the possibility can't be ignored," he said. "If we are all to take responsibility for the future of our planet, then it falls to us to begin to take precautionary action now."

Even as the petroleum industry has proceeded gingerly in addressing global warming issues, others in the business world have expressed increasing concern—most notably banks and insurance companies facing huge payouts in response to hurricanes, floods, droughts and other natural disasters that they fear stem from a climbing global thermostat.

Jeremy Leggett, a visiting fellow at Oxford University and executive director of Solar Century, a nonprofit organization trying to build a market for solar energy, said that BP's position "is no more than a reflection of the emerging concern in the wider business community."

Still, he said in a telephone interview from Britain, "the American oil companies are a million miles behind BP on this one."



BRITAIN

BP: A WELL-OILED MACHINE

The world's most profitable oil producer is back in shape and looking to boost production

He seems the antithesis of a wild-catter. He collects pre-Columbian art and is an opera buff. Yet the soft-spoken John Browne, chief executive of British Petroleum, is a pioneer. In his search for oil, he has sent his workers into some of the world's most lawless places, such as strife-torn Algeria and Colombia, where guerrillas fire on BP helicopters. And he has used cutting-edge technologies to beat rivals into frontiers such as the treacherous waters off the Shetland Islands.

Browne's derring-do is paying off. In the past five years, he has helped turn BP from a crisis-ridden behemoth into the world's most profitable oil company (chart). Profits grew by 31% in 1996, to \$4.1 billion. With 1.5 million barrels per day in production, BP is now No. 5 among the world's oil majors, behind the much-larger Shell and Exxon and in the same league with Mobil and Chevron. Long overdependent on declining North Sea and Alaskan production, the company is now well-positioned in places such as Venezuela, the Gulf of Mexico, and the Caspian Sea—fields likely to slake the world's oil thirst in the 21st century. BP's stock has soared by 33% since January, 1996, to around \$12.

In fact, after an arduous period of cost-cutting that began in 1992, the 49-

ATLANTIC HIGH TECH: Robots are helping to extract the oil

year-old Browne thinks BP is finally in shape to get aggressive. He wants to boost output by two-thirds, to 2.5 million barrels per day, over the next decade—while maintaining profitability. That would make BP a global oil power rather than a producer based mainly in the U.S. and Britain. In the process, Browne must fend off attacks by environmentalists who object to BP's forays into fragile ecosystems. And he must manage tricky political situations at some of BP's most promising sites.

DREAM FIELDS. In exploration, Browne's approach virtually ensures that BP will encounter controversy. "You cannot win in exploration unless you find big fields," he said recently. Smaller fields, says Browne, who headed BP's exploration for six years before taking over as CEO in 1995, are usually not worth the cost of exploration and development. But with the world already well-surveyed, mammoth fields are most likely to be found in areas that have been off-limits for either political or technical reasons. That makes them major concerns for activist interest groups.

Having charged up BP's exploration arm, Browne is concentrating on its



BP's field just west of the Shetland Islands could add 125,000 barrels a day to production and more than \$200 million a year in profits

CAN BROWNE MAKE BP A GLOBAL POWER?

could produce 500,000 barrels per day, its installations have been attacked by guerrillas hoping to drum up protection money. So BP has funded army troops to guard its sites and personnel—which in turn are criticized for being linked to human-rights abuses. The company is also said to have caused environmental damage. Browne, who recently went to Colombia to look into the complaints, says the human-rights charges are "groundless" but admits to environmental "mistakes," which he says are now fixed.

Browne has large bets in other risky places. BP is a big player in the Caspian region, with two projects in Azerbaijan. It

downstream operations. Last year, BP entered into a \$5 billion joint venture with Mobil Oil Corp. that will meld the companies' European refining and marketing operations. As part of the deal, all 3,300 Mobil filling stations in European countries from Gibraltar to Ukraine will be reflagged as BP stations and operated by the British giant. BP says the venture, in which it has a two-thirds stake, will result in 2,300 job cuts and \$500 million in annual gains. The deal propels BP from a distant third to a near tie for No. 2 with Exxon, just behind Royal Dutch/Shell, in sales of gasoline and other refined products in Europe. There are rumors that the venture may be the first step to a merger between BP and Mobil.

Closer to home, in the so-called Atlantic frontier west of the Shetland Islands, BP is using advanced technology to extract oil where it was commercially unfeasible before. In its Foinaven field, a 90-minute helicopter ride from Aberdeen, a hulking orange ship converted into a floating production platform is anchored to the ocean floor 500 meters below. Undersea robots hook up wellheads to the pipes that will bring oil up to the ship and shoot gas and water down into reservoirs. The project is expected to come onstream soon.

BP will reap big rewards for getting the oil out of the seabed. Foinaven and two adjacent fields now being drilled are likely to add 125,000 barrels a day to its production. That could mean more than \$200 million a year in profits. But the project comes with risks. Puffins, guil-

mots, gannets, and other prized seabirds feed in the nearby waters, and environmentalists have attacked the project.

The militant Greenpeace organization has already served warning on BP. The night before the company's Apr. 10 annual meeting, Greenpeace activists scaled BP headquarters in Aberdeen and placed solar panels made by BP's solar-energy arm on the roof. The message: The company should be developing its solar-energy interests, not fossil fuels—especially in sensitive areas.

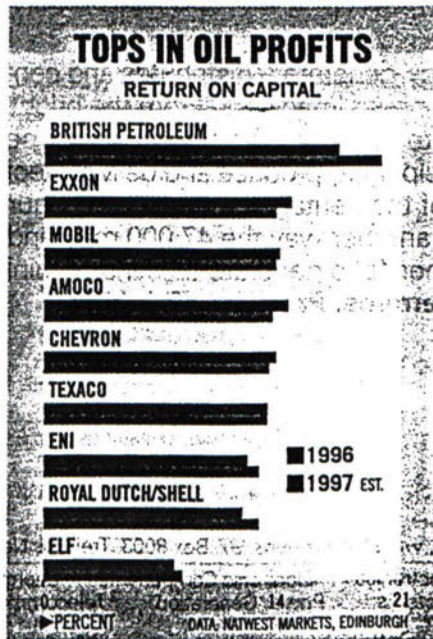
Browne has other public-relations worries. In Colombia, where BP has spent \$2 billion to develop two huge finds that

is also seeking exploration rights in Kazakhstan. No one disputes that these countries have plenty of oil, but it is still unclear how much of it the Russians and the Chechens, who could block pipelines, will allow out. BP is also developing natural-gas reserves in Algeria, which continues to be rocked by political violence. Browne thinks the risks are worth taking because BP is smaller than its rivals in gas. If Algeria pans out, BP would become a major exporter to Southern Europe.

ERRATIC. Browne has not taken his eye off costs, even though the restructuring he helped oversee has made BP's cost per barrel produced, at \$2.64, the lowest of large private oil companies. One recent innovation: giving subcontractors a stake in projects through cost-saving incentives. For example, BP recently struck a deal with British contracting giant Bovis Construction Group to build 1,000 service stations in Europe. Much of the contractor's payment is likely to come from the 30% savings BP is expected to achieve by using Bovis rather than building the stations itself.

Yet to a degree, BP's future depends on luck. The company has a history of erratic performance and could get in trouble again. A big spill in a sensitive place such as the Shetlands could damage BP's reputation, much as the 1989 Exxon Valdez spill hurt Exxon. In politically unstable areas, some of Browne's gambles may not pay off. For now, though, he seems bent on pushing the envelope in the oil business.

By Stanley Reed in London, with Gary McWilliams in Houston



Tuesday, May 20, 1997 · Page C2

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Who's really doing business on the Web?

BP Investing \$20 Million In Fairfield Operation Plant would produce solar power panels

British Petroleum, one of the world's largest oil companies, said it plans to open a major manufacturing plant in Fairfield this year to produce solar power panels.

The plant will produce a thousand panels a day, each about five feet by two feet, said Richard Sowter, president of BP Solar. It will employ about a hundred people.

BP is investing \$20 million in the plant, which it purchased last October from Advanced Photovoltaic Systems, which went into Chapter 11 bankruptcy.

The investment was announced yesterday by John Browne, CEO of British Petroleum, in a speech at Stanford University. Referring to the threat of global warming, Browne said BP is investing in nonfossil-fuel energy sources that don't contribute to greenhouse gas emissions. "It is our conclusion at BP that solar power is likely to make a significant contribution" in the next century, he said.

BP will use a relatively new "thin film" technology which deposits an extremely thin layer of active material on a glass base. The panels can be used in building windows or roof panels to generate electricity from the sun.

"This will be the largest, most modern plant of its type in the world today," Sowter said.

Sowter said BP is the fastest growing major solar company in the world and will become number one in sales by the end of this year. Other major manufacturers of photovoltaic devices include Siemens and Solarex, a Virginia company.

BP plans to increase its annual revenues from solar power technology from \$100 million annually today to \$1 billion over the next decade, he said.

Sowter said one major market for the devices is in developing countries, where solar panels often cost less to install at the user's site than big power generators and long distribution lines.

In the developed world, traditional forms of electricity generated from coal and natural gas are still much cheaper than solar power, even though solar prices have fallen seven-fold since 1980, Sowter said.

But many consumers say they are willing to pay extra for electricity from clean sources. "They aren't just people with alternative lifestyles, but ordinary people who care about the environment," he said.

Climate Change Speech

Dean Spence, Ladies and Gentlemen, good morning.

It is always marvellous to come back to Stanford... and it is a pleasure.. and a privilege to be here to speak to you today on a subject which I believe is of the utmost importance.

I can't think of anywhere better than Stanford to discuss in a calm and rational way a subject which raises great emotion and which requires both analysis and action.

... pause ...

I think it's right to start by setting my comments in context.

Following the collapse of Communism in Europe and the fall of the Soviet Empire at the end of the 1980s, two alternative views of the consequences for the rest of the world were put forward.

Francis Fukuyama wrote a book with the ironic title "The End of History". Jacques Delors, then President of the European Commission, talked about the "Acceleration of History".

In the event, history has neither accelerated nor stopped. But it has changed.

The world in which we now live is one no longer defined by ideology. Of course, the old spectrums are still with us of left to right ... of radical to conservative, but ideology is no longer the ultimate arbiter of analysis and action.

Governments, corporations and individual citizens have all had to redefine their roles in a society no longer divided by an Iron Curtain separating Capitalism from Communism.

A new age demands a fresh perspective of the nature of society and responsibility.

The passing of some of the old divisions reminds us we are all citizens of one world, and we must take shared responsibility for its future, and for its sustainable development.

We must do that in all our various roles... as students and teachers, as business people with capital to invest, as legislators with the power to make law... as individual citizens with the right to vote ... and as consumers with the power of choice.

These roles overlap, of course. The people who work in BP are certainly business people, but they're also people with beliefs and convictions... individuals concerned with the quality of life for themselves and for their children.

When they come through the door into work every morning they don't leave behind their convictions and their sense of responsibility.

And the same applies to our consumers. Their choices determine our success as a company. And they too have beliefs and convictions.

Now that brings us to my subject today - the global environment.

That is a subject which concerns us all - in all our various roles and capacities.

I believe we've now come to an important moment in our consideration of the environment.

It is a moment when because of the shared interest I talked about, we need to go beyond analysis to seek solutions and to take action. It is a moment for change and for a rethinking of corporate responsibility.

A year ago, the Second Report of the Inter-Governmental Panel on Climate Change was published. That report and the discussion which has continued since its publication, shows that there is mounting concern about two stark facts.

- The concentration of carbon dioxide in the atmosphere is rising,
- and the temperature of the earth's surface is increasing.

Karl Popper once described all science as being provisional. What he meant by that was that all science is open to refutation, to amendment and to development.

That view is certainly confirmed by the debate around climate change.

There's a lot of noise in the data. It is hard to isolate cause and effect. But there is now an effective consensus among the world's leading scientists and serious and well informed people outside the scientific community that there is a discernible human influence on the climate, and a link between the concentration of carbon dioxide and the increase in temperature.

The prediction of the IPCC is that over the next century temperatures might rise by a further 1 to 3.5 degrees centigrade, and that sea levels might rise by between 15 and 95 centimetres. Some of that impact is probably unavoidable, because it results from current emissions.

Those are wide margins of error, and there remain large elements of uncertainty - about cause and effectand even more importantly about the consequences.

But it would be unwise and potentially dangerous to ignore the mounting concern.

The time to consider the policy dimensions of climate change is not when the link between greenhouse gases and climate change is conclusively proven ... but when the possibility cannot be discounted and is taken seriously by the society of which we are part.

We in BP have reached that point.

It is an important moment for us. A moment when analysis demonstrates the need for action and solutions.

To be absolutely clear - we must now focus on what can and what should be done, not because we can be certain climate change is happening, but because the possibility can't be ignored.

If we are all to take responsibility for the future of our planet, then it falls to us to begin to take precautionary action now.

Pause...

But what sort of action? How should we respond to this mixture of concern and uncertainty ?

I think the right metaphor for the process is a journey.

Governments have started on that journey. The Rio Conference marked an important point on that journey. So was the Berlin review meeting. The Kyoto Conference scheduled for the end of this year marks another staging post.

It will be a long journey because the responsibilities faced by governments are complex, and the interests of their economies and peoples are diverse, and sometimes contradictory. But the journey has begun, and has to continue.

The private sector has also embarked upon the journey... but now that involvement needs to be accelerated.

This too will be long and complex, with different people taking different approaches. But it is a journey that must proceed.

As I see it, there are two kinds of actions that can be taken in response to the challenge of climate change.

The first kind of action would be dramatic, sudden and surely wrong. Actions which sought, at a stroke, drastically to restrict carbon emissions or even to ban the use of fossil fuels would be unsustainable because they would crash into the realities of

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As I see it, there are two kinds of actions that can be taken in response to the challenge of climate change.

The first kind of action would be dramatic, sudden and surely wrong. Actions which sought, at a stroke, drastically to restrict carbon emissions or even to ban the use of fossil fuels would be unsustainable because they would crash into the realities of

economic growth. They would also be seen as discriminatory - above all in the developing world.

The second kind of action is that of a journey taken in partnership by all those involved. A step by step process involving both action to develop solutions and continuing research that will build knowledge through experience.

BP is committed to this second approach, which matches the agreement reached at Rio based on a balance between the needs of development and environmental protection. The Rio agreements recognise the need for economic development in the developing world. We believe we can contribute to achievement of the right balance by ensuring that we apply the technical innovations we're making on a common basis - everywhere in the world.

... pause...

What we propose to do is substantial, real and measurable . I believe it will make a difference.

Before defining that action I think it is worth establishing a factual basis from which we can work.

Of the world's total carbon dioxide emissions only a small fraction comes from the activities of human beings, but it is that

small fraction which might threaten the equilibrium between the much greater flows.

You could think of it as the impact of placing even a small weight on a weighscale which is precisely balanced.

But in preserving the balance we have to be clear where the problem actually lies.

Of the total carbon dioxide emissions caused by burning fossil fuels only 20 % comes from transportation.

80 % comes from static uses of energy - the energy used in our homes, in industry and in power generation. Of the total 43 per cent comes from petroleum.

We've looked carefully using the best available data at the precise impact of our own activities.

Our operations - in exploration and in refining - produce around 8 megatonnes of carbon.

On top of that a further 1 megatonne is produced by our Chemical operations . If you add to that the carbon produced by the consumption of the products we produce - the total goes up to around 95 megatonnes.

That is just one per cent of the total carbon dioxide emissions which come from all human activity.

Let me put that another way - to be clear.

Human activity accounts for a small part of the total volume of emissions of carbon - but it is that part which could cause disequilibrium.

Only a fraction of the total emissions come from the transportation sector - so the problem is not just caused by vehicles. Any response which is going to have a real impact has to look at all the sources.

As a company, our contribution is small, and our actions alone could not resolve the problem.

But that does not mean we should do nothing.

We have to look at both the way we use energy ... to ensure we are working with maximum efficiency.. and at how our products are used.

That means ensuring our own house is in order. It also means contributing to the wider analysis of the problem - through research, technology and through engagement in the search for the best public policy mechanisms - the actions which can produce the right solutions for the long term common interest.

FROM: BP AMERICAN WASHINGTON, DC. (MON) 21-11-04 14:14:00

We have a responsibility to act, and I hope that through our actions we can contribute to the much wider process which is desirable and necessary.

BP accepts that responsibility and we're therefore taking some specific steps.

- To control our own emissions.
- To fund continuing scientific research.
- To take initiatives for joint implementation.
- To develop alternative fuels for the long term.
- And to contribute to the public policy debate in search of the wider global answers to the problem.

First we will monitor and control our own carbon dioxide emissions.

This follows the commitment we've made in relation to other environmental issues. Our overall goal is to do no harm or damage to the natural environment. That's an ambitious goal which we approach systematically.

FROM BP AMERICA WASHINGTON, DC. (MON) 3:15 PM '94

Nobody can do everything at once. Companies work by prioritising what they do. They take the easiest steps first - picking the low hanging fruit - and then they move on to tackle the more difficult and complex problems. That is the natural business process.

Our method has been to focus on one item at a time, to identify what can be delivered, and to establish monitoring processes and targets as part of our internal management system and to put in place an external confirmation of delivery.

In most cases the approach has meant that we've been able to go well beyond the regulatory requirements.

That's what we've done with emissions to water and to air.

In the North Sea, for instance, we've gone well beyond the legal requirements in reducing oil discharges to the sea.

X { And now at our crude oil export terminal in Scotland - at Hound Point - which handles 10 % of Europe's oil supplies - we're investing \$ 100 m to eliminate emissions of volatile organic compounds.

These VOCs would themselves produce carbon dioxide by oxidation in the atmosphere.

No legislation has compelled us to take that step - we're doing it because we believe it is the right thing to do.

Now, as well as continuing our efforts in relation to the other greenhouse gases, it is time to establish a similar process for carbon dioxide.

Our carbon dioxide emissions result from burning hydrocarbon fuels to produce heat and power, from flaring feed and product gases, and directly from the process of separation or transformation.

So far our approach to carbon dioxide has been indirect and has mainly come through improvements in the energy efficiency of our production processes. Over the last decade, efficiency in our major manufacturing activities has improved by 20 %.

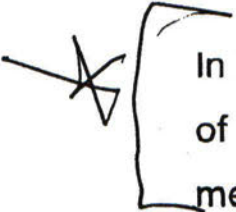
Now we want to go further.

We have to continue to improve the efficiency with which we use energy

And in addition we need a better understanding of how our own emissions of carbon can be monitored and controlled, using a variety of measures including sequestration. It is a very simple business lesson that what gets measured gets managed.

It is a learning process - just as it has been with the other emissions we've targeted but the learning is cumulative and I think it will have a substantial impact.

We have already taken some steps in the right direction.



In Norway, for example, we've reduced flaring to less than 20% of 1991 levels, primarily as a result of very simple, low cost measures .

The operation there is now close to the technical minimum flare rate which is dictated by safety considerations.

Our experience in Norway is being transferred elsewhere - starting with fields in the UK sector of the North Sea and that should produce further progressive reductions in emissions .

Our goal is to eliminate flaring except in emergencies.

That is one specific goal within the set of targets which we will establish.

Some are straightforward matters of efficient operation - such as the reduction of flaring and venting.

Others require the use of advanced technology in the form of improved manufacturing and separation processes that produce less waste and demand less energy.

Other steps will require investment to make existing facilities more energy efficient. For instance we're researching ways in which we can remove the carbon dioxide from large compressors and reinject it to improve oil recovery. That would bring a double benefit - a cut in emissions and an improvement in production efficiency.

The task is particularly challenging in the refining sector where the production of cleaner products require more extensive processing and a higher energy demand for each unit of output.

That means that to make gasoline cleaner, with lower sulphur levels, takes more energy at the manufacturing stage. That's the trade off.

In each case our aim will be to establish a data base, including benchmark data; to create a monitoring process, and then to develop targets for improvement through operational line management.

Monitoring and controlling emissions is one step.

The second is to increase the level of support we give to the continuing scientific work which is necessary.

As I said a few moments ago, there are still areas of significant uncertainty around the subject of climate change. Those who tell you they know all the answers are fools or knaves.

More research is needed - on the detail of cause and effect; on the consequences of what appears to be happening, and on the effectiveness of the various actions which can be taken.

We will increase our support for that work.

That support will be focused on finding solutions and will be directed to work of high quality which we believe can address the key outstanding questions.

Specifically, we've joined a partnership to design the right technology strategy to deal with climate change. That partnership which will work through the Batelle Institute includes the Electric Power Research Institute and the US Department of Energy. We're also supporting work being done at MIT in Cambridge and through the Royal Society in London.

We're also joining the Greenhouse gas programme of the International Energy Agency which is analysing technologies for reducing and offsetting greenhouse gas emissions from fossil fuels.

The third area is the transfer of technology and the process of joint implementation which is the technical term for projects

which bring different parties together to limit and reduce net emission levels of greenhouse gases.

Joint implementation is only in its infancy, but we believe it has great potential to contribute to the resolution of the climate change problem. It can increase the impact of reduction technology by lowering the overall cost of abatement actions.

We need to experiment and to learn... and we'd welcome further partners in the process. The aim of the learning process must be to make joint implementation a viable and legally creditable concept that can be included in international commitments.

We've begun by entering into some specific programmes of reforestation and forest conservation programmes in Turkey and now in Bolivia, and we're in discussion on a number of other technology based joint implementation projects.

The Bolivian example I think shows what can be done.

Its a programme to conserve 1.5 million hectares of forests in the province of Santa Cruz . It is sponsored by the Nature Conservancy and American Electric Power and sanctioned by the US Government.

We're delighted to be involved, and to have the chance to transfer the learning from this project to others in which we are

FROM: BY AMERICA WASHINGTON, DC. (MON) 07:13:37 11/03/2011

involved. Forest conservation projects are not easy or simple, and that learning process is very important.

Technology transfer is part of the joint implementation process but it should go wider and we're prepared to engage in an open dialogue with all the parties who are seeking answers to the climate change problem.

So those are three steps we can take - monitoring and controlling our own emissions, supporting the existing scientific work and encouraging new work, and developing experiments in joint implementation and technology transfer.

Why are we doing all those things? Simply because the oil industry is going to remain the worlds predominant supplier of energy for the foreseeable future.

Given that role we have to play a positive and responsible part in identifying solutions to a problem which is potentially very serious.

... pause...

The fourth step - the development of alternative energy - is related but distinct.

Looking ahead it seems clear that the combination of markets and technology will shift the energy mix.

The world's population is growing by 100 million every year .
By 10,000 just since I started speaking.

Prosperity is spreading. By the end of the century 60 per cent of the world's economic activity will be taking place in the South - in areas which ten years ago we thought of as Third World countries.

Both these factors will shape a growing level of demand for energy.

At the same time technology moves on.

The sort of changes we've seen in computing - with continuing expansion of semiconductor capacity is exceptional but not unique.

I think it is a reasonable assumption that the technology of alternative energy supplies will also continue to move forward .

One or more of those alternatives will take a greater share of the energy market as we go into the next century.

But let me be clear. That is not instead of oil and gas. It is additional.

We've been looking at alternative energies for a long time, and our conclusion is that one source which is likely to make a significant contribution is solar power.

At the moment solar is not commercially viable for either peak or base load power generation. The best technology produces electricity at something like double the cost of conventional sources for peak demand.

But technology is advancing, and with appropriate public support and investment I'm convinced that we can make solar competitive in supplying peak electricity demand within the next 10 years. That means, taking the whole period from the time we began research work, that 25 to 30 years will have elapsed.

For this industry that is the appropriate timescale on which to work.

We explore for oil and gas in a number of areas where production today wouldn't be commercially viable at the moment.

Thirty years ago we did that in Alaska.

We take that approach because we believe that markets and technology do move, and that the frontier of commercial viability is always changing.

We've been in solar power for a number of years and we have a 10 per cent share of the world market.

The business operates across the world - with operations in 16 countries.

Our aim now is to extend that reach - not least in the developing world, where energy demand is growing rapidly.

We also want to transfer our distinctive technologies into production, to increase manufacturing capacity and to position the business to reach \$1bn in sales over the next decade.

I am happy to report that there will be significant investment in the USA and we'll be commissioning a new solar manufacturing facility here in California before the end of this year.

The result of all is that gradually but progressively solar will make a contribution to the resolution of the problem of carbon dioxide emissions and climate change.

...

So a series of steps on the journey. These are the initial steps. We're examining what else we should do, and I hope to be able to announce some further steps later in the year.

Of course, as I said at the beginning, nothing we can do alone will resolve the concern about climate change. We can contribute, and over time we can move towards the elimination of emissions from our own operations and a substantial reduction in the emissions which come from the use of our products.

The subject of climate change, however, is a matter of wider public policy.

We believe that policy debate is important. We support that debate, and we're engaged in it, through the World Business Council on Sustainable Development ... through the President's own Council here in the United States and in the UK where the Government is committed to making significant progress on the subject.

Knowledge in this area is not proprietary, and we will share our expertise openly and freely.

Our instinct is that once clear objectives have been agreed, market based solutions are more likely to produce innovative and creative responses than an approach based on regulation alone.

Those market based solutions need to be as wide ranging in scope as possible because this is a global problem which has to be resolved without discrimination and without denying the

peoples of the developing world the right to improve their living standards.

To try to do that would be arrogant and untenable - when we need are solutions which are inclusive, and which work through cooperation across national and industry boundaries.

There have been a number of experiments - all of them partial, but many of them interesting because they show the way in which effective markets can change behaviour.

We're working, for instance, with the Environmental Defence Fund to develop a voluntary emissions trading system for greenhouse gases, modelled on the system already in place in respect of sulphur.

Of course, a system which just operates here in the United States is only a part of the solution. Ideally such structures should be much wider.

But change begins with the first step and the development of successful systems here will set a standard which will spread.

... pause ...

Ladies and Gentlemen, I began with the issue of corporate responsibility. The need for rethinking in a new context.

No company can be really successful unless it is sustainable. - unless it has capacity to keep using its skills and to keep growing its business.

Of course, that requires a competitive financial performance .

But it does require something more, perhaps particularly in the oil industry.

The whole industry is growing because world demand is growing. The world now uses almost 73 million barrels of oil a day - 16 % more than it did 10 years ago.

In another ten years because of the growth of population and prosperity that figure is likely to be over 85 mbd, and that is a cautious estimate. Some people say it will be more.

For efficient, competitive companies that growth will be very profitable.

But sustainability is about more than profits. High profitability is necessary but not sufficient.

Real sustainability is about simultaneously being profitable and responding to the reality and the concerns of the world in which you operate. We're not separate from the world. It's our world as well.

I disagree with some members of the environmental movement who say we have to abandon the use of oil and gas. They think it is the oil and gas industry which has reached the end of history .

I disagree because I think that view underestimates the potential for creative and positive action.

But that disagreement doesn't mean that we can ignore the mounting evidence about climate change and the growing concern.

As businessmen, when our customers are concerned, we'd better take notice.

To be sustainable, companies need a sustainable world. That means a world where the environmental equilibrium is maintained but also a world whose population can all enjoy the heat, light and mobility which we take for granted and which the oil industry helps to provide.

I don't believe those are incompatible goals.

Everything I've said today - all the actions we're taking and will take are directed to ensuring that they are not incompatible.

There are no easy answers. No silver bullets. Just steps on a journey which we should take together because we all have a vital interest in finding the answers.

The cultures of politics .. and of science ... and of enterprise, must work together if we are to match and master the challenges we all face.

I started by talking about the end of history. Of course it hasn't ended. It's moved on.

Francis Fukuyama who coined that phrase describes the future in terms of the need for a social order - a network of interdependence which goes beyond the contractual. An order driven by the sense of common human interest. Where that exists, societies thrive.

Nowhere is the need for that sort of social order - at the global level - more important than in this area.

The achievement of that has to be our common goal.

Thank you very much.

Rec note about person
who called also had
AIDS & has died. She
~~has subsequently~~
call meant a lot to
her.

RA

Do reply
cc: Sandy Thurman

Copied to
Thurman,
original to Dorskind
for reply 5/26/97

5123197

TO DORSKIND
FOR REPLY

YES

NO

✓
this
cc: left
to Sandy
Thurman



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

#3516952

Maureen Ltr
to parents?

Received
5/22/97

National Cancer Institute
National Institutes of Health
Building 10, Room 13N240
Bethesda, Maryland 20892
Office: (301) 402-0199
FAX: (301) 402-0575

May 16, 1997

William Jefferson Clinton
President of The United States
The White House
1600 Pennsylvania Avenue
Washington, D.C.

THE PRESIDENT HAS SEEN

5/23/97

RE: Brandy Lee Horner
NIH # 27-15-89-2
DOB 02-05-81

Dear Mr. President,

On behalf of the professional staff of the Pediatric HIV Working Group, NCI and the Horner family, I want to convey our sincere thanks to you for taking the time to personally call Brandy Horner and follow-up your conversation with a handwritten note to her. We all got a tremendous laugh from her description of the third degree interrogation she put you through because she initially really couldn't believe that The President of The United States was actually calling her. Once she was convinced that indeed you were "legitimate", she relayed that she was "in such a state of shock I couldn't think of anything else to say". Nevertheless, both she and her family were thrilled that Brandy was the recipient of such a high honor. We are very cognizant of what an extraordinary gesture this was on your behalf, given your busy schedule and tremendous obligations and responsibilities as President.

Your call was part of several very important events that took place during the remaining weeks of Brandy's life, which profoundly affected her and the lives of those around her. Sadly, Brandy died this past week on May 13, 1997. Even those deaths which are anticipated are still never easy. However, Brandy left us with an incredible legacy of strength of spirit and courage of heart that will continue to inspire the efforts of all the scientists, physicians, care providers, families and ordinary citizens who are fighting to eliminate the scourge of this devastating disease.

Thank you for your leadership in the fight against HIV infection and AIDS on a national level and for your willingness to convey your concern on a most personal level to a young girl who fought this illness with everything she had. Through sustained laboratory and clinical research efforts, we will continue to develop and investigate new drugs and approaches to treatment that will benefit as many HIV-infected children and young adults as possible.

Thank you again for all your past and continued efforts on behalf of children and their families facing the challenge of cancer and HIV disease.

With Sincere Appreciation,

Lauren V. Wood, M.D.
Senior Clinical Investigator
Head, Pediatric HIV Working Group
HIV and AIDS Malignancy Branch, National Cancer Institute



THE WHITE HOUSE

WASHINGTON

4/25/97

Dear Brandy

After we talked yesterday
I got your letter and my answers
and re-read them,

I promise you I'll do all I can
to find a cure for AIDS and to keep
developing medicines like protease
inhibitors that are helping so many
live longer, better lives.

I'm glad we got to talk yesterday.
I know it's hard for you now. My prayers
are with you. Thank you again for writing.
God bless you.

Sincerely,

Bill Clinton

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W. B. G. Jr.
W. B. G.

THE PRESIDENT OF THE UNITED STATES

TO: _____

FAX: _____ 202 456 6703

NO OF SHEETS (including cover sheet)

five

'97 MAY 22 AM 11:13

DATE: _____

20 May 1997

FROM: ARTHUR SCHLESINGER, JR

455 East 51st Street, New York, NY 10022

Fax: 212.688.8399

Telephone: 212.751.689

MESSAGE

Postcard
for reply

Dear Mr President:

I very much hope that you will have a chance to look at the attached letter from the National Committee of Concerned Historians. The three recommendations on the second page are moderate and to the point.

It is ironical that Republicans in Congress, who spend so much time bemoaning the alleged neglect by historians of the great men of American history, are taking the lead (with some assists, I regret to say, from the executive director of the National Publications and Records Commission) in cutting back on the editing and publication of the papers of the Founding Fathers. Let it not be said that this wonderful program dwindled off in your administration!

Best regards, as always,

Arthur

NATIONAL COMMITTEE OF CONCERNED HISTORIANS

May 9, 1997

To President of the United States William Jefferson Clinton

The history of our great nation is in jeopardy. A crisis is at hand. We need a new spirit of commitment from the federal government to help protect the historical memory of the United States.

The major reductions in appropriations for the National Endowment for the Humanities (NEH) are now being felt across the land. NEH funding of historical documentary editions has been cut severely. Publishing projects, including the papers of George Washington and Thomas Jefferson, the Documentary History of the Ratification of the Constitution, the Documentary History of the First Federal Congress, the papers of Susan B. Anthony and Elizabeth Cady Stanton, Freedom: A Documentary History of Emancipation, the Thomas A. Edison Papers, and the papers of Presidents James K. Polk, Ulysses S. Grant, and Andrew Johnson, will be slowed drastically. Unless funding levels can be restored, these and many other important documentary publications projects may be forced to shut down.

This funding crisis at the NEH coincides with ill-conceived changes in government priorities at the National Historical Publications and Records Commission (NHPRC). That Commission voted recently to downgrade editions of the papers relating to the Founding Era of this nation in favor of grants to states and grants relating to electronic records. Together, the budget reductions and new priorities threaten the results of decades of basic research that makes the words of those who made our nation's history available and accessible to all.

The federal government has long recognized its responsibility to promote the preservation and publication of important aspects of the history of this country. The Continental Congress launched the first documentary editing project in 1778, when the country was deep in debt and in the midst of the Revolutionary War. Congress supported the publication of the American State Papers over a thirty-year period beginning in 1832. In the twentieth century, such presidents as Theodore and Franklin Roosevelt and Harry Truman have publicly voiced a commitment to the government's obligation to promote an understanding of American history through the publication of nationally significant documents. In recent decades Congress, recognizing the importance of documentary publications, has given bipartisan support and funding to the creation of this American legacy.

A hallmark of a civilized nation is its recognition of the government's responsibility to preserve the collective memory of the people and make it widely accessible to current and future generations. Mr. President and Members of Congress, we urge you to take the following actions to help save our nation from losing its historical memory and its tradition of documentary scholarship:

1. Restore the appropriations of the National Endowment for the Humanities to sufficient levels to provide for its important mission, and, in particular, see to it that the NEH's American Legacy Editions initiative is fully funded so that existing documentary editions can be completed in a timely manner.

2. Support restoration of the publication of the papers of nationally significant individuals and institutions to the top priority of the National Historical Publications and Records Commission and appropriate at least \$6 million for FY 1998 for that Commission's grants program. This is a modest \$1 million increase over last year's appropriation, but it would help meet the immediate crisis and keep many worthy projects from ruin. Thereafter, provide for regular increases of \$2 million per year for FY 1999 and FY 2000 in the grants budgets of the NHPRC to make up for a decade of frozen funding and bring the NHPRC's funding to its statutorily authorized level of \$10 million.

3. Help promote a better understanding and appreciation of American history by launching initiatives for the new century and the new millennium that will expand publication of nationally significant historical collections, not only in book editions but by making these resources widely available through emerging electronic technologies.

The world's longest surviving democracy must make the record of its great experiment accessible to all. We, the undersigned historians, stand ready to assist you in this important endeavor. Much is at stake. Action is needed now.

With great respect and great urgency,

Dr. Stephen Ambrose, Independent Scholar
Professor C. Vann Woodward, Yale University
Professor Jack Rakove, Stanford University
Professor James McPherson, Princeton University
Professor Arthur Schlesinger, Jr., City University of New York Graduate School
Professor Linda Gordon, University of Wisconsin--Madison
Professor Margaret Jacob, University of Pennsylvania
Professor Gordon S. Wood, Brown University
Dr. Stanley Katz, President, American Council of Learned Societies
Professor Laurel Thatcher Ulrich, Harvard University
Dr. Diane Ravitch, senior fellow, Brookings Institution
Professor Barbara J. Fields, Columbia University
Professor Thomas Holt, University of Chicago
Professor Bernard Bailyn, Harvard University
Professor David Brion Davis, Yale University
Professor Emory Elliott, University of California--Riverside
Professor Alice Kessler-Harris, Rutgers University
Professor Edmund Morgan, Yale University
Dean Thomas Bender, New York University
Dr. Robert Ritchie, Research Director, Huntington Library
Professor Daniel Walker Howe, Oxford University

Professor Eric Foner, Columbia University
Professor John Gaddis, Ohio University
Professor John Morton Blum, Yale University
Professor Linda Kerber, University of Iowa
Dr. James M. Banner, Jr., Independent Scholar
Professor Anne Firor Scott, Duke University
Professor Michael Kammen, Cornell University
Professor Louis R. Harlan, University of Maryland
Professor Carol Bleser, Clemson University
Professor Gary Nash, University of California--Los Angeles
Professor George Fredrickson, Stanford University
Professor James Horton, The George Washington University
Professor Michael Schudson, University of California--San Diego
Professor Cheryl Martin, University of Texas, El Paso
Professor Alan Brinkley, Columbia University
Professor Harold M. Hyman, Rice University
Professor T.H. Breen, Northwestern University
Dr. Raymond W. Smock, Former Historian, U.S. House of Representatives
Professor John Demos, Yale University
Professor Lynn Hunt, University of Pennsylvania
Professor Peter S. Onuf, University of Virginia
Professor Sara Evans, University of Minnesota
Dean Peter Stearns, University of Rochester
Professor Carl Degler, Stanford University
Professor Naomi Lamoreaux, University of California--Los Angeles
Dr. Douglas Greenberg, President, Chicago Historical Society
Dr. Lois Horton, Independent Scholar
Professor Thomas Haskell, Rice University
Professor Howard Lamar, Yale University
Professor David Weber, Southern Methodist University
Professor Daniel T. Rodgers, Princeton University
Professor Elaine Tyler May, University of Minnesota
Professor Dorothy Ross, Johns Hopkins University
Professor Mary Ryan, University of California--Berkeley
Professor Michael Frisch, State University of New York, Buffalo
Professor Kenneth T. Jackson, Columbia University
Professor Lary May, University of Minnesota
Professor Kenneth J. Cmiel, University of Iowa
Professor Joan Shelley Rubin, University of Rochester
Professor Jane de Hart, University of California--Santa Barbara
Professor Richard White, University of Washington
Professor Christine Stansell, Princeton University
Professor David Kyvig, University of Akron
Professor Carol Karlsen University of Michigan
Professor Kathryn Kish Sklar, State University of New York, Binghamton
Professor Robin D.G. Kelley, New York University

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Professor Paul Finkelman, Hamline College School of Law

The National Committee of Concerned Historians