

THE WHITE HOUSE
WASHINGTON

DATE: 6-17-97

NOTE FOR: Frank Raines

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

Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc: Chief of Staff E. Bowles



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

Tracy

JUN - 5 1997

MEMORANDUM FOR KITTY HIGGINS
SECRETARY TO THE CABINET

'97 JUN 10 AM 9:49

FROM: Paul Donovan *PD*
Chief of Staff

SUBJECT: Department of Commerce Strategic Plan for the District of Columbia

Attached for transmittal to the President is the Department of Commerce's *Strategic Plan for Supporting the President's District of Columbia Revitalization Initiative* and a memo from the Secretary to the President. The Department developed this plan in response to the President's request on March 11 that every Department produce a plan to support his *National Capital Revitalization and Self-Government Improvement Plan*.

Attachments

(A)

Due

McCaffery radio address proposal. Gen. McCaffrey is concerned about ONDCP's proposed \$175 million anti-drug media campaign and suggests using a radio address to endorse the campaign to help convince Members of Congress of the proposal's merits. ONDCP says that markup of the relevant appropriation bill begins next week in the House. Ann Lewis questions whether a radio address would be very effective absent a news hook that would lead the media to report on it. She notes that it might be possible to work the anti-drug media campaign into a larger radio address about combating drugs. Rahm thinks any radio address we do on this should be keyed to action on the Hill.

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Lewis

Emanuel

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McCaffrey



PERSONAL

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

57 JUN 3 PM 5:16

June 2, 1997

Dear President Clinton:

We need your help. Our proposed \$175 million youth-oriented, anti-drug media campaign is at risk. It has yet to gain broad congressional support from Republicans.

We are now entering the short mark-up period during which the campaign's fate will be decided. Would suggest that using a Saturday radio address to endorse the campaign would help sway those who are still unconvinced about its merits.

There are many demands on your time. Few, however, offer such a potential pay-off. As you know, drug use has doubled among our youth, tripling among eighth graders in the past five years. We are confident this campaign can drive down drug use rates among eighth-graders by fifteen percent within three years. Your intervention will increase our chances of succeeding.

Very respectfully,



Barry R. McCaffrey
Director

The Honorable William Jefferson Clinton
The White House



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

Potential Benefits of ONDCP's Youth-Oriented Anti-Drug Media Campaign

PURPOSE. To suggest the potential benefits of the \$175 million youth-oriented anti-drug campaign on a typical congressional district.

ASSUMPTIONS.

- 1. Without intervention, usage of illegal drugs will continue to rise among America's 68 million children.**
- 2. There are approximately 7,250 eighth-graders in a typical congressional district. This number will not change drastically in the next five years.**
 - If the increase in current usage rates of the past five years among 8th-graders is unchecked, by 2001, 22.8% of eight-graders will be using illegal drugs. That means 1,653 8th-graders in a typical congressional district would be using illegal drugs.
- 3. This \$175 million media campaign, in conjunction with other ongoing drug prevention efforts, will result in a fifteen percent reduction in drug usage rates among our youth.**
 - The annual investment, per child, of this campaign is just \$2.57.

POTENTIAL BENEFITS.

- 1. If the media campaign is fully funded, 551 fewer 8th-graders will be using drugs in each congressional district in 2001.**
- 2. This reduction in use translates into dramatic savings.**
 - Columbia University's Center on Addiction and Substance Abuse estimates that children who smoke marijuana are eighty-five times more likely to use cocaine.
 - A recent study suggests that the saving a high-risk youth (i.e. a current illegal drug user) might prevent costs to society of between \$1.5 - \$2 million -- the estimated damage caused by a typical addict over a life-time of drug use.
 - If this Campaign deters just one 8th-grader in each congressional district from beginning the descent toward addiction, the campaign will have achieved a three-fold return on a modest investment.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF NATIONAL DRUG CONTROL POLICY

Washington, D.C. 20503

Excerpts from May 14, 1997 statement by General Barry McCaffrey, before the Senate Appropriations Committee, Subcommittee on Treasury, General Government and Civil Service

Comments about the \$175 Million Youth-Oriented Anti-Drug Campaign.

- Drug use has gone up among America's youth during the past five years. The principal reasons that more of our children are using drugs is that fewer of them disapprove of illegal drug use and fewer perceive regular drug use as dangerous. The University of Michigan's *Monitoring the Future Study* makes clear this association between attitudes and usage rates.
- Unfortunately, in recent years the number of drug-related public service announcements (PSAs) carried by television, radio, and print media have decreased markedly. The economics of the media industry have made advertising space so competitive that pro-bono advertising has dropped more than 30 percent in recent years. Even worse, virtually no PSAs appear in prime-time.
- We seek to reverse this trend by developing a public education campaign that supplements anti-drug announcements already offered by dedicated organizations like the Partnership for a Drug-Free America under Jim Burke's leadership and the Ad Council.
- The President's FY 1998 budget seeks to fund this targeted educational campaign through the \$175 million provided in ONDCP's Special Forfeiture Fund. ONDCP will also seek matching private sector donations. The campaign will use both paid and public service television announcements to inform youth and their parents of the consequences of drug use.
- Targeted TV ads are among the quickest, most efficient and effective means of reducing drug use. They can modify adolescent perception of drug harmfulness and increase societal disapproval of drugs. They can also reach "baby boomer" parents who may be ambivalent about sending strong antidrug messages to their children.
- Attitudes can be changed with accurate and convincing messages. ONDCP believes this campaign can help to reduce youth drug use dramatically.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503
ONDCP's National Anti-Drug Media Campaign

- **The challenge: To reverse the current sharp rise in illegal drug use by young Americans.**
- **The Problem:**
 - Drug use has been increasing among our youth over the past five years, tripling among eighth graders.
 - This upsurge in drug usage rates was preceded by changing attitudes towards drugs. Young Americans became more tolerant of illegal drug use and less worried about the consequences.
 - Anti-drug messages have declined markedly since 1989, even while messages normalizing illegal drug use have proliferated in popular music, TV, film, Internet, fashion, humor, and other forms of mass communications.
- **The rationale for a funded anti-drug media campaign.**
 - Targeted, mass media advertising works. It sells products and ideas from cereals to seat belt use.
 - Public Service Announcements (PSAs) by themselves are insufficient. They do not reach the right audiences with the required frequency because they air sporadically and in the wrong time spots.
 - Children spend more time watching TV than in school. Other media outlets (i.e. radio, cinema, computer software, the Internet, newspapers, and magazines) are also vehicles to reach young Americans and their parents.
- **Why \$175 million?**
 - The cost of effectiveness -- reaching 90% of all 9 - 17 year olds at least four times a week.
 - In line with per capita costs (< \$1) of publicly-funded CA & MA anti-smoking campaigns.
 - Represents "seed money." Crucial component of the campaign is matching contributions from corporate partners.

The Next Front in the Drug War: the Media

By Barry R. McCaffrey

The nation's youth too often get a pro-drug message from TV, films, and ads, but that's about to be countered

CORPORATIONS spend billions of dollars on advertising because it works. The electronic media – television, radio, film, videos, Internet, CD ROM, and multimedia (including print augmented by color photography) – are the strongest educational tools of the modern world. They change attitudes and behavior among youth in the fastest, most effective way. So if Americans are serious about reducing substance abuse, an aggressive media campaign is a crucial addition to drug prevention at home, in schools, and in communities.

Congress is now considering just such a campaign – our proposal to spend \$175 million to motivate young people to reject illegal drugs. Through support from the media and others in the private sector, this figure could double – allowing us to increase both paid advertisements and public service efforts.

The need is clear

Such an initiative is unquestionably necessary. Even though overall drug use in our country has dropped by half in the last 15 years, teenage drug use rose precipitously. Eighth-grade use, for example, nearly tripled in the last five years. During this period, the number of antidrug public service

announcements fell by 30 percent, and many aired in time slots that attract few children.

The media initiative is only the beginning of a greater educational campaign that will use every tool available to reach US youngsters. Documentaries about the history of drug use, the impact of narco-terrorism, and the link between drugs, crime, and the justice system can be supplemented by factual, dramatic shows about the consequences of substance abuse. Young viewers would be more likely to shun addictive substances if they were better informed about the violence associated with this criminal industry, as well as the health risks posed by illegal drugs.

Today's kids spend more time watching television than attending classes in school. By high school graduation, the average youth has seen approximately 15,000 hours of TV, as compared to 12,000 hours in school. Whether we like it or not, electronic media have revolutionized the way people learn – much as Gutenberg's printing press and movable type changed Renaissance Europe from an oral to a written culture. In the 20th century, mass communication has

brought us back to word-of-mouth, conveying information through speech and pictures that are electronically enhanced to magnify impact.

The media are more than the message; they have become our environment. The signs on buses we see when riding, the eye-catching packaging we view while eating, the music that fills our cars while we're driving, charac-

The idea is not to control young minds, but to offer accurate data that enable individuals to make rational choices.

ters like Roseanne, Seinfeld, or the Bunkers who join our families at home, commentators who bring us news from around the world – all create a media envelope that shapes the way we think.

Because mass media act like a "proxy peer" to our youth, defining culture by identifying what's "cool" and what's not, a broad-based antidrug campaign can

counteract pro-drug messages that youngsters receive from many sources. Ad experts suggest a minimum of four exposures a week, reaching 90 percent of the target audience (mostly children but also parents, coaches, youth leaders, and other adults who work with young people) is necessary to change attitudes. The University of Michigan's "Monitoring the Future" study indicates that changes in behavior are preceded by changes in attitude. We believe that, over a five-year period, the right kind of media campaign – along with other prevention programs – can educate students to reject illegal drugs.

A recent study by the National Institute on Drug Abuse (NIDA) notes that media efforts work best at the community level in conjunction with other programs. To maximize impact, the new campaign will tailor ads to match the age, social, and psychological profile of target audiences. Alan Leshner, director of NIDA, points out that scientific research has established which types of ads achieve good results. For instance, messages that encourage audiences to think about issues – as opposed to celebrities delivering slogans – tend to produce en-

during changes in viewers. Likewise, research-based material is more effective than scare tactics.

Creative minds in the arts and industry can help. We hope the Advertising Council, and the leadership of Jim Burke with the Partnership for a Drug-Free America, will provide experience and talent to help guide this effort.

A powerful counterforce

Education cannot be confined to classrooms any more than morality is limited to religious institutions. The electronic age has seen magazine covers, cereal boxes, food cartons, clothing, video games, and other consumer items turned into billboards. Young people are bombarded by thousands of images, many of which normalize or glamorize drug use. To counter these influences, we must use equally powerful channels of communication.

The idea is not to control young minds. Our purpose is to offer accurate data that enables maturing individuals to make rational choices. Drugs are wrong because they hurt people. We cannot stand idly by while toxic, addictive substances endanger children, family, friends, and neighborhoods.

■ Barry R. McCaffrey is director of the White House Office of National Drug Control Policy.

THE WHITE HOUSE
WASHINGTON

Date 6-3

To: ^{ERSON} John P.
Sylvia

Rahn
Ann Lewis
Barbara Reed

Frank R.

From: The Staff Secretary

Any view on this
suggestion?



To: Todd Stern

From: Ann Lewis 

'97 JUN 6 AM 11:46

Date: June 5, 1997

Re: Letter from General McCaffrey

You asked my opinion about a letter from General McCaffrey suggesting that the President give a radio address endorsing ONDCP's proposed \$175 million anti-drug media campaign.

I don't think such an address would have the desired effect (of building support for the proposal before the mark-up) because :

-- the radio address itself does not get enough public attention unless it is also picked up as news

- -this topic is not likely to be considered newsworthy by itself because it has already been announced.

It might be possible to package a radio address about combating drug use, with more of a newsworthy hook, that includes strong language in support of the media campaign; but I don't know how much impact that reference would have .

The letter did not give a time frame for the mark-up. Right now we have following topics for radio addresses:

June 7 -- WH Conference on Hate Crimes

June 14-- Race

June 21 -- Denver summit/trade/MFN ?

June 28 -- FCC advisory committee


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Sperling/Orszag memo on economic Progress for African-Americans. In response to an article you saw in the Wall Street Journal that asserted African-Americans have not shared in the benefits of the economic recovery. One of the article's principal points -- that the wage differential between otherwise similar blacks and whites is high -- is true, but the wage gap is only one measure of economic well being. The recovery has produced other significant gains for African-Americans, e.g., median family income increased by over \$3,000 between '92 and '95. Memo details other signs of recent African-American gains -- poverty, unemployment, employment -- but Gene/Peter note that we have more to do, especially with younger African-Americans. The teenage unemployment rate was 33.2% in May and the poverty rate was 41.9% in 1995.

THE WHITE HOUSE
WASHINGTON

June 11, 1997

MEMORANDUM TO THE PRESIDENT

FROM: GENE SPERLING
PETER ORSZAG

SUBJECT: Economic progress for African-Americans

You asked for a response to the recent *Wall Street Journal* article that asserted that African-Americans have not shared in the benefits of the recent recovery ("Surging Economy Bypasses Black Men," June 3, 1997). This memorandum provides an initial response. We will also be working with Janet Yellen to examine the issues involved more thoroughly.

One of the article's principal points is true: The wage differential between otherwise similar blacks and whites remains distressingly high, especially for males, and has shown no improvement since the mid-1970s. But the wage gap is only one measure of economic well-being, and the economic recovery has produced significant gains for African-Americans. For example, African-American median family income -- which reflects trends not only in wages, but also in employment and non-labor income -- fell by almost \$2,000 between 1988 and 1992, but increased by over \$3,000 between 1992 and 1995. Median family income for all races did not rise nearly as much -- less than \$900 since 1992 and just over \$1,600 since 1993. And for married couples, African-American median household income rose from 81 percent of white median household income in 1993 to 87 percent in 1995.

In a sense, these recent gains are not surprising, since African-Americans seem to be particularly affected by changes in the overall labor market (James Stewart, "Recent Perspectives on African-Americans in Post-Industrial Labor Markets," *American Economic Review*, May 1997). Therefore, an improved labor market is often particularly beneficial to African-Americans. Some of the signs of recent African-American gains include:

Poverty

- The poverty rate for African-Americans fell from 30.6 percent in 1994 to 29.3 percent in 1995 -- the first time it dropped below 30 percent and its lowest level since the data were first collected in 1959.

-- Between 1992 and 1995, the African-American poverty rate fell by 4.1 percentage points (from 33.4 percent to 29.3 percent), while the overall poverty rate fell by 1 percentage point (from 14.8 percent to 13.8 percent).

-- The EITC pulled more than 800,000 African-Americans, including 455,000 children, out of poverty in 1995.

-- The poverty rate for elderly African-Americans fell from 33.5 percent in 1992 to 25.4 percent in 1995 -- its lowest level on record. The decline in the overall elderly poverty rate was less dramatic (from 12.9 percent in 1992 to 10.5 percent in 1995).

Unemployment

- The African-American unemployment rate fell from 14.3 percent in December 1992 to 9.8 percent in April 1997, before climbing slightly to 10.3 percent in May 1997. For more than two decades -- from August 1974 to December 1994 -- the African-American unemployment rate had never fallen below 10 percent.

-- Between December 1992 and May 1997, the African-American rate declined by 4.0 percentage points, while the overall rate has declined by 2.6 percentage points. The proportional decline was just slightly lower for African-Americans (31.5 percent drop in the unemployment rate) than for all Americans (33.3 percent).

- The unemployment rate for African-American males aged 20 years and over fell from 13.4 percent in December 1992 to 8.4 percent in May 1997.

-- In 1995, this unemployment rate averaged 8.8 percent, the lowest since 1974.

-- The absolute decline in the unemployment rate for African-American males was larger than the decline in the rate for all males (5.0 percentage points versus 2.6 percentage points), and the proportional declines were again almost indistinguishable (37.3 percent for African-American males, and 38.2 percent for all males).

Employment

- A larger percentage of African-Americans were employed in May 1997 (57.8 percent) than during any month on record before 1993. The highest percentage was recorded in November 1995 (58.0 percent).

-- A larger percentage of African-American women aged 20 and over (58.4 percent) were employed in April 1997 than in the history of the series. The percentage fell slightly in May, to 58.1 percent.

- Since January 1993, 1.73 million more African-Americans have found jobs -- seven times

as many had found jobs during the previous four years.

-- These data come from a survey of households and are not strictly comparable with the 12.3 million jobs figure, which comes from a survey of establishments.

Remaining challenges

Despite these recent improvements, however, now is certainly not the time for complacency. As noted above, the wage gap for otherwise similar African-Americans and whites remains stubbornly high -- partially reflecting ongoing discrimination in the labor market. Studies using random testing, in which equally qualified white and black testers compete for the same job, apartment, or other goal, tend to confirm continued discrimination against African-Americans. And numerous economic indicators -- from median income to educational achievement to poverty rates -- point to persistent gaps between whites and African-Americans.

We face particularly difficult challenges with younger African-Americans. For example, the unemployment rate for African-American teenagers was a shocking 33.2 percent in May 1997, relative to 12.7 percent for white teenagers. And the poverty rate for black children was 41.9 percent in 1995, relative to 16.2 percent for white children.

A strong economy may be necessary -- but is unfortunately not likely to be sufficient -- for further narrowing of these gaps between African-Americans and other Americans. In addition to pursuing sound macroeconomic policies, we must therefore continue to remove the lingering obstacles to equal opportunity.

THE PRESIDENT HAS SEEN

6-4-97

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THE PRESIDENT HAS SEEN

Surging Economy Bypasses Black Men

Blue-Collar Workers Face Particularly Daunting Odds

by CHRISTINA DUFF

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—A surging economy is supposed to carry with it all types of people, but low-skilled black males haven't quite caught the wave.

Certainly, the "strongest economy in a generation," to borrow from President Clinton, has lowered unemployment rates across the map and brought all sorts of workers out of the woodwork. "I don't think there's a lot of doubt that improvements have been broad-based," said economist Gary Burtless of the Brookings Institution.

Broad-Based but Unequal?

Broad-based, yes. But equal? Not really. Though the latest expansion has helped both blacks and whites, it hasn't done much to narrow the gap between them. Black workers are making just 76.5% of what white workers make per week—down from the 78% they made in 1990.

Black males in particular are losing ground, especially if they didn't attend college—and only about 14% did. The earnings gap between black male college and high-school graduates has widened four times as much since 1990, as has the gap between their white counterparts. Unemployment is running at 3.5% among college-educated black men—way below the 9.5% among black high-school grads. Comparable figures for white college and high-school grads: 2.1% and 4.0%, respectively. "The premium for black men with a college education is really glaring," said Jared Bernstein, labor economist for the Economic Policy Institute.

Although the jobless rate for adult black men is about the same as for white men—8.9% in April—black men's earnings have fallen more in inflation-adjusted terms than black women's in the current economic expansion. And black women's paychecks are much closer to those of their white counterparts than is the case among black men and their white counterparts.

The hurdles facing blue-collar black males reflect how much the economy has changed over the past decade. Consider Trumark Inc., a Lansing, Mich., maker of underbody car parts. At first glance, Trumark appears the ideal place for low-skilled black men to find jobs. It's in the Midwest, where the economy is booming, and it's run by Carlton Guthrie, a black man who says he prefers to hire black workers.

Because labor markets are so tight, Mr. Guthrie recently had to boost entry wages by \$1 to \$7.80 an hour, "just to attract folks." At the same time, however, auto clients have refused to pay higher prices for Trumark's parts—so Mr. Guthrie hasn't raised them.

Like many businesses, then, Trumark has had to do more work with fewer people to keep profit margins from collapsing. The company is down to just 230 workers from 350 three years ago. "Fewer black men are getting my jobs," Mr. Guthrie said.

'Soft Skills' in Demand

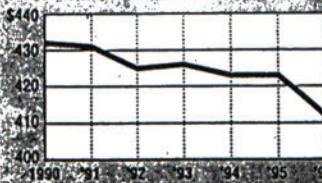
A long-term shift in the workplace is part of what's holding back lower-skilled black men: an emphasis on so-called "soft skills." Now, even factory workers must possess them. For instance, within the past decade, Trumark employees have been required to chart and analyze data electronically, to gauge both the quality and the quantity of what they make.

Many of these prerequisite soft-skills have more to do with personality, attitude

A Rising Economy Leaves Black Men Behind

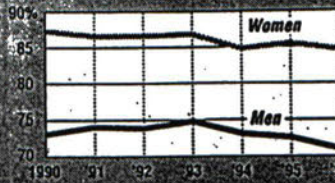
Typical Black Man Is Worse Off...

Median weekly wages, in 1996 dollars to adjust for inflation



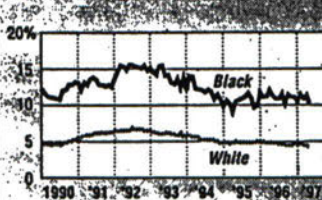
As the Earnings Gap Widens...

Earnings of blacks as a percentage of the earnings of whites, men and women



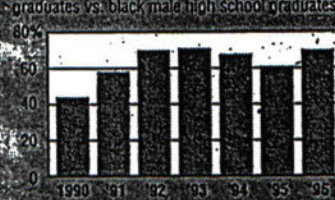
Blacks More Likely to Be Jobless...

Unemployment rates of black men and white men



But College Grads Fare Better

Additional earnings of black male college graduates vs. black male high school graduates



*Economic Policy Institute analysis of Bureau of Labor Statistics data, deflated by the Consumer Price Index.
Source: Bureau of Labor Statistics

and behavior than formal or technical knowledge. Phillip Moss of the University of Massachusetts at Lowell and Chris Tilly of the Russell Sage Foundation, New York, interviewed 56 employers in 1996 in an effort to explain black men's employment problems. They found that businesses rank black men poorly in terms of soft skills. It's "partly stereotype, partly cultural gap and partly an accurate perception of the skills that many less-educated black men bring to the labor market," they concluded. It's "inevitably subjective."

For five years, Trumark has required its factory workers to have problem-solving skills. With just \$45 million in sales, the company is smaller than some competitors and needs workers who can provide good ideas about how to improve, can work well in teams and have good communication skills. Since many workers don't read or write well, they must use graphics and find creative ways to communicate ideas. "It's much different from putting your hand on a button and watching the press go up and down," Mr. Guthrie said. "That won't get it."

Old Jobs, New Tasks

"As job requirements change, black men have suffered," said economist Margaret Simms of the Joint Center for Political and Economic Studies.

No one knows that better than Darrius Scott. He sells flowers on a street corner in an upper-middle-class neighborhood of

Please Turn to Page A10, Column 5

Continued From Page A2

Washington, but wants a better-paying job. Mr. Scott says he recently was turned down from a furniture-making company because his writing skills are poor. "I didn't see how that mattered," he said. Just last week, he was turned down for a \$12-an-hour job at a pension-benefit company because he couldn't use the computer fast enough to complete a simple math test in 20 minutes.

Harry Holzer, economics professor at Michigan State University, conducted a study in April to determine why there aren't higher employment rates among blacks. He found that when jobs don't require any special tasks—like computer use or dealing with customers—36% of them are filled by blacks. But when jobs require one or more of these tasks, only 20% are filled by blacks.

And long-term trends aren't the only factors decreasing the employment opportunities of black men. Trumark's auto clients also are making cost-efficient changes themselves, which squeezes the company. For example, Ford Motor Co. just discontinued its classic Thunderbird model, causing Trumark to lose \$6 million in sales this year. Fifteen workers, Mr. Guthrie said, will lose their jobs as a result.

"The economy is booming, so to speak," Mr. Guthrie said. "But there's a strong current to reduce costs and that has an indirect effect on black males. Often, they're the ones who are let go."

THE WALL STREET JOURNAL
TUESDAY, JUNE 3, 1997

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COS

THE WHITE HOUSE
WASHINGTON

June 9, 1997

Mr. William Underwood
President
Underwood's Fine Jewelers
Post Office Drawer 1223
611 West Dickson
Fayetteville, Arkansas 72701

Dear Bill:

Thank you for your letter and the article supporting the repeal of the estate tax.

Although I don't believe that the estate tax should be repealed, I share your concerns regarding businesses that may be overburdened by estate taxes, and I am committed to ensuring that individuals do not lose family-owned businesses because of them.

In my fiscal 1998 budget, I proposed a targeted estate-tax relief package that would allow estates containing smaller, family-owned businesses to pay the tax liability in installments over a 14-year period with a special 2 percent interest rate. This proposal was intended to address the problem faced by heirs who inherit a family-run business and do not have the liquid assets to pay the estate tax immediately. The budget agreement provides \$85 billion worth of tax cuts over the next 5 years, and although the exact figures have not been worked out, we have established an excellent framework to create a tax cut that will be good for America's family farmers and small-business owners.

I'm always glad to know your perspective. Thanks again for writing.

Sincerely,

Bill

Bill - There will be some
improvements in the estate
tax. - It appears the GOP favors
raising the exemption
limit to some higher number
& would like some specific
consideration for family owned
farm and businesses like yours
we're working on it - Thanks for
writing - Bill

5-15-97

Send to Dorskind

Check with M. Lewis to see if OK
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Staff
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CERTIFIED GEMOLOGIST APPRAISER
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April 28, 1997

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BC Sig per Maureen Lewis



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finds you and your family healthy and well, with your knee on the mend.

These comments by Tim Hutchinson reminded me of my intent to write to you, encouraging your support for the repeal of the estate tax. It is a grossly unfair and burdensome tax for the small business or farm and here is why:

1. Underwood's is fairly typical in that I founded the firm 40 years ago this year with only \$1,000.00 of borrowed money. It's a miracle the store survived with such an undercapitalized beginning.
2. For a jewelry store (as well as most small businesses) to prosper and grow, it requires heavy inventory investments. In the jewelry industry, the average inventory turn is about one time per year, so the inventory is relatively illiquid. And the equipment we use is even more illiquid because of its specialized nature.
3. All of our inventory growth, which has contributed significantly to our growth and success, has been financed from profits on which income tax to the government has already been paid. Not a cent has come from outside, new money, and I imagine that is true with most small Arkansas companies and farms.
4. In the early years in particular, LeAnn and I made personal sacrifices of diverting most of our profits from the store to the building of inventory with after tax dollars. While friends of ours (who did not have inventory demands) were taking vacations, buying new cars, boats, etc., we were both working 60 hour weeks and investing our after tax dollars in the business, which we could hopefully some day pass on to our children and grandchildren.
5. For a family in the jewelry business, this generation linkage is extremely important for the future success of the business. As illogical as it seems, diamond dealers still consummate multi-million dollar deals with only a handshake or your word that you will either return the goods or pay. So the continuation of the generations of honorable dealings is extremely important to those in the jewelry business.



UNDERWOOD



President Clinton
April 28, 1997
Page 2

6. My son, Craig, has spent his entire life in the business and is making the same sacrifices I did. He has three sons and it's probable that at least one of them will follow his career.

But if estate taxes take up to 55% of the value of the business when I die, none of that will happen. My son will have to start anew; our 15 employees will be looking for new jobs; there will be no more profit from Underwood's, so the government will lose that; the owner of the building will be out a tenant; and the ripple effect goes on and on. All because the government wants to tax again assets that were built with after tax dollars from earnings on which tax had already been paid in years before.

It is fundamentally and basically unfair and should be repealed. I believe that one of the greatest legacies you could leave as president is the one of restoring fairness on the part of government. For your lifetime as well as mine, our government has been noted for taking money wherever it can find the money, without regard for the fairness of how that money is taken. I sometimes feel that our government is totally out of control and will spend every cent they can collect, even to the point of bankrupting our country and our citizens.

I had a conversation with David Pryor last week and he told me that last year when he and Bob Dole co-sponsored legislation to modify the estate tax there was no tax bill in Congress that could provide enabling, but there would definitely be a tax bill this year to which it could be attached.

Bill, what is your position on this? And what do you think are the chances of repeal?

Could I hear from you, please?

Sincerely,

William G. Underwood, CGA
President

WGU:vdh

the surrounding area will benefit from five DHL cargo flights a week. The flights will originate at the Greater Cincinnati/Northern Kentucky International Airport and will fly from Fayetteville to Tulsa, Okla.

The flights will be by a Fairchild turboprop Metroliner, Furr said.

airports must direct all cargo service by a major company in decades, Furr said.

He said he is hopeful the arrangement will "nurture something bigger."

DHL Worldwide Express has links to more than 635,000 cities in more than 200 countries.

Hutchinson: Estate tax must go

By MAYLON T. RICE

Times Staff Writer

U.S. Sen. Tim Hutchinson, completing a state-wide listening tour during the past two weeks, says, "it's time to repeal the estate tax."

"During my travel throughout Arkansas I heard numerous complaints about the unfair nature of the estate tax, commonly called the 'death tax,'" Hutchinson said.

"Most Americans spend their entire life working, paying taxes, saving and hoping to pass along what they have earned to their children," Hutchinson said.

Unfortunately, when they die, their "estate" — whether it is a family farm or home — is often taxed at an incredible 55 percent, Hutchinson said.

"It just doesn't make sense to punish thousands of Arkansans — often farmers — who have worked hard their entire lives to earn something which they can pass on to their loved ones," he said.

"Nationwide, nearly 30 percent of all family-owned businesses are passed down to a second generation, and only about 13 percent reach the third generation," Hutchinson said. "The estate tax is among the most significant barriers to the transfer of family owned businesses, farms and ranches."

The estate tax doesn't make sense for a number of economic reasons, Hutchinson said. It raises relatively little revenue for the government. The Internal Revenue Service spends nearly 65 cents of every dollar it receives in revenues in attempting to collect this tax, he

said.

Statistics show the tax reduces economic growth, discourages saving and encourages tax-avoidance schemes. The estate tax has few defenders, except tax attorneys.

There are four bills in the U.S. Senate which would reform the estate tax, and another bill which would completely repeal this unfair tax. Hutchinson is a co-sponsor of all five.

"The estate tax is quite possibly the most unfair, un-American tax which exists," Hutchinson said.

"It's a killer of the American dream. It's been said that the power to tax is the power to destroy. Our government is destroying the American dream if it continues to tax the property or its people," Hutchinson said.

The tax issue has hit close to home, Hutchinson told the Ozark Food Processors Association in Springdale last week.

"My chief of staff's parents own a small cafe in north central Arkansas and they were on the verge of selling it when their accountant laid out the figures," Hutchinson said.

"They've worked hard all their lives, but if they were to sell, it would be to pay the taxes on the sale, that's all," Hutchinson said.

Hutchinson quoted Benjamin Franklin, who once said: "In this world, nothing is certain but death and taxes."



Hutchinson

To Jim Dorst.

Message again this

year

Jim

*cc Economic Advisor
Public Eye for
Embassy of Austria
Washington, D.C.*

The Ambassador

Ms. Nancy Hernreich
Deputy Assistant to the President
Oval Office Operations Director
The White House
Washington, DC 20500

*the President
might want to
do this for
Ambassador
quick*

June 1997

Dear Nancy,

I have the pleasure to refer to our recent telephone conversation regarding the forthcoming meeting of the Austrian American Councils in Washington, D.C. and the proclamation of an annual „Austrian-American Day“ by President Clinton.

Austrian-American Councils were established all over the United States during the past decades with the task of furthering and deepening the bonds of friendship between the Austrian and the American people. These Councils, which mainly consist of Austrian immigrants to this country and Americans of Austrian origin, had the wonderful idea of declaring an annual „Austrian-American Day“ which would, inter alia, highlight the contributions Austrian-Americans have made to American society. President Clinton was kind enough to accede to the Councils' request of proclaiming such an „Austrian-American Day“ on June 25 1996 (the text of this proclamation is enclosed).

As 1997 marks the commemoration of the 50th anniversary of the Marshall Plan which is fondly remembered by Austrians until this very day and tremendously helped to foster the ties of friendship which exist between our two countries and peoples, the Austrian-American Councils decided to proclaim September 26 as the annual „Austrian-American Day“. This date was chosen for the following reason:

On September 26, 1945, a conference of representatives of the nine Austrian Federal States in Vienna. This conference was extremely important because its decisions laid the

1997 JUN 16 PM 11:40

foundation for the recognition of the Provisional Austrian Government also by the U.S. Government. As a consequence, free elections could be held as early as November 1945 and Austria was thus spared the fate of other European countries under Soviet occupation and remained part of the free world.

For your information, I may also enclose a message by the Austrian Federal President, Dr. Thomas Klestil, endorsing the initiative to launch an „Austrian-American Day.

The Austrian-American Councils would be very grateful if President Clinton were to proclaim September 26 as the annual „Austrian-American Day“. This would also be a wonderful reward for their untiring efforts of many decades. I may add that a number of Governors - of Alaska, Georgia, Indiana, Massachusetts, Mississippi, North Carolina, North Dakota, Ohio, Tennessee, Wisconsin - have already proclaimed September 26, 1997 as „Austrian-American-Day“ in their respective States.

In order to celebrate this day, representatives of the Austrian-American Councils from across the United States will gather in Washington, DC from 24 - 26 September, 1997 for their annual meeting. It would be a tremendous honor for them if they could be received by the President at the White House on Friday, 26 September. I would expect that approximately 50 persons will participate in that meeting.

Thanking you in advance for your very kind support and looking forward to hearing from you, I remain,

Very truly yours,

Klestil

THE WHITE HOUSE
WASHINGTON

June 20, 1996

Warm greetings to everyone who is celebrating Austrian-American Day on June 25, 1996. As Austria marks the 1000th anniversary of its name, it is fitting that we pay tribute to the invaluable contributions Austrian-Americans have made to our national heritage.

Austrian-Americans have made a lasting impact on the culture, history, character, and prosperity of our great nation. With your commitment to freedom, family, and community, you have enriched our country's heritage and strengthened every facet of our national life. The abundant gifts of the Austrian people have helped make America strong, and each of you can take pride in your efforts to maintain and advance this important legacy. I commend you for working to ensure that our great country continues to live up to the ideals of liberty and equality on which it was founded. Together, we can create a more peaceful, prosperous world for all of our people.

At this time of special celebration, let us rejoice both in the diversity that is America's greatest strength and in the bonds of community that make us one nation.

Best wishes for a memorable observance.

Bill Clinton

INAUGURAL MESSAGE

BY

AUSTRIAN FEDERAL PRESIDENT
DR. THOMAS KLESTIL

My dear American friends,

It is a particular pleasure for me to address you on behalf of the Austrian people on this day of celebration of the inauguration of President William Jefferson Clinton. I had the privilege of being his guest at the White House during his first term in office and I wish him success for all his endeavors in leading the United States into the next century.

I would like to take this opportunity to present to the American people the initiative of the Austrian-American Councils to proclaim an

ANNUAL
AUSTRIAN-AMERICAN DAY
on September 26th

This year will mark the commemoration of the 50th anniversary of the Marshall Plan which enormously assisted European countries in rebuilding their societies from the devastation of World War II. On a per capita basis, Austria has been one of the greatest beneficiaries of this historic aid program.

Therefore the Austrian-American Councils, an Austrian-American friendship group, considered it most appropriate to suggest the proclamation of an official Austrian-American Day on a permanent basis.

Supported by all Austrian-American organizations throughout the United States, this day will pay tribute to the bonds of friendship between Austria and the United States, to the shared values and the contribution of Austrians to the building of America.

Great names like Supreme Court Justice Felix Frankfurter, giants in economics, like Friedrich von Hayek, Ludwig von Mises, Oskar Morgenstern, Arthur Burns, Joseph Schumpeter and Gottfried von Haberler, were of Austrian origin and among those who came to fame in the United States. Joseph Pulitzer created the famous "Pulitzer Prize." Other immediately recognizable names in the publishing world are August Brentano of the Brentano Book Store and Raoul L. Fleischmann, the co-founder of *The New Yorker* magazine.

Austria's contributions to the United States are well documented and are particularly strong in the arts and sciences. Hermann F. Mark, the Vienna-born scientist, developed at the Brooklyn Institute of Technology such marvelous things as Nylon, Dacron, Orlon and Polystyrene. Professor Victor F. Weisskopf, M.I.T. physicist and member of the Los Alamos' Manhattan Project, and Professor George Low, manager of the Apollo Spacecraft program, certainly have contributed greatly to America's lead in technology.

Victor Franz Hess (physics), Karl Landsteiner (medicine), Friedrich von Hayek (economics)—as well as several others—won Nobel Prizes for the United States. John D. Hertz was the founder of Rent-A-Car. The list of industry leaders of Austrian descent is impressive and too extensive to enumerate here. The same holds true for entertainment: Would Hollywood be the same without Austrian talent? I think of my friend Arnold Schwarzenegger, of Billy Wilder, Fred Astaire and Otto Preminger.

Today, outstanding minds of Austrian descent teach at leading universities throughout the United States, as distinguished scholars, deans or department chairmen, shaping future generations and preparing them for leadership in their respective fields.

(Helmut Tuerk)

cc: Mrs. Mary Ann Peters, Director for European Affairs,
National Security Council

Mrs. Ruth van Heuven, Director, German, Austrian & Swiss Affairs,
Department of State

6/16/97
THE PRESIDENT HAS SEEN USA TODAY
MONDAY, JUNE 16, 1997

Lower wages weren't enough to keep U.S. company abroad

By Paul Krugman

There are some technogurus who believe that cheap "network computers" (NCs) will soon replace personal computers. I don't know a thing about that stuff; like most people, I will just wait until the dust settles, then do whatever everyone else is doing.

What I do know, however, is that there is an interesting story behind the company which introduced the first NC last year. It is a story not so much about technology as about international trade and what that trade means for jobs. It may serve as

a corrective to some of the clichés that pass for wisdom these days. You see, a few years ago Boundless Technologies decided to buck the supposedly inexorable forces that are driving industry away from high-wage countries to the far corners of the Earth — and won big.

Back in the 1980s, Boundless, most of whose employees are in the Long Island town of Hauppauge, went under the name of ADDS (it later changed its name to SunRiver Data Systems, then to Boundless — go figure). It was and is one of the world's largest manufacturers of computer terminals. But in the mid-1980s, suffering from a slump in its business, ADDS decided to do the fashionable thing: It closed its Long Island factory and moved its production to Hong Kong.

And that, one might have supposed, was that. But it wasn't. In 1989 the company decided to move right back to its original location, despite the fact that this meant paying wages 3½ times what it was paying in Hong Kong. And the move was a great success. In the United States, it turned out, the company could achieve very high productivity, although not enough to completely offset the higher wage expense. What really made the difference was that the new/old location put ADDS

closer to its customers. The company had adopted a strategy of offering a very wide range of products (about 4,000 terminal designs); yet its customers often demanded rapid delivery. When the plant was in Hong Kong, the only way to meet that demand was by keeping large inventories in the United States; back on Long Island, the company switched to a Japanese-style "just-in-time" system that reduced inventories to one-eighth their previous level.

It's a happy story. And it is a bit unusual; companies that move production to low-wage countries rarely change their minds that quickly or decisively. But the story of ADDS ought to be a reminder of something too easily forgotten in these days when the rhetoric of globalization is everywhere, when everyone assumes that production will always move to the country with the lowest wage: Advanced countries still have some pretty formidable tricks up their sleeves.

The truth is that it is still not that easy to produce in most Third World countries. Oh, you can bring the book of blueprints along and build something that looks just like an American factory. But usually it won't turn out to work just like an American factory. The workers may be motivated, but they won't be as well educated

or as accustomed to the rhythm of modern production; the managers won't be as skilled or show the same degree of initiative; you will, like ADDS, find yourself far from your customers or far from your network of suppliers, or both; poor roads or even unreliable electricity supply will hamper your operations. Remember Ross Perot and the "great sucking sound" we were supposed to hear as jobs moved south to Mexico? Well, a few American manufacturers have found it possible to achieve 80% or 90% of U.S. efficiency in Mexican plants; but more often than not, it turns out that performance is more like 40% or even 30% of the U.S. norm. Since Mexican wages are indeed a lot lower, this is still good enough to fuel a boom in labor-intensive manufacturing along the border; but for many, perhaps most industries the siren song of the South is easily resistible.

Similar problems can afflict even the Asian "tiger" economies. Thailand has been an economic miracle for the past decade, growing at 9% or even 10% a year by exporting clothing, toys, footwear, and thousands of other simple goods. But other countries, with even lower wages, can also make those things; and so a few years ago its entrepreneurs and government decided to move up

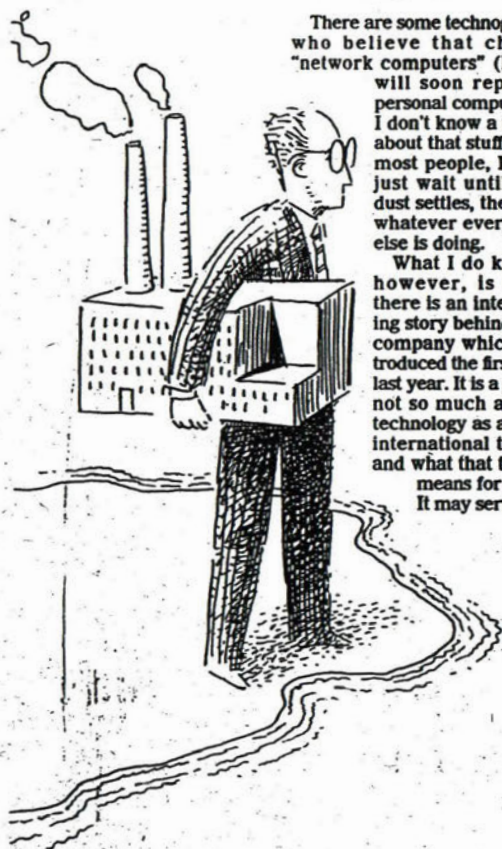
the ladder, to graduate to making more sophisticated goods — like, say, steel. They went out, built state-of-the-art plants, set them in motion — and fell flat on their faces. So far, at least, it looks pretty grim. A plant that in the United States would produce 30 or more "melts" (batches) of steel a day somehow seems to produce only 16 or 17 in Thailand.

Someday the Thais will figure it out, and so will other low-wage countries in Asia and in Latin America. But that will take a while — and by the time Third World industry starts to match Western productivity, it will probably also find that it is paying more or less Western wages. In fact, despite their rising productivity, some developing countries seem to have gotten ahead of

themselves. Increases in South Korea's wages have pushed that country into a massive trade deficit, even though the average Korean worker still earns less than 40% as much as his American counterpart.

It turns out, then, that reports of the end of Western industrial power are a bit premature because this business of being an advanced country is harder than it looks.

Paul Krugman is a professor of economics at MIT and a member of USA TODAY's board of contributors.



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Spelling
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By Sam Ward, USA TODAY

"I really think the president is not committed to giving working Americans, middle-class Americans, a tax cut," Lott said. "I think they are getting positioned to veto the tax-cut provision."

Lott said that starting on Monday, "we're going on the offensive in trying to explain what's in the bill, why it's important to working Americans and what the president is up to."

Gene Sperling, who heads the National Economic Council, said in a phone interview, "Rather than engage in name-calling, the majority leader should explain why they specifically designed their child tax credit to give nothing to 4 million of our most pressed, hardest-working families."

Rep. Bill Archer, R-Texas, who heads the House Ways and Means Committee, said Clinton's proposal on the tax credit would increase costs by giving a government check to people who paid no income tax.

"Tax relief shouldn't go to people who don't pay any taxes," Archer said on "Fox News Sunday."

In a letter urging the president to reconsider, Archer said, "Your proposal in effect increases welfare spending, and does so by taking tax relief out of the hands of middle-income, tax-paying parents with teen-age children."

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None of whom
are from Venus.
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THE PRESIDENT HAS SEEN

6/16/97

Guns

Can't we use them?

Bo

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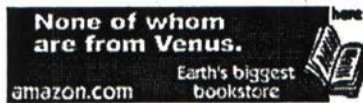
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THE PRESIDENT HAS SEEN

6/16/97

Guns

Can't we use them?

Bo

To Scheduling?

Yes - No

cc: Don Kerrick

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 6/16/97

TO: Scheduling

FROM: Staff Secretary

Forwarded to you for appropriate
action.

cc: Don Kerrick

'97 JUN 16 PM3:32



CHAIRMAN OF THE JOINT CHIEFS OF STAFF
WASHINGTON, D. C. 20318-9999

16 June 1997

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

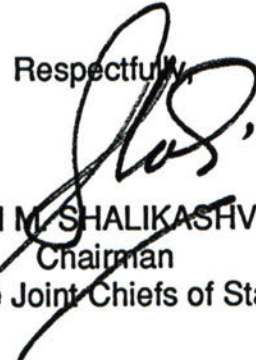
Dear Mr. President,

It is an honor to invite you to attend the next CINCs Conference to be held on 24 and 25 June. In keeping with the objective of shaping the future of our Armed Forces, implementing the findings of the QDR will be central among the numerous issues facing our military as the 21st century approaches.

Your attendance on either day would add considerably to the discussions. Should a busy schedule preclude your participation, an after-action report of the proceedings will be forwarded for your information.

Again, the Chiefs, CINCs and I would be honored by your attendance.

Respectfully,


JOHN M. SHALIKASHVILI
Chairman
of the Joint Chiefs of Staff

THE WHITE HOUSE
WASHINGTON

① Brumby
② L. Brown
③ Ed - 4/8/12/10

June 7, 1997

RECOMMENDED TELEPHONE CALLS

THE PRESIDENT HAS SEEN
6/10/97

TO:

Senate Finance Committee Democrats:

- ✓ Senator Daniel Patrick Moynihan (NY)
- ✓ Senator Max Baucus (MT)
- ✓ Senator Jay Rockefeller (WV)
- ✓ Senator John Breaux (LA)
- ✓ Senator Kent Conrad (ND)
- ✓ Senator Bob Graham (FL)
- ✓ Senator Carol Moseley-Braun (IL)
- ✓ Senator Richard Bryan (NV)
- ✓ Senator Bob Kerrey (NE)

'97 JUN 7 PM 12:08

DATE:

Before Monday, June 9, 1997

RECOMMENDED BY:

John Hilley *John Hilley*
Barbara Chow *Barbara Chow*

PURPOSE:

To discuss the tax mark-up and shore up support for education tax credit.

BACKGROUND:

The Senate Finance Committee plans to markup its Reconciliation tax bill during the week of June 16. Chairman Roth has already begun consultations with his colleagues and may reveal a proposal late in the week. Unlike the House, Roth has indicated that he plans to engage in a genuinely bipartisan process that balances the interests of committee members. The main components are likely to include:

- Child credit similar to S. 2
- Significant IRA proposal (a long-standing interest of the Chairman's)
- Major broad based capital gains cut (will probably not include indexing)
- Large estate tax
- Higher Education tax component (no \$10,000 deduction)
- Host of provisions of interest to specific members

COS
Hilley

6/16/97

✓ Senate Finance Committee Democrats are split on the issue of whether to propose a broad Democratic substitute and will not likely decide on a course of action until after they have reviewed the Chairman's mark. Regardless of the broader strategy, you should be aware that there continues to be almost no support for the Administration's education initiatives even with the modifications announced last week. We are, however, receiving strong support from higher education groups. ACE (umbrella group), NAICU (private colleges), AACC (community colleges), and AAU (research universities) signed a letter praising the Administration's changes and endorsing the HOPE Scholarship, a tuition tax deduction to promote lifelong learning, Section 127 extension, restoration of the student loan interest deduction, a college savings incentive, and elimination of the cap on private institution tax-exempt bonds (Administration does not support). The state colleges organizations have not signed on yet.

Instead, preliminary discussions with Senate Finance Committee Democrats suggest that they intend to support an education package that is likely to look quite different from the HOPE scholarship and education tax deductions we have proposed. It will likely include: permanent Section 127, student interest loan deductibility, school construction tax incentives, tax proposals relating to prepaid tuition plans, and an increase in the education bond cap. This package sums to roughly \$10-\$15 billion with the leftover \$20-\$25 billion allocated for a HOPE-like tuition tax credit and whatever else can be negotiated with the Republicans. There is virtually no support for the \$10,000 higher education tax deduction. At this point, the Democrats seem intent upon including their education ideas within the \$35 billion education set aside, because they believe their proposals would not otherwise be funded. However, this tactic will displace key elements of the Administration's proposals.

Your telephone calls, which Secretary Rubin strongly endorses, are critical to develop support for your education tax initiatives and to reverse course on the Democrats' apparent education strategy described above.

The interests of specific members are as follows. (Although the purpose of the call is to discuss tax provisions, members may also raise health care concerns.)

- **Moynihan:** Two major concerns: 1) Permanent extension of Sec. 127, employer provided education assistance. Costs \$3.7 billion over five years. 2) Raise bond cap on education

bonds. May also wish to discuss academic health center carve-out. You should indicate that this is also a priority for you in the House and Senate and it looks like we will succeed in the House Commerce Committee next week. Senator Moynihan will also want to ensure that New York is not disproportionately affected by Medicaid cuts. He may also wish to discuss plans to redevelop Pennsylvania Avenue. You should thank him for his leadership and continued support on this issue and indicate that you look forward to working with him to get a plan for the Avenue through Congress.

- **Baucus:** Tax incentives for Internet hookups for educational institutions (no revenue estimate). Indicated "a lot of trouble" with \$10,000 education deduction. Interested in significant capital gains cut.
- **Rockefeller:** Has indicated to Secretary Riley that he is willing to be a key ally on the Administration's education tax proposals. In return, he is very interested in your support of his children's health proposal which relies entirely on Medicaid. As you know, the Administration's proposal uses a combination of Medicaid expansions and a new mandatory grant program to achieve the goal of insuring 5 million children. On Friday, Secretary Shalala and Chris Jennings met with him to convey Administration views. They agreed to work with him in emphasizing a Medicaid approach through the Finance Committee. John Hilley has also communicated this separately to Senator Rockefeller. The House is likely to adopt a grant approach. We are hoping for a compromise in conference that parallels the Administration's approach which combines both programs. Administration representatives also made a commitment to provide technical assistance and fulfilled this, by meeting immediately afterward with Rockefeller's staff. Rockefeller is also concerned that the House will reopen the coal miner pension provisions designed to provide benefits to coal miners whose companies have gone out of business or abandoned their commitment to their pension programs. You should indicate strong support for protection of the coal miner provisions.
- **Breaux:** Strong interest in his Kidsave proposal. Would transform child tax credit into a long-term retirement savings account, similar to an IRA. However, would allow children to take a long-term loan against one-half of their

accumulated balance for higher education. Provides a limited \$1,500 education credit but sunsets this after Kidsave generates sufficient funding to pay for education. Breaux proposal contains no education deduction. Original proposal cost \$50-\$60 billion. The Administration has suggested that the Kidsave credit be refundable and broadened the use of the account for children's education and parents retirement. Administration proposal costs \$78 billion (combines child credit/Kidsave).

- **Graham:** Two priorities: 1) School construction (creating an allocable credit to assist in financing the construction, rebuilding, repairing of schools). No revenue estimate but Graham has expressed interest in a proposal in the \$5 billion range. Treasury is working with him. 2) Also interested in tax proposals relating to prepaid tuition deduction similar to Florida plan. Provides tax free withdrawals from prepaid tuition plans. (\$600 million over 5 years). Graham is very interested in Governor Chiles kid's health plan which involves expanding health coverage of uninsured children through schools. The Administration is currently providing options for incentives to move in this direction.
- **Moseley-Braun:** Highest priority is school construction (working with Senator Graham and Treasury). Second highest priority is student interest loan deductibility (\$1.8 billion). Would reinstate interest deduction for student loans which was phased out in the 1986 tax act.
- **Bryan:** Expressed skepticism about the Administration's education tax proposals but support for education. Has not yet indicated interest in a specific tax area.
- **Kerrey:** Strong supporter (with Breaux) of Kidsave. Believes in linking education, savings, and child credit. Likes Kidsave retirement provision because he believes future generations will receive only limited benefits from Social Security. Currently engaged in heated dispute with Secretary Rubin over findings from his IRS commission which has called for an independent board to oversee IRS operational functions.

TALKING POINTS:

1) My top priorities in the tax bill are to preserve the \$35 billion set aside in the budget agreement for the HOPE scholarship and the education tax deduction and to ensure that the costs do not explode in the outyears. Our education initiatives are designed to provide a tax break at a time when they are critically needed. The HOPE scholarship is designed to make grades 13 and 14 universally available. In response to concerns that many of you have made, we have redesigned the credit to make it more progressive and workable by dropping the B minus average and the Pell grant offset. The education tax deduction provides essential tax relief to middle income families. Together, these initiatives are good policy and enjoy widespread support.

2) However, while I am very committed to the \$35 billion education set-aside, it doesn't mean we can't work together on other tax proposals in the context of the larger Reconciliation bill. I am very interested in your ideas. It is essential that we remain united, to develop a tax bill that is good for the country, incorporates our mutual interests and can be enacted.

**CONTACT PERSON AND
TELEPHONE NUMBER(S):****Senator Daniel Patrick Moynihan**

(DC Home) 202-628-1115 (NY Home) 607-278-9922
Staff Contact: Mark Patterson (H) 202-362-4587

Senator Max Baucus

(DC Home) 202-333-8889 (MT Home) 406-442-8819
Staff Contact: David Castagnetti (H) 301-320-6495

Senator Jay Rockefeller

(DC Home) 202-291-2445 (WV Home) 304-345-1926
Staff Contact: Lane Bailey (H) 703-250-6631

Senator John Breaux

(DC Home) 202-543-9011 (LA Home) 318-235-7263
Staff Contact: Susie Owens (H) 301-868-7637

Senator Kent Conrad

(DC Home) 202-543-6946 (ND Home) 701-255-7741
Staff Contact: Kent Hall (H) 703-271-9520

Senator Bob Graham

(DC Home) 202-544-5160 (FL Home) 305-557-1849 or
305-231-9024

Staff Contact: Ken Klein (H) 301-649-3093

Senator Carol Moseley-Braun

(DC Home) 202-546-5853 (IL Home) 773-493-8906

Staff Contact: Bill Mattea (H) 202-547-0753

Senator Richard Bryan

(DC Home) 202-546-3315 (NV Home) 702-362-2511

Staff Contact: Jean Neal (H) 202-547-4176

Senator Bob Kerrey

(DC Home) 202-737-6450 (NE Home) 402-558-7523

Staff Contact: Mary Sherman (H) 202-544-1724

DATE OF SUBMISSION: June 7, 1997

ACTION:

Bill Clinton

THE PRESIDENT HAS SEEN

6/16/97

send copy to B. Lindsey
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on memo only

President of the United States

THE WHITE HOUSE

WASHINGTON

'97 JUN 13 PM 3:50

June 13, 1997

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER
DANIEL TARULLO

THE PRESIDENT HAS SEEN

6/16/97

SUBJECT:

Your Question on Federal Express and
Japan Civair Talks

FedEx is correct in pointing out that Department of Transportation approved applications of Japan Airlines (JAL) and Nippon Cargo Airlines (NCA). Both requests were authorized under the cargo agreement signed in April, 1996, which followed a 1995 agreement granting FedEx important routes from Japan to its new Asia hub at Subic Bay. Had the Department of Transportation failed to approve the Japanese requests, Japan would have refused to authorize new U.S. services for UPS and for a new U.S. entrant, Polar Air Cargo, that was also authorized by the April 1996 cargo agreement.

FedEx sought sanctions in June of 1996, after Japan denied certain limited FedEx services to China. DOT followed in July of 1996 with a formal threat of sanctions. These sanctions have not been implemented. The Japanese have consistently been unwilling to resolve FedEx's problems unless we meet their demands for "equalizing" our passenger civil aviation relations.

We are approaching a decision on how to move forward in civair talks with Japan in a way that both expands opportunities for our carriers and protects existing rights, including those of Federal Express. We want to do so in a way that achieves, or preserves the necessary leverage to achieve, a truly liberalized open skies aviation regime with Japan. As you know, Japan has steadfastly refused to accept an open skies agreement because its airlines are not competitive with U.S. carriers. Federal Express, United, Delta and American have differing, and sometime conflicting positions, though each is amenable to a deal that meets their medium-term commercial needs, even if it falls short of open skies. Northwest, with the largest share of the Japan market, is vehement in its insistence that we accept nothing short of full open skies. We are evaluating all options, including use of sanctions, to address violation of U.S. rights and to increase our leverage to achieve open skies with Japan.

cc: Vice President
Chief of Staff

3950

S Berger

See Mr Martin

Fred Smith set to testify
6/24 bef. McCain

trying to see Stu Nizamat
G. Mitchell talked to Hilley
says delays have cost
Fed Ex 100M in 4 yrs

Is it true that we've expanded
their cargo rights? —

Smith is hot — ~~the~~
sounds like he's right

Staff to Bob Kyle
for URGENT response
by Tues. 6/10

SIB

See me re this.

Fred Smith set to
testify 6/24 before
McCain

Trying to see Stu
Eizenstat. G. Mitchell
talked to Hilley says

delays have cost
Fed Ex 100M in 4 yrs

Is it true that we've
expanded their cargo
rights? Smith is hot

Sounds like he's
right.

JUN 9 9:28

Bob Kyle
need answer to
POTUS by TUES.
Thanks

②

FEDEX ISSUES PAPER ON JAPAN--MAY 1997

- The U.S.-Japan aviation relationship is governed by a 1952 Air Transport Agreement (ATA). The agreement has been amended several times, most recently by the April 16, 1996, Memorandum of Understanding (MOU) on all-cargo services.
- The ATA requires FedEx to file schedules with the Japan Ministry of Foreign Affairs for informational purposes only and requires the Government of Japan (GOJ) to allow those schedules to take effect as filed. Japan complied with the ATA until 1993.
- In 1993 FedEx filed a schedule that included one flight per week to Cebu, Philippines. Japan refused to allow FedEx to operate that flight.
- Following the rejection of that schedule by Japan, there were several rounds of talks between the U.S. and Japan to try to resolve the issue. These talks failed and FedEx filed a complaint against Japan.
- The U.S. government supported FedEx's position and issued an October 1993 decision stating that Japan was in violation of the ATA. The Department of Transportation (DOT) withheld the imposition of sanctions in hopes of resolving the matter through further negotiations.
- Since denying FedEx's right to serve Cebu, Japan has also illegally rejected several FedEx schedules to serve Manila, Jakarta, Bangkok, Shanghai and Beijing.
- Although there have been numerous rounds of negotiations over the last four years, a June 1995 tentative decision to impose countermeasures on the sixth freedom operations of Japan Air Lines (JAL) and Nippon Cargo Airlines (NCA) and a July 1996 tentative decision to impose countermeasures on Japan Air Lines' sixth freedom cargo services, the U.S. government has not taken any meaningful action against Japan for denying FedEx's rights.
- In fact, the U.S. government has strengthened Japanese carriers' operating authorities to the U.S. NCA, in particular, has received an enormous enhancement of operating rights from the U.S. government. The carrier received significant rights in July 1995 during high-level discussions that led to an agreement that allowed FedEx to open its Subic hub. NCA also received tremendous benefits under the April 1996 MOU.
- In September 1996, (while FedEx was awaiting approval of its winter 1996-97 schedule) NCA sought new authority under the U.S.-Japan April 1996 MOU. NCA hypocritically argued that it was entitled to the authority requested and that the DOT's failure to grant such authority would be a violation of the agreement between the two countries. FedEx vigorously opposed the grant of that authority until Japan complied with the bilateral by approving FedEx's schedule filings.

- However, the U.S. government issued an order granting NCA the authority it requested on October 24, 1996--the same day, FedEx was informed by the Government of Japan that it would not be allowed to implement its schedule.)
- In December 1996, (just two months after the rejection of FedEx's winter schedule) Japan Air Lines sought new authority to serve between Tokyo and Atlanta under the U.S.-Japan April 1996 MOU. Because FedEx was due to file its 1997 summer schedule for submission to Japan in January 1997, it strongly urged the DOT to deny JAL's request to serve Atlanta until Japan allowed it to exercise bilaterally-agreed upon rights in Japan.
- On March 19, 1997, FedEx received notice from the Government of Japan that its summer 1997 schedule filing had also been rejected, again, in clear violation of the 1952 bilateral.
- Despite the Government of Japan's rejection of FedEx's schedule, the U.S. government--only eight days later--granted JAL's application, stating: "While we continue to be concerned by Japan's refusal to allow FedEx to conduct bilaterally-authorized services beyond Japan, we do not believe that denial of JAL's request to commence new services under the 1996 MOU will hasten a resolution of that issue or be in the best interests of our overall aviation relationship with Japan." (emphasis added.)
- On April 14, 1997, Japan Air Lines filed an application for renewal of an exemption which authorizes it to provide expanded scheduled all-cargo service between the U.S. and Japan as provided for under the April 16, 1996, MOU. FedEx is strongly opposed to the grant of JAL's application on the basis of Japan's continued violation of the 1952 Agreement. The DOT has not yet rendered a decision in that case.
- FedEx has incurred revenue losses exceeding \$100 million since the fall of 1993 as a direct result of the Japanese government's denial of its legal operating rights. The combination of Japanese government illegal schedule restrictions, the enhancement of Japanese carrier operating rights to the U.S., and the April 1996 all-cargo MOU has significantly increased the dominance of Japanese airlines' market access from 1.7 to 1 (Japan vs. U.S.) in 1993, to 12.1 to 1 (Japan vs. U.S.) in 1996. (See attached chart)
- In all-cargo services, the ability of FedEx to carry traffic to points beyond Japan, consistent with the rights established in the 1952 Agreement is critical to its ability to operate on a level playing field with its Asian competitors and thereby remain a successful competitor in these markets.
- The effect of Japan's illegal conduct on FedEx and our national economy makes it imperative that our government address this issue aggressively and decisively.

THE PRESIDENT HAS SEEN
6/16/97

Survey
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report to the
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China Buying U.S. Computers, Raising Arms Fears

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By JEFF GERTH

WASHINGTON, June 9 — Since President Clinton deregulated the export of computers in 1995, China has gone on a shopping spree, buying 46 American-made supercomputers and many more that are nearly as powerful, according to Government officials.

The newly acquired computers could be used by the Chinese to design more efficient or lighter nuclear warheads that could be put on missiles capable of reaching the United States, American intelligence officials and nuclear experts said.

Several officials said they have suspicions — but no direct evidence — that China is using the powerful computers for this purpose.

Clinton Administration officials who defend the 1995 policy said they believe that the civilian purchasers in China are making sure the equipment is not diverted to military uses.

Gary Samore, the senior director for nonproliferation and export control at the National Security Council, said, "We don't have any information that these computers are being used by the Chinese for military purposes, including nuclear weapons."

At the same time, Mr. Samore said, there were no formal military or intelligence investigations of that question. The Government's knowledge, he said, was drawn largely from the computer companies.

There are disagreements among American officials about the importance of the Chinese purchases of supercomputers. But Gary Milhollin,

Continued on Page A8

Continued From Page A1

a nuclear expert in the private sector, said of the 46 supercomputers, "For the first time these give China access to a larger number of computers in this range, and that's a big jump for the Chinese."

The supercomputers sold to China would allow the country to significantly improve its nuclear weapons by processing huge amounts of data from very small underground nuclear weapons tests. These tests are currently banned by international treaty, but the high-performance computers would allow the Chinese to conduct weapons tests with explosions so small that they would be undetectable by outsiders, said American Government officials who requested anonymity.

Under the 1995 policy, most supercomputers sold for civilian purposes do not need to be licensed for export by the Federal Government. Exporters consequently cannot be required to track how they are used.

The disclosure earlier this year that American companies had sold supercomputers to two Russian nuclear facilities prompted Congress to ask for an accounting of how many had been sold to other countries.

At the time, the Republican chairman and the ranking Democrat on the House National Security Committee asked the President to "refrain from further" deregulation of supercomputer exports and to reassess the national security risks of allowing exporters to decide who may buy supercomputers.

"We think many of the supercomputers sold to China are being integrated into the military weapons development area in a way that is going to make their weapons more sophisticated and lethal, and this could

jeopardize our own national security interests," said Senator Thad Cochran, Republican of Mississippi, chairman of a Senate subcommittee overseeing the issue.

Clinton Administration officials said today they were satisfied with deregulation. They argued that it would be nearly impossible for the United States to effectively prevent the Chinese from obtaining these computers from other sources.

The Commerce Department has been investigating last year's sale by Silicon Graphics of a supercomputer that performs almost six billion operations per second, operating at 10 times the speed of the fastest personal computer, to a Chinese science academy. The company says the

Deregulation helped companies, but may have hurt security.

buyer is a benign civilian institution, but according to nuclear experts, the academy has other functions, including helping China develop long-range missiles. The Justice Department is also investigating another Silicon Graphics supercomputer sale in 1996, to a Russian research institute that also serves as a nuclear weapons laboratory, the officials also said.

"One reason I ran for President was to tailor export controls to the realities of a post-cold-war world," President Clinton wrote in a September 1993 letter to Edward McCracken, the chief executive officer of Silicon Graphics.

In his 1992 campaign, Mr. Clinton

received important political support from executives of high-technology companies, including Mr. McCracken.

Shortly after the President's 1993 letter, the Administration took its first steps toward decontrol. In October 1995 President Clinton announced that he would relax export controls on all but the most powerful supercomputers to help American companies compete abroad, saying the system would "adjust to the global spread of technology while preserving our vital national security interests."

But by eliminating the need for licenses on most computer exports, the President shifted some national security responsibilities — avoiding the misuse of sensitive technology — from the Government to the computer industry.

The Under Secretary of Commerce for Export Administration, William A. Reinsch, said the department was investigating some cases of unlicensed export of supercomputers to China and Russia, which could uncover more information about how the computers are being used. But he insisted the relaxation of controls was a realistic solution since rapid changes in the flexibility and availability of computer technology make it easy for purchasers to circumvent controls.

"Where do you draw the line to be absolutely certain that no one in China has a supercomputer? The only way is to insist on validated licenses on all computers and then deny them," Mr. Reinsch said.

Another obstacle was thrown up when diplomatic and intelligence officials, wanting to protect their sources, refused to allow the Commerce Department to publish a list of buyers suspected of nuclear activity, according to Mr. Reinsch. Then

earlier this year, 16 months after the White House promised that the Commerce Department would keep manufacturers informed of nuclear proliferation risks, the department publicly disclosed one name of a suspected nuclear facility — an Israeli university.

Mr. Reinsch says more names will be disclosed soon, a move industry officials say they favor.

Robert Rarog, a spokesman for Digital Equipment Corporation, which has sold supercomputers to China, said his company feels that the deregulation "basically works" but that "the Government has to step up to the plate" and disclose questionable buyers "to level the playing field for U.S. companies" who compete with foreign manufacturers that may be less diligent.

In early 1996, Government nuclear experts asked the Commerce Department to provide supercomputer manufacturers with a list of sensitive nuclear sites in Russia and China to prevent misuse of their technology, but the Administration turned down the request, according to Mr. Milhollin, the director of the Wisconsin Project on Nuclear Arms Control. A Department of Energy spokesman confirmed Mr. Milhollin's account.

In an interview, Mr. Milhollin compared the relaxation of export controls to the 1980's deregulation of the savings and loan industry.

"The decision to decontrol supercomputers, without adequate safeguards was the equivalent to the deregulation of the savings and loans — the industry benefited but the public welfare and security was sacrificed."

A Senate subcommittee headed by Mr. Cochran will hold a hearing on the deregulation issue on Wednesday.

The New York Times

TUESDAY, JUNE 10, 1997



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By BARBARA CROSSETTE

UNITED NATIONS, June 10 — An American relief expert who has just returned from a weeklong visit to North Korea said today that he had seen kindergarten classes where malnourished children were too weak to stand, and that he had driven along provincial city streets devoid of old people.

The elderly, he was told by a senior North Korean official, had stopped eating to keep their grandchildren alive.

The relief official, Andrew S. Natsios, a former director of foreign disaster assistance for the United States Government and now vice president of World Vision, a private agency, said he had seen hundreds of people with big plastic bags combing scrubland for weeds, wild roots and leaves to eat. Some of what they picked would only make them sick and further weaken them.

Relief agencies say they cannot estimate the number of casualties from food shortages in North Korea.

"There are reports of large numbers of people too weak to plant the rice crop, which is being planted now," Mr. Natsios said in an interview from Tacoma, Wash., where he returned on Sunday from North Korea. His trip took him across the North Korean countryside to three cities, including Pyongyang, the capital of the isolated Communist country of 23 million people.

North Korean leaders have been reluctant to acknowledge a widespread famine beyond the crop shortfall caused by flooding in 1995 and 1996. Donor governments and independent relief agencies are coming to the conclusion that North Korean agricultural policies have done more damage than the floods, which Mr. Natsios said account for only about 15 percent of food deficits. He said that in some areas where the World Vision team was told that floods were to blame he saw no evidence of water damage.

"They are calling the army out to plant the rice, which I found instructive," he said. "Why would they call the army to plant the rice crop — they've never done that before — if things are going well?"

But on this trip, Mr. Natsios, whose agency has collected \$4.5 million in food and medicine for North Korea, said that officials who approved his visit were more willing to admit they needed international help. One official told him, "We are in trouble." He added that outside experts had only begun to assess the depth of North Korea's food shortages and incidence of malnutrition, and then only in pieces, since foreigners have not been allowed to visit half the country.

As a Government relief coordinator in the early 1990's, Mr. Natsios played a major role in drawing the attention of the United States and the world to starvation in Somalia. His agency is part of an independent network of 13 groups, the Committee to Stop Famine in North Korea, that is urging Washington and private citizens to increase donations to the North Koreans.

The committee, which began a modest television advertising campaign in May, says that the United States, South Korea and Japan, motivated by politics, have not responded adequately to the North Korean crisis, in part because the public does not see pictures of suffering from this secretive dictatorship.

"In 1984, the American people saw pictures of Ethiopia and came to its aid," one of the television spots says, as the screen goes blank. "There are

no pictures of North Korea."

Clinton Administration officials say they are not holding North Koreans hostage to progress in talks aimed at lowering tensions generally on the Korean Peninsula. On Monday, the State Department spokesman, Nicholas Burns, said that \$25 million in American food aid was arriving in North Korea about now and that "food aid will go on" whether or not the North joins talks.

Bill Richardson, the United States representative at the United Nations, said in a recent interview that "the reality is we know little about the degree of the problem, although it is very severe."

"The big concern that we have is whether some of the food assistance that we are giving is reaching the average person," Mr. Richardson said. "We know the military may be provided with the bulk of the food aid. But our policy is to deal with the food issue on a humanitarian basis."

Park Soo Gil, South Korea's United Nations representative, said the North Korean military could release some of its food supplies, or spend some of the disproportionate military budget on public welfare. Providing food only saves the military money for other purposes, he said.

Mr. Natsios, who said he had been told that the military had already opened its food warehouses to meet

some famine needs, drew a parallel to the situation in China in the late 1950's when famines created by Mao Zedong's agricultural policies may have killed 30 million people and undermined the loyalty of soldiers who saw their families starving. Mr. Natsios said North Korea would have to worry about disaffection in the military if starvation began to take a major toll.

The World Vision team that just returned from North Korea visited an orphanage in Pyongyang and found that half the children there were seriously malnourished, Mr. Natsios said.

In the capital, relief agencies say, the food ration is now 450 grams a day, a survival level. In the countryside, the food ration — where food is still available — is down to 100 grams a day, not enough to live a normal life and go to work.

Last week, the United Nations World Food Program said the Government's food stocks would run out by June 20. The reduced levels already present a stark picture, Mr. Natsios said, recalling his visit to a home in Sariwon, south of Pyongyang.

"We stopped and asked to see the head of the household, and I said to him, 'What are you eating?'" Mr. Natsios said. "He showed us a bowl that looked like a small cereal bowl, maybe twice the size of a teacup. It was full of cornmeal gruel, white cornmeal with a lot of water in it, kind of the consistency of watered-down Cream of Wheat. He said he got three of those a day."

Last week, in a kindergarten in the industrial city of Huichon, about two-thirds of the way between Pyongyang and the Yalu River border with China, the World Vision team examined children who showed all the classic signs of malnutrition, Mr. Natsios said.

The children had wasted bodies, with body fat gone and only skin and

THE PRESIDENT HAS SEEN

6/16/97

The New York Times

WEDNESDAY, JUNE 11, 1997

bone left. They also had swelling around the eyes, a sign of edema, when water collects in skin tissue. Their hair was often discolored or falling out, a sign of the protein deficiency known as kwashiorkor.

"When a kid in Korea has brown hair or red hair or hair streaked with blond, you know something's wrong," Mr. Natsios said. He began looking at other age groups for signs of trouble.

"The thing I noticed in Huichon, which I found quite striking, is that there were virtually no people over 60 on the streets, which in an Asian

Kindergarten children too weak to stand and old people who won't eat.

society is very unusual," he said. "The explanation was that the elderly are not eating to keep their grandchildren alive."

Mr. Natsios said he wasn't sure that was not a contrived answer until he started talking to other nongovernmental organizations like the Red Cross "and they had the same answers from people like doctors."

"Doctors don't usually make things up," he said. "They said that the elderly were the most malnourished group after the children, and that they do this deliberately to keep the children alive."

Mr. Natsios said that he was not waiting for television pictures of starving Koreans — like those of starving Somalis or Ethiopians — to sound an alarm.

"If you see pictures of mass starvation, you're too late," he said. "It is too late to help them."

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6/16/97

gerian Navy Shells erra Leone Rebels

e Draws Counterattack in Capital

By James Rupert
Washington Post Foreign Service

ROVIA, Liberia, June 2—Nigerian troops off Sierra Leone bombed the capital today, targeting the rebel government. The rebels then overthrew the elected government last week. The rebels then overthrew the elected government last week. The rebels then overthrew the elected government last week.

The Nigerian military command is not clear what effect the fighting will have on efforts to negotiate the rebels' surrender, which has been the goal of a Nigerian-led peacekeeping force by the Economic Community of West African States. The Nigerian attack came after negotiators failed to win such an agreement from the rebels—a fractious alliance of soldiers and rural-based fighters—reportedly are badly divided on whether to fight or surrender.

The Nigerian military command is not clear what effect the fighting will have on efforts to negotiate the rebels' surrender, which has been the goal of a Nigerian-led peacekeeping force by the Economic Community of West African States. The Nigerian attack came after negotiators failed to win such an agreement from the rebels—a fractious alliance of soldiers and rural-based fighters—reportedly are badly divided on whether to fight or surrender.

Other African states and the United Nations have voiced concern over the Nigerian attack. White House Secretary Michael McCurry said the United States is "interested in ending the violence" and backs the installation of a cease-fire.

Before dawn, Nigerian ships shelled Freetown and continued bombardment sporadically throughout the day. Reporters in the city shelling appeared to target a headquarters in the eastern part of the city, but there was no confirmation of the shells hit.

Nigerian forces also seized Freetown international airport, across the city north of town, and said they would use it to reinforce their deployment around the city.

Rebel fighters reinforced their defenses at key sites in Freetown and the Mammy Yoko, a beachfront hotel there about 1,000

West African foreigners and a few foreign journalists are staying. Residents scurried to the hotel's basement and hid as attacking Sierra Leoneans fired rifles into the building, shattering windows in the lower floors.

"The Nigerians are trying their best, but they're running out of ammo," said a hotel guest quoted by the Associated Press. Reports said four to six Nigerian soldiers had been wounded by afternoon, when the attack appeared to let up. The hotel had served in recent days as the staging point for an evacuation of Americans and Europeans by U.S. helicopters.

The city's main hospital reported four more dead from gunfire elsewhere. Sierra Leonean journalists said at least one shell fell into the Aberdeen neighborhood, east of the hotel, killing a couple and a child. Reports conflicted on who fired the shell.

Freetown residents have broadly condemned the coup and demanded restoration of civilian President Ahmad Tejan Kabbah, who has fled to Guinea. But many criticized the Nigerians' use of force, and rebel leaders sought to use the issue to gain political ground.

Rebel-controlled state radio encouraged residents to protest the Nigerian attacks—and in the city center, at some distance from the combat, hundreds of residents did so. "Let us come together so as not to allow foreigners to come and destroy our motherland. . . . We are ready to fight such people to the last," a rebel spokesman, Mohammed Saidu Kamara, declared on the radio.

Diplomats in the region expressed surprise at the Nigerian attack and concern about its possible effects. "We have all along insisted on a negotiated settlement. This morning's attack came as a surprise," said Foreign Minister Kwamena Ahwoi of Ghana, which sent soldiers into Freetown with the Nigerians last weekend.

The rebellion began May 25 when soldiers, upset over unpaid wages and ethnic issues, seized government buildings and freed and armed prisoners from the main jail, including the coup's leader, Maj. Johnny Paul Koroma. The gunmen looted Freetown for days, smashing into homes and businesses and stealing cars.

Officials Rerouting Bosnian Muslims Trying to Return Home

By Jonathan C. Randal
Washington Post Foreign Service

SANSKI MOST, Bosnia—On a military map, colored grease pencil arrows stabbed north across Bosnia's cease-fire lines. The map, drawn by Alessandra Morelli of the office of the U.N. High Commissioner for Refugees, illustrated widely shared fears that Muslim refugees, increasingly fed up with promises and no action, will force their way home to what is now Serb-held territory with potentially bloody results.

Thousands of refugees returning to Bosnia from abroad are pouring into what Morelli's map labels the "major impact area"—a triangle of land with its apex in this Sana River city in northwest Bosnia and its legs reaching 20 miles to the southeast and southwest to Kijuc and Bosanski Petrovac, respectively. The refugees are seeking to return to their homes, which are now occupied by Serbs, but Muslim officials, assisted by a computerized crisis center that works from 7 a.m. to 9 p.m., are working to find housing for them in Muslim-held Sanski Most and outlying districts.

Western military specialists speculate that if Muslim troops resume hostilities against the Serbs, now protected by international peacekeeping forces scheduled for withdrawal in June 1998, any such drive will be preceded by local incidents involving massive numbers of refugees attempting to cross the lines. If successful, the theory goes, the incidents could spark a panicked retreat of Serbs from the entire western half of Serb-held territory and not just from the Muslim returnees' homes in nearby Prijedor, Bosanski Novi and Banja Luka.

Muslim officials make no secret that returning refugees are being deliberately directed here to increase what one regional mayor joyfully called "the critical mass," and Morelli referred to as a "parking lot rapidly becoming a pressure cooker."

An American soldier conversant with the problem expressed fears the area already was "bursting at the seams," and a local Muslim radio reporter said "we are not far from spontaneous combustion."

Officials here acknowledged that concentrating Muslims within miles of the cease-fire lines is social engineering meant to impress the Serbs. The November 1995 Dayton peace agreement's provides for refugees to return to their homes, but this has been ignored. And, the international peacekeepers, in refugee eyes, decline to enforce it.

Mehmet Alagic, a wartime military leader and now the native son mayor of Sanski Most, routinely tells visitors he has no qualms about increasing the refugee intake. He speaks openly of grouping several families in a single house, often with 10 people in a

room and residents sharing bathrooms.

Sead Cirkin, who organizes Prijedor refugees from an office in Lucsi Palanka 15 miles west of here, said, "I'd gladly move out of my office to make way for another returning family" and would welcome "an explosion because something has to be done to help us go home."

Yet each successive—and often disgruntled—family is putting added pressure on limited housing and job opportunities. The area's population, after the large Serb minority's exodus in October 1995, is almost entirely Muslim and is higher than the prewar figure of 61,000 residents. Plans are afoot to bring in 20,000 more returning Muslim refugees. As many as 5,000 are said to have arrived so far this year by bus or car, and many thousands others are expected when the school year ends.

Foreign governments eager to cut back welfare payments to refugees affect indifference to the repercussions here of their decisions. For example, state governments in Germany, desperate to reduce the costs of caring for more Bosnian refugees than the rest of Europe combined, have begun cutting off social security payments and rescinding residence permits to force their return home.

A 53-year-old woman who returned last month with her son from Germany said she is "too scared" to challenge the Serbs in her home town and is angry at local officials, whom she accused of demanding the equivalent of \$3,000 to stay in the room she had found in the city. As she was speaking, a retired couple first got into, then left, a green minibus used to show newcomers around available housing, much of it as far as 15 miles from the city.

"My husband has a heart condition and must be in the city," she shouted.

But retired engineer Djevad Cusic, his wife, Zekiah, and their 20-year-old son, Jasenko, seemed pleased with the two-room second-floor apartment the committee had found them in a Serb-owned house in a nearby suburb last week.

"We saw bigger places, but they were farther out and needed doors and windows," Cusic said. "We were smart to come when we did. This is big enough for us."

The Washington Post

TUESDAY, JUNE 3, 1997

'97 JUN 13 AM 11:05

FAX TRANSMISSION

DATE: JUNE 13, 1997

TO: TODD STERN
Assistant to the President and Staff Secretary
Fax: (202) 456-2215

FROM: BRIAN K. BOND
Phone: (202) 842-8679
Fax: (202) 289-3863

You should receive 3 page(s) including this one. If you do not receive all pages,
please call (202) 842-8679.

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VICTORY FUND

**GAY AND
LESBIAN****VICTORY FUND**

June 13, 1997

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

'97 JUN 13 AM 11:12

Dear Mr. President:

The Board of Directors of the Gay and Lesbian Victory Fund -- representing members across the nation -- urgently requests your attention to a matter of considerable importance to our community -- the absence of high-level gay and lesbian appointments in the Administration.

Here is the situation we face:

-- The gay and lesbian community is a significant portion of the electorate. The major networks' exit polls from last November showed that 5% of the voters nationwide identified themselves as gay or lesbian. Two-thirds of these gay and lesbian voters supported the Clinton-Gore ticket. In understanding the significance of gay and lesbian voters in the country, it is worth noting that this 5% was only slightly behind the number of Hispanic voters and higher than some of the other core constituencies of the Democratic Party.

-- There is considerable concern in our community that gays and lesbians, although they were clearly part of the Clinton-Gore base, are not represented accordingly in this Administration. In fact, there has not been a single PAS level appointment of a gay or lesbian official in more than four years. There is not even an openly gay or lesbian director of a White House staff office.

-- It is not lost on our community that within hours of taking power in the United Kingdom, Prime Minister Tony Blair appointed an openly gay Cabinet minister. How do the national gay and lesbian organizations which have been trying to work with the Administration explain this to our members across the country?

Brian K. Bond
Executive Director
1012 14th Street NW
10th Floor
Washington, DC 20005
202.842.8679 (Voice)
202.289.3863 (Fax)
victoryf@aol.com (email)

Please know that we very much appreciate your renewed commitment to passage of the Employment Non-Discrimination Act. Likewise, we appreciate your new AIDS initiative. Your Administration has taken a number of steps which our community supports and applauds.

As part of your stated desire to make your Administration "look like America," it is vitally important that the gay and lesbian community be represented in significant positions and appropriate numbers. We know that you are committed to fairness and that this oversight will be rectified.

Respectfully,

Jeffrey B. Trammell

Jeffrey B. Trammell
Co-Chair, District of Columbia

Cindy Abel

Cindy Abel
Georgia

Patricia Banger

Patricia Banger
Colorado

Michael Bauer

Michael Bauer
Illinois

Jerry Cade

Jerry Cade, MD
Nevada

Allen Carrier

Allen Carrier
California

A. Mario Castillo

A. Mario Castillo
District of Columbia

Dorie Clark

Dorie Clark
Massachusetts

Brenda Crawford

Brenda Crawford
California

M. Joy Exiner

M. Joy Exiner
Texas

Tom Goodwin

Tom Goodwin
District of Columbia

R. Christine Hershey

R. Christine Hershey
California

Phil Lacy

Phil Lacy
Texas

William C. Lewis

Bill Lewis
Arizona

John Littlejohn

John Littlejohn
Texas

Carmen Guzman Lowrey

Carmen Guzman Lowrey
Virginia

Amy Maggio

Amy Maggio
Illinois

Bill Melamed

Bill Melamed
California

David Nelson

David Nelson
Utah

Nekki Shutt

Nekki Shutt
Co-Chair, South Carolina

Andrew Reyes

Andrew Reyes
North Carolina

Paige Richardson

Paige Richardson
Oregon

Steve Salzman

Steve Salzman
New York

Joy Tomchin

Joy Tomchin
New York

Steve Tyler

Steve Tyler
California

Timothy D. Warmath

Timothy Warmath
California

Jonathan C. Wilson

Jonathan Wilson
Iowa

Will Woodruff

Will Woodruff
Massachusetts

cc: Gay and lesbian elected officials

G/7

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6/16/97

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Maxin Waters
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100 YEARS AFTER "SEPARATE BUT EQUAL"

BLACK AMERICA'S NEWSMAGAZINE

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SPECIAL REPORT

KEMBA'S NIGHTMARE

A Model Child
Becomes
Prisoner #26370-083

- Drug Sentencing
Frenzy
- Good Kids, Bad
Choices

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KEMBA SMITH FACES 24 YEARS IN A FEDERAL PRISON.
IS SHE A VICTIM OF GET-TOUGH MANDATORY SEN-
TENCING LAWS, HER OWN BAD JUDGMENT OR BOTH?



IT IS 6:30 A.M., AND KEMBA NAIMBI SMITH is preparing for another day in her new life, one that could go down in history books. An attractive, petite and shy 24-year-old, Kemba has received one of the nation's longest prison sentences for being a two-bit player in a drug ring: one year in prison for each of the 24 years she has lived. No chance for parole.

That amounts to tough justice, particularly for a first-time, nonviolent offender, one who even prosecutors say never handled or used the cocaine she was convicted of trafficking and one who received little benefit from its sale. Tough, tough justice, particularly when one hears of the beatings she received from the man she admired, loved and obeyed, the real player in the cocaine trafficking group. It's tough, but is it justice?

Kemba is now inmate #26370-083 and, like a growing number of intelligent, middle-class, African-American women and men, is paying hard time for being young, naive and running with the wrong crowd — cocaine dealers — when the “drug war” is big politics and the judicial system is on automatic pilot. Under legislative orders

KEMBA'S NIGHTMARE

B Y R E G I N A L D S T U A R T

KEMBA IS PART OF THE FASTEST-GROWING GROUP IN THE U.S. PRISON SYSTEM – AFRICAN-AMERICAN WOMEN.

called mandatory minimums, judges are locking up the drug crowd for a long time, regardless of the role any one individual plays.

Kemba is part of the fastest-growing population in the U.S. prison system — the rate of criminal justice supervision for African-American women rose by 78 percent from 1989 to 1994. The number of African-American women in state prisons on drug-related charges has soared 828 percent from 1986 to 1991, according to the October 1995 report by The Sentencing Project, "Young Black Americans and the Criminal Justice System: Five Years Later."

Barring some dramatic act of mercy by the Justice Department or some miraculous change of heart by a law-and-order Congress and president, Kemba may not see freedom until at least 2016. That's five presidential elections from now, 10 congressional contests from now, 20 homecoming games from now, 20 college graduations from now. Her high school dream of becoming a business executive is but a fading memory.

It took less than three years for Kemba's life in the Tidewater area of Southeastern Virginia to change. She went from outgoing high school student in suburban Richmond, Va., to main "mule" (carrying money and weapons) for a drug dealer preying on students at Hampton University, a historically Black institution in Virginia, to near-lifetime resident of the federal prison system. How she got there is a story of tough love, too much love and no love at all.

"Even today it gives me headaches," says Kemba from the Federal Corrections Institution for Women in Danbury, Conn. She is dressed in her standard issue Army brown pants and mint green shirt. She is soft-spoken and shy, and only occasionally flashes a smile that spreads across her face. Still coming to grips with what has happened, Kemba is dismayed at her past actions. "It's unbelievable. I was part of it. Right in the middle. And all along, I'm thinking, 'I'm not doing anything wrong or wrong enough to go to jail.'"

~ MOM AND DAD

KEMBA WASN'T BORN WEALTHY. But she defies the stereotype of most women imprisoned on drug charges. She was born into a solidly middle-class family. She wasn't an addict who sold drugs or committed other crimes to feed her habit. Her background was not that of a poor, inner-city youngster surrounded by the drug culture and with few life choices. She was reared in a comfortable home in the suburbs by parents who are professionals and who nurtured and loved her, gave her guidance and rules to follow. Kemba seemed to have had all the middle-class advantages that are associated with rearing a happy, successful child. Apparently, they weren't enough.

Her parents, William and Odessa Smith, native Virginians, were college sweethearts who were reared by loving parents with values rooted in the Baptist church. The law-abiding couple has worked hard and steady since their days at the Norfolk



Odessa and Gus Smith gave Kemba a comfortable home.

Division of Virginia State College, now Norfolk State University.

Gus, as Kemba's father is called, is 50 and the son of Augustus Smith and the Wilhelmina Dinkins Smith. His late father was the loyal valet to a vice president of the old Seaboard System Railroad Co., and his mother was a homemaker who reared Gus and his sister. He was in Cub Scouts and Boy Scouts. In high school, Gus played trumpet in the school band and sang in the church choir. He studied accounting at college and served three years in the U.S. Army, including a tour of duty in Korea.

Since his discharge from the army in 1971, Gus has worked for volunteer agencies, the last 21 years for the Capital Area Agency on Aging in Richmond, where he is chief financial officer. In addition, he runs his own accounting and tax firm with about 150 clients.

Odessa recalls fondly what she liked about Gus, a cool "Temptations man" of the 1960s, and why she married him almost immediately after college graduation.

"He had a special gentleness about him," recalls Odessa, a petite woman with an inviting smile and soft voice. "He was handsome, very debonair, genuine. I was young and I was in love, and I just believed everything he said. I ate it up."

Gus recalls just as fondly his first impressions of Odessa. It was the fall of 1963, their freshman year in college: "She was poised, attractive, intelligent. Things jelled. We were compatible. We were in love."

Odessa, who turns 51 this spring, was one of nine children born to Flossie and Eugene Adams of Danville, Va. She was her parents' first daughter after six sons. Her dad, a truck driver

"IF PARENTS WERE SKEPTICAL ABOUT THEIR CHILD GOING TO A PARTY, THEY WOULD SEE IF KEMBA WAS GOING.... WE WOULD ALWAYS GO CHECK THINGS OUT."

turned tobacco farmer who died last year at age 91, was about as serious as they come. "If hard work had anything to do with the quality of life, he had a good one," Odessa says.

When Odessa reached the first grade, her family moved from Danville to the rural part of the area. She remembers riding the bus every day, passing White public schools from which Blacks were barred, to the Black high school in Blairs, Va. There she studied hard, was in the drama club and Future Homemakers of America, was student council president and worked on the farm with her dad and brothers.

Dad kept Odessa on a short leash.

"He was just strict," she recalls. "I never really dated in high school. Even for the high school prom, I went, but my brother, David, had to ride in the car." And when the Student Government Association had an out-of-town trip, she recalls her dad really being unhappy about the prospect of his daughter being away from home overnight with strangers.

At Norfolk State, 194 miles from Danville, Odessa pursued a degree in business education. She pledged Alpha Kappa Alpha (AKA) Sorority, Inc. and served as the chapter's secretary; was a candidate for Miss ROTC and met Mr. Right.

College classmates called Gus and Odessa the perfect couple; they married Dec. 27, 1967. Into this union, Kemba was born Aug. 28, 1971.

~ THE EARLY YEARS

AS FATE WOULD HAVE IT, medical problems prevented Odessa, who now teaches in Richmond's public high schools, from having more children. Everything they had would go into making Kemba's life perfect. To her parents, Kemba was an angel. What they thought she wanted, she got. What they thought she didn't need, they worked hard to avoid. No neglect here.

Growing up in the suburban Richmond community of Glen Allen, Kemba got opportunities that her parents never had. She attended modern, predominantly White public schools. She played piano. She took gymnastics and ballet. She was a Brownie and a Girl Scout. She got her driver's license at age 16, the same year she was introduced as an AKA debutante.

In high school, Kemba was active in the foreign language club, Students Against Drunk Driving and, like her mother, the Future Homemakers of America. Just as her father had played trumpet in his youth, Kemba played the flute for the 250-member Marching Panthers



Kemba as a 6-year-old first-grader.

of Hermitage High School. One parent traveled on nearly every band trip and her father was booster club treasurer one year.

"She liked it all," recalls Odessa. Or so it seemed. "Kem was the model child in the neighborhood. She loved science, was curious and inquisitive." Gus adds, "We raised her by the book."

Kemba's parents kept her on a short leash, just as Eugene Adams had done with his Odessa. They made the key decisions for Kemba, from picking her understated wardrobe to choosing her friends. Her first approved date was not until her senior year in high school.

"If parents were skeptical about their child going to a party, they would see if

Kemba was going," recalls her mother. "They knew if Kemba was going, it was 'okay.' Gussie and I were always protective parents because we would always go check things out."

There wasn't much dialogue between Kemba and her parents about the whats, whys and what ifs of life. Despite all the providing and the protecting, there was a certain emptiness that she could not express and her parents did not recognize. Over the years, Kemba became more and more dependent upon her parents to think for her; she simply yielded to avoid confrontations when she differed with them.

Kemba had a curfew and standards of conduct she was expected to keep. It appeared she toed the line well. She only once got a whipping when she was in high school and that was for getting home late from school.

Kemba was a daddy's girl. On days when schools were closed, she worked at her dad's office as his assistant. "He even did her hair better than I did," laughs Odessa. When Kemba needed to confide in someone, she chose him. She had learned early that while Odessa loved her, she did not like to hear bad news. "Even now, she will talk to him and tell him things she may not tell me," Odessa concedes.

But Kemba was developing into a young adult, and by high school she finally was beginning to make some of her own choices.

"Up until high school, most of her friends were White," her mother recalls. "In high school, she began to hang with the Black kids. She still kept her White friends. But she began to learn about racial issues, the history of segregation and just started hanging with Black kids."

Like many teenagers, Kemba also began quietly exploring the opposite sex.

"My mother never really talked with me about relationships with guys," Kemba recalls. "In high school, I let guys take advantage of me. If they asked for money



Hermitage High School band, 1986.

and I thought they were in need, I felt the need to give them some money, especially if I thought they liked me. Not many guys would come see me because my folks were so strict. So I would sneak off to see them. And she [Odessa] never really talked with me about her experience with men. I just saw her taking care of my dad. But I don't blame them for anything."

Kemba had her first showdown with her parents over choosing which college she would attend. After going on one of the popular Southern Black college tours, Kemba decided she wanted the "Black experience," after years of largely White settings. Her first choice was Spelman College in Atlanta, with Hampton and Howard universities tied for second.

For different reasons, neither parent approved.

Gus wanted Kemba to attend Radford, a predominantly White college in Virginia. He reasoned: "It wasn't that far away, they were offering a little money, the tuition was lower than Hampton, Howard and Spelman, and when you go into the real world, it won't be all Black." Odessa believed that historically Black colleges were in better shape than when she and Gus were in college but that Atlanta simply was too far. "I did not want to send my only child that far from home her freshman year."

Spelman did not accept Kemba. But she stood her ground and won a compromise. She persuaded her parents to let her attend Hampton, 73 miles away. The summer before she moved to Hampton, three male friends, aware that she was short on street smarts, warned Kemba, "Don't get hung up with these bad guys."

"They knew I was going to Hampton. They knew it was a party school, and they knew I was naive," Kemba recalls in an interview at the Danbury facility. She thanked her friends, two of whom were already students at Hampton, for the advice.

After graduation in June 1989, Kemba attended the pre-college program, then enrolled in Hampton that fall. Her mother and father helped her move in, making her dorm room "feel like home," stocking it with a color TV and microwave oven.

Pre-college classes had given Kemba a good head start. And indeed, there was a lot more freedom. She made new friends that summer and earned a B grade-point average. By fall, however, when regular classes started, it took only a few days for her to feel she was out of her element.

"When I went to Hampton, and you're surrounded by a



Kemba, at age 16, was an Alpha Kappa Alpha sorority debutante.

bunch of pretty girls, for some reason I felt I really didn't deserve to go to Hampton," says Kemba, wondering aloud whether her father pulled strings to get her admitted. She was an average high school student who didn't blow the roof off the college admissions test.

Self-image suddenly became a problem.

"I had gone to predominantly White schools. In those settings, I thought I was pretty. When I went to Hampton, I didn't feel I was equal to the next pretty girl because I saw them as

"I DIDN'T FEEL I WAS EQUAL TO THE NEXT PRETTY GIRL [AT HAMPTON] BECAUSE I SAW THEM AS MORE POPULAR.... I WASN'T SURE OF MYSELF; MY SELF-ESTEEM WAS LOW."

more popular.... I wasn't sure of myself; my self-esteem was low. I would just look in the mirror and wonder why people were not as attracted to me and why I couldn't be as popular."

Kemba's look in the mirror reflected the wrong signal — that she was a loser. Lost at sea without an anchor, she became obsessed with trying to belong. It did not take long for the "bad guys" to find her.

~ LIFE AT HAMPTON

MUCH OF KEMBA'S first semester was marked by partying with girlfriends at the off-campus apartments of guys (upperclassmen with whom she had gone to high school). Kemba, her roommate and two other girls usually hung together, and Kemba always saw herself as the least hip of the group. Marijuana floated fairly freely at most of the gatherings. "I smoked marijuana a lot, basically because it was around," Kemba says. "We didn't have to buy it. It was weird because nobody considered it was wrong. I didn't know I could go to jail for smoking marijuana."

By the end of the first semester, Kemba was striking out on several fronts. She failed two of her five classes. She also began lying to her parents about her whereabouts. Meanwhile, Derrick Finger, a high school classmate and close friend, accidentally killed himself that fall semester while handling a handgun during a visit to Hampton. It was Kemba's first experience with the death of a friend, and she was devastated by it. Derrick was one of the friends who had warned her about the "bad guys." Suddenly, Kemba was even more alone and more adrift.

The bad grades got Kemba's parents' attention and a warning that she would be called home if things didn't improve. Her mother was equally upset by her request for birth control pills.

"I felt I couldn't talk to my parents about certain issues," Kemba explains. "They always felt I was a little girl. They were strict, and I was scared of their response. We didn't have that much communication. We talked — 'How was school?' — but there wasn't much communication."

Kemba's father suggested that she see JoAnn M. Thomas-Wilson, a Richmond clinical psychologist. Kemba complied grudgingly.

"Kemba was in denial and wouldn't deal," observes Thomas-Wilson, who agreed to discuss the case with the family's consent. Kemba broke off the sessions after a few visits, saying everyone was blowing things out of proportion. In reality, things were already out of hand.

By the end of her freshman year, Kemba was a failing student, a regular marijuana smoker and a party girl who still perceived herself as unpopular. Though she had landed a boyfriend, Derrick Johnson, an upperclassman at Virginia Union University in Richmond, he was being trashed by her girlfriends. Derrick didn't have a car, he wasn't a flashy dresser and he frequently didn't have any money. That was just the opposite style of the fast company her girlfriends were keeping.

Kemba's sophomore year was more of the same. Derrick had become increasingly frustrated with her. He suspected she was lying. Frustrations turned into fights, followed by apologies and more fights and more apologies. His suspicions were right: Kemba had been lying. She had begun to date Peter Michael Hall, a flamboyant young man from New York whom she had seen from a distance her freshman year.

One night in the spring of her sophomore year, Derrick called Kemba, but she was with Peter. Derrick went to Hampton and waited until she returned. When she arrived, he confronted her. They argued. Later, when Derrick told Kemba's



Kemba, kneeling far right, as a Hampton freshman, was in a tight-knit group.

parents he was concerned that she was "messing with somebody who's not good for her," Kemba formally ended the relationship.

Kemba had met Peter at a friend's apartment in Hampton. She had seen him before at several parties. The parties usually involved the "25 Crew," a group of young men, mostly students, that Kemba's girlfriends were close to. "The house could be dead before [Peter] came in," Kemba recalls. "When he did, everybody woke up. After that first encounter, it was like he noticed me and I couldn't wait until I bumped into him again."

Peter was eight years older than Kemba. She didn't know if he was a student and it didn't matter. In a way, he was to

Kemba what Gus was to Odessa. She was swept off her feet by his presence, the way he moved in a crowd and his sexy Jamaican accent. Kemba remembers Peter as "articulate, fun, a charmer, self-confident and crazy. He would start a trend instead of following one. He was very hyper, always had to be going fast, moving. If you didn't go fast, he would jokingly ask, 'What's wrong with you, American?'"

Nearly everyone in Kemba's circle, men and women, seemed impressed with Peter, his clothes, his cars, his commanding presence. Few seemed to know that he had built a rap sheet at police stations in Newport News, Virginia Beach and Hampton. Peter, at that time, was buying cars under false names and selling drugs, according to the government's presentencing investigation report on Kemba, prepared in December 1994. He also was on the radar screen of federal drug agents.

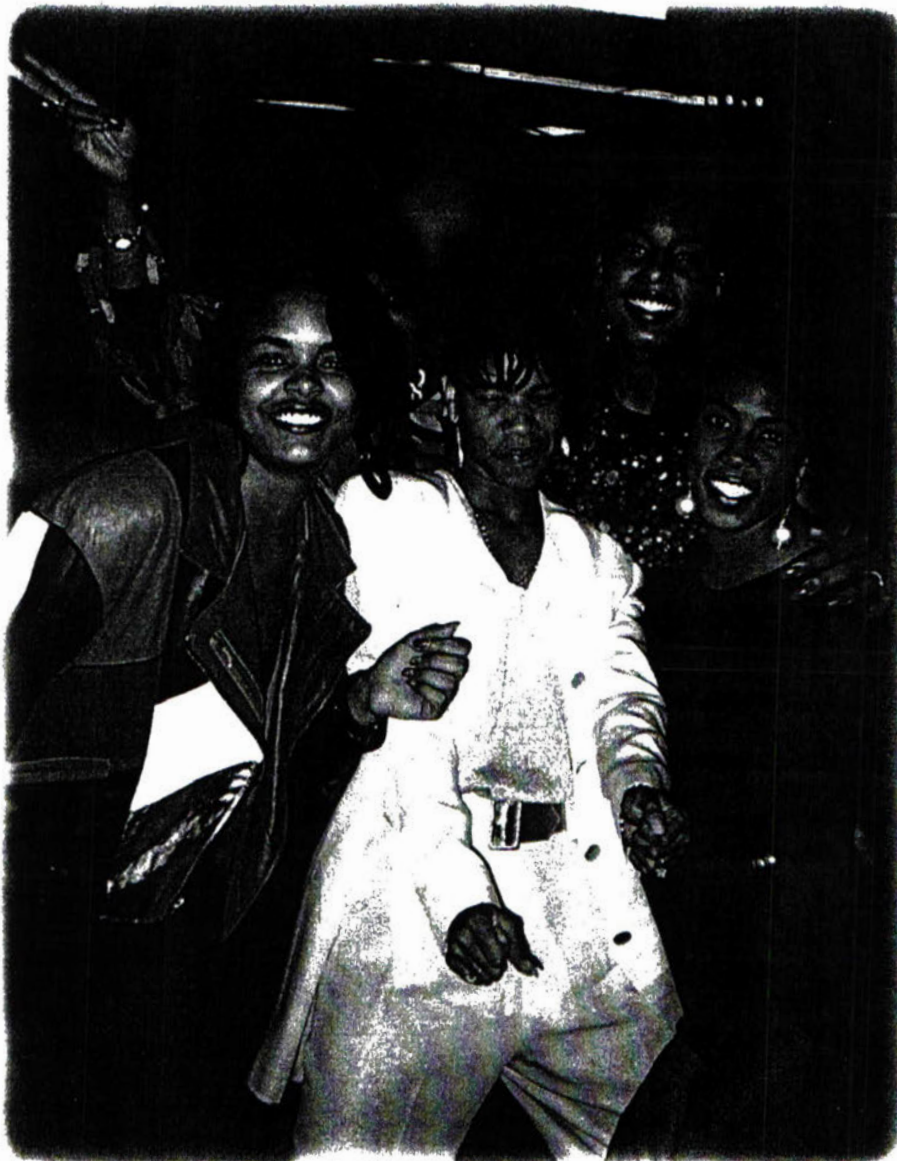
"This guy was just an influential person, a behind-the-scenes nemesis. He was a street demon," says a college friend and former high school classmate of Kemba's who knew Peter casually. He doesn't want to use his name for fear even today of being harassed by Peter's associates. "When his name came up, you never spoke against him. You always knew what you heard about him, different wild stories. The more stuff you heard, the deeper you went into your shell."

Late one night in the spring of 1991, Peter called Kemba. He asked her to meet him. When she came to his car from her dorm room, he asked her about her "booty bag," a reference to an overnight bag. Stunned, Kemba said she had no intention of staying with him and returned to her room. Minutes later, Peter called again, sweet-talked her and soon she was *en route* to his apartment, booty bag in hand. She was scared, especially when he asked her to wear a blindfold on the way to his place. She complied anyway.

If Kemba was impressed with Peter, she was even more impressed with his apartment: "better furniture, better music system, three TVs in one room, big speakers, a tri-level apartment with a garage. I guess it was just different from any guy's I had been in before." With "Let's Chill" by Guy playing on Peter's stereo, the two consummated their relationship.

Almost immediately Peter and Kemba became an item, at least in her mind. She became "the talk" of her crowd. "I had seen the other girls Peter had been involved with before," says Kemba. "They were smart, pretty, dean's list, and I just couldn't believe he went out with me. I had heard he was dealing drugs, but hadn't seen it. I didn't question how he had all these things because it seemed like it was accepted by everybody."

Peter never told Kemba she was his main girl, "but in the



Kemba, center, and friends in spring 1992 at a party in Newport News, Va.

"I HAD HEARD HE WAS DEALING
DRUGS, BUT HADN'T SEEN IT. I DIDN'T
QUESTION HOW HE HAD...THINGS."

summer he showed me. That's when he showed me I meant more [to him] than I thought."

Kemba had gone to Philadelphia with friends for a Greek picnic. It was her first trip North as a college student. Peter, who had come to the City of Brotherly Love separately, called her one night and asked her to come to his hotel room. She thought nothing of it until she arrived. He told her that he had seen her earlier, holding hands for a moment with another man; he wanted to know what it meant. When she explained there was nothing to it, that the man was a total stranger, Peter berated her and warned her of the dangers of such encounters.

"He went off and said, 'I'm going to show you what could have happened.'" He began hitting and choking her. "When I held my hands up to try to stop him, he told me to put them

"I DIDN'T WANT TO LET GO. [PETER] MADE ME, AND I FELT HE NEEDED ME. AND HE SAID HE WOULDN'T [HIT ME] AGAIN. I WAS IN LOVE WITH HIM. WHY? I DON'T KNOW."

down or it would get worse. Some people told me he was crazy, but I thought they meant crazy fun. But nobody had hit me like that before. Finally, it stopped and he went to get some ice. I was ashamed. He made me feel like I deserved that. I was dumb. I was wrong. I believed it.

"The whole night I was shaking in the bed, crying. He was crying too, saying he wanted to teach me.... And I'm thinking in my head, 'As soon as we get back to Hampton, I'm never going to see him again.'" Peter drove Kemba back to campus the next day. She wore shades to hide her swollen eyes. He apologized and said it would never happen again. And yes, she forgave him. "I didn't want to let go," she says. "He 'made me,' and I felt he needed me. And he said he wouldn't do it again. I was in love with him. Why? I don't know."

By the end of summer, Kemba had pretty much moved in with Peter, although her official address was still her campus dorm. She began to change. She was circulating less — missing classes and time with her friends. She and Peter rarely went out because he said he didn't much like American food. So she cooked his meals, kept the apartment clean and cared for his needs.

"Peter dressed me like him. He didn't like for me to wear tight clothes or dresses like a woman. So I wore baggy jeans, tennis shoes, boots, big clothing. And that was not me. I usually dressed like my mother, more conservative." But, if it made Peter happy, it made her happy.

The relationship almost ended when Peter was arrested by Hampton police in September 1991 on state drug and fake ID charges. He was jailed for four months. His friends told Kemba he risked being deported by the U.S. Immigration and Naturalization Service. Putting the pieces together, she then realized that what she heard — that Peter was a drug dealer — was true.

"I was devastated. He was somebody I cared about. I didn't know anybody who'd been to jail before. I felt I had to help him.... He was saying he was scared to tell me about his past because he thought I would leave him. I believed him. He said he was going to change his lifestyle."

Eventually, Peter's brother, Wainsworth Marcellus "Unique" Hall, identified later by federal prosecutors and in court files as an alleged drug kingpin, brought Kemba money to give a Virginia lawyer who got Peter out of jail. (Federal authorities later stated in indictments that the money came from the illegal sale of cocaine.) She delivered it as a good 'mule' was supposed to. Peter was released on

Christmas Eve. Kemba was ecstatic and persuaded her parents to invite him for Christmas dinner.

"It went good," Kemba recalls. "Everybody was getting along. It seemed like my family liked him. I wasn't lying for once. I told my father Peter had been locked up and just got out of jail. My dad, to me, stayed positive. He and Peter went outside and talked by the lake by themselves. I guess my father wanted to make sure everything was all right."

At the lake, Peter told "Mr. Smith," as he addressed Kemba's father, that he had been jailed because he did not have a green card and that it was being straightened out. Gus recalls: "He said all the right things. I told him I was concerned, that I didn't want Kemba associating with the wrong people and he assured me that

U.S. Department of Justice
United States Marshals Service



WANTED

BY U.S. MARSHALS

NAME: HALL, PETER
ALIAS: DWANTS, Reginald; HALL, Wayne
TUKES, Arowaba; ONEAL, Khalif

Sex: MALE
Race: BLACK
Date of Birth: MARCH 13, 1963
Place of Birth: JAMAICA
Height: 5'11"
Weight: 170
Eyes: BROWN
Hair: BLACK
Skin tone: MEDIUM
Scars/Tattoo: UNKNOWN
SSN: 146-66-7501; 224-53-0903
NCIC #: W786243084
NCIC FPC: 14 09 AA 02 05 10 08 AA TT 0 Date of Photo: 1991



WANTED FOR: DISTRIBUTION OF COCAINE, MURDER
Warrant Issues At: EASTERN DISTRICT OF VIRGINIA
Date of Warrant: DECEMBER 8, 1993
Warrant Number: 9483-0124-0089-E

CONSIDER ARMED AND DANGEROUS

HALL IS CHARGED WITH RUNNING A CONTINUING CRIMINAL ENTERPRISE, INVOLVING A LARGE SCALE COCAINE AND MARIJUANA DISTRIBUTION NETWORK. SUBJECT IS KNOWN TO BE ARMED, AND TRAVELS IN THE COMPANY OF FEMALE ASSOCIATES WHO TRANSPORT ARMS FOR HIM.

NOTICE: Before arrest, verify warrant through the National Crime Information Center (NCIC). If arrested or whereabouts known, contact the nearest United States Marshal's Office or call the United States Marshals Service Headquarters at 1-800-336-0102 or (800) 423-0719 (TDD).

U.S. G.P.O. 1992-510-077/0700

Form USM-132 (Rev. 9/92)

Peter Hall was placed on the U.S. marshal's most wanted list in 1994.

PHOTOS: ABOVE, THE U.S. JUSTICE DEPARTMENT; RIGHT, COLLETTE FOURNIER FOR EMERGE



"HE BEAT ME REAL BAD. WITH A BELT. WITH A BRUSH. WITH HIS HANDS.... THEN HE ASKED ME TO DANCE FOR HIM."

he understood and everything was okay. He was very nice, mixed it real well, was well-dressed, articulate, everything you would want to see in a young man dating your daughter."

~ MORE LIES

KEMBA'S PARENTS remained a bit skeptical, but kept their gnawing doubts at bay. For Kemba it seemed like a bad dream had finally ended. There was a warm magic in the air. Something in which she had a role in defining was being accepted. She liked it. The coming year could only get better, she thought. It didn't.

Having all but officially flunked out at Hampton, Kemba transferred in the fall of 1992 to Johnson C. Smith University in Charlotte, N.C. Her parents thought it was her idea; they learned much later that it was Peter's. Federal agents believed he was moving or expanding his drug operation into North Carolina. When her parents decided to pay a visit, Peter called them before they left home, saying that he was leaving for the semester and that Kemba was keeping his furniture. "My father didn't talk much, but he noticed something wasn't right," Kemba remembers. "But he was giving me the benefit of the doubt."

Still, Gus asked her to return home. Bounty hunters for a bail bondsman were calling and visiting the Smiths, asking about

Peter and wanting to talk with Kemba. They also told her father that federal drug agents were looking for Kemba to ask about Peter. Gus told Kemba about the bounty hunters. She, in turn, told Peter. Her parents then asked the county sheriff for help in getting the bounty hunters to retreat. Gus also called the Drug Enforcement Administration to find out why they wanted to talk with his daughter.

Peter suggested Kemba go home but to avoid the bounty hunters. But one day, while at home, a hunter telephoned Kemba about Derrick Taylor, one of Peter's best friends and one of his street dealers. Immediately after, Kemba left her parents' home and called Peter. "He told me to come to Newport News immediately. I did."

At an apartment in Newport News, Kemba met Peter and one of her girlfriends who was also his close friend. Kemba and Peter went into another room and she told him about her phone conversation. Peter was suspicious that she had not told him everything.

"He beat me real bad. With a belt. With a brush. With his hands. And then he tells me to go sit in some bath water. I'm starting to swell. I'm shaking and crying. He came in the bathroom and started asking more questions. When he wasn't happy with my answers, he'd just hit me with the brush. My girlfriend, who was out in the living room, came in after he stopped. She

"MY PARENTS...WANTED THEIR DAUGHTER BACK. THEIR DAUGHTER WANTED TO BE PERFECT, NOT COMING HOME TELLING THEM HER BOYFRIEND MURDERED SOMEBODY."

hugged me and asked if I was all right. Eventually, he came in and told me to get out of the tub." She put on a bra and panties. "Then we sat out front and talked small talk for a while. Then we went back to the back room and he asked me to dance for him. I was ashamed.

"I couldn't even look at myself," Kemba recalls. "And I couldn't understand how he could ask me to do that. Even when I kept telling him 'no,' he made me feel like he was going to do something. I danced for about 30 seconds. Then he told me to stop. Then he started crying. My legs looked deformed. That was the worst he had ever beaten me. I didn't go home for a couple of nights. I finally went home, but he called and asked me to come to Charlotte. I felt trapped. I loved him."

She went to Charlotte.

"Peter never apologized for the beating; he kept beating me later, just not as bad. I'm losing contact with my family. I'm torn between my mother, father and him, and I'm coming to grips with 'it can't be both.'"

~ THINGS FALL APART

BY CHRISTMAS, Kemba had withdrawn from Johnson C. Smith and enrolled in nearby Central Piedmont Community College, trying to keep her eye on finishing school while keeping Peter and her parents happy. Kemba would spend some time at home during the Christmas break and some time in Newport News.

"I fell apart a lot. I would get on my knees and ask God to help me because I didn't know what to do. I really loved Peter, but it didn't seem like I could just get up and leave. My dad [subsequently] has told me he would see me crying and on my knees. And my mother would ask what was wrong, and I would say, 'There's something going on,' but I didn't go in depth. They knew something was wrong. I was always going out to call Peter but lying to them about where I was going. I hated it. I felt alone."

In February 1993, Peter was arrested in New York on state drug possession charges. Again, Kemba was drafted into service. A friend and a relative of Peter's contacted her in Charlotte and asked her to help get him out of jail. The next day, she was in New York and "I find out what's really going on." Peter had been arrested for carrying 10 ounces of crack in a taxicab, according to prosecutors during federal court testimony. His bail was \$75,000. Kemba could help by delivering an envelope to a man in Brooklyn. She did as she was told.

"To me, I didn't know where it came from. It wasn't my money. My thing was to help Peter get out of jail. For some reason, I felt I was whole if we were together. I was crazy. I was scared of him, but I loved him. I just wanted to help. And I didn't want to be away from him. One thing you've got to understand is that Peter talked a lot and made sure he knew what you were thinking and tried to control how you thought."

Peter left New York and never went to trial in the case, just as he had evaded trial in Virginia. There was a gathering at Peter's brother's house just after Peter's release. At one point, Peter went

into a rage, saying Kemba didn't notice the advances of a woman present who was trying to proposition her. He slapped Kemba, struck her on the head and told her he would have let the encounter continue had Kemba not been pregnant. A week later, back in Charlotte, lonely and scared, Kemba had a miscarriage. She called her father and told him she couldn't take it anymore. Kemba asked him to wire her \$50 for a bus ticket home.

"When I got the money, I paged Peter. I told the operator to put in the pager where I left the car parked, and that 'I can't take it.' I went to the bus station and got on the bus. By the time we were pulling out, Peter had run to the station and was blocking the path of the bus. He got on the bus and called for me, asking 'What's wrong?' He was just like, 'What? You were just going to leave me? You can't just leave me.'" They got off the bus.

"When we got to the apartment, I told him I was afraid of him. He cried. I cried. I called my father and told him everything was okay and I wasn't coming home. He was stunned, but didn't know what to do. He didn't want to lose me."

By May 1993, things got even stranger. The woman who had consoled Kemba after the bathtub incident arrived in Charlotte with her belongings. So did Derrick Taylor. A few days later, Peter, Derrick and the other woman, known to others in the group as Peter's "gangsta bitch," (his partner) packed for a road trip. Kemba was not happy that the woman was going, but she dared not confront Peter about it. After all, Kemba saw the two as sister and brother, nothing more.

The next day, Peter and the woman returned without Derrick. According to the government's presentencing investigation for Kemba, Derrick was found dead in Dinwiddie County, Va., with bullet wounds in the head and neck. Peter then announced that he and the other woman were going to Atlanta.

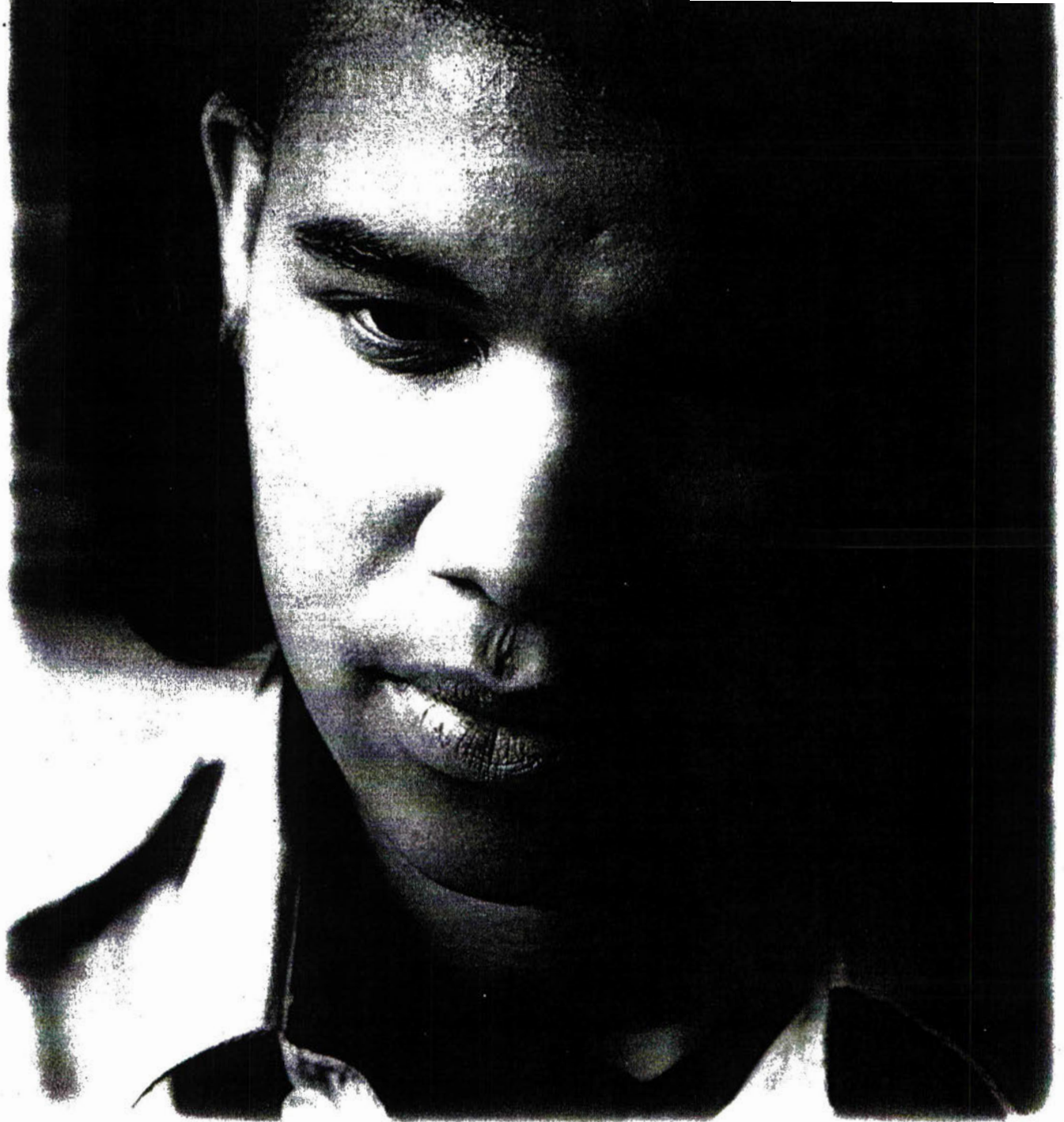
"I don't understand what's going on. I'm scared. Peter calls later and tells me to get the two guns [also fake ID stamps, scales and other drug paraphernalia] and put them in storage. I was scared to ask what was going on. I don't know how to explain it. Then Peter tells me to come to Atlanta and check into a hotel."

As always, she complied.

"That's when he tells me what happened. [Kemba and others would testify later in federal court that Peter said he had killed Derrick Taylor]. I was shocked, upset, scared to react. I was already in confusion and that made everything a blur. He said he did it because Derrick was talking to the police, and he [Derrick] was going to rat him out and rat me out. I still managed to feel sorry for Peter because he was hurting. Peter wanted me to come home to talk to the police to see how much they knew since my parents had been talking to them. They wanted their daughter back. Their daughter wanted to be perfect, not coming home telling them her boyfriend murdered somebody."

By the summer of 1993, life for the suspected drug ring in which Kemba had been a minor player was beginning to unravel. Federal drug agents were turning up the heat on the operation, of which Kemba knew only pieces. The piece she did know about, however, was big.

According to the 16-count indictment filed with the United States Court for the Eastern District of Virginia in Norfolk, fed-



FEDERAL DRUG AGENTS WERE TURNING UP THE HEAT ON THE OPERATION, OF WHICH KEMBA KNEW ONLY PIECES.

eral drug agents considered Peter Michael Hall and his brother, "Unique," leaders of a violent drug ring that moved as much as \$4 million in cocaine and crack cocaine between New York and Virginia between 1989 — the year Kemba finished high school — and 1993. The U.S. Marshals Service said in its December 1993 murder warrant that Peter was known to be armed and traveled "in the company of female associates who transport arms for him."

Federal drug agents believed Peter was in charge of opera-

tions in Virginia. He recruited college students, including Kemba and her girlfriends, to work as mules — some hauling hundreds of pounds of cocaine from New York to Virginia and carrying money from Virginia to New York. They were also getting cars and trucks and apartments in their names and justifying Peter's presence among college students by serving as girlfriends. Peter was also recruiting young men in and around the campuses to sell drugs, court documents say. Federal agents believed Peter was an enforcer; Derrick Taylor was one of several operatives alleged-

THE FEDERAL INVESTIGATORS KNEW KEMBA WAS A LOW-LEVEL PLAYER IN THE DRUG RING, BUT SHE COULD BRING THEM PETER, ONE OF THE BRAINS OF THE OPERATION.

ly murdered by Peter and his associates.

Kemba went home in June and was apprehended in the middle of the night by federal drug agents at her parents' home. Wanted as a material witness, Kemba was petrified, her mother was hysterical, her father was upset. Gus said federal officers had promised she would be able to turn herself in. Jailed for the first time in her life, Kemba spent the night on the floor of the cell, scared and speechless.

~ BAD DECISIONS

THE NEXT MORNING Kemba was in court. Her bail was set at \$50,000. Her parents put up as security for a bail bond the new house they had moved into after her high school graduation. Kemba then went before half-a-dozen federal drug agents and prosecutors who asked her for information that could clear her name. Kemba's lawyer, David P. Baugh, told her, "If you don't fully cooperate, they will put you away for a long time, young lady." The investigators wanted to know what Kemba knew, particularly the whereabouts of Peter.

"I talk to the agents and botch everything," Kemba says. "I'm scared. I don't know what to do and what to say. Peter always said, 'Don't dance with the devil.' He used to get me to watch shows, like *NYPD Blue*, so I'd know I didn't have to answer every question. But when I got there, I started answering questions. But I was telling lies. I'm scared. To me, I'm in the same position as Derrick Taylor, and there was no way I was going to say anything."

After the questioning, Kemba was released. She decided to rejoin Peter in Atlanta. "My parents begged me to stay home. That was very traumatic. My mother was crying, holding on to me and telling me she didn't want me to go. I told her I was coming back. I felt I had to go and let Peter know what happened. I told her I loved her and assured her I was going to be okay. I didn't know what I was walking into, but I was still going. It was so weird," she says, her eyes welling up with tears.

In a matter of weeks, Kemba was back home. Peter didn't want her around because he knew the agents could trace him through her. Meanwhile, the fall of 1993 was like the good-old days with the family. Kemba was back home and enrolled in Virginia Commonwealth University. She also got a job at the local housing authority and started feeling like her life was finally gaining a sense of normalcy. But there was still this "craziness" of calling Peter all the time.

As money dried up and federal agents began getting closer, Peter the provider began asking Kemba for money. Over a period of two months, she withdrew about \$1,500 from a joint account she had with her mother and sent it to him. The other woman, who had moved to Atlanta with Peter, also was supporting him with money drawn on her grandmother's American Express card — nearly \$10,000.

In early November, Peter called Kemba from Atlanta. He told her that his companion had been arrested for trying to make a purchase with a fake ID. He also asked Kemba to send

more money. In early December, Peter called again. This time he asked her to meet him in New Orleans, Kemba testified in court. To cover for the money missing from her mother's account, Peter told Kemba to tell her parents that someone was extorting money from her. Rather than confront her parents with a new round of lies and more bad news — that she was leaving again — Kemba left from work after her lunch break and was not heard from again for five months.

What Kemba did not know as she was fleeing was that the party was over. Twelve people, including Peter, his brother "Unique," Kemba and others from her Hampton years, were days from being indicted by a federal grand jury in Norfolk on various charges, including conspiring to sell powder cocaine and crack. Nearly all of them, except Peter and Kemba, were immediately rounded up, according to court records.

Kemba did not know of the indictments when she fled, she says, and to this day, she is unsure whether Peter knew at the time he called her for help. He did tell her he had barely eluded capture in Atlanta in November 1993 by Drug Enforcement Administration agents and Hampton police who had been deputized as federal agents. He didn't tell her he had nearly run over two of the officers in the process.

She also didn't know that Peter, sometimes known around Hampton as "Khalif," was wanted in connection with several murders in New York and Virginia, in addition to the killing of Derrick Taylor. Kemba didn't know that some of the other women who had been lured into service didn't "botch it" when pressured by federal agents to cooperate in helping prosecutors bring these alleged drug dealers to justice. She didn't know until much later just how many other women — at least three — also claimed to have had children by Peter during the time she was supposed to have been his girlfriend.

The federal investigators knew Kemba was a low-level player in the drug ring, but she could bring them Peter, one of the brains of the operation. Why investigators didn't bring her in again sooner and charge her remains unclear.

As federal agents continued to close in, Peter instructed Kemba to take a train from Danville, Va., to New Orleans. But Peter was not at the train station as promised. He was on the run and federal agents were hot on his trail. Kemba paged him. He told her to catch a bus to Houston, where he met her. He was dressed in army camouflage clothing and looked bewildered. They walked and walked and walked, Kemba recalls.

"He didn't have any transportation. It was obvious." No BMW. No Mercedes. No Jeep Wrangler. No Saab. No 300Z. None of the vehicles that turned the heads of Kemba and the other girls at Hampton.

"He was depressed," Kemba remembers. "I felt as though I had to comfort him. He didn't have any money. He was pawning stuff. We basically lived day-by-day. There were a couple of days we didn't eat." It was a far cry from the memorable time they spent at an Italian restaurant in downtown Norfolk one night when even the chef came out to greet Peter.

"When Peter found out about his brother being arrested, he didn't want me to go home because he knew the federal agents

"I WAS CONFUSED. I WANTED A NORMAL LIFE. I'M ABOUT TO HAVE A BABY.... PETER YELLED AT ME AND SAID, 'STOP TALKING ABOUT A NORMAL LIFE. WHAT IS A NORMAL LIFE?'"

would want me to testify against his brother," Kemba says. "He said I could go home later." With help from a friend, Peter obtained enough money to move on. They landed in Tempe, Ariz., another college town. Peter was trying to reach the West Coast, where he thought he could find one of the women who had turned government witness against him. "I thought, 'If he found her, he would hurt her,'" Kemba says. "I said, 'Are you stupid?' He said it was his freedom at stake and he just wanted to know what she told."

~ LIFE ON THE RUN

WITH MONEY WIRED from friends and a relative of Peter's, the odyssey carried them to San Diego where the woman was believed to be living. Kemba remembers Peter staking out the house of a cousin of the woman one day in hopes of finding her. But there was no such luck. By late March, they had moved north. "He went to Seattle, a place he had an interest in from his Hampton days," Kemba says. Seattle was the New York of the West Coast. He also thought no one would find him there.

"The move was miserable. We were homeless, had no money, were living day-by-day, spending nights at the bus station, in rinky-dink hotels. And that's when I started to figure I was pregnant [again]. I also started to get fed up."

"I was confused. I wanted a normal life. We talked a lot about the woman who went to Atlanta and her baby. He said it wasn't his. I got a little aggressive. I got fed up. Whenever we needed groceries, I'd have to go by myself. Whenever we needed money, I'd have to go to the pawn shop. One day I just broke out and said, 'I want to go home. I'm about to have a baby and I just can't go to the hospital and drop a baby. I need insurance.' Peter yelled at me and said, 'Stop talking about a normal life. What is a normal life?'"

Kemba went to social services, used a fake name and told them she was pregnant. She got prenatal care and food stamps. She also was getting insistent with Peter about contacting her family. She wanted to know if her grandparents were okay, particularly Odessa's father, for whom she held a special admiration.

Peter finally acquiesced and told Kemba to telephone a cousin instead of her parents. "[The cousin] was shocked, happy to hear from me. People thought I was dead."

To conceal their whereabouts, Kemba persuaded the cousin to send money to a one of Peter's friends in Hampton. The friend forwarded the money to Peter, who used it to rent an apartment. By the end of July, Kemba called another cousin, with the same result.

"I'm still pregnant, still going to the doctor. He's riding around talking crazy, wondering what's going on. I'm still adamant about wanting to go home, and he's apologizing for the delay. He got a fake ID, opened a bank account and wrote a check to a travel agent to get me a train ticket home."

"When he gets me the ticket, I'm scared to go home. My main concern is not the police but whether my parents were

going to accept me. I said to myself, 'I may just turn around and come back.' I felt so alone, confused, scared and not sure what I was walking into. My first thought was that I had to do what I had to do to get my life back on track and to prepare for my [baby]. When the train got to the first layover stop a day later, I called Peter. He said he went to the first city where the train would have stopped to pick up passengers and he knew I'd be waiting for him."

For once, Peter was wrong. Three days later, in late August, Kemba's cousin picked her up at the train station in Richmond for the final 20-minute ride home south along I-95.

"As we pull up to the house, I'm scared. I see my dad pacing in the front window. I ring the bell. My mother and dad have open arms, saying they love me and how glad they were that I was at home. I was crying, and said, 'There's something you don't understand. I'm pregnant.' My mom said, 'I don't care. I'm just glad you're home.'"

Kemba turned herself in to federal authorities on Sept. 1, 1994, and was held without bond. On Sept. 15, Peter was placed on the "15 Most Wanted List" of the U.S. Marshals Service, triggering an expanded nationwide hunt. It was late in the month before prosecutors talked with Kemba. When they did, the lead prosecutor explained: "He didn't want me, that he wanted Peter and if I told him where Peter was, he would drop the charges."

Kemba gave them a story. Again, it was laced with lies. She wouldn't give up Peter.

"I guess I was still hoping that things could change, that he would change and things would get better," Kemba says. "I was also scared. I think he always thought my parents were responsible for this whole thing blowing up. That's another reason why I felt I had to take the burden of everything — being miserable. He had me thinking it was my parents, which had me thinking I was responsible."

While waiting to talk with the federal agents, Kemba resumed sessions with JoAnn Thomas-Wilson, the clinical psychologist. Kemba had returned home depressed and suicidal, recalls Thomas-Wilson. "She was feeling major guilt about bringing back an unwed pregnancy, being with Peter, the fact that she had lied to her parents," explains Wilson. "She was feeling major helplessness, just overwhelmed by the sum total of what her life had been like — a sham, worthless."

Several intense, heart-to-heart sessions followed and Thomas-Wilson helped Kemba examine her choices. Kemba concluded: "It was him or me and my [baby]. And every night I prayed and asked God to help me because I didn't know what to do."

On a Friday night, asleep in her jail bunk, Kemba woke up crying uncontrollably. She had dreamed Peter was in her arms dying. The next morning, Oct. 1, she called her dad and said she wanted to talk to her new lawyer, Robert Wagner. The family had switched lawyers because of limited finances and disagreements over tactics. She told her father that she was ready to tell all and finally end the nightmare.

By Monday morning, when her lawyer arrived to make

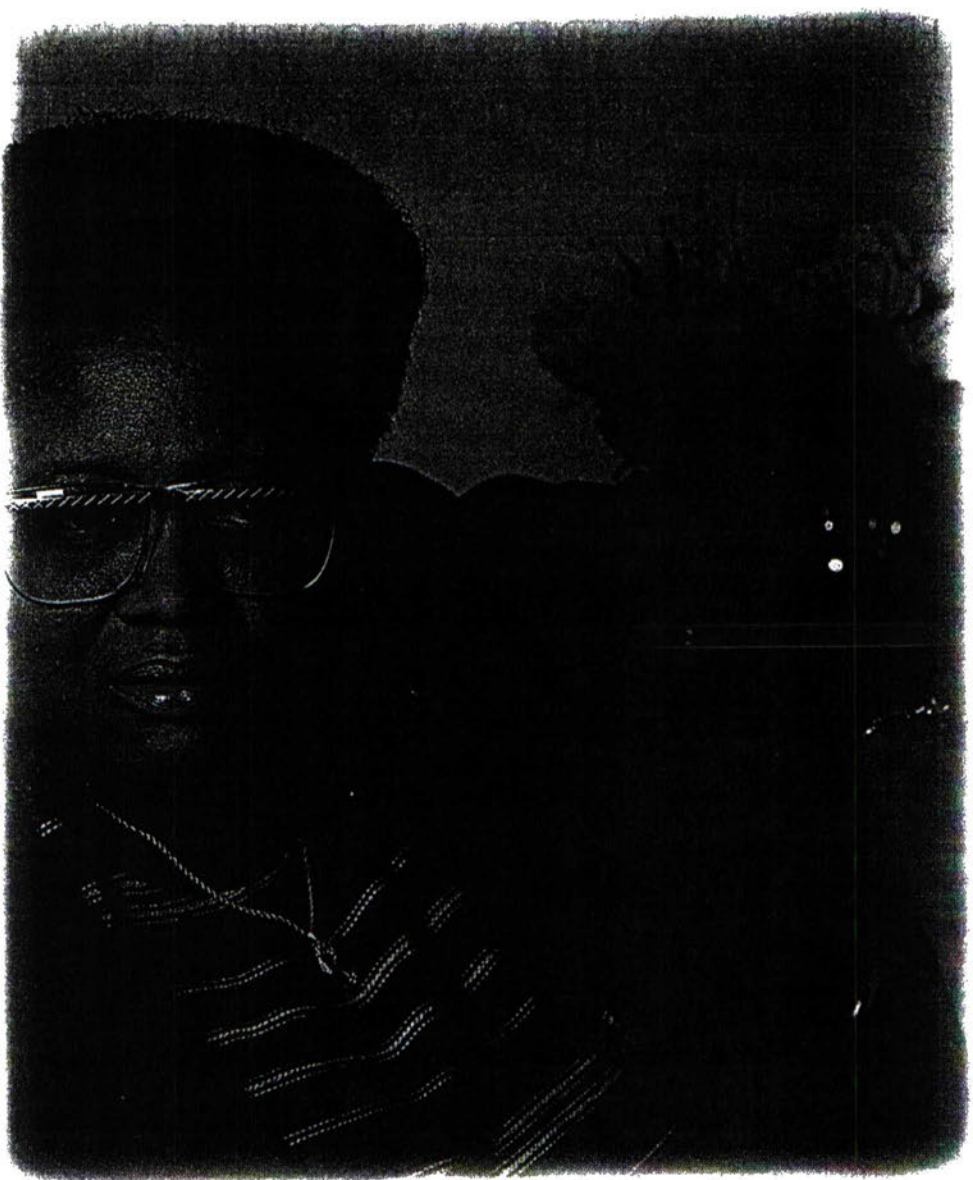
arrangements with the federal prosecutor, there was startling news. Responding to a series of anonymous phone calls over the weekend, Seattle police had located 31-year-old Peter Michael Hall in an apartment in the university district. He was dead of a gunshot wound to the head, apparently killed on the previous night — hours after Kemba had her dream. Based on tips, the U.S. Marshals Service had been searching the Seattle area for Peter for about a week before the slaying. But, as had been the case throughout the search for him, without Kemba's help, federal agents always found themselves arriving too late.

"Initially, I was heartbroken," Kemba says. "Then I was relieved for myself. It was like I felt a sense of freedom. And I was relieved because the running was over. Then, I was heartbroken because I felt his death was my fault. I went back into my jail cell wondering if he was in heaven or in hell."

There were news accounts in Seattle and southeastern Virginia of Peter's death. The medical examiner's office in King County, Wash., said it was unsuccessful in finding a relative to claim Peter's body. After three months, the county coroner gave the body to Southwest Mortuary, a local establishment whose turn it was to bury unclaimed bodies. There was no funeral, no graveside service. Peter Michael Hall was buried unceremoniously in Mt. Olivet Cemetery in Renton, Wash. His death remains an open case, according to Seattle police.

A few days after news of Peter's death, Kemba followed the advice of her lawyer and pleaded guilty to federal charges of conspiracy to distribute cocaine, lying to federal authorities and conspiracy to launder drug money. While several other charges were later dismissed on the motion of the government, Kemba had accumulated a shopping list of legal transgressions, her lawyers would later acknowledge at her sentencing hearing.

According to court records, she had carried and concealed illegal weapons; ridden in a van carrying drugs from New York to North Carolina; carried money, strapped to her body like a mule, from Virginia to New York; obstructed justice when she rented apartments in her name to conceal Peter's identification; provided transportation for a suspected felon by purchasing a vehicle for Peter in her name; laundered money by forwarding it to Peter while he was on the run from federal authorities; forged birth certificates and other ID; and obstructed justice by denying to federal agents the knowledge she had about Peter's where-



Clinical psychologist JoAnn Thomas-Wilson counsels the Smith family.

"SHE WAS FEELING MAJOR HELPLESS-
NESS, JUST OVERWHELMED BY THE SUM
TOTAL OF WHAT HER LIFE HAD BEEN...."

abouts. On a personal level, she had betrayed herself, her parents and her future.

Despite the seriousness of the charges, there was some hope for Kemba, her family and her lawyer that her 11th-hour confession and Peter's death would provide her the same leniency that some of her girlfriends from Hampton had received. Most had turned state's evidence, helped put the other gang members in jail and were released to put their lives back together; one was placed in the federal witness protection program. But to the surprise of everyone, the government moved to have Kemba, then seven months pregnant, held in jail until sentencing. Frustrated federal prosecutors apparently were in no mood to deal, especially on the more serious charges of conspiracy and lying to fed-

FRUSTRATED FEDERAL PROSECUTORS WERE IN NO MOOD TO DEAL, ESPECIALLY ON THE MORE SERIOUS CHARGES OF CONSPIRACY AND LYING TO FEDERAL AGENTS.

eral agents. In a last-ditch effort, the family turned to another lawyer, William P. Robinson Jr., of Norfolk. Wagner, who became co-counsel to Robinson as Kemba's case went to sentencing. The family wanted to have benefit of local counsel who might be more familiar with the court.

In December 1994, four months before her sentencing, Kemba gave birth to her son, William Armani Smith. She was allowed to breast-feed him once and to see him for only two days. That stay was a compromise the hospital forced upon the marshals, who wanted to return Kemba to prison an hour after she gave birth. Kemba and "Mani," as he is called, have not been together since, except for an occasional prison visit. The baby is being reared by Kemba's parents, who are receiving \$131 each month in public assistance to support him.

The federal courtroom in Norfolk was filled with well-wishers on April 20, 1995, the first day of the two-day sentencing hearing. Family members were there. Co-workers of Gus and Odessa were there. So were neighbors. Also present to show support for the family was Roy West, the former mayor of Richmond; Ed Murray, a former director of corrections for the state of Virginia; members of St. Peter Baptist Church in which Kemba grew up in in suburban Richmond and Mt. Olive Baptist Church in Norfolk, to which Gus' family belonged. Several dozen people had written the sentencing judge vouching for Kemba's character, with more than a few asserting that, if anything, Kemba was guilty of being naive.

Robinson, a veteran state legislator and no stranger to drug cases in the Tidewater area, made an impassioned plea for the court's mercy. He recited the criminal offenses and declared Kemba "does not deny factually the conduct, any of the conduct, that brings her to the court...."

"All of this could have been avoided if she were of her own mind," Robinson argued. He pointed out that two psychologists for the defense, one of whom was Thomas-Wilson, characterized Kemba's conduct as consistent with that of a battered woman. She was acting under "coercion and duress," Robinson insisted, citing a factor in which federal sentencing guidelines would allow the judge to apply a lower mandatory sentence.

But Fernando Groene, the assistant U.S. attorney handling



Veteran Virginia Rep. William P. Robinson Jr. helped present Kemba's case.

"ALL OF THIS COULD HAVE BEEN AVOID- ED IF KEMBA WERE OF HER OWN MIND."

the drug ring case, painted a different picture. Though the pre-sentencing investigation report on Kemba states she did not sell cocaine nor cocaine base, she "was aware of the organization's activities and aided and abetted the conspiracy."

Groene declared: "Judge, the real tragedy of this case is that this is a drug case and that the distribution of drugs by the people who the defendant assisted, those lives are also ruined. She hasn't expressed remorse for the lives that those drugs have destroyed. ...She turned her back on her parents, on the laws, on society, on the people who were being threatened...people who were being killed...and the only possible explanation is she did it willingly for the love of Mr. Hall, not because she was afraid of him."

After both sides presented their arguments, it was time for U.S. District Judge Richard B. Kellam to be heard.

"WE TRY NOT TO LOOK BACK AND SECOND-GUESS....

IT DOESN'T HELP US. FAITH IN GOD KEEPS US GOING."



Kemba shares a rare moment with her son and parents.

"Putting the defendant in incarceration will certainly not benefit her tremendously," Kellam declared. "I think that the purpose of it is, and the only purpose of it, is a deterrent to others, that everyone knows that if they violate the law, they must pay the penalty."

~ HER DAY IN COURT

WITH SENTENCING GUIDELINES and mandatory minimum laws in hand, Kellam announced 24-year-old Kemba's sentence: 294 months on the conspiracy charge, 60 months on a money laundering charge and 60 months for lying to authorities, the latter two sentences to run concurrently with the first. That's 24.5 years in jail — one for each year of Kemba's life.

"I think it's a sad mistake that she's made. It's a sad position that she's in, and she's placed her family in an even sadder position," Kellam told the courtroom. "But the law is the law.... I am just of the opinion I am not willing to say that her actions and conduct were controlled by her love for Peter Hall or her fear of

Peter Hall. It went on for too long a period of time for that to have existed."

A stunned hush filled the courtroom. Kemba cried as she was led back to a holding cell. Well-wishers also wept. As they left the courtroom, Gus and Odessa were sobbing. Outside, Odessa collapsed. As Gus swept her up, Robinson sought to reassure her. "It's not the end," he said. "It's not the end." Perhaps.

Gus and Odessa's life's savings have been depleted by Kemba's legal troubles. Lawyers' fees have exceeded \$25,000, and the meter is still running. Counseling costs for the family have run into the thousands. Keeping in touch with Kemba also is expensive, with long distance telephone bills reaching \$500 some months.

Friends and members on both sides of the family have pitched in with money and moral support. Neighbors offer words of comfort, a smile of hope, a babysitter. "We try not to look back and second-guess ourselves," says Odessa, struggling to maintain her composure. "We don't dwell on it. It doesn't help us. Faith in God keeps us going."

The rest of the drug ring also is paying a penalty on charges including conspiracy, possession of powder cocaine and crack with the intent to distribute, firearms violations and murder. "Unique" Hall has been sentenced to life; Frankie D. Thomas, life; Rodney Gainey, 324 months; John Stokes, 324 months; Norman McAllister, 210 months; and Patrick Avent, 188 months.

At the Federal Corrections Institution for Women in Danbury, Conn., Kemba is trying to make peace with herself, her family and society. She pauses for a minute when asked what she got out of the relationship, beyond a baby and nearly 25 years in prison. A look of disbelief sweeps across her face. "Out of a total of everything, I had one pearl ring, two diamond rings, two gold chains and a bracelet. Down the road, it got pawned, all of it. As for benefits, I don't have anything.... A few clothes, Polo, you know, material things I shouldn't even be in. I should be in business attire."

Kemba is now taking classes in self-esteem, assertiveness and reducing co-dependency. She's in the drug program to make sure she never even wants to touch an illegal substance again. She hopes to finish college through prison and correspondence programs. She's working in the prison's education department, helping inmates who are about to be released write résumés and complete college applications. She volunteers in the prison's children's center to help out when families come to meet loved ones. "How in the world am I going to explain this?" Kemba wonders, thinking about her son, who may be an adult before she is free.

"I want to be responsible and independent and know the real meaning of happiness and love. I want to take care of my child," Kemba says. She tries not to spend a lot of time looking back, "except to learn from my mistakes. I made some bad decisions. I don't put the blame on anybody." ■

chron

Please Enclose
Sidwell Friends
Commencement Speech

THE WHITE HOUSE
WASHINGTON

June 12, 1997

A. G. Newmyer, III
Post Office Box 15129
Chevy Chase, Maryland 20825

Dear Terry:

Thanks for your nice note following Sidwell
Friends' graduation. Jackie is such a fine
young woman -- it's been our pleasure to get to
know her and you these last few years.

Sincerely,

Nancy -

This one is for AP,
but I thought you might
want to see it.

QW

A. G. NEWMYER III

P.O. Box 15129, Chevy Chase, MD 20825

6/6/97

Capricia

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Handwritten:
A. G. Newmyer III
June 6, 1997
Museum

NEWMYER ASSOCIATES, INC.

1901 N. MOORE STREET, SUITE 500

ARLINGTON, VIRGINIA 22209-1706

TELEPHONE (703) 522-1845

FACSIMILE (703) 522-1846

June 6, 1997

Dear Mr. President,

Your remarks at this morning's graduation were perfect. Thanks for sharing so much warmth, wisdom, and solid advice with our wonderful daughters and their classmates.

And please allow me to state the obvious - - throughout your Sidwell years, you and your family have been enormously gracious, hospitable, and (simply) wonderful to Jackie, making special years even more special.

I'll never forget the many hospitalities and kindnesses extended by you, the First Lady, and Chelsea. With thanks again, and every good wish,

Fondly,

A handwritten signature in cursive script, appearing to read "A. G. Newmyer III".

A. G. Newmyer III

**FAX****Date** 6/11/97**Number of pages including cover sheet** 2**TO:** Ms. Nancy Hernreich
The White House**Phone** (202) 456-6610**Fax** (202) 456-6703**FROM:** Ogden Reid, President
Council of American
Ambassadors
888 17th Street, NW
Suite 901
Washington, DC 20006**Phone** (202) 296-3757**Fax** (202) 296-0926**E-mail** council@his.com**CC:**

'97 JUN 13 PM12:21

REMARKS: ☐ Urgent ☒ For your review ☐ Reply ASAP ☐ Please CommentWe would be most a
(which will be sent uncTHE WHITE HOUSE
WASHINGTON, D.C. 20500

1 its enclosure

DATE: 6/16/97
TO: NSC**FROM:** Staff Secretary / Phil CaplanForwarded to you for appropriate
action.

*James
5/11/97***FAX****Date** 6/11/97**Number of pages including cover sheet** 2**TO:** Ms. Nancy Hernreich
The White House**Phone** (202) 456-6610**Fax** (202) 456-6703**FROM:** Ogden Reid, President
Council of American
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Suite 901
Washington, DC 20006**Phone** (202) 296-3757**Fax** (202) 296-0926**E-mail** council@his.com**CC:**

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We would be most appreciative if you would bring the attached letter and its enclosure (which will be sent under separate cover) to President Clinton's attention.



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June 11, 1997

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JOHN L. LOEB, JR.
ANNE CLARK MARTINDALE
ROBERT M. MCKINNEY
ROBERT G. NEUMANN
JULIAN M. NIEMCZYK
ROBERT PHINNY
PAUL H. ROBINSON, JR.
SELWA S. ROOSEVELT
NICOLAS M. SALGO
PHILLIPS TALBOT
ABELARDO L. VALDEZ
LEON J. WEIL

EXECUTIVE DIRECTOR

CAROLYN M. GRETZINGER

The Honorable Bill Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

Our compliments on your European trip and on your moving remarks at The Hague commemorating the 50th Anniversary of the Marshall Plan. I thought your speech to the graduating class at West Point on NATO expansion was good and an important message for the cadets to hear.

We are enclosing the Spring issue of The Ambassadors REVIEW, which includes an initial piece by Ambassador Bill Richardson on the UN and a special section on The Arts with articles by John Brademas and Lee Annenberg. You may wish to show Mrs. Clinton the article on the Friends of Art and Preservation in Embassies in light of her (and your) strong support of this artistic endeavor. In addition, we have reprinted your inspirational remarks at the dedication of the Franklin Delano Roosevelt Memorial.

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The Council stands ready to be helpful to you and Secretary Albright to encourage a keener sense in the Congress of the importance of moving on appointments with reasonable dispatch. Further, we believe that an Ambassador of national stature can be helpful—not only presiding over the Embassy country team and facilitating American business opportunities in the global economy but also by playing an appropriate role with the Congress and in Washington.

With best regards,

Sincerely yours,

Ogden Reid
President



COUNCIL OF AMERICAN AMBASSADORS

June 11, 1997

'97 JUN 13 PM2:16

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MICHAEL J. MANSFIELD
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With best regards.

Sincerely yours,

Ogden Reid
President



Handwritten signature

COUNCIL OF AMERICAN AMBASSADORS

June 11, 1997

Dear Ms. Hernreich:

This letter was sent via fax today at 12:00 noon. We would be most appreciative if you would bring this letter and The Ambassadors REVIEW to President Clinton's attention.

Opdan Read

The Ambassadors REVIEW



International Institutions

UN

Hon. Bill Richardson

NATO

Dr. Henry Kissinger

Secrecy

Senator Daniel Patrick Moynihan
The Commission on Protecting and Reducing
Government Secrecy

China and Hong Kong

His Excellency S.R. Nathan
Ambassador-at-Large
Singapore

Special Section on The Arts

Hon. John Brademas
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Council of American Ambassadors
Spring 1997

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and do not necessarily represent the position of the
Council of American Ambassadors.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 6/16/97

TO: NSC

FROM: Staff Secretary /Phil Caplan

Forwarded to you for appropriate
action.

NATIONAL ASSOCIATION of EVANGELICALS

450 Gundersen Drive
Carol Stream, IL 60188
Phone: 630.665.0500
Fax: 630.665.8575
e mail: NAE@nae.net

FAX TRANSMITTAL

DATE: June 13, 1997

TO: Betty Currie

FAX: 202.456.6703

FROM: Don Argue

PAGES: - 3 -

RE: *Urgent Request for Help*Original will ☐ will not ☒ followBy: regular mail ☐ certified mail ☐ courier ☐ other ☐

Notice: This facsimile communication contains information that is intended only for the recipient named and may be confidential. If you are not the intended recipient or an agent responsible for delivering this communication to the intended recipient, you are hereby notified that you have received this facsimile in error, and that any review, dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original facsimile to us by mail without retaining any copies.

Thank you.

NATIONAL ASSOCIATION of EVANGELICALS
450 Gundersen Drive
Carol Stream, IL 60188
Phone: 630.665.0500
Fax: 630.665.8575
e mail: NAE@nae.net

*Month
Top Se.*
*These are
serious
concerns*

MEMORANDUM

June 13, 1997

97 JUN 13 PM 5:54

TO: Betty Currie
FROM: Don Argue
RE: The Following Information

This is a *deadly serious situation!*

If we don't get them out of Hong Kong, they will probably be martyred.

Whatever President Clinton can do to get the Council in Hong Kong to take care of this, please do it.

We are cooperating with the President on the China MFN status issue. We need his help with this.

The State Department has been helpful. We are told that John Shattuck contacted the Council in Hong Kong. However, these people are still there.

We have a relief agency ready to give them immediate assistance when they are brought to the United States. Please don't send them to a Scandinavian country.

Thank you so much for your help, Betty.

BACKGROUND ON BOB, HEIDI, AND BOEN FU, AND JOHN ZHENG.

Four religious refugees from China seek sanctuary in the US.

To Whom it May Concern:

We are requesting assistance for four individuals who have taken temporary refuge in Hong Kong after suffering persecution in China for their Christian faith. John Longfei ZHENG, Bob Xiqiu FU, and Heidi Baochun CAI (Bob and Heidi are husband and wife.) were all involved in an unregistered training center for lay Christians, as well as other Christian activities in China, up until the arrest of Bob and Heidi in May of last year. Bob and Heidi's son, FU Boen, was born in April in Hong Kong.

Following Bob and Heidi's release from jail last July, the three all managed to escape to Hong Kong, hoping to eventually seek refuge in the United States. Numerous members of Congress, Christian organizations, and individuals in the United States are concerned about their case, and several families have offered to sponsor these refugees should they be allowed to come to the US. Dr. Don Argue, president of the National Association of Evangelicals and a member of the newly appointed commission on religious liberty, has approached Assistant Secretary of State for Democracy Rights and Labor John Shattuck regarding this case. The US consulate in Hong Kong is also aware of the situation. However, late word from Hong Kong indicates that they are to be assigned to an unnamed Nordic country instead of being allowed to enter the United States.

Given the interest of numerous organizations and individuals in the United States in this case, and given the attention it has already received by the State Department and members of Congress, the decision to resettle Bob, Heidi, Boen, and John outside the United States seems entirely inappropriate. The needs of the individuals involved and the cause of religious freedom in China would be best served if they were resettled in the US. Thus the State Department should be strongly encouraged to review the decision that has been made and to take action to rectify it.

*cc Sander
Pargue
Anne Kuznetsov*

NAE
NATIONAL
ASSOCIATION
EVANGELICAL

National Office
450 Gundersen Drive
Carol Stream, IL 60188
Phone: 630-665-0500
Fax: 630-665-8575
E-mail: NAE@nac.net
WebSite: www.nae.net

Don Argue, Ed.D.
President

June 11, 1997

TO: Ms. Betty Currie
FAX: 202.456.6703
FROM: Don Argue
PAGES: - 5 -
RE: MFN Status for China

97 JUN 11 AM 11:26

Betty, I have requested that the following material be faxed to you. This is the information that was sent to our 49 denomination CEOs and tells why we are supporting Most Favored Nation status for China.

CHINA SERVICE COORDINATING OFFICE
501 E. College Avenue
Wheaton, IL 60187
(630)752-7951

March 27, 1997

Contact: Brent Fulton

MISSION AGENCIES VIEW MFN PRESSURE AS COUNTER-PRODUCTIVE

Christian Attacks on China Likely to Produce Serious Backlash

The annual debate over China's Most Favored Nation (MFN) trading status is heating up again in Congress. Joining their voices with the anti-MFN forces are several prominent Christian leaders, who see in the MFN debate an opportunity to pressure the Chinese government into bettering its human rights record, in particular, concerning the persecution of Chinese Christians, who have come under increased government repression in recent years.

However well-intentioned such political activism may be, a public Christian stance against MFN status for China is not in the interest of the church in China, and it will seriously hamper the efforts of Christians from outside China who have spent years seeking to establish an effective Christian witness among the Chinese people. For this reason, the China Service Coordinating Office,* which serves more than one hundred Christian organizations involved in service and Gospel witness in China cannot support the current anti-MFN campaign and calls upon those involved in the campaign to seriously consider their strategy and methods.

Public shaming of the Chinese government and economic sanctions backed by American Christians will only serve to strengthen the official Chinese perception that Christians are a threat to China's political and social stability and to heighten mistrust of Christians by the Chinese public. This will likely result in greater persecution of Christians inside China and will close doors of opportunity for witness and service from outside China. The experience of China's orphanages following last year's sensationalist Human Rights Watch report is instructive in this regard; Christians who had worked quietly in Chinese orphanages for years suddenly found the doors of the orphanages closed to foreigners following China's public humiliation in the Western press. Whether or not renewed efforts to overturn China's MFN status succeed (It is likely they will not, given that the current attitude in Congress, as well as the international community, favors retaining MFN for China.), the anti-China rhetoric that is already accompanying the

* The China Service Coordinating Office is a cooperative effort of the Evangelical Fellowship of Mission Agencies, the Interdenominational Foreign Missions Association, World Evangelical Fellowship, the Chinese Coordination Center of World Evangelism, China Horizon, and the Institute for Chinese Studies at Wheaton College's Billy Graham Center. These groups represent over 35,000 career missionaries.

present MFN campaign will have serious negative consequences for the family of God in China.

China's Most Favored Nation trading status is ultimately a political decision, and most Christian groups involved in service among Chinese have purposely stayed out of the annual MFN debates to avoid any echo of 19th century-style cultural imperialism, to which the Chinese people are still highly sensitive. However, a recent poll of several dozen such organizations revealed that most believe a change in China's MFN status would have negative consequences for their work. Among the reasons given:

- Doors for service through educational, business, cultural, and other exchanges would likely be closed.
- A change in China's MFN status would seriously affect the economies of Taiwan and Hong Kong at a time when stability in both is of utmost importance. Christians in Taiwan and Hong Kong would suffer, as would their outreach to the mainland, were China's MFN status canceled.
- The Chinese people traditionally have not responded positively to public confrontation and coercion; a more culturally acceptable and informed policy must be pursued. This should include quiet diplomacy and trade measures selectively applied.
- Removing China's MFN status would have the most serious economic impact on the very regions where positive social and even political developments are most promising, namely, China's southern and eastern coastal areas.
- The United States' attitude toward China seems to reflect a double standard; a total of 191 nations, many with worse records of persecution than China, are granted permanent, unconditional MFN status without the annual round of public criticism which is currently being directed toward China.
- Given China's current leadership transition and the imminent return of Hong Kong to Chinese sovereignty, the Chinese government is especially sensitive to Western criticism. Undue pressure on China at this point in time could lead to instability, which would have a high cost for the Chinese people, including China's Christians.

Finally, Christians considering a public stance against MFN for China must ask whether their methods match their intended objective. If their goal is the public humiliation of the Chinese government and the further deterioration of relations between China and the United States, then a confrontational approach is the best choice. However, CSCO believes that our ultimate goal as Christians should be the building up of the Chinese church to the glory of God. Christians are called to engage in spiritual warfare using the weapons of the spirit, which are love, prayer, and incarnational service among the Chinese people. Anything less is not worthy of the support and energies of God's people.

FACTS CONCERNING THE CHURCH IN CHINA

1. China's most rapid church growth has occurred since normalization of relations between China and the United States, which has hinged upon establishment of normal trade relations between the two countries. Consider:
 - Prior to normalization in 1979, the number of Protestant Christians in China was estimated at less than one million. Estimates today range from 33 million to 50-60 million or more.
 - Under Mao, all religion in China was outlawed. Since 1979, a soft-line religious policy which permits Christian activity within certain parameters has been enacted, more than 10,000 churches have been reopened or newly established, 17 official Bible schools and seminaries—generally evangelical in orientation—are training 1000 students per year, and 17 million Bibles or scripture portions have been printed inside China.
 - China's unregistered "house church" movements, which remain the backbone of Christianity in China, have trained and sent out thousands of their own missionaries and established hundreds of thousands of church meeting points in every province of China.
 - An unprecedented receptivity to the Gospel among Chinese intellectuals following the Tiananmen massacre of 1989 has resulted in tens of thousands of students and scholars coming to Christ inside as well as outside of China.
2. A policy which promotes economic, cultural, and educational exchanges between China and the U.S. facilitates the spread of the Gospel and aid to Chinese believers, including those who are persecuted for their faith.
 - Thousands of Christian English teachers have had a personal witness to their students in China.
 - Chinese Christians from outside China minister regularly in both official and unregistered church settings in China.
 - Millions of copies of scripture and other Christian literature have been brought into China by tourists and business people.
 - Humanitarian aid is being provided to persecuted Christians and their families.
 - Christian business people are serving the church in China by providing jobs to Christians who are discriminated against because of their faith, by starting businesses in economically depressed areas, and by teaching Christian business ethics to Chinese entrepreneurs and officials.
 - As many as 300,000 Chinese students and scholars and their families reside in the United States and are extremely open to Gospel witness.
3. Christians outside China need to be active in assisting persecuted Chinese believers.
 - Chinese Christians suggest that targeted pressure on the Chinese government concerning specific cases of persecution is helpful; however, *broad economic sanctions which threaten China's national development are counterproductive* because they make Christians look like the "enemy" of China and result in further persecution.

- The presence of Christians serving in China strengthens the hand of persecuted Christians; government officials are less likely to persecute Christians when they know foreigners are watching; plus, the positive witness of foreign Christians helps to correct misperceptions about Christians in the minds of Chinese officials.
- Christian business people serving in China can point out and seek to rectify cases of discrimination against Christians in the workplace.
- Christians who have had to leave China because of persecution need practical assistance in resettling and further equipping themselves for ministry in preparation for the day when they will return to China.
- Since much of the persecution arises out of deep-seated cultural prejudice and is not merely ideological in nature, Christians outside China need to be mindful of how they are perceived, both by China's leaders as well as the Chinese populace, lest their political attacks on China serve to further harden Chinese hearts toward the Gospel.

THE WHITE HOUSE
WASHINGTON

Date

6/16

To:

Melanne

From:

The Staff Secretary

This happened to come across
my desk this morning.

Thought you might be interested
in the "Special Section on the Arts"
given the First Lady's upcoming event.
Phil Caplan

Senator Daniel Patrick Moynihan
The Commission on Protecting and Reducing
Government Secrecy

China and Hong Kong

His Excellency S.R. Nathan
Ambassador-at-Large
Singapore

Special Section on The Arts

Hon. John Brademas
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Hon. Leonore Annenberg
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Council of American Ambassadors
Spring 1997

The Ambassadors REVIEW



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and do not necessarily represent the position of the
Council of American Ambassadors.

Governor Cecil H. Underwood thanks you for choosing West Virginia to focus national attention on education. They were honored to have you visit; you had a great response from the people. He is honored to be working with you. *Goff*

6-11-97

TO DESK AND
FOR REPLY?

YES

NO

7 JUN 11 AM 11:26

Maureen Jones
CECIL H. UNDERWOOD
GOVERNOR



May 27th

Dear Mr. President,
Thank you for choosing West Virginia to focus national attention on education last Thursday. We were honored to have you visit our State, and you had a great response from our people.
I am honored to be working with you.
Sincerely,
Cecil

JUN - 2 1997

THE WHITE HOUSE
WASHINGTON

MEMORANDUM

To: Todd Stern
Via: The Executive Clerk
From: Bob J. Nash, Assistant to the President and
Director of Presidential Personnel
Subject: Nomination
Date: June 12, 1997

[Handwritten signature: S. B. Nash]

'97 JUN 16 PM3:20

The following individual has been approved by the President, cleared by White House Counsel, and is ready to be nominated to the Senate:

Shirley Robinson Watkins
Arkansas
Department of Agriculture
Under Secretary (Food, Nutrition, & Consumer Services)
Vice: ~~Ellen Haas~~ *slk*

6-16-97

DL
507

Please submit this nomination to the Senate for confirmation.

BJN:dss

The White House,

19

To the
Senate of the United States.

I nominate Shirley Robinson Watkins, of
Arkansas, to be Under Secretary of Agriculture for Food,
Nutrition, and Consumer Services, vice Ellen Weinberger Haas,
resigned.