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THE WHITE HOUSE

WASHINGTON

July 28, 1997

MR. PRESIDENT:

Attached are the following weekly information items:

(A) Interest Rates and the Stock Market

(B) CEA Weekly Economic Briefing

(C) DPC Report

(D) CEQ Report

(E) Legislative Report

(F) Cabinet Report

(G) Public Liaison Report

(H) Intergovernmental Report

(I) OSTP Report

(J) Political Report

Phil Caplan
Sean Maloney

Copies:
Tab C: Reed, Kagan, COS
Tab D: McGinty, COS
Tab F: ~~pp. 5, 9, 10 to~~ Marshall, COS
Tab H: Ibarra, COS
Tab I: Gibbons, COS
Tab J: ~~pp. 1, 3 to~~ Smith, COS

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THE WHITE HOUSE

WASHINGTON

July 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Tobacco Update: As part of our outreach effort, we met with research scientists, state public health officials, and experts in "counter-advertising" this week. We also briefed the Democratic House tobacco task force, chaired by Vic Fazio. At this meeting, Rep. Baesler (D-KY) urged us to convene Democratic members from tobacco-growing states to discuss growers' issues; we plan to host such a meeting at the White House next week with Secretary Glickman. We will also meet next week with Republican and Democratic members of the Senate Labor Committee and with the Senate Republican leadership.

On Thursday, you are scheduled to sign an executive order assuring a smoke-free federal workplace. The order requires agencies to prohibit smoking inside federal buildings, except in designated areas separately ventilated to the outside. Over 10 federal agencies are already smoke-free, but many agencies, including the Department of Defense, will have to change current policies substantially to comply with the order.

We hope to meet with you late this week or early next to review some of the important issues that the settlement raises and to discuss how best to proceed.

2. Crime -- Juvenile Justice Bill: The Senate Judiciary Committee reported out the juvenile justice bill by a vote of 12-6 on Thursday. Senators Feinstein and Torricelli joined the Committee's Republicans in supporting the legislation. The Committee improved the bill during mark-up by adding a provision to separate juveniles and adults incarcerated in the federal system, providing some guaranteed funds for crime prevention programs, and allowing states to use the funds set aside for prosecutors to support court-based programs like Boston's Operation Night Light. But the bill still does not contain some of our key priorities: guaranteed funding for after-school programs, additional funding for prosecutors and court-based programs, a gun ban for violent juveniles, and a child safety lock provision. The legislation is not expected to go to the Senate floor before October.

3. Crime -- Brady Law: The Arkansas Attorney General issued a statement on Thursday making clear that state law permits law enforcement officers to do Brady background checks. Arkansas' about-face leaves Ohio as the only state in the country to have accepted the NRA's argument that state law prohibits law enforcement officers from doing Brady checks. Justice and

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Treasury officials are attempting to persuade the Ohio Attorney General's office to reverse this policy.

4. Drugs -- Household Survey: The HHS 1996 Household Survey on drug abuse, which HHS will issue with the next couple of weeks, offers mixed news about drug use. The survey shows:

- Overall drug use neither increased nor decreased significantly. About 13 million people, or 6.1% of the population, currently use drugs. Most are marijuana users -- 10.1 million people, or 4.7% of the population.

- The steady increase in marijuana use by 12-17 year olds that has occurred since 1992 stopped this year, with a slight (though statistically insignificant) downturn. But marijuana use by 18-25 year olds increased slightly.

- Heroin use increased, particularly among people under the age of 25. There were a record number of new heroin users (141,000) last year.

- Cocaine use is showing signs of coming back, with cocaine use increasing slightly for the first time since 1992 -- including among 12-17 year olds.

Because the Household Survey measures drug use in America's households, rather than in the entire population, the survey misses some groups of people -- for example, homeless persons and prisoners -- with high rates of drug use.

5. Drugs -- Crack Study: The National Institute of Justice is set to release data on crack use in 24 cities. The report finds that crack use decreased substantially -- by at least 10 percent -- in 10 of the cities; that crack use decreased among juveniles in another seven of the cities, which suggests that declines in the overall rate are forthcoming; that crack use held steady at high levels in five of the cities; and that crack use held steady at low levels in the remaining two cities.

6. Welfare -- Report on LEAP: The Manpower Demonstration Research Corp., an organization that designs and evaluates welfare programs, just released updated findings on Ohio's LEAP program. LEAP is a mandatory program for teen parents that provides child care, transportation, and counseling to participants, and cuts cash benefits if they fail to attend school. The study found that LEAP had some success in increasing school attendance and employment and reducing AFDC receipt. But LEAP had little impact on teens who had dropped out of school before entering the program. The program neither induced these teens to return to school nor raised employment rates. One program administrator noted that the state's experience showed that "it is really important to get to teens as soon as possible after they have a child to help them avoid dropping out of school."

7. Education -- Vocational Education Bill: The Perkins vocational education reauthorization bill passed the House this week by a vote of 414 to 12. Democrats and

Republicans reached a compromise on an in-state funding formula and other provisions that target additional funds to low-income and urban areas, thus avoiding a partisan final vote. The most contentious issue on the floor was an amendment by Rep. Mink (defeated 214-207) that would have required each state to have a sex equity coordinator and to maintain funding levels for programs serving single parents, single pregnant women, and displaced homemakers. As passed, the bill would achieve several administration goals, including the consolidation of numerous existing set-asides into a flexible state grant. The Department of Education, however, would like even greater targeting of funds, as well as stronger accountability mechanisms. The Department hopes to address these issues in the Senate.

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

July 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

RESOURCE STEWARDSHIP

Interior Appropriations bill

The Senate appears to be following last year's unfortunate pattern of attaching anti-environmental riders onto Interior Appropriations bill. We are reviewing the full committee's mark-up, but so far several very serious, objectionable provisions have been identified. These include a provision that would prohibit the Department of the Interior from implementing mining reform regulations, force the Forest Service to suspend revision of all forest plans (posing severe litigation risks), and bar the Fish and Wildlife Service from moving forward with a grizzly bear recovery plan that was developed cooperatively with environmental organizations, the timber industry, labor, and others in the region. We will continue our review of these provisions of the bill as it prepares to move to the floor, possibly next week.

INTERNATIONAL LEADERSHIP

Climate change

Yesterday's roundtable discussion on global climate change was well received in the newspapers. Press coverage of the roundtable included articles in the Washington Post, Wall Street Journal, Los Angeles Times, USA Today, and National Public Radio.

Today, the Senate passed a resolution offered by Senator Robert Byrd (D-WV), 95-0 that called on the U.S. to not enter into a treaty unless developing nations were also included. Senator John Kerry (D-MA) helped to clarify through a colloquy that there is leeway for the negotiators in how they address developing nations. Nevertheless, passage of this resolution shows that we still have considerable public education to do before Kyoto.

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Tuna/dolphin legislation

Next week the Senate is expected to pass a compromise on S. 39, the International Dolphin Conservation Act, that Senator Tom Daschle (D-SD) helped facilitate. The compromise is supported by all parties, including Senator Barbara Boxer (D-CA), Senator Kerry, and the Republican leadership.

The Panama Declaration commits all countries fishing for tuna in the Eastern Tropical Pacific to negotiate a legally binding international agreement that mandates progressive reductions in dolphin mortality by setting annual limits per fishing vessel, enforced by observers on board every vessel. Mexico took the lead in developing the Declaration, and persuaded the other fishing countries in the region to sign on. The agreement will not enter into force until the United States has amended its law with respect to sales of tuna in the U.S. market.

OTHER

National Governors Association

In anticipation of your visit to the National Governors' Association (NGA), I thought I would note some recent interactions with Governors on environmental issues.

GOVERNOR PATAKI: Goveror Pataki visibly supported EPA's recent Clean Air Act rules on ozone and particulates. He also has worked cooperatively with EPA on a major watershed agreement, cleanup of PCBs in Hudson river, and implementation of the Administration's plan for dredging of New York Harbor and ocean disposal of dredged sediment.

GOVERNOR GLENDENING: Governor Glendening recently implemented a progressive "smart growth" policy for Maryland to reduce sprawl, an important model for our themes on sustainable communities and climate change.

GOVERNOR ENGLER: Michigan has numerous Superfund sites that would be adversely affected if your proposal to accelerate toxic waste cleanup, proposed at Kalamazoo and included in the budget agreement with the Congressional leadership, is not funded (both the House and the Senate appropriations bills failed to include full funding for it). You might elicit his support for this proposal.

GOVERNOR WHITMAN: Governor Whitman, who is chair of the NGA Committee on Natural Resources, has been a vocal supporter of EPA's new clean air rules. New Jersey also has numerous Superfund sites that would be affected if your proposal to accelerate toxic waste cleanup is not funded.

GOVERNOR ALLEN: Governor Allen has been embroiled in controversy with EPA over charges that Virginia's enforcement of environmental laws is egregiously lax, particularly with respect to major industrial and agricultural polluters. Democrats and environmentalists in the state have joined in this criticism and point to a weakening reorganization of the state's

environment office as a contributor to the problem.

GOVERNOR ZELL MILLER: Governor Miller has been supportive of EPA in its dispute with Atlanta Mayor Campbell concerning municipal discharges into the Chatahoochie River. You might thank him for his continued support

GOVERNOR SUNDQUIST: Governor Sundquist has been roundly critical of EPA and recent permits to a Champion paper plant for discharges into the Pigeon River. EPA has been working with the State of North Carolina, which has authority for the permit, to strengthen the permit's requirements.

GOVERNOR THOMPSON: After repeated, personal intervention with EPA and the Department of the Interior on behalf of major paper companies responsible for a potential Superfund site stretching for miles along Wisconsin's Fox river, Governor Thompson recently authorized his natural resource agencies to enter into an agreement with EPA and other Federal agencies to approach the cleanup cooperatively. He should be encouraged to continue on this more cooperative course.

GOVERNOR RACICOT: Governor Racicot has one of the major sites that would be adversely affected by some of the extreme Republican proposals on Superfund and Natural Resource Damages -- the Clark Fork Superfund site, where ARCO is the major responsible party. You might urge him to join us in standing firm against proposals that would compromise cleanup in his state.

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THE WHITE HOUSE

WASHINGTON

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July 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: **THURGOOD MARSHALL, JR.** TM

SUBJECT: **Summary of Cabinet Weekly Reports**
July 18 - 25, 1997

DEPARTMENT OF TREASURY

- **NADBank:** During the week of July 28, Treasury will announce the designation of 35 communities as eligible for loans or loan guarantees through the U.S. Community Adjustment and Investment Program. This effort targets businesses that are seeking to create jobs but lack access to private sector lending. These businesses will be eligible for loans from the NADBank or through federal loan guarantee programs operated by USDA and SBA. Treasury will inform the members of Congress that represent the areas, as well as members of the Hispanic Caucus, of the pending announcement. The eligible communities were identified based on the number of worker certifications by DOL as displaced under the NAFTA-Transitional Adjustment Assistance program over the last two years and on the 1996 unemployment rate as estimated by the Bureau of Labor Statistics.

- **Fast Track:** On July 24, Secretary Rubin had lunch with CEOs from companies such as GE and International Paper to discuss the issue. Treasury is participating in the interagency legislative effort, as well as working with other agencies to further develop the arguments for fast track.

- **Weapons Trafficking:** On July 21-23, Treasury officials joined representatives of State and Justice at an OAS meeting to discuss weapons trafficking. Treasury is responding to your call to take the lead in this initiative.

- **Bank Secrecy Act:** Treasury's Financial Crimes Enforcement Network has published two regulations which will expand exemptions from the Bank Secrecy Act requirement that banks report all currency transactions over $10,000. Together, the regulations are

intended to reduce by 30 percent the 11 million currency transaction reports filed each year, as mandated by the 1994 Money Laundering Suppression Act. The first regulation will exempt all transactions between banks and (I) other banks; (ii) governmental entities; and (iii) companies listed on one of the major stock exchanges and their subsidiaries. The second regulation will exempt transactions between banks and certain low-risk, small, or privately-held companies.

- **Children's Health:** Treasury is participating in the interagency process on children's health insurance by focusing on two areas of the proposal. The first is the application of nominal cost sharing to low income populations in order to effectively limit substitution away from private health insurance. The second is the use of a funding structure which will reward states not only for signing up newly eligible (higher income) children, but also for enrolling low income children who are eligible for, but not enrolled in, Medicaid.

- **Climate Change:** Treasury officials are participating in a series of discussions on climate change. In particular, the Department is working with EPA to produce a report which accurately assesses the lessons of past cap and trade systems, and which carefully explores the feasibility of an auction system.

- **Appropriations:** On July 22, the Senate passed Treasury's appropriations bill by a vote of 99-0. The bill provides $1 million for the Youth Gun Crime Interdiction Initiative, reduces funding for Treasury's Office of the Inspector General by the same amount, and includes Senator Daschle's amendment to prohibit field support reorganization of the IRS in SD until the IRS toll-free help phone line reaches at least an 80 percent service level.

DEPARTMENT OF JUSTICE

- **Oklahoma City Bombing:** U.S. v. McVeigh and Nichols. On July 14, 1997, the Tenth Circuit affirmed a district court ruling that placed certain briefs and supporting materials under seal. Media groups had sought access to the material.

- **FAA's Age 60 Rule:** Professional Pilots Federation, et al. v. Federal Aviation Administration. On July 15, 1997, the D.C. Circuit upheld FAA's Age 60 Rule, prohibiting the use of pilots over age 60 in large commercial aircraft. The rule has survived a number of court challenges since it was promulgated in 1959, but the agency reexamined it in 1993 and decided that there was still insufficient information to warrant changing this safety-based rule. A pilots' organization and several individual pilots petitioned for judicial review, contending that the rule violates the Age Discrimination in Employment Act (ADEA), is arbitrary, and is not supported by scientific evidence. The D.C. Circuit has denied the petition holding that the ADEA does not limit FAA's programmatic activities as a safety regulator.

- **Government Background Checks:** Nos. 96-5108 & 96-5141 (July 15, 1997) [D.C. Cir.; D.D.C.]. The D.C. Circuit has upheld the process by which the government checks the background of employees who have access to sensitive and classified information. The court reversed district court decisions which held that a constitutional right to privacy barred the government from asking employees to provide information concerning such topics as financial difficulty and drug abuse.

- **World Trade Center Bomber:** On May 29, Dr. Omar Abdel Rahman, convicted of conspiracy in the World Trade Center bombing trial, filed suit against the Bureau of Prisons (BoP) and several BoP officials. Rahman is being confined under special administrative procedures (including solitary confinement, limitations on the number of telephone calls, limits on visitation privileges, and restrictions on mail) in place when there is a substantial risk of death or bodily injury. He alleges violations of his rights to equal protection and access to counsel, as well as his right to practice his religion.

- **Genocide Prosecution in Lithuania:** On July 15, the Lithuanian Government delayed indefinitely its indictment against Aleksandras Lileikis, formerly of Norwood, MA, due to Lileikis' failing health. The Lithuanian Government had previously intended to prosecute Lileikis for genocide by the end of July. Lileikis, who headed the Nazi-sponsored Lithuanian Security Police in Vilnius Province during the Second World War, fled to Lithuania in June 1996 after DOJ's Office of Special Investigations and the U.S. Attorney's Office for the District of MA obtained his denaturalization. Congress and the Administration have repeatedly urged Lithuania to prosecute Lileikis, who remains at liberty in Vilnius.

- **COPS MORE '96 Grant Announcement:** On July 24, the COPS Office will award almost $4 million in COPS MORE '96 funding to 37 jurisdictions for civilian hires and technology purchases. These awards will result in the redeployment of 161 officers.

DEPARTMENT OF COMMERCE

- **Census 2000 Partnership Rollouts:** On July 29, in Miami, FL, and on July 30, in Dallas, TX, Census Director Riche will lead two more Census 2000 Partnership Rollout meetings. These are designed to inform state, local, tribal and community representatives of plans for Census 2000 and to discuss ways to improve communication and community involvement.

- **Information Technology and Economic Growth:** On July 29, the Economics and Statistics Administration, Technology Administration, and National Telecommunications and Information Administration are sponsoring a Conference on Information Technology and Economic Growth.

- **Fishery Conservation:** By August 6, the National Marine Fisheries Service will announce national standards for fishery conservation and management to implement new requirements of the Sustainable Fisheries Act, passed last year by Congress. The new standards will include a new definition of overfishing and a conservative approach to fishery management. The standards will be used by fishery management councils to update all fishery management plans.

- **Biological Weapons Convention:** From July 14 through August 1, Bureau of Export Administration representatives will participate in Biological Weapons Convention (BWC) meetings in Geneva to draft a protocol to strengthen the BWC.

- **GDP Estimate:** On July 31, ESA will release its advance estimate of GDP for the second quarter of 1997.

DEPARTMENT OF LABOR

- **Black Lung:** On July 23-24 the Office of Workers' Compensation Programs held public hearings on the proposed new Black Lung regulations. The coal industry and miners have expressed concerns about the regulations, which are designed to streamline the process so that miners and survivors can get a prompt decision.

- **Immigrant Slavery Ring in NY:** DOL's Wage and Hours Division in NY is contacting INS and the U.S. Attorney's office in response to the discovery of Mexican immigrants living in virtual slavery.

- **Job Training Program Waivers:** On July 23, DOL notified 13 Governors that their states won approval to operate their federal job training programs with less oversight and fewer restrictions from the federal government. The 13 states are AL, AK, FL, ID, IN, KY, MI, MS, NE, OH, SD, WA. In exchange for flexibility in delivery of services for youth and adults, the states commit to accountability and improved performance outcomes for program participants.

- **Pension Booklet:** Next week, Secretary Herman will host a roundtable discussion in Chicago, IL, focusing on pension security issues affecting women. The Secretary will unveil a new booklet entitled *The Division of Pensions Through Qualified Domestic Relations Orders,* which deals with the division of pension assets in cases of divorce.

- **GM Strike:** UAW members at GM's truck assembly plant in Pontiac, MI, ended their 87-day strike and returned to their jobs on July 21 after approving a local contract ending their 87-day strike.

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- **CNA-Kaiser Permanente:** Registered nurses represented by the CA Nurses Association struck Kaiser Permanente's 47 hospitals and clinics in northern California as scheduled on July 17 - 18. Also participating were members of five unions representing most of the other employees at those facilities. No talks have been held since the strike began, and none are scheduled.

- **L.A. Harbor Pilots:** Representatives of the port of Los Angeles and striking harbor pilots resumed contract talks on July 18. The pilot walkout began on July 11 and disrupted cargo handling for several days until city officials obtained a court order barring the picketing of cargo terminals. The union reportedly is seeking a 72-percent increase in pay over two years and assurances of job protection if pilot service is privatized.

- **SCLC Speech in Atlanta:** On July 29, Secretary Herman will travel to Atlanta, GA, to address the 40th Annual Southern Christian Leadership Conference Convention's Women's Luncheon. She will also meet with the Georgia State Labor Council.

DEPARTMENT OF TRANSPORTATION

- **Washington National Airport Terminal Opening:** A ribbon-cutting ceremony for the new terminal building has been scheduled for July 27 with Secretary Slater and FAA officials.

- **Caribbean Visit:** On July 28-29, Secretary Slater will travel to Port-au-Prince, Haiti, to follow up on your Caribbean initiative and to discuss assistance to the Haitian Government to improve its transportation infrastructure. Secretary Slater is scheduled to meet with Haitian President Preval, Prime Minister Smarth, and transportation officials.

- **Procurement Reinvention Streamlining:** DOT has crafted a reinvention experiment for streamlining the 8(a) contracting process. SBA jointly developed and signed a Memorandum of Understanding on January 23, to begin the pilot reinvention experiment. It has now been expanded to cover all DOT agencies.

UNITED STATES TRADE REPRESENTATIVE

- **Azerbaijan Treaty:** The United States continues negotiations with Azerbaijan on a bilateral investment treaty. The treatment of U.S. investors in oil and gas and telecommunications sectors will likely be the key hurdle to the successful conclusion of the negotiations. A treaty may be ready for signature during the visit of Azerbaijan's President on July 31-August 1.

- **Japan Film:** The findings of the Japan Fair Trade Commission (JFTC) survey of the Japanese film sector issued in Tokyo on July 23 confirm many of the anticompetitive practices throughly documented by the U.S. and the EU. The survey also raises concerns about financial ties in the Japanese manufacturer-distributor relationship. However, the JFTC once again has issued weak and insufficient recommendations for addressing these problems. The findings reinforce the reluctance of the U.S. to rely on the JFTC to address the array of informal market access barriers faced by foreign firms in the Japanese market.

- **Boeing Merger:** On July 23, the Boeing-McDonnell merger received preliminary approval from the European Competition Commissioner and is expected to receive full Commission approval early next week. Ambassador Barshefsky met with the Boeing chairman to discuss the impact of Boeing's concessions and to alert Boeing to expect renewed pressure from the European Commission to amend the 1992 bilateral aircraft agreement.

SMALL BUSINESS ADMINISTRATION

- **7(a) Loan Program:** SBA expects to publish the results of its review of the 7(a) business loan program before August 1. The report asserts that the 7(a) program has been hurt by its own success: the Administration has increased 7(a) lending while decreasing the cost to the government. Demand now exceeds available resources. The Administrator asked an SBA task force and the lending community to re-examine who the program serves and who is underserved by private credit markets, and to assess strategies for bringing stability to the program. The report will serve as a springboard for additional analysis and policy review.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **VA/HUD Spending Bill:** On July 22, the Senate passed a $90.9 billion spending bill for VA/ HUD and Independent Agencies. FEMA's pre-disaster mitigation program, originally not funded in the Senate bill, received $5 million through an amendment sponsored by Senators Daschle, Mikulski, and Bond.

DEPARTMENT OF INTERIOR

- **Endangered Jaguar:** On July 17, the FWS listed the jaguar as an endangered species in its U.S. range in NM, AZ, and TX. The jaguar is already listed as endangered in Mexico. The decision complies with a court-ordered deadline for completion of a listing determination.

- **Stone Mountain Fairy Shrimp:** The FWS is reviewing the status of the Stone Mountain Fairy Shrimp, a species found near the summit of Stone Mountain, GA, in response to a petition seeking an endangered species designation.

- **Cherokee Nation:** Despite some behind-the-scenes movement towards a resolution of the crisis with the Cherokee Tribe has occurred, its success is not yet assured. The U.S. Attorney, who will be retiring in mid-August, has served as an intermediary, meeting with the Principal Chief and the impeached justices, trying to move both sides towards a resolution of the issues. The discussions are at a very delicate stage, although one of the initial steps that would occur would be a withdrawal of BIA law enforcement personnel. That would not occur, however, until the Cherokee marshals are reinstated. In the meantime, the impeached justices have filed suit in the federal district court in Washington to either force withdrawal of the BIA police or require that they serve the arrest warrants issued by the impeached justices on the Chief.

- **Murrah Building Site:** After Senator Nickles expressed his concern that NPS testimony did not take a position on his bill that would make the Murrah Building site in Oklahoma City a unit of the park system, NPS agreed to meet with citizens of Oklahoma City, including representatives of the Oklahoma City Memorial Foundation, during the week of July 23 to discuss management alternatives for the site. Senator Nickles has requested that NPS develop a variety of management alternatives for the site.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Small Farms Commission:** On July 28, Secretary Glickman will participate in the first public meeting of the National Commission on Small Farms in Memphis, TN. The Commission will examine programs to serve small and beginning farmers.

- **Dioxin in Poultry:** The week of July 21, many poultry plants have resumed production of broilers after the levels of dioxin dropped below the FDA-established level of concern. Last week, plants either suspended production or reprocessed broilers to bring the product in compliance. USDA is working to resolve this issue in a way that protects the public health while minimizing the economic impact. USDA is also concerned about dioxin in poultry products purchased for the national school lunch program.

- **Fresh-Cut Fruit:** USDA researchers have found a method to extend the shelf-life of fresh-cut fruit from seven to up to 14 days while retaining flavor by using a chlorine rinse before cutting them for packaging. Fresh-cut fruit is the fastest growing market in the produce business.

- **Team Nutrition:** On July 24, USDA's Team Nutrition promotion and education program will receive the Society for Nutrition Education's 1997 Excellence in Nutrition Education Award. The Public Relations Society of America recently recognized Team USDA's success with its Silver Anvil award in June, and the American Dietetic Association will present USDA with a similar award in October.

DEPARTMENT OF ENERGY

- **Academic Strategic Alliances Program (ASAP):** On July 31, Secretary Peña will inaugurate of the ASAP program. ASAP will partner major universities with the DOE weapons laboratories to incorporate leading edge research to help meet the Administration's goals of maintaining a safe and reliable nuclear weapons stockpile in the absence of weapons testing. This program could provide over $250 million to five academic alliance centers over a 10-year period. Examples of possible non-defense applications include: modeling to study fire conditions that will assist in the design of new fire retardant building materials, supernova modeling and studies of how our galaxy came into being, and advanced rocket studies that will contribute to space exploration.

- **Wind Power Agreement:** This week, DOE's Bonneville Power Administration will sign the agreement to buy a substantial share of a wind turbine project in WY. The project will help establish wind energy as a reliable, economic, and environmentally friendly resource. It also supports DOE's commitment to renewable energy development and climate change.

- **Gore-Mbeki Binational Commission:** On July 28, Secretary Peña will host the Sustainable Energy Committee Meeting of the U.S./ South African Binational Commission with his co-chair, Minister of Minerals and Energy Maduna.

DEPARTMENT OF EDUCATION

- **IDEA Issue In CA:** On July 13, Education transmitted to CA agencies their grant award under the Individuals with Disabilities Education Act (IDEA), with the restriction that CA must report to the department its progress toward providing a free appropriate education to all eligible youth, as required by the Act. The CA Department of Corrections had notified DOEd in June that it does not intend to serve eligible youths who are incarcerated in adult prisons. CA's failure to serve this population is a long-standing and controversial issue. If the Department of Corrections does not change its position, future enforcement options could include reduction of CA's grant or referral to DOJ.

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- **National Test Panel Member Resignation:** Diane Ravitch, an education historian and scholar who was also an Assistant Secretary at DOEd during the Bush Administration, resigned from the National Test Panel that was formed by the Council of Chief State School Officers to oversee the development of the voluntary national tests in reading and math. Ravitch alleged the Administration is trying to "politicize" the tests issue.

ENVIRONMENTAL PROTECTION AGENCY

- **PCB Imports:** On July 18, EPA notified importers of PCBs (Polychlorinated Biphenyls) that EPA would refuse entry into the U.S. of any shipment of PCB wastes that departs the exporting country after July 20. EPA took this action in light of the July 7 Ninth Circuit Court of Appeals ruling to overturn the Agency's rule governing the import of PCB wastes for disposal. The import rule streamlined the PCB import process, allowing import through a general rule rather than through individual petitions.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Health Statistics Report:** Firearms deaths declined 11 percent from 1995 to 1996, according to the National Center for Health Statistics. Firearm injuries continue to have a major impact on the health of Americans. In 1995, 6 percent of all deaths, 8 percent of all hospital visits, and 37 percent of all emergency room visits were injury-related. The National Center report will be issued on July 24.

- **Teen Parents:** The final evaluation report for OH's Learning, Earning, and Parenting (LEAP) program will be released this week. LEAP provides cash bonuses to teen parents on AFDC for attending school, and sanctions teen parents on AFDC who do not attend school. Case managers monitor attendance, and authorize child care and transportation services. LEAP had a modest impact on school enrollment and GED awards, but has not had an impact on graduation rates.

- **National Drug Survey:** The Substance Abuse and Mental Health Services Administration will release the 1996 National Household Survey on Drug Abuse in the coming weeks. The survey provides annual estimates of the prevalence of illicit drug, alcohol, and tobacco use in the U.S. and monitors trends in use over time. There was a statistically significant decline in the illicit drug use rate among youths age 12-17 from 1995 to 1996, while the overall rate of illicit drug use for the U.S. population remained flat from 1995 to 1996. There was also a sharp rise in youth use of some illegal drugs and a decrease in the percentage of youth who perceive some illegal drugs as harmful.

- **Home Health Agencies:** On July 28, the HHS Inspector General will issue a report finding that one-quarter of home health agencies in the five Operation Restore Trust states are problem providers, and they receive almost 45 percent of all Medicare expenditures for home health services in these states. Problem agencies are defined as

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agencies that have abused or defrauded Medicare or misappropriated Medicare funds through the cost report or claims process. Most problem home health agencies are closely-held proprietary corporations whose owners are involved in related organizations and complex business relationships. The report recommends evaluation of the Medicare certification process and other measures that would protect the Medicare trust fund and prevent questionable providers and individuals from taking advantage of the program.

Medicaid Waiver Program: Services for PA's Medicaid waiver program began on February 1 for five counties in the Philadelphia area. HCFA learned in April that thousands of beneficiaries were assigned inadvertently to a different primary care provider than the one they had selected. HCFA has been working to resolve this problem. In a related matter, HCFA has learned that several participating HMOs reported financial losses during the first quarter of operation and the main provider in Delaware County, Health Partners, informed the State that because of the low reimbursement rates it might withdraw from the program.

- **Use of Investigational Drugs by the Military:** On July 30, FDA Deputy Commissioner Pendergast will appear before the Presidential Advisory Committee on Gulf War Veterans' Illnesses. She will address the use of experimental drug products in military exigencies. On July 22, FDA sent a related letter to DoD, citing significant deviations from FDA's experimental-product regulations. A *Federal Register* Notice will be published next week, asking for written comments from the public on an interim final rule which allowed DoD to use investigational products to protect troops during the Gulf War. Comments are also being sought concerning evidence needed to demonstrate safety and effectiveness for investigational drugs that cannot ethically be tested on humans. The information will help the HHS to develop a position regarding safety and efficacy of similar products that could also be used in civilian emergencies, such as the Tokyo subway incident.

- **Guatemalan Raspberries:** On July 17, FDA, CDC, State, and Guatemalan authorities agreed that Guatemala may resume shipments of fresh raspberries to the U.S. on August 15.

- **Presidential Advisory Council on HIV/AIDS:** On July 23-24, the Presidential Advisory Council on HIV/AIDS (PACHA) will meet at the CDC to discuss HIV/AIDS prevention strategy. Topics include: recent trends, revised national surveillance priorities, behavioral surveillance, resistance monitoring, testing, prevention, issues affecting young people, counseling and partner notification, new drug therapies, and barrier methods of HIV prevention.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Northeast Regional Empowerment Conference:** The second regional Conference on Empowerment Zones and Enterprise Communities was held July 21- 22 in Boston. It was attended by over 1000 community leaders and government officials, including 20 Mayors from New England and members of 26 of the region's EZ/EC Boards. The Vice President and Secretary Cuomo awarded over 160 million dollars in new grants and loans for community development projects, including over $41 million to Baltimore, over $40 million to Boston, $15 million to Rochester, $13 million to Bridgeport, $8 million to Hartford, $7 million to Buffalo, $7 million to Springfield, $7 million to New Haven and $3 million to Wilmington. The Vice President and the Secretary also joined Mayor Menino at the South End Community Health Center for its ground breaking celebration. The Center was funded with a Section 108/EDI award for over $6 million dollars.

- **Native American Training Seminar:** The first in a series of training seminars on developing and implementing housing plans for Indian housing authorities and Native American tribes was conducted in Denver by HUD field staff this past week. Under the Native American Housing Assistance and Self Determination Act, most tribes will be required to submit an Indian Housing Plan in order to receive federal assistance. Future training seminars are scheduled for Seattle, Oklahoma City, Phoenix, Chicago and Anchorage.

- **Increasing Homeownership:** While in Boston at the EZ/EC Conference, Secretary Cuomo announced that homeownership rates reached their highest level in 17 years. Second quarter results for 1997 show that the U.S. homeownership rates rose to 65.7 percent. 67.1 million American households now own their homes -- the highest number in U.S. history and an increase of 5.3 million since you took office in 1993. Gains were posted for all of the National Homeownership Strategy's targeted constituencies: rates increased for central cities, minorities, female-headed households, families below median income and young, married couples. In addition, Housing starts rose 4.8 percent in June, reversing May's decline and indicating a trend toward several months of increased building activity.

VETERANS AFFAIRS

- **Smoking -Related Illnesses:** The issue of compensation for smoking-related illnesses will be on the agenda for the July 25 Senate Veterans' Affairs Committee legislative hearing.

- **American Indian Veterans:** On August 24-29, VA will hold its fifth training session to prepare VA employees to understand and work more effectively with American Indian veterans. Known as "Camp Chapparal," the project site is in the closed area of the Yakama Nation (sacred grounds), high on the slopes of Mt. Adams, WA.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Presidential Report to Congress:** On July 18, Director McCaffrey chaired a high level meeting to develop an Administration position to enhance regional drug cooperation and a strategy for working the issue with Congress. Participants agreed to build momentum for greater regional cooperation during coming months. It was also agreed that the State Department will take the lead in drafting the September 1 report to Congress on enhanced hemispheric cooperation, promised by the President in correspondence to Senators Feinstein and Coverdell.

- **Border Shooting:** On July 15, the Director met with a delegation from Redford, TX, in reference to the May border shooting of 18-year-old Esequiel Hernandez. Director McCaffrey stated that "we view the Hernandez shooting as a tragedy and we will try to ensure that this kind of incident doesn't happen again. That ought to be a flat-out guarantee by the U.S. armed forces who participate in supporting local law enforcement." The Director's comments appeared in the *Houston Chronicle, San Antonio Express News, Associated Press* and *United Press International.*

- **U.S./Mexico Relations:** On July 22, the Director conducted an interview with Tom Bearden from *The News Hour with Jim Lehrer* regarding the purpose of the military at the U.S./Mexican border. He discussed U.S./Mexico relations with Jorge Fernandez Menendez of *El Financiano*, a Mexican television show. Chitra Ragavan of *National Public Radio*, Angie Cannon of *Knight-Ridder News Service* and *CNN* separately interviewed the Director about the crack/powder cocaine sentencing issue.

SOCIAL SECURITY ADMINISTRATION

- **Online Computer Services:** During the first week of August, SSA expects to issue a report to stakeholders on how it proposes to provide electronic services through the Internet, while protecting the privacy of individual information in the Agency's records. In April, SSA suspended delivery of its online Personal Earnings and Benefit Estimate Statements (PEBES) on the Internet pending a review. PEBES provides information about a worker's earnings, Social Security taxes paid, and estimates of benefits. SSA held public forums across the country to obtain input from experts in privacy, computer technology, banking and the public. SSA has briefed OMB staff, privacy advocates and other experts who attended the forums on its forthcoming actions, and will brief congressional staff before making a public announcement.

SPECIAL ENVOY FOR THE AMERICAS

- **Free Trade Promotion:** On July 28, Mr. McLarty will travel to Detroit, MI, to address the Greater Detroit Chamber of Commerce and travel to Ann Arbor, MI, to present the E-Star award for Export Excellence to Mechanical Dynamics. On July 29, Mr. McLarty will travel to Akron, OH, to address a CEO breakfast and travel to Cleveland, OH, to address the Cleveland City Club.

cc:
The Vice President
Erskine Bowles
Franklin Raines
John Podesta
Sylvia Mathews
Mack McLarty
Ron Klain
Rahm Emanuel
Melanne Verveer
Michael McCurry
Doug Sosnik
Craig Smith
Mickey Ibarra
Don Baer
Maria Echaveste
John Hilley
Janis Kearney
Ann Lewis
Bruce Reed
Gene Sperling
John H. Gibbons
Kathleen McGinty

7-31-97

THE WHITE HOUSE

WASHINGTON

copied
Ibarra
COS

July 25, 1997

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- July 21 - 25, 1997

I. PRESIDENTIAL PRIORITIES

Balanced Budget

- Spectrum: Local elected officials are concerned that Congress may not accept your proposal to reclaim certain rarely used frequencies and to reserve 40 percent of those frequencies (an additional 24 megahertz of radio spectrum) for the exclusive use of police, fire fighters and other public safety workers. As you know, local officials believe that local public safety agencies have less that 50 percent of the spectrum necessary to ensure efficient and effective response to crisis and disaster. We have been working with OMB and Legislative Affairs to ensure that these issues are addressed in the budget reconciliation process. Mark Schwartz, Councilmember from Oklahoma City, and President of the National League of Cities, is a leading voice on this issue; he has contacted the White House and the Department of Justice.

Education

- We coordinated with DPC to invite the mayors of the fifteen cities who have recently signed on to your education testing initiative to attend your speech to the National Association of Elementary School Principals on Friday, July 25, 1997. Mayor Beverly O'Neill (D-Long Beach, CA) attended the event.

Crime

- We contacted the mayors from each of the cities who were mentioned in your radio address last Saturday on juvenile crime. The mayors were very pleased to have been selected for the second round of the Youth Crime Interdiction effort and expressed their intentions to publicize our efforts and amplify our message.

Race Reconciliation

- The leadership of the "Big Seven" intergovernmental organizations (NGA, NCSL,

USCM, NLC, CSG, NACo, ICMA) has indicated interest in a September date for a meeting we proposed between the elected leadership of the Big Seven and two Race Advisory Board members -- Governors William Winter and Tom Kean. This session would provide the opportunity to discuss the initiative and ways in which the intergovernmental organizations can become meaningfully involved in our One America initiative. Both John Hope Franklin and Governor Kean have indicated support for this outreach approach to local and state elected leaders.

- The July 21, 1997 edition of the *U.S. Mayor* newspaper features an article on your initiative on race reconciliation. The opening paragraph states, "Moving beyond the racial divisions of the past' will be one of the highest priorities of The U.S. Conference of Mayors in the year ahead according to the new president of the Conference, Fort Wayne Mayor Paul Helmke." Mayor Helmke has pledged to begin a dialogue on race in cities across the nation.

- I traveled with the Vice President to the National Council of La Raza meeting on July 21, 1997. Promotion of the One America race initiative was included in the Vice President's remarks.

II. INTERGOVERNMENTAL CONSTITUENCIES

Governors

- We are in the final stages of preparation for our participation in the annual National Governors' Association Meeting to be held in Las Vegas, July 27 - 30, 1997. In addition to your participation, Education Secretary Riley will attend and twelve federal agencies will be represented at the meeting. Former Education Secretary Lamar Alexander and Bill Gates will also address the meeting. Your briefing materials will include all the necessary information and background.

County Officials

- We met with Commissioner Jane Campbell of Cuyahoga County, Ohio. We discussed a proposal by the Substance Abuse and Mental Health Administration of HHS to change the formula for allocating funds to individual states. Under the proposed changes, Ohio would lose more than twenty percent of its proposed Block Grant beginning October 1.

State Legislators

- We are preparing for the Annual Conference of the National Conference of State Legislatures (NCSL), which will be held in Philadelphia August 6 - 9, 1997. The Vice President will speak to the Conference and will also address a lunch for 800 Democratic State Legislators.

  We will conduct an Administration "One-Stop Shop" Service Center at the NCSL

meeting. Over 25 agencies have agreed to participate in Philadelphia on Thursday, August 7, from noon to 6:00pm. This will nearly double the number of departments and agencies that participated in the "One-Stop Shop" on July 14, 1997 during the National Association of Counties meeting.

Mayors

- Lynn Cutler traveled to Boston with the Vice President on Tuesday, July 22, for a HUD-sponsored conference on Community Empowerment. Fifteen mayors participated during the day for a variety of activities, which included a ceremonial announcement of grants for their communities. The Vice President also met with a group of state and local officials/community leaders at the conclusion of the day. Secretaries Cuomo and Herman and Administrator Alvarez participated in this meeting.

- We met with Mayor Rudolph Giuliani's (R-New York) intergovernmental affairs staff. They reiterated their ongoing invitation to you to come to New York to discuss any of your initiatives.

Indian Country

- We convened two important interagency meetings this week. The first related to tribal justice. We are working to resolve the issue of Indian representation on a committee and to establish a plan that sets out to enhance law enforcement for Indian country. Both Secretary Babbitt and Attorney General Janet Reno support this effort; we believe it is important to establish meaningful consultation with Indian Country on this issue.

  The second meeting concerned language regarding international statements about indigenous people. NSC is reviewing this matter in coordination with the State, Interior and Justice Departments.

- Deputy Secretary of the Interior John Garamendi convened an informal working group of department/agency staff members who work with Indian Country and we participated in this meeting.

- Both the Interior and Justice Departments have been undertaking extensive negotiations with Cherokee Nation Chief Joe Byrd. At this point, Chief Byrd has agreed to rehire the marshals, although he will not rehire the Chief Marshall. A local attorney is working on reconciliation efforts; we are hopeful that the justices will be restored to the bench and the courthouse will be reopened. A full investigation will continue on all of these issues, and we will continue to monitor this situation.

- The Washoe Tribe in Nevada is eagerly awaiting your arrival for the Tahoe Summit. They are thrilled with the program for the event and have expressed that a "great healing" is now possible. Brian Williams, chairman of the tribe, will speak during the program on Saturday. The Vice President is meeting with the Washoe tribal elders on Friday, July

25, 1997. This should prove to be an exciting and moving experience.

Insular Affairs

- Medicaid: House Republicans finally agreed to a Medicaid increase for all of the territorial areas in response to your proposal and our efforts with insular officials, OMB, and HHS. They agreed to a $163 million increase over five years as agreed to by the Senate. This includes almost all of the first-year funding that you proposed.

- Puerto Rico Investment Incentive: We worked with Legislative Affairs, OMB, and Treasury to elevate this issue in the Conference negotiations. We are concerned that agreement on this issue may be difficult to achieve.

- Puerto Rico Status Holidays: We prepared messages for the holidays to celebrate Puerto Rico's Commonwealth arrangement and statehood movement. They had been requested by the Democratic Chair and Governor Pedro Rossello (NP/D).

- Air Travel Taxes: We worked with Guam, Virgin Islands, and Puerto Rico representatives on the treatment of the insular areas in air travel tax proposals in the budget legislation.

III. OTHER ISSUES

Climate Change

- We are coordinating with the Climate Change Task Force to assure that state and local elected officials are kept informed about the issue and that supporters of the Administration's position are recruited and utilized in message amplification efforts.

Fast Track

- We have assigned an IGA staff liaison to the Fast Track working group to assist with building support among state and local officials.

Half-Staff Notification

- We contacted the Governors' offices and key state and local officials to urge all government buildings to lower their flags to half-staff in recognition of the passing of Supreme Court Justice William Brennan.

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

7-31-97

July 23, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN H. GIBBONS

CC: ERSKINE BOWLES

SUBJECT: OSTP WEEKLY REPORT

Copied
Gibbons
COS

CLIMATE CHANGE RESPONSE OPTIONS LOOK PROMISING

Partnership for a New Generation of Vehicles. OSTP worked closely with OVP and the agencies forming the PNGV consortia to pull together the Vice President's 6th automotive technology symposium July 22-23. This symposium focused on the development of advanced four-stroke engines (both gasoline and diesel), the use of new fuels in these engines, and tailpipe emissions controls. The PNGV schedule calls for the team to select this year a technical approach for the commercial production prototype vehicle due by 2004. It is very likely that the design chosen for this first generation of supercars will be a hybrid vehicle. Hybrids are powered by electric motors but the electricity is produced by an engine/generator in the car. This means that they can use a liquid fuel from a standard filling-station. Diesel engines are extremely attractive for an efficient hybrid since they can be extremely efficient -- helping achieve the 3-fold reduction in fuel consumption and greenhouse gas emission that is the goal of PNGV. But diesel engines are controversial since current designs produce more particulates and NOX than gasoline engines. The Vice President made it clear to the participants that your Administration will not trade clean air for fuel efficiency and that the PNGV would, as originally stated, meet all applicable environmental standards.

PCAST Energy R&D Panel. John Holdren chaired a full panel meeting July 15-17 to discuss the findings-to-date for each of the four task forces: efficiency; fossil; nuclear; and renewables. Early indications are that, despite the panel's diverse membership, it will be able to forge consensus around a number of key strategic directions for U.S. energy R&D. The implications for a successful climate change response package are enormous, since energy use is responsible for the majority of greenhouse gas emissions. You will receive their final report by October 1, 1997.

KHAMISIYAH MODELING RESULTS TO BE RELEASED

On July 21 OSTP, NSC, and Cabinet Affairs staff were briefed on the results of the DOD/CIA models of the March 10, 1991, demolition of sarin-filled rockets in the pit at

Khamisiyah. Your Advisory Committee on Gulf War Veterans' Illnesses and Hill staff will be briefed on the morning of July 24, and the results will be released to the public that afternoon. The modeling results -- which achieved considerably more certainty regarding the number of rockets and likely behavior of the nerve agent in the environment than previous versions -- indicate that large numbers of troops were possibly exposed to very low levels of sarin.

BIPARTISAN PLANT GENOME INITIATIVE PROGRESSES IN SENATE

Senator Bond had high praise for your Administration as he announced the initial funding ($40 million in the Senate NSF appropriations bill) for the Plant Genome Initiative designed to help keep U.S. agriculture internationally competitive. He applauded us for "strong support in the beginning to formulate the most scientifically and administratively feasible way to proceed, so that we can maximize the return on the taxpayer's investment."

CASSINI LAUNCH PLANS MOVING FORWARD

At OSTP's request, on July 22 NASA and DOE gave their first EOP briefing on the Cassini mission to Saturn, planned for launch on October 6, 1997. By the terms of PD/NSC-25, NASA must make a request for Nuclear Launch Safety Approval because the spacecraft carries substantial amounts of plutonium (in radioisotope thermal generators that convert the heat generated by plutonium decay to electricity). The approval decision can be rendered by you or by me, as appropriate. My staff has been working closely with the relevant agencies, and I have contracted with special experts to advise me on this decision, which is critical to planetary exploration but potentially controversial among nuclear power opponents. I plan to have my recommendation to you no later than mid-September.

U.S.-RUSSIA PLUTONIUM DISPOSITION EFFORTS MAKING PROGRESS

The U.S.-Russia Plutonium Disposition Steering Committee, chaired by OSTP and Minatom, met July 14-18 in Moscow. The meeting produced several breakthroughs, clearing the way for contracts for work on a facility to convert plutonium to an oxide suitable for fabricating MOX fuel -- an issue discussed in the communique of the Denver Summit of the Eight.

MEDIA UPDATED ON S&T INITIATIVES

I hosted a reporters' roundtable July 23. I first briefed about 20 members of the S&T trade press on the encouraging status of the Administration's R&D budget requests and then opened up the session broadly to Q&A on S&T initiatives. The dialogue was wide-ranging -- addressing mechanisms for support of Russian scientists to mechanisms for funding the plant genome initiative -- but most of the questions focused on MIR and climate change.

7-31-97

July 25, 1997

~~Copied up to~~ Smith COS

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Craig Smith

SUBJECT: Weekly Political Update

ARIZONA

A July 11 survey by Phoenix area pollster Michael O'Neil concluded that Governor Symington's (R) approvals are going up, with 37% of the Arizona public saying they would either definitely or probably vote for him.

In a survey by Mark Mellman for 1994 candidate Eddie Basha, however, only 26% of the respondents said they had a favorable impression of the Governor, while a full 59% reported having an unfavorable impression. Mellman also found that Eddie Basha would be a stronger Democratic candidate than former Phoenix Mayor Paul Johnson (D). In a hypothetical match-up against Symington, Basha won 63%-23%, while Johnson won by a slimmer 50%-27%. The Basha campaign will soon announce its endorsement of Congressman Ed Pastor (D).

On July 24, Governor Fife Symington (R) took the stand to testify in his own defense. Symington's attorney, John Dowd, went through a list of questions at the heart of the prosecution's case, centered on whether or not the Governor had misrepresented his net worth to obtain millions of dollars in loans and put off creditors. Symington repeatedly denied under oath committing any of the crimes set out in the government's 22 count indictment, and proceeded to narrate a videotape showing the various projects he developed in the Phoenix area. According to the *New York Times*, Symington portrayed himself as a "civic-minded entrepreneur" and "an overburdened visionary who relied on his aides and accountants and did the best he could" to "juggle worthy projects in the depressed property market of the late 1980s." At first Symington seemed somewhat strained, but soon settled into a calm, composed, easy manner with the questions. The trial could go to the jury as early as the end of next week.

CALIFORNIA

It now appears that State Senator John Vasconcellos (D) is considering a possible bid for governor in '98, particularly since he would not have to give up his senate seat to run. However, most observers doubt that he can raise enough money to make a credible effort. Likely Democratic candidate, millionaire Al Checchi, during a speech proposed doubling the state's minimum wage, advocated cuts in state income taxes targeted at the poor, voiced skepticism about welfare reform as it is currently envisioned, and pushed for capital gains tax cuts.

A press release from Senate candidate Treasurer Matt Fong (R) notes that at a charity fundraiser

last week, former President Bush said it was a priority for Bush to see Fong elected to the Senate. Bush is not the only national figure helping Fong; Jack Kemp hosted two dinners in April for Fong. Other announced Republicans are San Diego Mayor Susan Golding, and businessman Darrel Issa.

Governor Wilson unveiled his $1 billion per-year tax cut proposal this week. Democrats opposed the plan arguing the tax cut would take too much money out of public school spending. Wilson maintains his tax cuts would trim only $2.5 billion from education budgets. However, Democrats point out that California's public schools are in bad shape and spending per pupil is already about $1,100 below the national average. Democrats also contend that Governor Wilson is positioning himself for another presidential race in 2000. When asked if he would like to run, he stated: "Sure, I'd like to. Does that mean I will? No."

COLORADO

The leading Republican candidate for Governor, state Treasurer Bill Owens (R) was criticized by advocates of Colorado's new campaign finance law for allegedly trying to circumvent Colorado's campaign spending cap. Owens' campaign manager said $160,000 raised and spent before he officially declared his candidacy should not be counted against the cap. Owens then issued a statement on Monday saying he will count the money. The other two announced Republicans are Speaker of the House Chuck Berry and Senate President Tom Norton.

State Rep. Pen Tate and Denver city Councilwoman Ramona Martinez are among a list of Democrats being talked about as challengers to freshman Representative Diana DeGette (D-01), who succeeded 12-term former Representative Pat Schroeder. The district is considered a safe Democratic district; however, some feel that the district should be represented by a minority because of the district's racial makeup. But insiders believe it is unlikely that either of the two mentioned Democrats will challenge DeGette.

FLORIDA

Rep. Cliff Stearns (R-06) has written a letter to Senate President Toni Jennings (R) and House Speaker Dan Webster (R) to protest a male state worker who comes to work dressed as a woman. In the letter, Stearn advocates for a state employee dress code to prevent cross-dressing. Stearns: "It's antithetical to our morals ... to have a man reporting for work with artificial breasts and makeup. It sends the wrong signals to our children and people of this country if we tolerate these cultural values." Stearn is objecting to the behavior of Air Force veteran Sabrina Marie Theodora Robb, who in May legally changed his name from Dale Robb. Governor Chiles (D) said of the issue, "We have a few women in my office who wear pants once in a while, but so far I have not seen an attempt to crack down."

Supporters of Jennings believe Florida GOP Chair Tom Slade "should keep his numbers to himself and his mouth shut" about the recent state GOP poll of 600 likely Republican voters that shows 1994 nominee Jeb Bush ahead of Jennings 75%-11%. Slade believes the poll numbers prove why Jennings should stay out of the race, enabling Bush to save money for the general.

Slade stated, "Seventy percent have never even heard of Toni Jennings." State Senator Jack Latvala (R) said, "It's an orchestrated effort to discourage her candidacy. I think it's wrong." Slade has openly supported Bush and said he ordered the poll to make sure he was not advertently discouraging a potentially strong candidate.

HAWAII

First Lady Vicky Cayetano switched from the Republican Party to the Democratic Party, saying she "believes there are good ideas to be found on all sides." When Vicky married Governor Ben Cayetano (D) two months ago, she said she would remain a Republican, but GOP rules state that she would not be able to campaign for her husband.

IDAHO

The Reform Party has endorsed Tony Pecan (R), a small business owner who is challenging Representative Helen Chenoweth (R) in the Republican primary. The endorsement may ultimately help former Democratic candidate Dan Williams, if he decides to challenge Chenoweth again in 1998.

On July 21, the Idaho Democratic Party called on state Republicans to return illegal foreign contributions which Democrats claim helped Helen Chenoweth (R) secure Idaho's 1st District congressional in 1994. Idaho Democratic Executive Director Karen White said, "The Republican Party should take some responsibility and return the money or at least call on the Republican National Committee to return all foreign illegal contributions." The statement was issued in response to a *Washington Post* report that the Idaho GOP received a $50,000 contribution from the RBC on October 20, 1994. The money was transferred the same day that the National Policy Forum funneled $1.6 million to the RBC - the same amount as a loan guaranteed by a Hong Kong Businessman. Larry LaRocco (D) was quoted in the *Washington Post* as saying that the money helped finance the GOP get-out-the-vote effort that led to 17,000 people registering to vote on election day, and contributed to his defeat by Helen Chenoweth in 1994. Andrew Arulanandum, Idaho Republican Party executive director, issued a statement saying that there was nothing illegal about the money the state party had received from the RNC.

ILLINOIS

Vice President Gore's trip to Chicago on Monday, where he spoke to the national Hispanic advocacy group La Raza, received favorable press coverage. The remarks came as the council released figures that show members of the powerful voting bloc have made economic progress but still face severe hardships compared with other racial and ethnic groups.

The Management Services of Illinois (MSI) federal bribery trial continued this week. The prosecution's star witness, former Public Aid administrator Curtis Fleming, finished four days of testimony, saying he had not protested lucrative rates MSI charged the state because of loyalty to Governor Edgar. The corporation was one of Edgar's biggest campaign donors in his two gubernatorial campaigns. A little closer to Edgar, Michael Belletire, Edgar's former deputy chief of staff, was accused in testimony last week of "dictating" the contract overhaul that increased

MSI's billings to the state from $417,000 to $11 million. Defense sources say that as early as next Tuesday or Wednesday, Governor Edgar may be called as a witness for MSI. If he testifies, he will be the first sitting governor since 1922 to take the witness stand in a criminal matter and MSI will become more that just a Springfield story.

Former Department of Justice attorney John Schmidt (D) will kick of his gubernatorial bid on July 27 at Chicago's Navy Pier. He is expected to have former DNC Chair David Willhelm at his side. Schmidt will then travel the state on a 15-city tour in a recreational vehicle.

Attorney General Jim Ryan (R) sent a letter to Illinois Republican Party leaders letting them know he intends to run in 1998 for reelection as Attorney General or possibly for the U.S. Senate. After nearly a yearlong struggle with cancer, topped by two and a half weeks of intensive chemotherapy and radiation treatment, Ryan is "practically cured," according to his doctors at Northwestern Memorial Hospital.

In a Republican poll by John McLaughlin and Associates (R) of surveyed 800 registered voters, conducted June 18-22 for the Illinois Republican House campaign committee showed Governor Edgar with impressive numbers.

Edgars Favorability	**Fav/Unfav**
Edgar	69%/17%

Re-elect Edgar Regardless of Foe?

Yes	42%
No	46%

KENTUCKY

Multimillionaire Charlie Owen (D) announced his candidacy for the Senate seat currently held by Senator Wendell Ford (D), who is retiring. Calling himself the underdog candidate with the broadest background, he said he would be the best candidate for the job because of his experience as a businessman, a prosecutor and the former executive director of the Kentucky Crime Commission. Owen mentioned more efficient, smaller government and crime as key issues, and added that he would provide details on his platform soon. In a 1994 run for Congress, Owen finished second in a field of 11 candidates. Owen has indicated that he is prepared to self-finance his bid, and has signed on Tom Ochs and Doug Schoen as consultants.

Rep. Scotty Baesler (D), who announced his candidacy for the Senate several months ago, said that it was inappropriate for Lt. Gov. Steve Henry (D) (who is likely to join the race very soon) to have a sexual relationship with a female corrections officer while she was helping negotiate a contract that Henry later had to vote on as a county commissioner. Henry, who was never married, claims there was nothing wrong with their brief relationship. Baesler would not comment on whether he will use the incident in his campaign against Henry for the Democratic nod.

MARYLAND

A Mason-Dixon Political/Media Research poll of 805 registered voters conducted July 17-19, showed Democratic Governor Parris Glendening not only faces a tough campaign in next year's general election, but he could also have a difficult time regaining his own party's nomination if challenged by Rep. Benjamin Cardin (D). The poll also tested Hartford County Executive Eileen Rehrmann (D) and House Speaker Casper Taylor (D) in a primary matchup with Glendening. The poll also shows Senator Barbara Mikulski (D) is a solid favorite to win reelection next year. The poll tested Mikulski against Rep. Connie Morella (R-08), former Rep. Helen Bentley (R), Rep. Bob Erlich (R-02), Tom Scott (R) and John Stafford (R). Morella, Bentley and Erlich have given no indication of interest in this race.

Gubernatorial Race

Favorability Ratings

	Fav	Unfav	Neutral	Did Not Recognize
Parris Glendening	35%	39%	26%	0%
Benjamin Cardin	26%	8%	27%	39%
Ellen Sauerbrey (R)	38%	32%	28%	2%

Job Performance Ratings

	Excellent	Good	Fair	Poor
Glendening	6%	27%	37%	30%

Democratic Primary

Glendening	37%
Cardin	33%
Undecided	30%

General Election Matchups

Sauerbrey	45%	Sauerbrey	40%
Glendening	42%	Cardin	43%
Undecided	13%	Undecided	17%

US Senate Race

	Fav/Unfav	ID
Mikulski	61% / 19%	97%
Morella	34% / 5%	62%
Bentley	29% / 19%	79%

General Election Matchups

Mikulski	53%	Mikulski	57%	Mikulski	56%
Morella	35%	Bentley	32%	Erlich	30%

MASSACHUSETTS

On July 22, the State Fire Marshall said his office will not pursue criminal charges against Rep. Joseph Kennedy (D-08)for a fireworks mishap that injured his 16-year-old son. Matthew Kennedy was burned on one of his forearms in an accident at the Kennedy family's Cape Cod compound, on July 19, and was treated at Cape Cod Hospital and released.

On July 23, Treasurer Joe Malone (R) announced his candidacy for the Republican gubernatorial nomination with a bang by challenging all of the other gubernatorial hopefuls to take a pledge to cut taxes. Rep. Joe Kennedy (D) and Attorney General Scott Harshbarger (D) declined, while Lt. Governor Paul Cellucci (R) said such a pledge would be moot since he had already pledged to lower taxes. Malone's entry moves the GOP closer to a primary battle. Malone said, "Lieutenant Governor Paul Cellucci (R) hasn't yet been elected by the people of Massachusetts. I want to give people a choice." Cellucci reacted by saying that, "It's much too early to start a campaign for governor."

MICHIGAN

On Wednesday, gubernatorial candidate Larry Owen (D) launched an attack on Governor John Engler saying Engler is lacking ideas for a third term in 1998, and issued a report card full of failing or near-failing grades on taxes, roads, and schools. Owen said that if elected, he would shut down charter schools, cut taxes on the middle class, and raise taxes on the rich, insurance companies, and banks. Democratic legislative leaders joined in the attack on Engler focusing on the issue of state debt, pointing to the increased bonded indebtedness under Governor Engler, and saying that Engler's tax-cutting rhetoric hides what has become a reliance on bonding. Engler's staff rebutted, saying that interest rates in relation to inflation have been so good that bonding has, in essence, been free money.

MINNESOTA

Mayoral candidate Barbara Carlson (I), the former host of the 'Barbara Carlson and Friends Show' and former Republican City Council member, trails Mayor Sharon Sayles Belton (D) by 19 percentage points (55%-36%), according to a *Minneapolis Star Tribune*. In addition, the survey found that 59% approve of the job Sayles Belton is doing as mayor with 30% approving strongly. Carlson expressed satisfaction with her initial 36% in a Democratic city.

MONTANA

Larry Jent (D), who finished last in the four-way '96 Democratic Primary, is considering challenging Representative Rick Hill (R). Jent was one of several Democrats who met with Representative Steny Hoyer (D-MD), who was in Montana last weekend to help recruit a candidate. Jent said, "Rick Hill is talking about what Montanans are mad about, and I believe Democrats will talk about what Montanans care about... I believe Montanans don't want big government, and they don't want a hamstrung government."

NEBRASKA

Senator Bob Kerrey (D) said on CNBC that he will make a decision soon about whether or not to

enter the 2000 Presidential race: "This time around both Gore and Gephardt are out early. So the longer I wait, the less likely it is for me." Kerrey has hired a fundraiser and plans to raise several million dollars in the next 18 months. He is also planning trips to Iowa and New Hampshire, and will give a "major" policy speech in Washington, D.C. in December.

NEVADA

After a Las Vegas fundraiser for Representative John Ensign (R), there is increasing speculation that Ensign will indeed challenge Senator Harry Reid (D) in 1998. Ensign claims he is "running for reelection," but he said he will make the decision to run for Senate "late this year." It was noted that Senator Don Nickles (R-OK) was a guest at the fundraiser. A DSCC spokesperson "speculated" that Ensign is "postponing a decision so he can use his seat on the House Ways and Means Committee as a fundraising tool."

NEW HAMPSHIRE

GOP chair Steve Duprey is trying to convince state Senators Carl Johnson (R) and Jim Rubens (R) to forgo the governor's race and stay in their Senate seats. Although his pro-choice views anger the party's right-wing, Duprey is backing former Representative Bill Zeliff (R) for the GOP nomination.

NEW JERSEY

Woodbridge Mayor and State Senator Jim McGreevey (D), as part of a larger skirmish over property taxes, released a statement that asked, "Who is Christine Todd Whitman trying to fool about feeling your pain about property taxes?" The release noted that Whitman paid just $188.86 in property taxes on two tracts of her land in 1996, largely because they are registered as a "working farm." At the same time, the McGreevey camp noted that local property taxes rose 4.2% statewide during Whitman's first three years in office.

NEW MEXICO

Secretary of State Stephanie Gonzales (D) and businesswoman Diane Denish (D) are organizing their campaigns for Lt. Governor. In New Mexico, Lt. Governor candidates run in the primary and then become a ticket with the chosen gubernatorial candidate. State Senator Roman Maes (D) said he will run for Rep. Bill Redmond's (R) congressional seat. Other possible candidates for that include 1997 special election nominee Eric Serna (D), Attorney General Tom Udall (D), Supreme Court Justice Tony Scarborough (D), and farmer Carol Cloer (D).

NEW YORK

A Quinnipiac College poll of 1,008 registered voters conducted July 14-20, showed Governor George Pataki (R) leading all potential Democratic candidates in a general election matchup. The Democrats tested were Comptroller Carl McCall (D), Brooklyn District Attorney Charles Haynes (D), former Transportation James LaRocca (D), and NYC Council Speaker Peter Vallone (D). The poll also tested a potential matchup between 1984 Vice President nominee Geraldine Ferraro, NYC Public Advocate Mark Green, and Representative Charles Schumer in the Democratic primary, and Senator Alfonse D'Amato, and Lieutenant Governor Betsy Ross

McCaughey in the Republican primary.

Gubernatorial Race

Favorability Ratings

	Fav	Unfav	Mixed	Undecided
Pataki	41%	28%	25%	6%
McCall	23%	4%	10%	62%
Haynes	11%	5%	6%	76%
Vallone	10%	5%	10%	73%
LaRocca	4%	3%	4%	88%

	App	Disapp	Undecided
Pataki's job performance	52%	41%	7%

General Election Matchups

Pataki	45%	Pataki	48%
McCall	31%	LaRocca	23%
Pataki	47%	Pataki	47%
Hynes	30%	Vallone	27%

Democratic Primary Matchup

McCall	21%
Vallone	14%
Hynes	14%
LaRocca	4%

US Senate Race

GOP Primary Matchup

D'Amato	53%
Ross	28%

Democratic Primary Matchup

Ferraro	53%
Green	16%
Schumer	15%

Favorability Ratings

	Fav/Unfav
D'Amato	30% / 40%
Ross	20% / 15%
Ferraro	45% / 20%
Green	26% / 7%
Schumer	18% / 6%

General Election Matchups

Ferraro	55%	Green	44%	Schumer	40%
D'Amato	32%	D'Amato	38%	D'Amato	40%

Ferraro is compiling her 1992 fundraising lists in preparation for a possible challenge to Senator D'Amato, Ferraro: "I'm seeing who's dead or alive or moved, so if indeed I do this thing, I'll be ready to go in January." Ferraro, who cannot raise money as of yet due to her contract with CNN, will not make a final decision until December. Ferraro added that she will make a list available to the Democratic nominee if she opts out of the race.

A *New York 1/New York Observer* poll of 1,203 registered voters conducted July 14-17, tested a general election matchup between Mayor Rudy Giuliani (R) and Manhattan Borough President Ruth Messinger (D). The latest poll shows Giuliani trouncing Messinger. However, the poll was

taken in the wake of a blitz of Giuliani campaign commercials (Messinger had not aired any) and government funded public service announcements featuring the Mayor.

General Election Matchup

	Now	6/30	Democrat	Women
Giuliani	57%	49%	48%	51%
Messinger	34%	41%	44%	38%

In a July 22nd speech before NY business leaders, Messinger suggested cutting the city's work force - including the police - and making existing employees work longer hours. She suggested using the threat of privatization to enforce her plan. Messinger's proposal, which she say's will reduce spending by $1 billion, was blasted by union leaders. Stanley Hill, president of the city's largest municipal union: "Her way of running for mayor is to divide and conquer." He added that he will not endorse Messinger, and will urge his board to do the same. Giuliani responded to Messinger's plan by saying that. "It's a ridiculous budget proposal." On July 24, Messinger accused Giuliani of lying about her plan to cut the Police Department and challenged him to an immediate debate on the proposal. Giuliani rejected the challenge a day after telling a reporter he would love to have a debate on the plan.

OHIO

The *Wall Street Journal* blasted Governor George Voinovich's (R) proposed $1.1 billion tax increase to fund education programs saying: "You'd think Republicans would have learned a lesson about not raising taxes from George Bush. Not in Ohio. There Republicans, led by Governor George Voinovich, are poised to enact the largest tax increase in the state's history. This despite polls showing the public supports spending cuts over tax increases by three to one. Ohio Democrats can't believe their good fortune." This week, the two Republican candidates who are hoping to succeed Voinovich as governor, Secretary of State Bob Taft and Treasurer Kenneth Blackwell, stated their opposition to the plan as well. Currently, Voinovich is heavily favored in next year's race to succeed Sen. John Glenn (D), who is retiring.

OKLAHOMA

Tulsa World reports that days after the October 4, 1994 transfer of funds from the National Policy Fund to the Republican National Committee, the Oklahoma Republican Party received a $20,000 contribution from the RNC's State Election Committee. The Oklahoma GOP then received a second donation of $17,500 on November 7, 1994. Oklahoma GOP chair Quineta Wylie (R) denied Democratic charges that the money was inappropriate, saying that "Not one dollar...came from foreign money. All contributions appear to be legal, proper and well within the bounds of federal and state election laws."

SOUTH CAROLINA

On July 20, the South Carolina GOP began running an advertisement in black newspapers spotlighting racially insensitive remarks by Senator Ernest "Fritz" Hollings' (D). The ad alludes to seven controversial comments made by the senator between 1981 and 1996, including a

reference to African Americans as "darkies," and a suggestion of cannibalism among African American heads of state. Said GOP executive director Trey Walker, "We want to show that Fritz is arrogant and insulting to folks, and that he has said some nasty bigoted and racist things to a whole bunch of folks." Hollings spokesperson Maury Lane retorted that, "These ads are beneath contempt, and there is no place for them in a campaign." He added that the senator "has no plans to play 'gutter politics'."

Rep. Bob Inglis (R-04) raised just over $407,000 in this filing period, giving him $773,000 on hand for his 1998 challenge to Senator Hollings. According to spokesperson Maury Lane, Hollings has roughly $900,000 on hand.

A Mason-Dixon/PMR poll of 801 registered voters conducted July 20-22, showed the general election matchups and favorability ratings between Governor David Beasley (R), Lexington County Sheriff James Metts (R), real estate developer William Holler (D), and State Representative Jim Hodges (D). Metts may run as a Democrat or an Independent, but was tested in this poll as a Republican. The poll also shows Democratic Senator Ernest Hollings is potentially vulnerable in a bid for reelection in 1998. The poll tested Hollings against former Governor Carroll Campbell (R), Rep. Bob Inglis (R-04) and Attorney General Charlie Condon (R). Condon has decided not to run for the Senate.

Gubernatorial Race

Favorability Ratings

	Fav/Unfav	ID
Beasley	54% / 20%	100%
Hodges	17% / 5%	52%

GOP Primary		Democratic Primary	
Beasley	68%	Hodges	26%
Metts	15%	Holler	12%

General Matchup

Beasley	51%	Beasley	53%
Hodges	23%	Holler	17%

US Senate Race

	Fav/Unfav
Campbell	62% / 10%
Hollings	45% / 22%
Condon	37% / 9%
Inglis	25% / 4%

Hollings Job Performance

	Now	9/96	2/96	2/95	9/93
Ex/Good	45%	43%	37%	44%	49%
Fair/Poor	50%	55%	57%	53%	44%

General Election Matchups

Hollings	39%	Hollings	44%	Hollings	42%
Campbell	51%	Inglis	31%	Condon	34%

TENNESSEE

Knoxville *News-Sentinel* reported more than $200,000 came into the Shelby County Democratic Party in the last days of the 1996 election, and those dollars made the difference for Clinton/Gore carrying the Vice President's home state. The money is said to have caught the attention of the Federal Election Commission, who told the Tennessee Democratic Party the money was funneled to the County party incorrectly. The state party showed the FEC that is was simply a minor technical violation in reporting and no actions were taken.

Senator Fred Thompson (R) has come under scrutiny as Tennessee Democrats are demanding that Governor Sundquist and the state Republican party return $121,000 in campaign contributions made during the '94 cycle. Tennessee Democrats allege that these donations originated from a Hong Kong business and Thompson and Sundquist directly benefited from the donations.

TEXAS

Pollster Mark Penn is polling in the field this week, and has conducted focus groups in San Antonio, Houston and Dallas for Mauro.

A GOP poll by Frank Luntz on July 19-20 surveyed 500 Texans about potential statewide match ups. The poll showed Governor George Bush (R) with a clear lead over likely challenger, Land Commissioner Garry Mauro (D), 67% to 22%, with 11% undecided. In the race for Lieutenant Governor, State Comptroller John Sharp (D) led Agriculture Commissioner Rick Perry (R) 36% to 34%, with 30% undecided. In the race for Comptroller, Carole Keeton Rylander (R) led Paul Hobby (D), 37% to 29%, but 34% of voters remain undecided. Besides Bush, only Attorney General Dan Morales (D) has a clear lead over his challengers. Luntz's polling also reveals that Texans believe the economy is doing better today than it was a year ago and that education is the most important issue facing Texans.

Governor George Bush (R) is often mentioned as a strong GOP Presidential contender for 2000. Bush has said he will make his presidential intentions known when he "officially" announces for Governor. Most observers believe he will say that he will keep his options open. Bush's "political operatives have imported" New Hampshire political consultant David Carney, a former Bush Administration political director, to "oversee" the campaigns of Lt. Governor candidate Rick Perry (R) and Attorney General candidate Barry Williamson (R). Bush will tour the state in early August to encourage voters to pass a tax relief amendment to the state constitution, making possible a $1 billion dollar tax cut. If it passes, he can claim cutting taxes by $1 billion when and if he makes a presidential run.

The 13 statewide races in 1998 make Texas a goldmine for political consultants - costs are likely

to exceed $60 million and consultants from as far away as New Hampshire have descended on the state.

Local newspapers reported that in 1994, the RNC gave the gubernatorial candidate George Bush $25,000 and the Texas GOP $33,000 from a pot of money that included at least $1.6 million in foreign funds, according to documents reviewed by the Senate Governmental Affairs Committee.

VIRGINIA

Lieutenant Governor Don Beyer (D) countered former Attorney General James Gilmore's (R) proposal to scrap the personal property tax on cars with his own personal property tax credit. The move took place during a very combative first debate before the Virginia Bar Association. While Gilmore was clearly surprised he dismissed it as a pale idea designed "just to fuzz things up." Beyer proposed that married couples with incomes between $40,000 and $75,000 get $250 income credit, and couples earning less than $40,000 receive $150 income credit. Governor George Allen and Republican legislators joined in the criticism of the proposed auto tax credit plan. Allen said Beyer "was trying to score some political points and fool the people of Virginia, and I don't think it will work." A *Richmond Times-Dispatch* editorial says that the July 19 debate went to Gilmore primarily because Beyer's tax credit proposal conceded that Gilmore is setting the terms of the campaign.

Beyer outlined a plan promoting economic development in Virginia's tobacco belt and defended his support for regulating tobacco as a drug. Beyer said his goal was "to let people know it is completely consistent to argue that we must protect children from cigarettes and at the same time be very concerned about the family farmer in tobacco growing regions."

WASHINGTON

Moments after Representative Jennifer Dunn's (R) election as vice chairman of the House Republican Conference, Pierce County Executive Douglas Sutherland (R) jumped into the race for the Senate seat currently held by Patty Murray (D). Sutherland is advertising himself as the GOP moderate choice to radical conservative Representative Linda Smith (R). Representative George Nethercutt (R) says he is still weighing a run against Senator Patty Murray (D). Because of a self-imposed term-limit, the Senate seat is Nethercutt's only way to remain in Congress. Nethercutt postponed the decision once, but was prodded to take a second look by GOP consultant Ed Rollins. He promises an announcement by September 1.

City Council member Charlie Chong (D) announced July 19 that he is running for mayor of Seattle. Chong, 70, is a "maverick" who once pushed for West Seattle's secession from the city and is "routinely at odds" with outgoing Mayor Norm Rice over various issues. Architect Peter Steinbrueck (D), who announced for Seattle Mayor only a month ago, has now pulled out, and will run for city council instead. Steinbrueck cited Chong's announcement as his reason for dropping out of the mayor's race.

The Washington State Supreme Court upheld the state's ban on the medical use of marijuana in

an 8-1 ruling, overturning a lower court's decision to strike down the ban. The court's decision said that the "government's authority to protect its citizens outweighs a cancer patient's desire to relieve his pain." Backers of medical marijuana are trying to put the issue on the ballot for voters to decide. George Soros, who bankrolled last year's successful ballot initiatives in California and Arizona to legalize marijuana for medicinal purposes, is pushing similar efforts in Washington state, and in Washington, D.C. Steve Forbes said he will pay for anti-legalization ads in both places.

Washington state Democrats are attacking Republicans for once again holding their annual Vashon Island picnic on the estate of Thomas Stewart. Stewart, head of Services Group of America, is currently under criminal investigation by the Washington State Attorney General for money-laundering. Among the guests scheduled to attend the August 9 event is Senate Majority Leader Trent Lott (R-MS).

DEMOCRATIC LEADERSHIP COUNCIL (DLC)

The Vice President wowed the crowd assembled for the DLC's "National Conversation" last Friday with a very positive, future-oriented speech. He praised the group for championing a long list of ideas which have been implemented by the Administration, and hit upon two current Administration priorities strongly supported by New Democrats, trade expansion and a balanced budget. He credited the DLC for a "renewed and revitalized Democratic Party" here in the United States and abroad, citing the New Labor Party in Great Britain and others as examples that the DLC "isn't an interest group - it's a movement."

HISPANIC VOTERS

Vice President Gore and Congressman Richard Gephardt addressed 2,500 participants at the annual convention of the National Council of La Raza (NCLR) this week. The media presented it as a preview of 2000 and underlined the importance of Hispanic voters for both Democratic and Republican parties. Governor Jim Edgar (R-IL) was reportedly the only Republican to address the group.

Reaction to speeches given by Vice President Gore and Cong. Gephardt were mostly favorable. Both "came across like they wanted the Latino vote", said Jorge Esteban Lara, a farm worker advocate from Florida City, Florida. "Mr. Gore was much more convincing" he said, adding that it made no difference with him that Gore used some Spanish in his speech - albeit with "Anglo" pronunciation - and Gephardt stuck with English. For Gephardt, the "loudest applause" came when he said "we need more Hispanic-Americans in the administration and governance" of federal welfare and anti-poverty programs. Some people in the audience said the speech was too vague and faulted Gephardt for not peppering his address with Spanish-language jokes as the Vice President had done a day earlier. After VP Gore's speech, Yzaguirre was less enthusiastic in his reaction to Vice President Gore's speech saying "'He used the right phrases both in English and Spanish', yet questioned whether Gore, as a Southern politician, could fully grasp Latino issues."

The Administration has been the target of protests in recent months for its record of appointing Hispanics to top positions. At the convention, La Raza conducted a survey of attendees' attitudes and is providing form letters to be sent to YOU and Congressional members about appointees, taxes, education, home ownership, and civil rights. Before the address by VP Gore on Monday, longtime NCLR President Rail Yzaguirre, was quoted saying "we are no longer going to be put in the position where the only choice is between the lesser of two evils."

Additionally, Rep. Gephardt has hired Moises Mercado on his core political team to handle his Hispanic politics. Mercado, a Texan from the Rio Grande Valley and Houston, served as AA to Cong. Gene Green (D-Houston) since 1993. He has significant ties to the Congressional Hispanic Caucus and has a good knowledge of the Hispanic community in Texas.

2000 PRESIDENTIAL RACE

Ross Perot's Reform Party will meet in Kansas City October 31- November 2. The goal of the fall convention is to create a permanent third party from a loose confederation of state parties. It will include the adoption of bylaws, party rules and a platform. Reform Party activists in 22 to 25 states have held state conventions and have elected officers. It is expected that all states will be organized before the convention.

cc: The First Lady
Mrs. Gore
Erskine Bowles
Sylvia Mathews
John Podesta
Doug Sosnik
Maria Echaveste
Don Baer
Ann Lewis
Rahm Emanuel
Bruce Reed
Mike McCurry
John Hilley
Mickey Ibarra
Goody Marshall

Originals to Nancy
for personal file.

SENATOR TOM DASCHLE
DEMOCRATIC LEADER
U.S. SENATE

Bunker

7-16-97

Dear Mr. President -

I want to reiterate my sincere thanks for all you did to help me with my efforts to get adequate funding for North Dakota in disaster assistance. Your help was very important. You are the best!

Tim

THE PRESIDENT HAS SEEN
7-29-97

JESSE HELMS, NORTH CAROLINA, CHAIRMAN

RICHARD G. LUGAR, INDIANA
PAUL COVERDELL, GEORGIA
CHUCK HAGEL, NEBRASKA
GORDON H. SMITH, OREGON
CRAIG THOMAS, WYOMING
ROD GRAMS, MINNESOTA
JOHN ASHCROFT, MISSOURI
BILL FRIST, TENNESSEE
SAM BROWNBACK, KANSAS

JOSEPH R. BIDEN, JR., DELAWARE
PAUL S. SARBANES, MARYLAND
CHRISTOPHER J. DODD, CONNECTICUT
JOHN F. KERRY, MASSACHUSETTS
CHARLES S. ROBB, VIRGINIA
RUSSELL D. FEINGOLD, WISCONSIN
DIANNE FEINSTEIN, CALIFORNIA
PAUL D. WELLSTONE, MINNESOTA

JAMES W. NANCE, STAFF DIRECTOR
EDWIN K. HALL, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, DC 20510–6225

July 14, 1997

JUL 15 PM3:58

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

Dear Mr. President:

A longtime friend of Dorothy's and mine who is a prominent citizen of Beverly Hills was present at what he described as a "small dinner" with you, attended by "community and business leaders". He has written to me about your thoughtful and kind reference at that meeting.

I think this same friend was among those who were surprised last year when, at a fund-raiser for my campaign, I paid my respects to you. I have made similar comments many times. In any event, I have explained to many people that when two people agree on everything, one is doing the thinking for the other.

In any event, Mr. President, I thank you.

Sincerely,

JESSE HELMS:pd

Original to Chad Walker
for reply

Max Cleland
United States Senator
Washington, D.C. 20510-1005

July 14, 1997

Dear Mr. President:

I am proud to work with you, and to serve in the United States Senate during your Administration. It is an honor to know you.

Congratulations on your polling numbers. You deserve it.

Most Sincerely,

Max Cleland
United States Senator

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

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THE WHITE HOUSE
WASHINGTON

Date 7/31

To: Susan Brophy

From: The Staff Secretary

Staff photos generally go through Nancy Hernreich. You should talk to her about this -- she usually only does them for birthdays or departures.

Phil

THE WHITE HOUSE

WASHINGTON

July 29, 1997

'97 JUL 30 AM 11:52

OVAL

MEMORANDUM FOR THE PRESIDENT

FROM: **SUSAN BROPHY**

SUBJECT: **SIGNATURE REQUEST**

I would appreciate it if you would sign the attached photograph for Michael Williams, a staff assistant in the Office of Legislative Affairs. Michael began work here two years ago as an intern, did a marvelous job, and was subsequently hired.

To Michael
Best Wishes,

Nancy Wrinkler

FYI

BS

THE PRESIDENT HAS SEEN
7-31-97

Copied
Winston
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Foreign Affairs

THOMAS L. FRIEDMAN

From the Top

JAKARTA, Indonesia

Well, somebody has to be first. Unfortunately for Indonesia, it's Indonesia — regularly rated the most corrupt country in Asia, if not the whole world. A friend in Jakarta tells me corruption runs so deep here that "They actually give you a receipt for your bribes. Really. I get my immigration papers renewed each year. I pay the bribe and get a receipt. The accountants in my office want documentation and the official I pay off provides it."

Sadly, corruption, bribes or cronyism have come to infect virtually every economic interaction in this country — whether it's building a bridge or getting a job. The tone is set from the top. President Suharto's family owns a slice of virtually every major Indonesian industry — including airlines, television stations, power plants, toll roads, telephones, even a national auto production project protected by special tariffs. No wonder a local joke has it that the Suhartos have everything — except a sense of shame.

As above, so below. A bureaucrat tells me of a friend who paid $4,000 to get a job at the Ministry of Interior. "I asked him a year later if it was worth it. He told me, 'Yes.' He now drives a BMW, but I still don't know what his job is." An Indonesian writer says his son tried to renew his driver's license the other day but found it impossible to do it legally because there were so many middlemen in front of the counter offering to "expedite" the transaction. The Government wants to deregulate the economy, but can't because so many bureaucrats depend on payoffs for implementing, or ignoring, regulations. Indonesians have a saying: If your neighbor takes your goat, whatever you do don't take him to court, because by the time you get done paying off the police and the judges you will end up losing your cow as well.

Why so much corruption? Partly it's a legacy of the feudal power system of Indonesia. Partly it's the transition here from a more centrally controlled economy to a free-market one, which creates all sorts of possibilities for officials to demand bribes from a burgeoning private sector, where wages far exceed those in government. Indeed, at the civil servant level, corruption is really an ad hoc safety net for the poor. For instance, the driver of the "Free Inter-Terminal Airport Shuttle" bus scrawled a sign above his seat that said "4900 rupiah" ($2), which he pointed out to me when I foolishly tried to get off without paying.

For now, Indonesia's massive natural resources — oil, forests and mining — make up for many inefficiencies that corruption brings. And amid all the shenanigans, President Suharto has always practiced sound macroeconomics, so Indonesia has a 7.5 percent growth rate, and almost no inflation or budget deficit.

Indonesia's missing resource.

But the termites of corruption are busy eating away the foundations. Indonesia's natural resources will not last forever. And recent statistics show that Indonesia's competitive edge in low-wage light manufactured exports is being eroded by even lower-wage Vietnam, East Europe, Mexico and China. Indonesia will have to move up the food chain into more knowledge-intensive, value-added industries and services. It will not be able to attract enough higher-tech industries here to provide a higher standard of living for its 200 million people with continued corruption, dysfunctional courts, domestic monopolies and a lack of competitive bidding for major projects.

There is a widening perception here that while Indonesia has been growing rapidly, growth is not being shared fairly at all, and this is slowly eroding the legitimacy of the regime. As long as the good times roll and the Government can keep hiking the minimum wage, anger over social inequities will be containable. But when growth eventually slows, and some real unemployment bites, the regime, with its shrunken legitimacy, will have a hard time managing the downturn. That is the real long-term threat to stability here, and you can see a hint of it in the number of government police stations torched in recent pre-election rioting.

Indonesia has a lot going for it — bountiful resources, a reasonably educated population and, because Indonesians who study abroad prefer to come home, virtually no brain drain. But Indonesia will never be all it can be — let alone all it will need to be — without the one natural resource it is missing: a sense of shame at the top. □

The New York Times

THURSDAY, JULY 17, 1997

Embers Of Anger In the South

By Mary Frances Berry

WASHINGTON

After a task force announced last month that there was no national conspiracy behind the fires that have destroyed more than 100 black churches, the message was clear: It is time to rebuild and move on. But it would be wrong to ignore the racial polarization left in the wake of the attacks, in town after town across the Deep South.

Two-thirds of all the fires remain unsolved, and new ones have been set in the past year. The people whose churches were burned down are still fearful. Unless we get to the bottom of what happened in those many individual cases, how can we prevent a recurrence?

Last summer the United States Civil Rights Commission held forums in the states where most of the burnings of African-American churches occurred. We announced that only a few of the arson attacks for which arrests had been made seemed to be racially motivated. But we also found that though there was a wave of outside support for rebuilding, the already poor race relations in many communities failed to improve.

I recently went back to Mississippi, Alabama and Louisiana to meet with people in towns where churches were burned. I brought the National Church Arson Task Force report showing that there have been 81 arrests and 27 convictions for arson at black churches. Though arrests have been made in only 35 percent of all church arson cases, the report notes that the arrest rate for arson in general is just 16 percent.

The picture it gives of the response by Government, law enforcement authorities and religious groups is a reassuring one. But in rural Alabama and Louisiana and the Mississippi Delta, people were not reassured. There the 1963 church bombing in Birmingham, Ala., that killed four black girls seems to have happened only yesterday. Old-time racism and poverty still hold sway.

The arsons have abated. The concern shouldn't.

In Alabama, only five of 12 church fires have been solved; there were two new ones in the state last week. In Boligee, at the town's black public high school in the valley below the private white academy, the audience buzzed about the still unsolved burnings of three black churches. The Rev. Levi Pickens of Mount Zion Baptist Church, 73, stood up on his one leg and spoke proudly of the people from outside Boligee who contributed toward rebuilding his church. Remarking on the lack of interest among local whites in helping, he said that in this town, blacks and whites "were taught to be against each other" from childhood.

In Louisiana, only one of the 14 arson attacks on black churches has been solved. In Baker, La., African-Americans were angry not only about this but also about what they saw as an effort by local whites to carve out a segregated school district.

In Mississippi, there have been arrests in just five of the 14 arsons of black churches. In Ruleville, Miss., the Rev. Dexter Brown of New Mount Zion Church told us that his twice-burned church is regularly shot at from a bridge nearby. The bridge has been repeatedly defaced with graffiti, including Ku Klux Klan symbols.

In town after town, we listened to people describe their fears and dashed hopes. Everywhere we went, African-Americans saw the lack of arrests and the public silence about the investigations as another example of contempt for them. The only whites who came to the public forums were one or two politicians whose votes depend on blacks, a reporter or two, and the transcriber.

It is difficult to be dispassionate where the ghosts of civil rights martyrs stalk the land and the flames of black churches burning are etched in memory. Even if all the arsonists are never arrested, and even if race is not the motivation in the still-unsolved cases, we cannot afford to be smug. We must not close our eyes to what these fires have exposed: the rot of southern rural poverty and persistent racism. An old Alabama woman said, referring to Federal civil rights officials: "You were here 30 years ago and you've come again and again and you promise to come back but little changes." I hope she is wrong.

Mary Frances Berry is professor of American Social Thought at the University of Pennsylvania and chairwoman of the United States Commission on Civil Rights.

THE PRESIDENT HAS SEEN
7-31-97

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To Judy Winston
FYI -
BL

The Washington Post
MONDAY, JULY 21, 1997

Richard Harwood

Opportunity and the New Diversity

When President Clinton called for a national dialogue on race and appointed an advisory board to get it started, he knew he was entering tough territory. That was evident at the board's first meeting, which The Post headlined with a pun: "A Splinter on the Race Advisory Board."

It may have looked like a splinter but could in fact have been the top layer of an insurmountable wedge. The reference was to an early disagreement between three board members—Angela Oh, an Asian American, and two African American members, John Hope Franklin, the board chairman, and the Rev. Susan Johnson Cook, a pastor from New York.

The demographics of American society, Oh said, are changing dramatically and rapidly. Within a few years Hispanics, who are racially diverse, will replace blacks as the nation's largest ethnic minority. Asians will play a larger role. Because of these demographic changes, she suggested, the dialogue on race should move beyond the "black-white paradigm," which holds that because of slavery and past discrimination the grievances of African Americans take precedence over all other grievances and aspirations in the quest for social justice and in the remedies required. Franklin and Cook dissented, insisting that this paradigm "cannot be overlooked" because of the unique burden of race on black Americans."

Behind this sparring, is a big question: Is it time, and is it possible to change the debate from a preoccupation with race to the larger consideration of social class as the primary unresolved problem in American life?

The gross disparities in income, education and career opportunities in the United States are real. "We have," former labor secretary Robert Reich has said, "the most unequal distribution of wealth of any industrial nation in the world." This reality, with its implications for equal opportunity, transcends race and other minority classifications. The bottom rungs in 1995, for example, were populated by 4.2 million black, Hispanic, Asian and American Indian families who were living at or below the official poverty level; these families consisted of 19.5 million children and adults. That same year, however, they were also populated by 5.3 million white families consisting of 25.4 million children and adults with the same low standards of living and opportunity.

Poverty rates are far higher among black, Hispanic and American Indian families (roughly 30 percent) than among whites (roughly 12 percent). But the burdens of poverty tend to be long-lasting among all races, the exception being Asian Americans, who have the highest median family incomes in the United States and the highest levels of educational attainment.

"Social mobility" obviously exists in America. Individuals of all races and ethnicity are constantly moving from one class to another. But upward mobility is not automatic and is far less common, regardless of race, than is often assumed.

Simply being white is no guarantee of success in this society. Being born poor is a burden hard to escape. A study by Samuel Bowles and Herbert Gintis found that "even when controlling for ability (which itself is influenced by class advantages), children from [families in] the top 10 percent of income are 27 times as likely as children from the bottom 10 percent to end up in the top 10 percent of the income bracket. Of 1,000 children born into the bottom 10th, only four will make it to the top 10th." The sociologist Christopher Jencks reports that those who "make it" in America owe 50 percent of their occupational advantage and 55 percent to 85 percent of their earnings advantage to family background. And downward mobility is not unknown. Many economists maintain that the white middle class has been shrinking over the past quarter century because of relatively stagnant wages and the loss of well-paid blue-collar jobs.

As for the poor, Richard Kahlenberg writes, "One would think, with all our social reforms—a stiff inheritance tax, progressive marginal tax rates and welfare payments to the poor—that America has done a fairly good job of addressing inequality of wealth and income. But the evidence suggests the opposite."

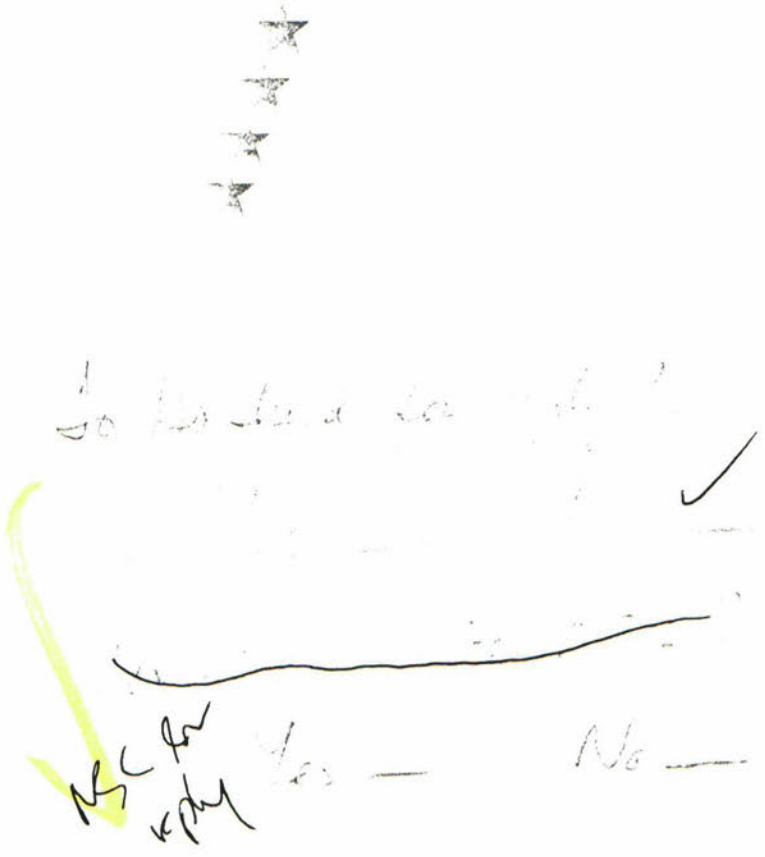
Kahlenberg, a lawyer, teacher and former aide to Sen. Charles Robb of Virginia, argues in a recent book, "The Remedy," that the time has come for a major change in dealing with unequal opportunity in America. He proposes a new form of "affirmative action" based on social class rather than color and ethnicity. The principal beneficiaries of present-day programs of affirmative action, racial diversity and racial preferences in hiring, college admissions and contract set-asides for minority entrepreneurs have been middle- or upper-class people. Blacks on the bottom rung have benefited far less.

Beyond that, present public policies have been divisive in terms of black-white relations as well as within minority communities. "Hispanic groups," according to Kahlenberg, "have actually used the sword of affirmative action to argue for cutting the 'overrepresentation' of blacks in a number of areas." Hispanics make up more than half the population of Compton, Calif., and Hispanic children make up 59 percent of public school enrollments, "yet the teachers and administrators are only 5 percent Hispanic and 72 percent black. . . . Only 11 percent of full-time city employees are Hispanic. The local head of the NAACP is put in the position of complaining that Latinos want all the businesses. They want all of City Hall, all the schools. Now they're talking about the post office." Similar situations are found in Los Angeles, New York City and Chicago and to some extent in Washington. He quotes Rickey Gaull Silberman, a former vice chairman of the federal Equal Employment Opportunity Commission: "It's the ultimate nightmare of affirmative action."

Public opinion polls show little support for racial preferences in their present form. An inclusive class-based approach to affirmative action would, in theory, create a powerful transracial political base of support. But there are many problems involved. Who among beneficiaries of the present system would lose out? How would class be defined and preferences determined? Where would the political leadership come from?

The present system has been no cure for the enduring curse of poverty and inequality in American life. If the coming dialogue on race merely recognizes this reality, that will be progress of a sort.

THE CARTER PRESIDENTIAL CENTER



JIMMY CARTER
July 29, 1997

To President Bill Clinton

From Jimmy Carter Jimmy C.

Copy to Vice President Gore and Secretary of State Albright

Subject: Visit to China

After leaving Liberia, we went to Beijing, where we met Sam Nunn, his wife Colleen, and Mike Oksenberg, who was my National Security Advisor on China.

This was my fifth visit to China, including one in 1949 as a young submarine officer, but I hadn't been there since 1991. My main purposes for the trip were:

- to learn as much as possible about current affairs in China from political leaders, scholars, and from villagers and peasants;
- to discuss Tibet, religious freedom, and other human rights issues;
- to help Chinese leaders understand mutual disagreements that have damaged Sino-American relations, in preparation for President Jiang Zemin's visit to the United States late in October;
- to ascertain Chinese attitudes toward Korea; and
- to explore possibilities for an expanded relationship for The Carter Center in Chinese village elections and other affairs.

Opportunities to learn: Our hosts arranged a formidable schedule, including extensive meetings with President Jiang Zemin, Premier Li Peng, National People's Congress Chairman Qiao Shi, National Security Advisor Liu Huaqiu, Foreign Minister Qian Qichen, and Defense Minister Chi Haotian. I was invited to deliver a major address and to answer questions from an assembly of leaders from 22 universities and other institutions. I also accompanied Senator Sam Nunn to the Academy of Military Science, where he spoke, and

then we discussed security and defense issues. Afterward, we flew to Jinan in Shandong province and drove to rural Zouping County, where Mike Oksenberg has done research for ten years.

Surprising Political diversity. Formerly there was only one standard government policy regarding important questions. Now there is a wide range of opinion. In each of our long meetings with top leaders, we asked a stream of questions regarding such issues as talks with Tibetans, economic priorities, role of the National People's Congress, expansion of the direct election process above the village level, and the value of state owned enterprises vs. privatization. Startling differences were expressed by Jiang Zemin (a middle of the road political conciliator who tries to avoid specifics), Li Peng (a conservative on both political and economic issues who is probably on the way out), and Qiao Shi (an independent progressive and very impressive). Qiao claimed that the role of the National People's Congress (Qiao Shi, Chairman) has been strengthened relative to that of the Communist Party, a contest that will be interesting to observe as the Chinese Communist Party meets in September and the National People's Congress next March.

Human rights: I discussed this issue at every meeting with political leaders, who are angry and perplexed at what they consider to be a failure of Americans to understand their special political and cultural circumstances and to acknowledge progress they have made. We spent a lot of time on the Tibet issue, with my reminding them that Deng Xiaoping had let me arrange for talks with the Dalai Lama in July 1989, prevented by the Tienanmen Square tragedy. The Chinese insist that they are ready to reschedule these talks, with the same prerequisite as before that the Dalai Lama acknowledge that he is not seeking Tibetan independence from China. Privately, the Dalai Lama agrees with this requirement, but his public statements are not clear. (I'm doubtful whether either side wants talks.)

There are two issues on which the Chinese will not yield: a challenge to their system of government by dissident groups that may lead to revolution and chaos, and the fragmentation of "One China" by the independence of

Taiwan or Tibet. These troubling caveats result in arbitrary detention and severe persecution of dissidents, in direct violation of international standards concerning human rights. Also, there are notable restraints on freedom of religion and the press.

Leaders made it plain that China-Russia relations are very close and friendly, but it was obvious that they are unable to decipher U.S. policy toward China, which they see as changing from month to month. (I tried to explain that we welcome divergent voices in America.) The Chinese are proud that they pay their dues on time to all international organizations, and seem to be preparing for entry into the World Trade Organization.

Considerable changes are obvious since my travels in China in 1981:

- A remarkably free economic system has transformed the lives of Chinese people. We saw this in every village and farm community.
- Citizens are free to move from one place to another.
- We attended church in Zouping County, where the pastor, a devout 75-year-old Christian, had been forced into hard labor during the Cultural Revolution. By 1978, he knew of only 200 believers, with no churches or Bibles. In the same area there are now 15 congregations in 11 churches, 3,000 Christians have been baptized, and Bibles are distributed freely. Congregations have to register, but the pastor said there were no restrictions on his words or actions, and he is free to seek new members and having good success.
- Although the Communist Party retains much of its influence, many non-party members have been chosen as village leaders in relatively free village elections, held every three years since 1987. The Carter Center and other Western NGOs have observed these contests.
- The nation has been opened to outside interests and influence, with almost all areas of China now welcoming foreigners. In fact, until 1985, no outsiders were permitted to enter Zouping, the rural

county we visited and in which village leaders are trying to expand the 45 existing joint ventures.

- Shortly before our extensive 1981 visit, Deng Xiaoping increased from 7 percent to 15 percent the land from which peasants could retain the profit. It is now 100 percent of the profits, on which they pay taxes.
- To a significant degree, the rule of law is replacing the former arbitrary relationship with citizens, but enforcement is often lacking (contest of strength between NPC and Party). Many lawyers are being licensed, who represent clients in lawsuits against the state.
- The commitment to free enterprise is startling. Even villages smaller than Plains have at least one commercial enterprise, and almost every family has its own small business. All profits go to the people in the community.

Jiang Zemin's visit: Chinese see U.S.-Russian summit meetings as routine now, so consider this first state visit in 10 years to be very important. Particularly in my meeting with Jiang, we emphasized how he might address the public criticisms he is likely to face. This included some explanations and possible commitments re human rights, particularly Tibet. I made it plain that "This is an internal matter" will be disastrous.

Korea: They were obviously intrigued with Korea, and eager to learn from Sam Nunn and me about our visits to Pyongyang. Since South Korea has assumed leadership of the longstanding armistice process, North Korea's refusal to participate in any kind of discussion of military matters has resulted in a potentially explosive situation. The extreme shortage of food, continuing U.S. sanctions, and loss of China and Russia as reliable allies have all left the DPRK isolated, vulnerable, and perhaps paranoid. Absent any means of communication between military leaders, there is also the constant likelihood of a minor border incident escalating into war. We urged them to increase food aid, which has already been 150,000 tons. The Chinese are planning to participate in the upcoming four-power talks, but agree that Pyongyang sees itself aligned against the other three with little to be gained.

Japan: It was surprising to Sam and me that by far the most other troubling issue to all Chinese leaders was the recently announced military agreement between the United States and Japan. This agreement has attracted little notice in America, and neither of us was familiar with its details. There is a deep historical distrust of the Japanese as a result of brutal invasions, and universal suspicion that Japanese militarism exists and will someday become manifest. Chinese leaders also see U.S.-Japanese collusion against them on the Taiwan issue and a geographical expansion of the Japanese sphere of influence. Although unspoken, there is little doubt that American military and political power in the Asia-Pacific region is also resented.

They claim that China has a very low military budget. (The U.S. Arms Control and Disarmament Agency confirms that, in constant US dollars, Chinese military expenditures are lower now than at any time since 1970, having dropped from 65 percent of the total in Asia to 34 percent. At the same time, Japanese military spending has tripled and increased from 17 percent to 29 percent in all of Asia.)

Carter Center Involvement: We met with Tibetan Doje Cering, Minister of Civil Affairs, who is responsible for all village elections in China. This is one of the main interests of The Carter Center, and we were able to have promising discussions about our continuing role in monitoring elections, assisting with collection of data from the 930,000 villages, training of election officials, and publicity and education about procedures. NPC Chairman Qiao Shi surprised us by stating that elections will be expanded to the county level. We offered to initiate an unofficial dialogue between The Carter Center and the CPIFA on matters of mutual interest.

Some general observations: There has been a dramatic change in Beijing since we were there in 1981, 1987, and even 1991. Bicycles have been largely replaced with motor vehicles, smog covers the city and countryside, major corporations advertise on large billboards, and almost all clothing is western style. When we jogged each morning, we missed the hundreds of men with birdcages,

large groups doing tai chi exercises, and the leisurely pace of a community waking up.

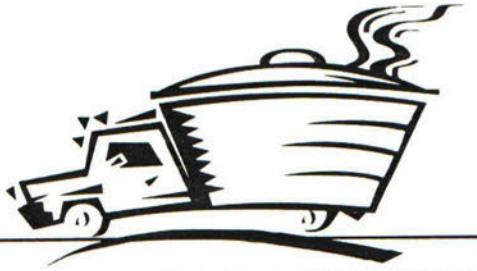
The villages and rural areas are alive with free enterprise, a desire to export their products, and hopes of joint ventures with foreign firms. They face mounting environmental problems, with air pollution obvious even at the seacoast resort where we met with the president and premier. The three streams that run through Zouping County are all so polluted with heavy metals that the water cannot be used even for irrigation. A new coal-fired electric power plant controlled carbon emissions, but not sulfur.

Corn, wheat, cotton, peanut, vegetable, and fruit crops are outstanding, equivalent to those in America, with almost universal irrigation from wells and the nearby Yellow River.

Family planning is still stringently practiced. In cities, one child is the limit; in rural areas a second one is permitted if the first is a girl and the mother is at least 30 years old. Average household size is four, including some grandparents. The villagers all maintained that both divorce and unwed pregnancies are unknown, as was the case in Plains 60 years ago. Prenatal care is intense, immunization programs are mandatory almost from birth, and infant mortality is extremely low.

Mandatory education has risen from six to nine years since 1981, and will be 12 years by 2010. As we walked through the villages, almost every homeowner we saw at the front door was glad to have us come into their home. Houses were surprisingly large and elegant. Most villagers had a small business inside, and also worked in the community factory. Everyone was very proud of their economic progress since free enterprise was authorized in December 1978 (exactly the same time Deng and I agreed to normalize relations). People everywhere received us warmly, were eager and proud to answer our questions, seemed pleased with their new freedoms, and were still celebrating the return of Hong Kong to China.

Potluck, Inc.



Feeding The Need • 1400 Gregory Street • North Little Rock, Arkansas 72114 • (501)371-0303 FAX (501) 371-0404

July 18, 1997

President William Clinton
White House
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Dear President Clinton:

On behalf of Potluck, Inc., rescue programs, I am writi September 20 through 27. reacquaint you with this inc Governor, in '92, and to cre importance of their contrib "newly sanctioned" idea of 1

pared, perishable food Little Rock during opportunity to l in launching as l donors of the proud that the nation's six years ago.

While much has changed in compassion and logic, from 700+ pounds of excess, un- men, women and children in programs within the state, from our knowledge as well.

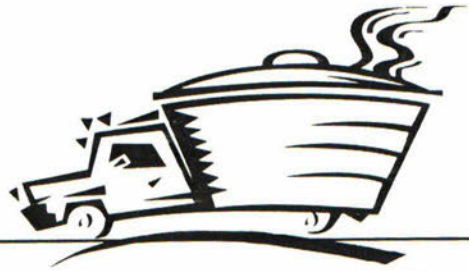
e principles of bute an average of hrown away), to hungry wo new food rescue that could benefit

Today Potluck, Inc., is providing food assistance to over thirty non-profit charitable organizations. We are helping feed an estimated 5,000 hungry individuals each week. In acknowledgment of the diverse level of need within our community, Potluck has expanded its services to include not only homeless shelters a ly unable to make ends meet on Social V and AIDS; rehab programs for men an es for the displaced disabled, individuals lp, More than one-fifth of the program

Potluck, Inc.
Carol Herzog
Executive Director
1400 Gregory Street • North Little Rock, AR 72114
(501) 371-0303 • FAX (501) 371-0404

This summer we're h ildren considered to be at high risk, or "v ancy and alcohol and drug abuse. We're cu the school year, to a greater number of cl nentoring programs throughout the city, l box program, the "Potluck Express". Th Express was created in response to calls for help from individuals, families, even caseworkers calling on behalf of clients - seeking food assistance to make it through a temporary crisis.

Potluck, Inc.



Feeding The Need • 1400 Gregory Street • North Little Rock, Arkansas 72114 • (501)371-0303 FAX (501) 371-0404

July 18, 1997

President William Clinton
White House
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Dear President Clinton:

On behalf of Potluck, Inc., the state's first, and one of the nation's oldest, prepared, perishable food rescue programs, I am writing to request a brief visit with you, when you are in Little Rock during September 20 through 27. As executive director, I would very much like the opportunity to reacquaint you with this incredible organization you were so highly instrumental in launching as Governor, in '92, and to create awareness among food donors and potential food donors of the importance of their contributions in helping to alleviate hunger. I'm extremely proud that the nation's "newly sanctioned" idea of food rescue was vital and active here in Little Rock six years ago.

While much has changed in the last six years, Potluck still firmly adheres to the principles of compassion and logic, from which we were created. Daily, we recover and distribute an average of 700+ pounds of excess, un-served, perishable food, (that otherwise would be thrown away), to hungry men, women and children in our community. Potluck has served as a model for two new food rescue programs within the state, and I strongly believe there are other communities that could benefit from our knowledge as well.

Today Potluck, Inc., is providing food assistance to over thirty non-profit charitable organizations. We are helping feed an estimated 5,000 hungry individuals each week. In acknowledgment of the diverse level of need within our community, Potluck has expanded its services to include not only homeless shelters and soup kitchens, but organizations that help feed the elderly unable to make ends meet on Social Security alone, and individuals and families affected by HIV and AIDS; rehab programs for men and women working to reclaim their lives and families; facilities for the displaced disabled, individuals whose support network is either non-existent, or cannot help, More than one-fifth of the programs we provide with food assistance help the working poor.

This summer we're helping summer programs feed more than 400 low-income children considered to be at high risk, or "vulnerable" to gang involvement, violent behavior, teen pregnancy and alcohol and drug abuse. We're currently seeking funding to continue our support throughout the school year, to a greater number of children participating in after-school academic tutoring and mentoring programs throughout the city, and on July 11, 1997, we established a volunteer driven food box program, the "Potluck Express". The Express was created in response to calls for help from individuals, families, even caseworkers calling on behalf of clients - seeking food assistance to make it through a temporary crisis.

Thank you for your foresight in supporting Potluck, Inc., this wonderful organization that is practical, logical and the right thing to do.

Sincerely,

Carol Herzog

Carol Herzog
Executive Director

THE PRESIDENT HAS SEEN
7-31-97

800 South Valley View Blvd., Las Vegas, NV. 89107

Las Vegas SUN, Inc.

Barnes' article on your golf

Fax

To: Nancy Hernreich **From:** Cindy Robinette

Fax: (202) 456-6703 **Pages:** 3 inc. cover

Phone: (202) 456-6610 **Date:** 07/30/97

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Next: Where I Stand: Homeowners group shows how powerful citizens can be 29 July 09:24:32

Commentary

July 30, 1997

Where I Stand: Jordan, Clinton provide thrill of lifetime on the links

BRIAN GREENSPUN is editor of the Las Vegas SUN.

I PLAYED GOLF with the two most powerful men in the world.

There is no dispute about the fact that Bill Clinton, as the president of the United States, is the most powerful man on the planet. He derives his status as the leader of a country which is the strongest, most secure and most able member of the world community.

The other fellow, though, derives his power from a different source. He floats on air, dribbles and dunks better than anyone else and plays the kind of golf that many pros and every amateur I know dream about. And if that doesn't make Michael Jordan a most powerful man, then the dozens of children who lined the fairways of the Las Vegas Country Club to catch a glimpse and, maybe, an autograph of the man who made Nike famous are prepared to redefine the word.

I have been very fortunate in my life to have had some once-in-a-lifetime opportunities. I have also been smart or lucky enough to recognize those chances when they've come along. Monday afternoon was one of those times.

I was given the honor and pleasure of hosting the president for an afternoon of golf following his speech to the National Governors' Association and a fabulous luncheon honoring our senior senator, Harry Reid, at the home of Jody and Elias Ghanem. Since my father didn't raise any dummies, I said "yes" when the offer to play our favorite game with my friend was first made. I was told he'd fill out the foursome.

In typical Clinton fashion, the foursome grew to nine before we reached the first tee. It included Nevada Gov. Bob Miller and former Govs. Jim Blanchard of Michigan, Mike Sullivan of Wyoming, Evan Bayh of Indiana and John Waihee of Hawaii. Since we needed some direction to that motley crew, we also invited the assistant pro at the club, John Creaney. Oh yes, the president brought along that Chicago Bulls fellow named Jordan.

I could recount the entire match, hole by hole, but except for the most diehard sports fans, the greatest of political junkies and the rest of a curious Las Vegas, no one would be interested. So let me concentrate on the high points only.

Michael Jordan might consider the fact that he shellacked me for 18 holes a significant part of the day. After all, anyone can play golf with the president of the United States, but beating me -- now, that's quite an accomplishment! (Now do you see why writing your own column can be fun?)

I suppose the fact that we had a course full of governors doing their best to master a game that takes the masters a lifetime to accomplish could be considered a highlight. But other than being able to tell the former governors from the present ones by the quality of their games, there was nothing particularly sensational about them -- other than the obvious quality of the individuals and the respect they had for the game and their president.

So that brings us back to Michael Jordan and President Clinton. Now, you don't have to take my word for it, because the picture on the front page of Tuesday's Las Vegas SUN told a great deal of the story. It showed Michael sinking a 40-foot downhill putt on the ninth hole for an eagle, which give him a 34 on the front side and a commanding lead over his opponents (spell that "Brian"). What was abundantly clear to me is that when, arguably, the greatest basketball player to play the game turns in his Nikes for some golf shoes, he will be as big a threat on the fairways as he has ever been on the hard court. And he will take his competitiveness and sportsmanship qualities with him.

You don't even have to take the picture's word for his talent. Just ask those kids who couldn't wait to climb right past President Clinton to get an autograph from Michael. When their parents explained who the other guy in the cart was, the youngsters respectfully asked for a signature from him, too. But there was no question, and the president would agree, that, in the eyes of the next generation, Michael Jordan is a powerful man.

In the eyes of Michael Jordan, however, his cart mate and president was the real power on that course. Not only did he make the game -- it went something like this: "OK, Michael and I will stand the rest of you, and here are the handicaps."

"Yes sir,"' was the reply to the commander-in-chief.

The president also managed to turn a lackluster front-nine performance into a superb display of presidential golf on the back nine, which finished 30 minutes after the sunlight went out and the neon lights took over.

Oh yes. You ask what happened during that thrill-of-a-lifetime round of golf.

Nothing much. Except that while Michael and I and the rest of our ninesome were trying to figure out how to make a 10-foot putt, President Clinton managed to reach a historic agreement with the Republican Congress to balance the national budget for the first time in decades!

Now, that's power. And that's what makes golf so much fun!

Next: Where I Stand: Homeowners group shows how powerful citizens can be 29 July 09:24:32
Index: Commentary headlines

THE PRESIDENT HAS SEEN
7-31-97

1542

THE WHITE HOUSE

WASHINGTON

July 30, 1997

ACTION

'97 JUL 30 PM 2:57

Doesn't he have strong points to rear our ugly indicate? BC

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MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL R. BERGER (10) FOR
GENE SPERLING CBS.
DANIEL K. TARULLO DKT
JOHN HILLEY

SUBJECT: Response to Senator Craig Regarding Agricultural Provisions of NAFTA and Chile's Accession

Purpose

To answer a letter from Senator Larry Craig urging you to resolve existing agricultural trade flaws in NAFTA before supporting Chile's accession.

Background

Senator Craig has written urging that flaws in NAFTA's agricultural provisions be remedied before considering Chile's accession. In particular, he cites a NAFTA dispute settlement decision last summer that permitted Canada to maintain high tariffs on dairy products, and ongoing disputes over Canadian potatoes, wheat, barley and cattle.

Your response notes that U.S. agricultural exports to NAFTA partners reached record highs in FY 1996. In addition, the Administration is committed to improving U.S. access to the Canadian market: USTR is currently examining the consistency of Canada's dairy policies with its international obligations, and consultations are ongoing over wheat and barley. The International Trade Commission (ITC) is also conducting investigations on trade in potatoes and live cattle between Canada and the United States.

RECOMMENDATION

That you sign the letter at Tab A.

Attachments
Tab A Response to Senator Larry E. Craig
Tab B Incoming Correspondence

cc: the Vice President
the Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Senator Craig:

Thank you for your letter regarding the agricultural provisions of the North American Free Trade Agreement (NAFTA) and their implications for our trade agenda with Chile.

I have confidence in the ability of the U.S. agricultural community to compete and win when we open foreign markets and eliminate unreasonable barriers. Agriculture is among our most important exports, and the agricultural sector is dependent to an ever larger degree on opportunities in foreign markets. With respect to the NAFTA, agricultural exports were at record highs in FY 1996. Agricultural exports to Mexico reached a record high of $5 billion, and our share of the Mexican import market increased to almost 75 percent. Agricultural exports to Canada also reached a historic peak of nearly $6 billion.

Nonetheless, I share your concern about agricultural trade disputes with Canada, and Administration officials are aggressively pursuing these matters. I remain committed to improving U.S. access to the Canadian market. The Office of the U.S. Trade Representative and the Department of Agriculture are currently reviewing Canada's dairy price pooling program to determine whether it is consistent with Canada's NAFTA and WTO obligations. The United States and other countries recently expressed concern with these programs at the WTO.

At our request, the International Trade Commission (ITC) is currently conducting an investigation of trade in potatoes between Canada and the United States. The ITC is also conducting an investigation of trade in cattle and beef. On wheat and barley, we are engaged in consultations with Canada on their pricing practices.

With respect to Chile, we are already beginning to focus on barriers that impede U.S. agricultural exports. Agriculture Secretary Dan Glickman is planning a trip to Chile later this year to discuss these issues, and my Special Envoy for the Americas, Mack McLarty, has already raised Chile's barriers to agricultural exports at some length with President Frei and his government. We anticipate concrete results within the context of

these discussions as we move toward a comprehensive free trade agreement with Chile.

I look forward to working with you and other Members of Congress on fast track legislation. The ability to negotiate comprehensive trade agreements is essential to ensure that the global trading system is open and fair with respect to U.S. agricultural and other exports.

Sincerely,

Bill Clinton

The Honorable Larry E. Craig
United States Senate
Washington, D.C. 20510

LARRY E. CRAIG
IDAHO

HART SENATE OFFICE BUILDING
(202) 224-2752

1542

AGRICULTURE, NUTRITION, AND FORESTRY
ENERGY AND NATURAL RESOURCES
SPECIAL COMMITTEE ON AGING
JOINT ECONOMIC COMMITTEE
SELECT COMMITTEE ON ETHICS
VETERANS

United States Senate

WASHINGTON, DC 20510-1203

February 28, 1997

Honorable William Jefferson Clinton
The White House
Washington, D.C.

MAR 4 PM2:18

Dear Mr. President:

As you know, President Eduardo Frei asked Congress to approve fast-track authority, to facilitate Chile's accession into the North American Free Trade Agreement (NAFTA).

It's my strong belief before we begin to discuss expanding NAFTA, we should correct serious flaws which have become apparent in the agreement. Those flaws are preventing the growth of what should be a two-way trade relationship with our nearest neighbors. Instead, our nation's agriculture sector, in particular, is finding the NAFTA a one-way, dead-end street. Unfortunately, inherent problems in the dispute resolution mechanism have prevented solutions to recent disputes.

The dairy decision last summer that allows Canada to continue duties as high as 317% on ice cream and 241% on fluid milk is a textbook example of the inherent flaws in NAFTA. Unfortunately, the decision occurred in real life, and these atrocious tariffs effectively block U.S. dairy exports to Canada.

A number of other agricultural commodities like potatoes, wheat, barley and cattle are experiencing trade difficulties as a result of NAFTA. The potato industry currently has a Section 332 investigation into Canadian practices that have essentially dumped Canadian potatoes in the northeastern corridor and displaced Idaho potatoes.

It is unrealistic to expect free trade; however, it is absolutely essential that we strive for fair trade. If the agreement is fair, our nation's agricultural sector can and will compete with any other nation. However, adding nations to an already-flawed agreement would only exacerbate the harm to our agricultural producers.

For this reason, I could not consider, nor encourage the Senate to consider, fast-track authority aimed at adding Chile to the NAFTA until existing flaws and the critical problems with the dispute resolution mechanism are corrected.

RESOURCE CENTER
304 NORTH 8TH STREET
ROOM 147
BOISE, ID 83702

304 NORTH 8TH STREET
ROOM 149
BOISE, ID 83702

103 NORTH 4TH STREET
COEUR D'ALENE, ID 83814

846 MAIN STREET
LEWISTON, ID 83501-1864

250 SOUTH 4TH AVENUE
POCATELLO, ID 83201

1292 ADDISON AVENUE EAST
TWIN FALLS, ID 83301

2539 CHANNING WAY
IDAHO FALLS, ID 83404

I would appreciate knowing if the Administration is willing to prioritize agricultural issues and undertake a resolution of this serious problem.

Sincerely,

LARRY E. CRAIG
United States Senator

cc: Honorable Charlene Barshefsky

THE PRESIDENT HAS SEEN
7-31-97

THE SECRETARY OF THE INTERIOR

WASHINGTON

JUL 23 1997

Memorandum for the President

From: Bruce Babbitt

Re: National Wildlife Refuge Legislation

We are just about to get a new Wildlife Refuge Bill up to you for signature. After years of controversy the bill passed the House by a vote of 407 to 1, and it is now in the Senate where Senator Lott is working to send it straight to the floor, bypassing committee reference by unanimous consent.

I am bringing this to your attention because this legislation is a real legacy achievement. Although the refuges go clear back to Teddy Roosevelt, the Fish and Wildlife Service has never had a true organic act equivalent to the National Park Service, and it would never have happened without Administration leadership, rounding up hunters and environmentalists, banging heads and writing a bill behind closed doors.

When the bill comes up, you ought to consider a signing ceremony somewhere down south where this will be a big issue for sportsmen, especially duck hunters. Arkansas in autumn comes to mind. The Blackwater Refuge over on the eastern shore would also be a good nearby photo opportunity.

It would also be a good occasion to highlight what you have done to expand the refuge by adding 24 new units and 1,511,000 acres.

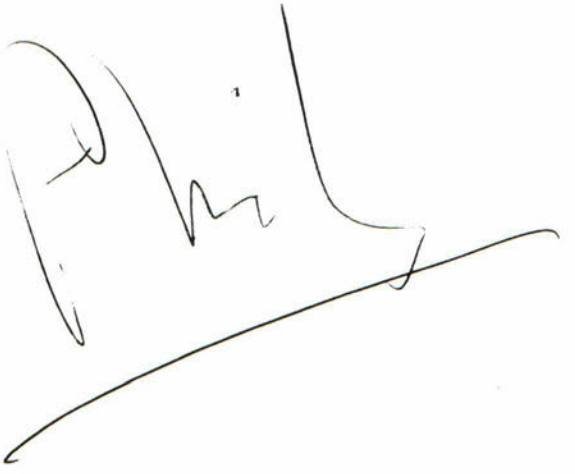
→ We need a signing ceremony — BC

copied
Babbitt
Marshall
Scheduling
COS

MEMO

To: Staff Secretary's Office, Todd Stern
From: Lynn Cutler, Deputy Assistant to the President for Intergovernmental Affairs
Subject: FYI
Date: July 28, 1997

I am forwarding the following packet for your information.



Jan Dorstead

for reply.
Coordinate with
Sylvia Mathews +
Jeditha Winston

Phil

OFFICE OF THE MAYOR
CITY OF BIRMINGHAM
RICHARD ARRINGTON, JR., MAYOR

June 17, 1997

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

Dear Mr. President:

On behalf of the citizens of Birmingham, Alabama, I commend you for the exemplary leadership you have displayed in focusing the nation's attention upon a sensitive subject -- the status of race relations in America. In your efforts to find solutions to this dilemma, you are taking significant steps to undergird the truth that the American ideal can be a reality for all people, despite their circumstances or backgrounds. Your focus on this subject, as President of the United States, carries a great deal of weight and is a sound step toward greater understanding and reconciliation.

As you know, Birmingham and, indeed, the State of Alabama, played a key role in the civil rights movement and, accordingly, I believe the Magic City -- and, specifically, the Civil Rights Institute in Birmingham -- would be an ideal site for one of the four town hall meetings you have planned to take place in the coming months.

The Birmingham Civil Rights Institute, ideally characterized as *"A Place of Revolution and Reconciliation,"* is more than a museum. It is an important research tool that has fostered much of the essential and continuous dialogue Birmingham has engaged in regarding our tumultuous past. Using photographs, artifacts and films, the Institute documents the struggle of the civil rights and human rights movements, speaking to the power of the past and our own abilities to overcome its repercussions. Members of your own staff -- Attorney General Janet Reno, Secretary Frederico Pena and Secretary Rodney Slater -- can attest to its effectiveness in allowing visitors to experience the struggle through the eyes of those who lived it and of those who recorded it.

710 NORTH 20TH STREET BIRMINGHAM, ALABAMA 35203 (205) 254-2277 FAX (205) 254-2926

Our other partner in issuing this invitation, the Community Affairs Committee of Operation New Birmingham, was established in 1969 as a multi-racial organization dedicated to achieving racial justice and harmony in the Birmingham community. To achieve its mission, the CAC strives to serve as the primary catalyst for racial harmony, building coalitions around specific community issues and focusing on how racial barriers, which continue to exist, can be broken down. The CAC has addressed both overt discrimination and more subtle manifestations of prejudice through programs focused on our youth, the construction industry, and other elements of our community.

The citizens of Birmingham, the Civil Rights Institute and members of the Community Affairs Committee would be exceedingly proud to host what I believe will be a vital tool easing racial tensions and in shaping the future of this nation. The Civil Rights Institute's Board Chairperson, Odessa Woolfolk, is eager to share the Institute's attributes with members of your staff, and she may be reached at (205) 328-9696. We look forward to learning your response.

Sincerely,

Richard Arrington, Jr.
Mayor

CAMARA DE COMERCIO GUATEMALTECO AMERICANA

AMERICAN CHAMBER OF COMMERCE OF GUATEMALA

6a. Avenida 14-77, Zona 10, Guatemala, C. A. 01010 - Apartado Postal 832
Tels: (502) 337-4489, 366-4716, 366-4822 Fax: (502) 368-3106
Home Page: www.guatenet.com/amcham E-Mail: guamcham@ns.guate.net

'97 JUL 24 P4:02

Guatemala, July 24th, 1997.

The Honorable William Jefferson Clinton
President of the United States
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

NRC for reply

Dear Mr. President,

On behalf of AMERICAN CHAMBER OF COMMERCE OF GUATEMALA, we strongly urge you to actively work to ensure that Caribbean Basin Trade Enhancement legislation is included as part of the final version of the Tax Bill.

CBI Enhancement is vital to U.S. national interest because:

1. It is strengthen the U.S. based textile and apparel industry by ensuring that it can meet the challenge of Far East competition. This legislation will help sustain and expand high-value added U.S. jobs in the textile and apparel industry that supply the assembly operations in Central America and the Caribbean. Close to two-thirds of the value of U.S. textile and apparel imported from Central America and the Caribbean are comprised of U.S. made content compared to virtually no U.S. content in U.S. imports from China, Hong Kong and Taiwan.

2. Since enactment of the Caribbean Basin Initiative the United States has developed a consistent trade surplus with the region – over $1.6 billion in 1996. The increase in U.S. exports to the region has made the nations of Central America and the Caribbean the highest – per capital consumers of U.S. made goods in the World. The United States sold 16.4 billion dollars in goods and services to Central America and the Caribbean in 1996 – over three times U.S. exports to both Eastern Europe and Russia combined.
3. The Central American nations have indicated that they are prepared to enter into a reciprocal and comprehensive free trade agreement with the United States which would further open those markets to U.S. goods and services. However, the economies of the Central American and Caribbean nations are being impacted because of the more favorable access to the United States which Mexico obtained under the NAFTA. Long-promised Caribbean Basin Enhancement legislation will allow these nations to remain competitive with Mexico in exchange for further liberalization of their economies.

We urge you to fully support including CBI Enhancement legislation as part of the Tax Bill. We thank you for your assistance in this important matter.

We feel that this legislation is a crucial step in establishing the Free Trade Area of the America's.

Yours truly,

Dennis Whitelaw
President
American Chamber of Commerce of Guatemala

c.c. Thomas "Mack" McLarty / Counselor to the President and Special Envoy to the Americas
Peter Allgeier / Associate USTR for the Western Hemisphere
Regina Vargo / Deputy Assistant Secretary for the Western Hemisphere
Amb. Jeffrey Davidow / Assistant Secretary for Inter – American Affairs

American Association of School Administrators

Leadership for Learning

July 29, 1997

The Honorable William Jefferson Clinton
The White House
Washington, DC 20500

Dear President Clinton:

The American Association of School Administrators, representing more than 14,000 public school superintendents, urges you to veto any tax bill that includes federal subsidies for private education. As you know, these provisions, if enacted into law, would severely damage public education.

The Coverdell version of the Education Savings Accounts is simply a voucher dressed up as tax policy. Giving taxpayer support to parents who wish to send their children to private and/or parochial elementary and secondary schools primarily benefits wealthier taxpayers, erodes the vital divide between public and private education, and threatens the separation of church and state. Scarce federal resources should be focused where they can affect the most children—in the public schools.

The Coverdell plan, through its design, would do nothing to help children who are currently attending inadequate schools. Rather, it would reward wealthy parents whose children are most likely either in successful public schools or in private schools. The numbers that proponents of the Coverdell plan tout as evidence of its potential illustrate how out of touch they are with the plight of low-income Americans. For example, they point to the benefits for a family that is saving $2,500 each year as evidence of the plan's merit. For most working class Americans, who, according to the Census Bureau, have not seen an increase in real wages since the 1970's, $2,500 each year is an astronomical number. Moreover, fewer than 20 percent of Americans itemize on their tax returns and can take advantage of interest deductions. Last, and most importantly, no one has explained how all this will help public schools or how it constitutes assistance to K-12 education.

Throughout your career in public service you have been a champion of public education. The Coverdell language is a very profound threat to public education. While we realize that this is a difficult stand to take, we strongly urge you to reject this provision. We stand ready to assist you however we are able.

Sincerely,

Paul Houston

Paul Houston
Executive Director

cc: The Honorable Albert Gore, Jr.
The Honorable Richard W. Riley

To Dorskind for reply after you have seen?

Yes ✓

No ___

HONORARY PARTICIPATION REQUEST

Please return to Woyneab Wondwossen, Room 93

Today's Date: July 24, 1997

Date of Request:	6/26/97
Request for:	POTUS/FLOTUS
Type of Request:	Honorary Chairs
Requestor Name:	Ms. Heidi L. Berry
Title:	Chair
Address:	Anti-Defamation League 1100 Connecticut Avenue, NW Suite 1020 Washington, D.C. 20036
Contact Tel. #:	202-452-8310
Event Date:	11/11/97
Event Description:	Heroes: A Concert to Honor
Notes:	This third annual ADL Concert Against Hate will honor persons who have protected or defended victims of hate crimes. Scheduled to take place on Veteran's Day and one day following the President's National Conference on Hate Crimes, this event will highlight heroic acts associated with war. The President and First Lady accepted this invitation in 1995 and 1996. The President and First Lady should ACCEPT.
Recommendations:	MV _____ TS PK -ok RM 7/31/97 (Unless otherwise noted, a yes answer will automatically generate a message as well as acceptance of the honorary position).
	Comments:

Rec'd 6/26

WASHINGTON, D.C. REGIONAL OFFICE

ADL Anti-Defamation League®

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PETER T. WILLNER

Chair, Community Service Division
CHARLES F. KRISER

Director, Community Service Division
ANN TOURK

June 25, 1997

Via Hand Delivery
The President and Mrs. Clinton
The White House
Washington, D.C. 20500

Dear President and Mrs. Clinton:

Last year you were gracious enough to be the Honorary Chairs for the Anti-Defamation League's "ADL In Concert Against Hate" held on December 2, 1997 at the Kennedy Center with the National Symphony Orchestra. This event recognized five individuals who were victims of hate crimes and intolerance. The event was attended by more than 2,600 people, including community leaders, elected representatives and religious leaders. Barbara Walters and Matthew Broderick narrated this concert which was chaired by Howard and Sondra Bender. Previous chairs were Abe and Irene Pollin.

We are writing to invite you to serve as the Honorary Chairs for "Heroes: A Concert to Honor" on Tuesday, November 11, 1997 at the Kennedy Center with the National Symphony Orchestra conducted by Maestro Leonard Slatkin.

This event will recognize individuals who have stood in the face of adversity to protect and support their fellow man. It will be more than an evening of words and music. At a time of increased concerns about racial polarization and intolerance, and coming one day after your National Conference on Hate Crimes, this event will be a coming together of those committed to end intolerance and promote understanding.

We have asked, Jess N. Hordes, ADL's Washington Representative, to be in touch with your scheduling office. Thank you for your consideration.

Sincerely,

Heidi L. and Max N. Berry

Heidi L. and Max N. Berry
Chairs, "Heroes: A Concert to Honor"

MHB.mm

Anti-Defamation League of B'nai B'rith, 1100 Connecticut Avenue, NW, Suite 1020, Washington, DC 20036
(202) 452-8310 Fax: (202) 296-2371 E-mail: adlwashdc@aol.com

Heroes: A Concert to Honor

The John F. Kennedy Center for the Performing Arts
The National Symphony Orchestra
Leonard Slatkin, Conducting
Tuesday, November 11, 1997

Summary
Heroes will tell the stories of ordinary people who have demonstrated extraordinary courage and compassion in standing up to hate and in helping victims of bigotry and persecution. Like the 1996 Concert, the 1997 Concert will focus on the stories of real people, this time not victims, but rescuers, protectors, and defenders. The stories will be told by well-known personalities from Broadway, Hollywood, television or the media.

The Concert's theme is directly related to ADL's mission -- to confront intolerance and injustice and expose extremism. The stories of individuals who have acted heroically will remind audience members that each of us can play a part in the continuing struggle against hate, and that none of us can afford to be silent in the face of bigotry.

Heroes will be performed on Veterans Day. The stories selected to be presented will have a connection to war (broadly defined) ranging from heroic acts to save Jews from the Nazis to courage in the war against terrorism. In addition, the conference will be held on the day following the national conference on hate crimes convened by President Clinton.

The Stories
Four stories will be told. The subjects of the stories will be present at the Concert. The following are examples of the kind of stories that could be presented:

-Vernon Baker, a Congressional Medal of Honor Recipient. Mr. Baker was one of the seven African-Americans who recently and belatedly received the Congressional Medal of Honor. He was the only recipient to live to receive his medal.

-A Christian Rescuer/Righteous Gentile.

-A Liberator.

-A Jewish partisan.

-An individual involved in the war against terrorism, (such as Lisa and Ilsa Klinghoffer; the prosecutor, or someone connected with, the Oklahoma City bombing, etc.).

-An individual who has protected or spoken in defense of someone victimized by a hate crime, etc. (Billings, Montana, was used last year, but would be a good example).

HONORARY PARTICIPATION REQUEST

Please return to Woyneab Wondwossen, Room 93

Today's Date: July 24, 1997

Date of Request:	3/27/97
Request for:	POTUS
Type of Request:	Honorary Chairman
Requestor Name:	Mr. William M. Bulger
Title:	President
Organization:	University of Massachusetts Suite 800 18 Tremont Street Boston, Massachusetts 02108
Contact Tel. #:	617/287-7000
Event Date:	9/18/97
Event Description:	Inaugural Ceremony of President William M. Bulger
Notes:	Several members of the Massachususetts Delegation are serving on the Inaugural Committee, along with business leaders of the New England area. President Bush has also agreed to serve as a member of this committee. The President should REGRET, but offer a MESSAGE.
Recommendation:	TS 1 OK-regret RWM 7/31/97 (Unless otherwise noted, a yes answer will automatically generate a message as well as acceptance of the honorary position).
	Comments:

UNIVERSITY OF MASSACHUSETTS
AMHERST • BOSTON • DARTMOUTH • LOWELL • WORCESTER

WILLIAM M. BULGER, PRESIDENT
18 TREMONT STREET, SUITE 800
BOSTON, MASSACHUSETTS 02108
(617) 287-7000
FAX (617) 287-7044

March 18, 1997

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

Dear Mr. President:

On September 18, 1997, the Board of Trustees of the University of Massachusetts are planning a formal Inauguration in celebration of my appointment as President of the University of Massachusetts. On behalf of the Board of Trustees of the University, I would like to invite you to be the Honorary Chairman of the Inaugural Committee. Other members of this committee will include the Massachusetts Congressional Delegation and leaders of the New England corporate community.

We would also like to invite you to be part of a very special gala held that evening at Boston's historic Symphony Hall. That event will have as its theme "Excellence at the University of Massachusetts." We will be honoring two distinguished alumni who have embodied excellence through their respective careers. John Welsh, Chief Executive Officer of General Electric Company and Jack Smith, Chief Executive Officer of General Motors, will be presented the University of Massachusetts President's Medal in recognition of their impressive accomplishments.

Thank you very much for your consideration of my invitation.

Sincerely,

William M. Bulger

William M. Bulger
PRESIDENT

THE WHITE HOUSE

WASHINGTON

DATE: July 31, 1997

NOTE FOR: Honorable Bruce Babbitt
Secretary, Department of the Interior
1849 C St. N.W. - Room 6151
Washington, DC 20240

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

Information XXX

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:

THE PRESIDENT HAS SEEN
7-31-97

THE SECRETARY OF THE INTERIOR
WASHINGTON

JUL 23 1997

Memorandum for the President

From: Bruce Babbitt

Re: National Wildlife Refuge Legislation

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When the bill comes up, you ought to consider a signing ceremony somewhere down south where this will be a big issue for sportsmen, especially duck hunters. Arkansas in autumn comes to mind. The Blackwater Refuge over on the eastern shore would also be a good nearby photo opportunity.

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