

Chiron.

THE WHITE HOUSE
WASHINGTON

Date 8/6/97

To: Christa Robinson

From: The Staff Secretary

FYI

Sean Maloney



MEMORANDUM

HE PRESIDENT'S OFFICE
8-4-97

To: The President
From: Eli J. Segal *EPS*
Date: July 28, 1997
Subject: The Welfare to Work Partnership Update

1. As you know, you'll be with us in St. Louis on August 12 for our first regional challenge. We expect at least 200 companies to stand up and be counted as organizations committed to hiring and retaining those presently on public assistance. There are 40,000 families presently on the rolls in the Southern Illinois/Eastern Missouri area. We expect to make a real difference in this number within one year, which explains the extraordinary enthusiasm generated to date – all parts of the business community, civic associations and political leadership.
2. At the St. Louis event (chaired by Bob Shapiro of Monsanto), we'll unveil all of the following: a "best practices" manual; a web site; an 800# (888/USA-JOB1) for companies to sign up and/or get information; a database of service providers; and a PSA campaign. We're also well on our way from growing our "partners" from five at the State of the Union address to 1,000 – and more.
3. We are using the August 12 event as our opening salvo in a week of activities tied to the first anniversary of the signing of the legislation. We have one event at the U.S. Chamber with Aida Alvarez, another in Wisconsin with Tommy Thompson, several op. eds and hopefully a whole series of positive pieces on progress during the last year.
4. Despite all of this, I know that success is going to be elusive and hard to document. Perhaps you saw the less than flattering Wall Street Journal article on Bill Esrey's mixed record on welfare to work at Sprint. Only eight of the Fortune 100 companies have

welfare to work programs in place. The quality of service providers is inconsistent. The transition from an income maintenance welfare system to a job creator system is going to take time and won't be one huge success story.

5. I continue to be optimistic that we can make significant inroads in the next year. Next month, we will highlight a Coopers & Lybrand survey concluding that fast growing small businesses are having substantial success hiring former welfare recipients. The American Gaming Association will commit to hiring and retaining 20,000 persons presently on public assistance. Marriott will move 1,000 persons from welfare to work in the next year alone – which is more in one year than they've done in five years since they launched their Pathways to Independence program. Smith Barney, Cessna and Xerox have important, if modest, success stories to be told. Indiana (which may be the only state which actually tracks recipients moving from welfare to private sector jobs) reports about 27,000 hires since the legislation was signed one year ago (if this stands up, we'll definitely do an event there soon).
6. At its core, The Welfare to Work Partnership is about changing attitudes: first, among the corporate skeptics who Richard Wirthlin has polled for us, and second among the American public. We must overcome decades of stereotypes. All stakeholders are skeptical about something – government officials, business leaders, welfare recipients, and the general public. A strong community-by-community effort, focused on local businesses making an impact at the grassroots level will begin to shift the debate in our direction. This local effort will be reinforced by a strong communication campaign (including both PSAs and earned media), and will be supplemented by our hands-on tools. This approach will lay the foundation for the steady progress we expect to make in the years to come.

EJS/gho

The Welfare to Work Partnership

Nancy
Thanks.
EL.

Eli J. Segal
President and CEO

1250 Connecticut Avenue, N.W., 6th Floor
Washington, D.C. 20036

(202) 955-3005 Ext. 303
Fax: (202) 637-9195

VOTE RESULTS

ROLL 345

PAGE 9

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TO:2024566220

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07/30/97 WED 17:15 FAX

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VOTE RESULTS

ROLL 345

PAGE 5

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* * * REPUBLICAN NOT VOTING - 3 * * *

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Schiff

Young (AK)

VOTE RESULTS

ROLL 345

PAGE 6

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*** DEMOCRATIC YEAS - 153 ***

Abercrombie	✓ Ford	✓ Menendez
✓ Ackerman	Frost	✓ Millander-McDonald
Allen	✓ Furse	Miller (CA)
Andrews	Gaidenson	Minge
Baldacci	Gordon	Moran (VA)
Barcia	Green	Murtha
Barrett (WI)	Hall (OH)	Neal
✓ Becerra	Hall (TX)	Olver
✓ Bentcon	Hamilton	✓ Ortiz
✓ Berman	Harman	Pallone
✓ Bishop	Hefner	Pascarell
Blagojevich	Hinchey	✓ Pastor
✓ Bonior	✓ Hinojosa	✓ Palosi
Boswell	Holden	Peterson (MN)
Boyd	Hooley	Pickett
Brown (CA)	Hoyer	Pomeroy
✓ Brown (FL)	✓ Jackson-Lee (TX)	Poshard
Brown (OH)	✓ Jefferson	Price (NC)
Capps	John	✓ Reyes
Cardin	Johnson (WI)	Rivers
✓ Carson	Johnson, E. B.	✓ Rodriguez
✓ Clayton	Kanjorski	Rosmar
Clement	Kennelly	Rothman
✓ Clyburn	Kildee	✓ Roybal-Allard
Condit	Kind (WI)	Sabo
Costello	Kleczka	✓ Sanchez
Coyne	Klink	Sandlin
Cramer	LaFalce	Sawyer
Cummings	Lampson	Schumer
Danner	Lantos	Scott
Davis (FL)	Levin	Sherman
DeGette	✓ Lewis (GA)	Sisisky
✓ DeLauro	Lipinski	Skaggs
Deutsch	Lofgren	Skelton
Dicks	Lowe	Slaughter
✓ Dingell	Luther	Smith, Adam
Dixon	Maloney (CT)	✓ Snyder
Doggett	Maloney (NY)	Spratt
Dooley	Manton	Stabenow
Doyle	✓ Martinez	Stenholm
Edwards	Mascara	Strickland
Eshoo	Matsui	Stupak
Evans	McCarthy (MO)	Tanner
Farr	McCarthy (NY)	Tauscher
✓ Fattah	McHale	Thompson
✓ Fazio	✓ McKinney	Thurman
Flake	Meehan	Tierney
Foglietta	Moak	✓ Torres

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VOTE RESULTS

ROLL 345

PAGE 7

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* * * DEMOCRATIC YEAS - 153 * * *

Traficant

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Woolsey

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VOTE RESULTS -

ROLL 345

PAGE 1

H R

2015

RECORDED VOTE

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In Agreeing to the Conference Report

Balanced Budget Act of 1997

	AYES	NOES	PRES	NV
REPUBLICAN	193	32		3
DEMOCRATIC	153	52		1
INDEPENDENT		1		
TOTALS	346	85		4

VOTE RESULTS - ROLL 345 PAGE 2

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* * * REPUBLICAN YEAS - 193 * * *

Aderholt	Ehlers	Kelly
Archer	Ehrlich	Kim
Arney	Emerson	King (NY)
Bachus	English	Klug
Baker	Ensign	Knollenberg
Barr	Everett	Kolbe
Barrett (NE)	Ewing	LaHood
Bartlett	Fawell	Latham
Bass	Foley	LaTourrette
Bateman	Fowler	Lazio
Bereuter	Fox	Leach
Bilbray	Franks (NJ)	Lewis (CA)
Bilirakis	Frelinghuysen	Lewis (KY)
Bliley	Galleghy	Linder
Boehlert	Ganske	Livingston
Boehner	Gekas	LoBiondo
Bono	Gibbons	Lucas
Brady	Gilchrest	Manzullo
Bunning	Gillmor	McCollum
Burton	Gilman	McCrery
Buyer	Gingrich	McDade
Callahan	Goodlatte	McHugh
Calvert	Goodling	McInnis
Camp	Goss	McKeon
Campbell	Granger	Metcalfe
Canady	Greenwood	Miller (FL)
Cannon	Gutknecht	Molinar
Castle	Hansen	Morella
Chabot	Hastert	Myrick
Chambliss	Hastings (WA)	Nethercutt
Chenoweth	Hayworth	Neumann
Christensen	Hefley	Ney
Collins	Herger	Northup
Combest	Hill	Norwood
Cook	Hobson	Nussle
Cooksey	Hoekstra	Oxley
Cox	Horn	Packard
Crane	Hostettler	Pappas
Crapo	Houghton	Parker
Cubin	Hulshof	Paxon
Cunningham	Hunter	Pease
Davis (VA)	Hutchinson	Peterson (PA)
Deal	Hyde	Petri
DeLay	Inglis	Pickering
Diaz-Balart	Jenkins	Pitts
Dreier	Johnson (CT)	Porter
Duncan	Johnson, Sam	Portman
Dunn	Kasich	Pryce (OH)

VOTE RESULTS

ROLL 345

PAGE 3

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* * * REPUBLICAN YEAS - 193 * * *

Quinn	Shays	Thomas
Radanovich	Shinkus	Thornberry
Ramstad	Shuster	Thune
Redmond	Skeen	Upton
Regula	Smith (MI)	Walsh
Riggs	Smith (NJ)	Wamp
Riley	Smith (OR)	Watkins
Rogan	Smith (TX)	Watts (OK)
Rogers	Solomon	Weldon (PA)
Ros-Lehtinen	Souder	Weller
Roukema	Spence	White
Saxton	Stearns	Whitfield
Schaefer, Dan	Stump	Wicker
Schaffer, Bob	Sununu	Wolf
Sensenbrenner	Talent	Young (FL)
Sessions	Tauzin	
Shaw	Taylor (NC)	

VOTE RESULTS

ROLL 345

PAGE 8

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* * * DEMOCRATIC NAVS - 52 * * *

Baesler	✓ Hastings (FL)	Obey
✓ Berry	✓ Hilliard	✓ Owens
Blumenauer	✓ Jackson (IL)	✓ Payne
Borski	Kaptur	Rahall
Bouchor	✓ Kennedy (MA)	✓ Rangel
✓ Clay	Kennedy (RI)	✓ Rush
✓ Conyers	Kilpatrick	✓ Serrano
Davis (IL)	Kucinich	Stark
DeFazio	✓ Markey	✓ Stokes
Delahunt	McDermott	Taylor (MS)
✓ Dellums	✓ McGovern	Towne
Engel	McIntyre	✓ Velazquez
Etheridge	McNulty	✓ Waters
Filner	Mink	✓ Watt (NC)
✓ Frank (MA)	✓ Moakley	Waxman
Gephardt	Mollohan	Yates
Goode	Nadler	
✓ Gutierrez	Oberstar	

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117

VOTE RESULTS

ROLL 345

PAGE 4

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* * * REPUBLICAN NAVS - 32 * * *

Ballenger	Hilleary	Royce
Barton	Istook	Ryun
Blunt	Jones	Salmon
Bonilla	Kingston	Sanford
Bryant	Largent	Scarborough
Burr	McIntosh	Shadeegg
Coble	Mica	✓ Smith, Linda
Coburn	Moran (KS)	Snowbarger
✓ Dickey	Paul	✓ Tiahrt
Doonittle	Pombo	Weldon (FL)
Graham	Rohrabacher	

8-4-97

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NO EXECUTIVE PRIVILEGE

fact/gossip

Blurring Line Between Fact and Fiction

By MARTY KAPLAN

"Contact" director Bob Zemeckis cast 13 CNN staffers as themselves for the same reason he digitized Bill Clinton into the movie: to make it seem more real. Real reporters, real CNN logo, real president—all that authenticity is meant to rub off on the story, making it easier for audiences to suspend disbelief ("No Executive Privilege," Calendar, July 21).

I can see why Zemeckis wanted CNN. But why did CNN want Zemeckis?

For six years, CNN President

Tom Johnson refused to allow CNN correspondents to work in movies. I know; I tried to cast CNN anchor Bernard Shaw in a cameo, announcing Eddie Murphy's election victory in "The Distinguished Gentleman," and Johnson turned us down. In retrospect, he was right.

This year, as an "experiment" in "cross-promotion," Johnson lifted his ban; now he regrets it. "Contact" may be good product placement for the low-rated CNN brand, but it also risks the perception that CNN's journalistic legitimacy is for rent, especially within the Time-Warner-Turner family, which produced "Contact" and owns CNN.

If an able, hard-news veteran like Johnson is willing to roll the dice with CNN's credibility, what will less-exacting media executives



Kaplan

try next?

The line between news and entertainment barely exists anymore, let alone the difference between information and opinion, or authority and celebrity. Huge lecture fees cast a shadow on the independence of journalist-pundits who also populate the Sunday morning shows. Candidate-pundits like Pat Buchanan have rendered quaint the distinction between analysis and advocacy. Television's leveling effect has promoted a strange equivalence between talk-show host Maury Povich and "Nightline's" Ted Koppel.

There is a direct line from E.L. Doctorow's commingling of fact and fiction in "Ragtime" to Joe

The line between news and entertainment barely exists anymore, let alone the difference between information and opinion, or authority and celebrity. Huge lecture fees cast a shadow on the independence of journalist-pundits who also populate the Sunday morning shows.

Klein's in "Primary Colors"; from Oliver Stone's in "JFK" to Robert Reich's in "Locked in the Cabinet." Who's to say what the standards of objectivity should be? Today, even the prestige press peg stories to reporting by the National Enquirer, and impeccable Pierre Salinger has become a conduit for the wildest of cyber-rumors. If talk

radio has made everyone an expert, the Internet has made everyone an editor and publisher; its rise marks the death of elite ownership of the meaning of news.

People aren't stupid, of course. They know the difference between watching a movie and watching the news. But a gifted illusionist like Zemeckis knows the difference between casting actors as reporters or presidents and getting the real thing. People may not be stupid, but they are susceptible. That's why Plato banned the poet from the Republic: Poets can make people mistake illusion for reality.

Anything you can imagine, you can now show. The tricks that Zemeckis plays with presidents can be played with anyone, living or dead, public or not. You can make Fred Astaire dance with a Dirt Devil. You can digitize a celebrity's face—or yours—into a porno film. The last technological barriers to depiction have fallen; the only limits now are money, taste and the ludicrously inadequate law of intellectual property.

Recent experience with cloning suggests what the future of infotainment holds in store: If it's possible, someone will try it. Acceptable practice will be defined as what you can get away with. Johnson was right to rethink CNN's course, but surely there are others eager to improvise new standards. Zemeckis didn't put words in the president's mouth, but someone else will. When that happens, who will have the moral authority to cry foul?

Marty Kaplan is associate dean and visiting professor of political communication at USC's Annenberg School. He has been a White House speech writer, a Washington journalist, a Disney studio executive and a screenwriter and producer.

Turner
su's quack *RC*

FAMOUS LAST W

**Deborah Mathis**

Race panel's job: ^{THE PRESIDENT HAS SEEN} Get people talking

■ The seven people who form President Clinton's advisory board on race relations are an impressive group—an ac-

claimed historian, a lawyer, two former governors, a corporate executive, a labor leader and a pastor.

To boot, the panel has the smart lawyer/educator Judith Winston to run the day-to-day operations of Clinton's initiative, which the White House has named "One America in the 21st Century." Every idea in the White House has a name.

On top of that, the board and executive director have Christopher Edley's rich mind from which to borrow. Edley is a big-picture, big-thinking, energetic man with a law degree from Harvard, where he now teaches law. Edley was the nucleus of Clinton's brain trust on affirmative action.

All of these bright folks are determined to put some meat on Clinton's call to defuse racial tensions and spread the brotherhood gospel. They got going in earnest last week.

I know. Some of you are wondering, What's the big deal? Where's the fire? With no South Central or Crown Heights burning or storming across our TV screens, why open up the race thing now?

What some of these skeptics don't know and what some know but don't want to acknowledge is that race and our perceptions and concept of it underlie so much of what happens in America that we cannot be sure what kind of nation we would be were it not a factor.

We practice racialism—that is, the awareness of race—so reflexively that we ourselves may not even notice the mechanics. Just as we are oblivious to the brain telling the leg to move or the arm to swing or the eyelid to blink, so can we size up *one of them* in a flash.

It comes, sad to say, quite naturally to us Americans, whether black, brown, white, red or yellow skinned. Only the youngest are exempt from this habit, but not for long. In due course, they too will have a profile in mind; a stereotype; an expectation, premised on all the information they've gathered or fed. Including misinformation.

William Winter, who is thoughtful and progressive and who made a lot of Mississippians proud when he served as governor, says hopefully that most Americans make the right choices when given good information. What he wants his fellow board members to concentrate on is dispelling the lies, distortions and misunderstandings that tend to separate one human being from another on account of ethnicity. At Monday's meeting, Winter called for a "massive education effort to eliminate those stereotypes."

Of all the suggestions and possibilities being explored by the advisory panel, Winter's sounds the simplest, but will be, in fact, the hardest row to hoe.

Compare it to one panelist's wish for a federal fund to pay for crisis counselors and conflict resolution experts who would rain upon a city when racial turmoil erupts. This, she said, beats having to scrounge around for help, as so many hot spots have had to do.

Excellent idea.

And Edley's proposal that the group dive into race and education—how each affects the other.

Vital stuff, that.

But where the panel must start is the root of racial conflict. And if we can at least agree that the whole superiority-inferiority tableau is flawed and foolish and that all persons are created equal, then the next issue becomes why they aren't all treated equally, which leads to inside our heads.

Which puts us on Winter's solid ground. The panel must first take the wraps off the big lies.

**Bob La**

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THE WHITE HOUSE
WASHINGTON

Date 8/4

To: NSC/Glyn Davies

From: The Staff Secretary

Shouldn't dispatch this
letter yet. See POTUS note.

Can you see if the letter can
be improved, or if not, POTUS
should get a short note of
explanation. Let me know.

Thanks,
Phil

THE WHITE HOUSE

WASHINGTON

July 30, 1997

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL R. BERGER (12) For
GENE SPERLING CBS.
DANIEL K. TARULLO DKT
JOHN HILLEY [unclear]

Don't let 1997 JUL 30 4:21:57
have stronger points
than our reply
indicate? B.C.

Copied
Berger
Sperling
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Hilley
COS

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
Tab B

Response to Senator Larry E.
Incoming Correspondence

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or re-done → SGRD
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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,

A handwritten signature in dark ink, appearing to read "Bill Clinton", written in a cursive style.

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

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.

page 2

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

Sincerely,

A handwritten signature in black ink, appearing to read "Larry E. Craig". The signature is fluid and cursive, with a large initial "L" and a long horizontal stroke at the end.

LARRY E. CRAIG
United States Senator

cc: Honorable Charlene Barshefsky

July 28, 1997

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

97 AUG 1 PM 4:08

Dear President and Mrs. Clinton:

Special greetings and best wishes from the family of former Secretary of Defense William J. Perry. We are pleased to report that Lee and Bill are happily settled into their new home, and awaiting the arrival of Chelsea at Stanford this fall!

We have a special favor to ask. Lee and Bill will be celebrating their 50th wedding anniversary on December 29th, 1997, and we (their children) are planning a party in their honor Sunday, December 28th at the Stanford Barn. Of course, we would be delighted and thrilled if you could attend, and plan to send you a formal invitation when the time comes. But recognizing that there is very little likelihood you would be available, we are wondering if together you might be able to videotape a short greeting or write a letter to congratulate them on this special occasion, which we would present to them at the party.

Lee and Bill have shared a very special 50-year partnership, a source of great inspiration to their five children and many friends. They were high school sweethearts in Butler, Penn. during the war years (performed together in a dance band), and married after the war when Bill returned from serving in the Army of Occupation (Okinawa). Children followed in quick succession (all Democrats, of course) while Bill was earning his graduate degrees. After the children were in school, Lee later went back to earn her CPA and master's degree in business.

We've enclosed a duplicate photo from their wedding day 50 years ago -- you may recognize the happy couple! If you need any additional background, contact Robin Perry Allen (daughter, phone: 703/524-7524, fax 703/524-7526, e-mail: RPAllen@his.com, postal address on letterhead). The date by which we need any material you might send is November 1, 1997. We appreciate anything you can do to help us mark this milestone in their lives.

With gratitude and best wishes,

Robin Perry Allen

Robin Perry Allen

905 N. Emerson Street
Arlington, VA 22205

8-1-97
Send to Scheduling?

Yes ☒

No ☐

C



United States Senate
WASHINGTON, DC 20510-1303

July 29, 1997

Ms. Betty Currie
White House
1600 Pennsylvania Avenue
Washington, D.C. 20510

Dear Ms. Currie:

I have received an inquiry from Janet Straughn.

Because of this office's desire to be responsive to all
communications, your consideration of this matter is requested.

Your findings and views will be appreciated and I will pass them on to
Janet Straughn.

Please Respond To:

Anne Ruhle
Legislative Assistant
Carol Moseley-Braun, U.S.S.
324 Hart Senate Office
Washington D.C., 20510
(202)-224-2854

Yours truly,


Carol Moseley-Braun
United States Senator

CMB:ef

8-1-97

Send to Leg Affairs?

Yes

No

C

COMMERCIAL-NEWS

17 W. North St., Danville, IL 61832 (217) 446-1000

Sen. Carol Moseley-Braun
302 Hart Senate Building
Washington, D.C., 20510

June 17, 1997

Dear Sen. Moseley-Braun:

President Clinton's "One America" campaign is something to get excited about.

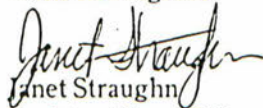
And we are.

Please find enclosed a copy of the letter I sent to the White House about Danville, Ill., being a host to "One America" town hall meeting.

Danville makes sense as a site in Illinois because of its efforts to bridge racial gaps in our city of 34,000. Danville is home to people who want to make a difference. While large cities such as Chicago have their programs to deal with race relations, the "One America" organizers should not forget the efforts of millions of small-town Americans. People like those in Danville.

Illinois must not be forgotten in this national effort. I would appreciate anything you and your office could do to make Danville's message known to the "One America" team.

With best regards,


Janet Straughn
Assistant News Editor

Nancy
see ID

97 AUG 1 14:03

8-1-97

Send to Dorskind?

Yes ☒

No ☐

C.

To whom it may concern:

With my satellite dish I have access to a very right-wing cable station, NET.

One of their analysts covering the Thompson Hearings just gave out this fax number, telling their audience to fax you, implying they should bug and pepper you with negativity, re: Middleton.

Being very loyal to Pres. Clinton, I thought I'd tip you off if you do receive these type of faxes.

Norman Wishman

Norman Wishman

1141 Independence Way
Norcross, Georgia 30093

THE WHITE HOUSE
WASHINGTON

Date

8/4

To:

Maria Echaveste

From:

The Staff Secretary

On John Podesta's advice,
I'm sending this letter and notebook
to you for follow-up. Please
advise on how to handle --
phone, no action, letter, etc.

Thanks,

Phil

IBEW

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

ARKANSAS

TENNESSEE

NORTH CAROLINA

JOHN J. BARRY
International President

TWELFTH DISTRICT



SOUTH CAROLINA

EDWIN D. HILL
International Secretary

CARL LANSDEN

International Vice President
Franklin Building
5726 Marlin Rd, Suite 500
Chattanooga, TN 37411
423-894-9095 or 894-8652
Fax Number 423-892-4513

July 17, 1997

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D. C. 20500-2000

Dear Mr. President:

Having been familiar with your efforts on behalf of working men and women throughout much of your adult life and indeed as President of the United States, I have enclosed herewith a copy of an Executive Branch of Government's proposal that has to do with changes in conditions of employment of trades and labor employees at the Tennessee Valley Authority. It is my firm belief that neither you nor Vice President Gore would support the type of activity that this wholly owned government corporation is engaged in based upon your many years of dedicated public service and support of principles relative to fairness. Moreover, it should be an embarrassment that a wholly-owned government corporation in the Executive Branch of government would have such a blatant disregard for the principles of democracy as it relates to the workplace. The employees of the Tennessee Valley Authority are in a so-called no man's land as it relates to collective bargaining. They are prohibited from utilizing the ultimate protection (the strike) men and women of the private sector have relating to conditions of employment being obtained by virtue of their federal employment status.

This communication and a similar one sent to Vice President Gore have been considered at length before being processed, the reason being collective bargaining should exist among people who are responsible for its administration and undue directions should not be solicited short of a most serious situation. Of course, this is one of the most serious situations that this writer has ever witnessed relative to actions by the Tennessee Valley Authority. On the one hand, the TVA is under constant attack by utility companies throughout the country. On the other, it attacks its employees. The only friend that TVA will have in the final analysis is its employees, their representatives and the inhabitants of the Tennessee River Basin. Surely that friendship of TVA as an institution by its employees will be most ephemeral when such employees see the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

The Honorable William Jefferson Clinton

2

July 17, 1997

intentions and objectives of the TVA principals. The stewardship of TVA is placed in the hands of three individuals: the Chairman of the Board - Craven Crowell - one of your appointees, Board Member Johnny Hayes, one of your appointees, and William Kennoy, a Bush appointee. Obviously, your appointees constitute a majority of the said Board.

It is incomprehensible that TVA's actions would be so inconsistent with the perspective you have always appeared to display in addressing issues pertaining to working men and women. TVA's actions are devoid of the presence of that resemblance. Since May 18, 1933, when the TVA Act was passed into law, there has been a glowing partnership between organized labor in the watershed and the Tennessee Valley Authority. That partnership has been tested many times. The Congress in 1948, when that partnership was scrutinized, declared in a Senate Report that such was a model that should be utilized throughout the United States and abroad and demonstrated how things could be achieved when management and labor work together. There has been a continuing erosion of that partnership for the last twenty years. In recent years that partnership has eroded to the point that it is virtually non-existent. Most assuredly, the current TVA proposals abolish any resemblance of a partnership and areas where the parties have always worked together are the subject of proposed abolishment.

The International Brotherhood of Electrical Workers represents approximately 58% of career-type employment trades and labor employees who are annually rated. These employees, by virtue of the partnership between organized labor and TVA, have been the beneficiaries of a progressive branch of the government that recognized its greatest resource was its employees. TVA is making these proposals under the auspices of competing in a deregulated utility industry. Such is absolutely a subterfuge. Most assuredly, competition will be rather keen in a re-regulated utility industry. There is absolutely nothing deregulated about matters which Congress is currently considering. The utility industry provides a commodity which is by no means a luxury, but is in fact a necessity in our current society. The hardship and ill will generated in our society as a result of speculation as to the impact of re-regulation is generating a most repugnant lifestyle for employees throughout the industry. Restlessness among employers and employees in the utility industry is ubiquitous; therefore, it is understandable that TVA, as a giant utility, would sustain considerable discomfort with the uncertainties of re-regulating the industry. It is not understandable that this agency of our government would have such a calloused view upon the careers of employees and such a repugnant attitude toward a collective bargaining process which is declared to be a policy of the United States government. Frankly, an agent of mine who would display such a blatant disregard for the principles which the IBEW subscribes to would be separated from agent status. I cannot believe that my government endorses, supports, condones or would even tolerate such a disregard for deeply embedded principles of our form of government.

Mr. President, having known you for over ten years, I have established many things in my mind for which I believe you to stand, all of which conflict with the position taken by this wholly-owned government corporation which operates under the Executive Branch. In reviewing the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

The Honorable William Jefferson Clinton

3

July 17, 1997

Act which created the TVA I notice that it calls upon the Chairman of the Board to report to you the state of TVA. I respectfully submit that the current state of TVA, and more especially this particular aspect of it, is functioning 180 degrees out of phase with everything that I know about you as a man, as a Governor, and indeed as President of our great country. I call upon you or your staff to review the enclosed proposals by the Tennessee Valley Authority and, if, indeed that is the direction that reinventing government is taking our country and the government's view of employee's rights, I respectfully suggest that I am neither a proponent of re-inventing government nor a supporter of its continuation, as a people in undeveloped countries and even dictatorial societies have better conditions than these inhabitants of our society would ultimately have.

If you are a supporter of the stewardship of TVA continuing in such a calloused fashion, I respectfully submit that I was wrong from the day I became familiar with you and indeed made a commitment to support you when you were Governor for future political objectives. I believed then and believe now that the principles for which you stood could be beneficial to working men and women in our country. I truly hope that I was not totally wrong. If this wholly-owned government corporation is permitted to pursue the goals that are obvious, based upon a quick review of their proposals, then I must confess that indeed I was and am wrong and I shall make every effort to rectify such a gross injustice as I have inadvertently and unwillingly commissioned upon constituencies who have placed trust and faith in me. Mr. President, I ask for your intervention and pray for it to occur expeditiously.

Thank you for all that which you have done in the past for working men and women of Arkansas and now the United States, whether they're members of organized labor or not.

Best wishes.

Very truly yours,



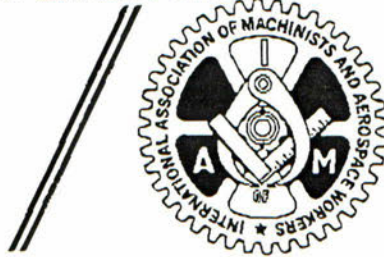
Carl Lansden
International Vice President
Twelfth District, IBEW

CL:gc

Enclosure

cc: All Local Unions Having Members Employed by TVA
Craven Crowell, Chairman, TVA Board
Johnny Hayes, Board Member, TVA
William Kennoy, Board Member, TVA
John Long, Manager, Labor Relations, TVA

**International
Association of
Machinists and
Aerospace Workers**



9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Area Code 301
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

GL-2 Tennessee

July 24, 1997

cc: Ron Klain
John Podesta
+ W. V. V.

Fax Message 202/456-2878

Ms. Elena Kagan
Deputy Assistant to the President
for Domestic Policy
The White House
218 Old Executive Office Building
Washington, DC 20500

Dear Ms. Kagan:

I am reducing this message to writing on behalf of our members that are being economically attacked by the management of the Tennessee Valley Authority. Earlier this year we advised the Vice President the anti-worker mentality that exists at TVA, and had proposed some solutions to his office.

Since that meeting, which we have not gotten any verbal, physical, or other response from, TVA has again moved aggressively to attack union contracts on these properties.

We are not asking the Vice President to do our job; we only ask why tax dollars are being used to destroy economic opportunities for members and the families they represent.

I hope that at your earliest opportunity I can share with you this growing problem. I can be reached at 301/967-4575.

Very truly yours,

Richard P. Michalski
Director
Legislative & Political Action Department

RPM/mmp

have imposed too much of a sacrifice on his family, [but] appreciated being considered and would have been pleased and honored to serve in your Administration."

✓ (E) **Congressional correspondence** -- *Rep. Martin Frost* thanking you "for your gracious presence this week at the DCCC event"; (2) *Rep. Jay Dickey* thanking you for informing him of your trip to Arkansas and expressing his sympathies following the death of Hillary Jones"; and (3) *Rep. Jim Ramstad* reminding you of "your promise to visit [Joe McGinnis'] restaurant Chadwick's in Georgetown." He also writes that the Boys Nation event brought back fond memories of 1963 and that he is ready for a jog when you are.

✓ **Frank Sinatra thank you note** -- Sinatra writes thanking you for "your thoughtfulness" in sending him the Congressional Gold Medal bill and pen. He says, "You've made this saloon singer very happy! . . . Barbara and I send warm wishes to Mrs. Clinton and Chelsea and look forward to welcoming you to our home."

We have also received the following items:

✓ **McCurry memo re: Race Initiative Interviews** -- On Monday you will do two TV interviews (one with BET, the other with FOX News) and one print interview with Debra Mathis of Gannett. FOX was the only major network you didn't speak with after you launched the initiative.

✓ **Echaveste/Mohile memo on American Jewish Community reaction to Jerusalem bombing.** Maria/Deborah forward a sample of correspondence in reaction to the bombing. The community joins in your condemnation and agrees that Dennis' trip should be postponed. The common thread among the letters is a call for US leadership to help the parties return to the table. The current stalemate, combined with Congress's failure to reauthorize the Middle East Peace Facilitation Act (aid to the PLO) is causing some alarm among peace process supporters. Your network of supporters is ready to work with Members, press outreach, etc., when necessary.

THE WHITE HOUSE
WASHINGTON

'97 JUL 30 AM 11:52

July 29, 1997

THE PRESIDENT WAS SEEN

8-4-97

MEMORANDUM FOR THE ~~P~~RESIDENT

FROM: SUSAN BROPHY *SB*
SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your review are letters from the following Members of Congress that I thought you would like to see:

- 1) Rep. Martin Frost (D-TX), thanking you for attending the recent DCCC event;
- 2) Rep. Jay Dickey (R-AK), forwarding his condolences after the passing of your friend, Hilary Jones; and,
- 3) Rep. Jim Ramstad (R-MN), hoping you could join him for dinner with Joe McGinnis, a mutual friend and owner of Chadwick's restaurant in Georgetown. He also notes that he's available to go jogging whenever you're ready

copied
Hennrich
Streett
COS

Original returned
to Leg Affairs -

Chris Walker



DEMOCRATIC
CONGRESSIONAL
CAMPAIGN COMMITTEE

JUL 29 AM 11:44

July 24, 1997

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

Dear Mr. President:

Thank you for your gracious presence this week at the Democratic Congressional Campaign Committee Event in Washington. Your efforts on our behalf are invaluable. With your continued help, we will win a new Democratic Majority in the House in 1998.

We are proud of your leadership and grateful for your efforts on our behalf. Thank you again.

Sincerely,

Martin Frost
Martin Frost

*Thanks for
all you are
doing. Mark*

Jul 29 1997

430 SOUTH CAPITOL STREET • WASHINGTON, DC. 20003 • (202) 863-1500

CONTRIBUTIONS TO THE DEMOCRATIC CONGRESSIONAL CAMPAIGN COMMITTEE ARE NOT TAX DEDUCTIBLE

Paid for by the DCCC. The DCCC is a multi-candidate Committee, FEC I.d. C00000935.



JAY DICKEY

4TH DISTRICT, ARKANSAS

COMMITTEE:
APPROPRIATIONS

SUBCOMMITTEES:
AGRICULTURE
TRANSPORTATION
LABOR—HHS—ED



Congress of the United States
House of Representatives

July 18, 1997

WASHINGTON, DC
2453 RAYBURN H.O.B.
WASHINGTON, DC 20515
(202) 225-3772
FAX: (202) 225-1314

PINE BLUFF
100 EAST 8TH AVENUE
SUITE 2521
PINE BLUFF, AR 71601
(501) 536-3376
(800) 223-2220
FAX: (501) 536-4058

HOT SPRINGS
100 RESERVE
SUITE 201
HOT SPRINGS, AR 71901
(501) 623-5800
(800) 541-8385
FAX: (501) 623-5363

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

JUL 23 PM 12:16

Dear Mr. President:

Thank you for informing me of your trip to Arkansas. Regretfully, I will not be able to see you in Arkansas on this occasion. I am also sorry to hear of the loss of your friend, Hilary Jones.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jay Dickey", written over the typed name.

Jay Dickey

jsw

JIM RAMSTAD
THIRD DISTRICT, MINNESOTA

WAYS AND MEANS
COMMITTEE

TRADE SUBCOMMITTEE

OVERSIGHT SUBCOMMITTEE



WASHINGTON OFFICE:
103 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2871

DISTRICT OFFICE:
8120 PENN AVENUE SOUTH, #152
BLOOMINGTON, MN 55431
(612) 881-4600

Congress of the United States
House of Representatives
Washington, DC 20515-2303

July 22, 1997

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500-9900

JUL 23 PM4:24

Dear Mr. President:

Our good mutual friend from our Georgetown years, Joe McGinnis, reminded me recently of your promise to visit his restaurant Chadwick's in Georgetown. I've made a similar vow.

Therefore, once we get the Budget Reconciliation package to the White House and you sign it, what better way to celebrate than dinner at Chadwick's! (Your classmate is buying and since Joe's been our friend since the 1960's, the gift ban is not violated!)

Mr. President, since it's easier for you to call us than for us to call you, please let Joe McGinnis at Chadwick's in Georgetown know when you're available. Joe's assured me that the "Golden Oldies" will be cranked!

Best regards,


JIM RAMSTAD
Member of Congress

P.S. My visit this week to Boys Nation, as your fellow alumnus, brought back great memories of our week together in 1963. I can still remember you leading the charge for that Resolution in support of the Civil Rights Act.

cc: Joe McGinnis

P.S. I'm also available for that jog when you're ready!

THE WHITE HOUSE

WASHINGTON

August 1, 1997

THE PRESIDENT HAS SEEN

8-4-97

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Eli Segal memo re: Welfare to Work Partnership** -- Eli writes to update you in advance of your August 12 trip to St. Louis. He expects at least 200 companies to "stand up and be counted." Event will be chaired by Bob Shapiro of Monsanto and they plan to unveil a "best practices" manual, a web site, an 800-number, a database of service providers, and a PSA campaign. Event will kick off a week of activities celebrating the legislation's first anniversary. Eli cautions that "success is going to be elusive and hard to document" and notes the mixed record of Sprint's welfare to work program and the relative dearth of such programs at Fortune 100 companies. He is, however, "optimistic that we can make significant inroads in the next year." *We have sent copies of Eli's memo to Erskine, Rahm, Bruce Reed and Ann Lewis.*

(B) **Polls from Rahm** -- Rahm sends you three polls: (1) an NBC/WSJ poll released last Thursday; (2) a Time/CNN poll, which will be published early next week, and (3) a Garin-Hart-Yang poll presented to the NGA last week. Some highlights: the Time/CNN poll shows 69% saying things in the country are going "well or fairly well" and your job approval at 60%. The NBC/WSJ poll finds budget deal approval at 54%, your job approval at 56%, and Clinton/Dems beating out GOP 48% to 36% on the "who do you agree with more on budget" question. The Garin-Hart-Yang poll indicates 58% job approval and 52% budget deal approval.

(C) **Article by Richard Leone from Foreign Affairs titled "Stick with Public Pensions."** Forwarded by John Podesta who thought you would find the piece interesting. Leone, president of the Twentieth Century Fund, makes the case that, "despite superficial appeal and powerful marketing programs mounted by special interests, the most radical suggestions -- especially the privatization of basic public programs and full funding of all future pension liabilities -- are neither necessary, nor, perhaps surprisingly, less expensive...retaining public pay-as-you-go systems and the existing intergenerational compact, with modifications, remains the best course...."

(D) **Memo from Nash re: Richard Katz** -- Bob responds to your question on whether Richard Katz declined the Federal Highway Administrator position. Bob writes that "Katz asked us to withdraw his candidacy, as the demands of the new position would

JIM DORSKIND:

Please coordinate
the reply.

B. G. Sullivan

P/S Bob a letter from Ann Lewis

FOREIGN AFFAIRS

JULY/AUGUST 1997



Stick with Public Pensions

RICHARD C. LEONE

Copied
Spelling
COS

THE PRESIDENT HAS SEEN
8-4-97

VOLUME 76 · NUMBER 4

Supporting Retirees II

Stick with Public Pensions

Richard C. Leone

GETTING USED TO IT

PEOPLE EVERYWHERE are living longer, filling leisure communities and nursing homes, and alarming public policy analysts. The widespread failure to die in a timely fashion has inspired countless predictions of political chaos and economic ruin in the industrialized countries. The large American generation born after World War II will have to cope, it seems, not just with the usual intimations of mortality, but also with the unhappy consequences of their longevity for their societies and indeed for their own children.

But a measure of caution is appropriate because, as Bismarck, often credited with inventing social insurance, noted, politics is not an exact science. Neither is predicting economic, demographic, and social trends. Fertility experts, for example, foresaw neither the beginning nor the end of the American baby boom. And 2030—the year of peak U.S. boomer retirement—is as far away from us now as 1964. How many, 30 years ago, could have predicted stagnation of wages, the decline in birthrates, the rise of computers, the fall of the U.S.S.R.?

The shift in the balance between retirees and workers is real, and the sooner adjustments in retirement programs are made, the smaller they will need to be. But the hit-'em-over-the-head-to-get-their-attention approach is having perverse effects. In the running-scared

RICHARD C. LEONE is President of the Twentieth Century Fund.

politics of the 1990s, the insistence on revolutionary changes may frighten off officeholders who need the reassurance of knowing that incremental revisions can preserve the pension safety net. In fact, it would be foolish to react to longer life by throwing out the basic features of successful and popular pension programs.

Although the details of advanced nations' pension plans differ, all rely on pay-as-you-go public systems in which firms, current workers, and often general tax revenues provide support for retirees. Some of these programs, like Social Security today, accumulate partial reserves for the future. All require adjustment and fresh thinking. But, despite superficial appeal and powerful marketing programs mounted by special interests, the most radical suggestions—especially privatization of basic public programs and full funding of all future pension liabilities—are neither necessary nor, perhaps surprisingly, less expensive. Retaining pay-as-you-go systems and the existing intergenerational compact, with modifications, remains the best course for preserving domestic tranquillity. Although the scale varies by country, adjustments in pensions can generally be accomplished without cramping economic growth or adding to inequality and poverty. The question, therefore, is not, as alarmists would have it, one of economic feasibility, but whether the rich nations choose to insure growing numbers of elderly against want.

BEEN THERE, DONE THAT

AGING POPULATIONS in most countries are a consequence of two simultaneous demographic trends: declining or stable fertility rates and the steady extension of the life span. The combination of more old people and fewer children means that two sets of statistics have become important: the widely cited ratio of retirees to workers (the elderly dependency ratio, or the number of elderly per 100 working-age individuals 15-64) and the ratio of all dependents to workers (the total dependency ratio, or youths 0-14 years old and elderly per 100 working-age individuals). While it is well known that the former figure is rising, in the United States and Canada total dependency in 2030 will not be much different from 1960 levels. The dependency

RATIOS OF DEPENDENTS TO 100 WORKERS

COUNTRY		YEAR				
		1960	1995	2000	2010	2030
CANADA	ELDERLY	12.7	17.5	18.2	19.8	26.3
	TOTAL DEPENDENTS	69.8	48.4	48.8	48.8	56.3
FRANCE	ELDERLY	18.7	22.7	24.0	24.5	31.2
	TOTAL DEPENDENTS	61.3	52.7	52.7	51.1	58.5
GERMANY	ELDERLY	17.1	22.1	23.3	28.4	31.6
	TOTAL DEPENDENTS	48.6	45.3	45.6	47.7	51.1
ITALY	ELDERLY	14.1	23.2	26.0	30.3	35.9
	TOTAL DEPENDENTS	51.7	44.9	47.5	50.6	54.6
JAPAN	ELDERLY	8.9	20.3	24.0	31.9	41.6
	TOTAL DEPENDENTS	56.0	43.7	46.4	55.8	65.0
UNITED KINGDOM	ELDERLY	18.0	23.8	23.5	23.7	28.0
	TOTAL DEPENDENTS	53.6	53.8	53.4	51.1	55.8
UNITED STATES	ELDERLY	15.4	19.8	18.8	19.3	25.1
	TOTAL DEPENDENTS	67.5	52.9	52.0	49.7	56.0

SOURCE: WORLD POPULATION PROSPECTS 1994. NEW YORK: UNITED NATIONS PUBLICATIONS, 1995

ratios shown in the table reflect these trends. Germany and Japan, among others, will experience a greater rise in the proportion of elderly dependents than will the United States. The Japanese increase will be particularly rapid, with elderly dependents more than doubling by 2020.

In assessing the projected "burden" of more elderly, an even more general measure may be crucial: the ratio of all potential workers to all those not working. Today, 46 percent of Americans are in the labor force; when the boomers are all retired in about 2030, that number will decline slightly to 44 percent. In 1964, when the baby boomer population peaked, however, only 37 percent of Americans were in the labor force—a ratio considerably "worse" than can be expected in the 21st century.

Moreover, the real burden on workers is best measured by looking at the overall size of the pie and the resources available per person. In the 1960s baby boomers' parents had less income per capita (\$12,195, in today's dollars) than Americans do now (\$20,469) and, even under very modest growth assumptions, much less than the projected average in 2030 (\$35,659).

CLOSING THE GAP

THE BEST way to think about the issues posed by aging is to start with the basics about seniors in the United States. They are now 12 percent of the total population and receive, from all sources, about 13 percent of income. Assuming Swiftian solutions are out, the boomers' share of income, while it might be cut a bit, will also be approximately equal to their share of the total population when they retire. Thus, in 2030 seniors will constitute about 20 percent of the population and will probably receive a proportional share of income. To put this change in perspective, between 1970 and 1995, the share of national income for the richest 20 percent of American families increased from 41 percent to 47 percent.

Most workers retire without sufficient personal resources or private pensions to sustain a middle-class living standard; government provides the balance. All Group of Seven nations employ some variant of a package that includes pensions, health care, and disability and survivors' insurance. The United States' minimum old-age benefit, however, is well below the G-7 average, providing only about a third of median income, versus an average of over 50 percent in other advanced nations. The deduction from U.S. workers' paychecks for Social Security is 6.2 percent of the first \$65,400 of payroll and is matched by an equal employer contribution. In Germany, by contrast, the workers' deduction is about 9.3 percent of covered payroll, in Japan about 8.25 percent. The payroll maximums are similar.

The scale of public-sector pension reform required depends in part on the other sources of income available for seniors, including personal wealth, private pensions, and continued job participation. Savings, of course, are the ideal source of old age support. High savings can finesse political issues and contribute to economic growth. Household savings in the G-7 countries currently range from a low of 5 percent in the United States and Canada to over 11 percent elsewhere. American baby boomers are currently saving about a third of what they would need to maintain their living standards in retirement. In 1994, the share of U.S. elderly income from all assets had fallen from a peak of 28 percent in 1984 to 18 percent, the 1974 level. Income sources for American retirees other than personal as-

sets are Social Security (42 percent), private pensions (19 percent), and earnings (18 percent).

Private pensions, not normally indexed for inflation, are an important source of senior support. There are persuasive calls for imposing a broad pension requirement on businesses; Australia, for example, has mandated company programs. Today less than 40 percent of American men are vested in a private pension fund, although participation is higher among older workers. The expansion of personal retirement plans, especially 401k tax-deferred payroll deductions, may be improving the picture and even increasing savings. Still, overall, the contribution of private pensions remains less than a quarter of total senior income.

The British experience with personal pensions demonstrates that private plans are not always a recipe for saving public money. In 1986, the government encouraged contracting out of the State Earnings Related Pension Scheme by offering individuals reductions in national insurance contributions as a reward for participation in new personal pension plans. However, the British National Audit Office calculates that, because lost taxes have exceeded the reduction in pension liabilities, the program has resulted in a net loss of \$9.6 billion. Britain also found that private plan sales agents captured an outsized share of worker pension contributions during the 1980s. Most troubling is an estimate that in 2030 the basic British pension will be worth a significantly smaller share of average earnings.

Like other countries, the United Kingdom has had to bail out several private pension plans. The 1991 collapse of the Maxwell publishing empire, for example, involved a loss of \$880 million. This year Britain is increasing funding standards and enhancing government oversight of private pension plans. In the United States, public guarantees of private pension plans have been the vehicle for bailouts like that of the steel company LTV, which began in 1986 and cost \$1 billion. On the plus side, the assets of private pension funds in the United States and the United Kingdom are now equal to more than 50 percent of GDP.

Private pensions are not always a recipe for saving public money.

Another possible area of relief for government programs is higher levels of senior participation in the work force. While those levels have stabilized recently, for most of the past three decades workers have been leaving the work force at earlier ages. In France, there is a growing movement to reduce the already low retirement age. In the United States, Britain, Germany, Italy, and Japan, however, the official retirement age has been slowly increasing. Left unanswered is the question of job prospects for older workers. Only the United States has a comprehensive law against discrimination based on age.

Another reform proposal, as recommended in the 1997 report of the U.S. Advisory Council on Social Security (ACSS), a 13-member panel of experts and business and labor leaders appointed by Secretary of Health and Human Services Donna E. Shalala in 1994, is that equities should be added to the investment portfolio of the Social Security trust fund. While diversification is a reasonable idea, it is being oversold. To simplify, the Social Security crisis is premised on U.S. economic growth declining to less than two percent annually, but this solution depends on a continuation of past high returns on equities. Some economists question whether stock values can grow indefinitely in a slow market economy at the same rate achieved in a high-growth environment.

Finally, higher economic growth, combined with other developments such as more rapid population increases, theoretically could ease the demands on retirement plans—high growth, that is, compared with the annual wage rise of one percent in the mid-level Social Security projection. In fact, under the assumptions of the “optimistic” official projection, the trust fund would enjoy a large surplus throughout the next century. Regrettably, there is no consensus on how to raise either savings or growth, or even how much would solve the pension challenge. Given stable or declining labor forces in most countries of the Organization for Economic Cooperation and Development, most growth projections are disheartening. Therefore, since the public sector will provide the lion’s share of retirement support, the debate centers on the relative virtues of privatization and full funding versus modification of existing public pay-as-you-go plans.

PRIVATIZATION

THE IMPLICIT argument for a pension revolution is simple: we’re too generous. Seniors will get too big a slice of the pie. But given the actual income and asset profile of most seniors, the real question is whether we would somehow be better off with a lot of poor old people. Only seven percent of retired Americans maintain incomes of more than \$75,000 a year. As the Concord Coalition stresses in its 1996 report, “The New Debate over Social Security Reform,” half of American households have less than \$1,000 in net financial assets; half of households headed by someone in their fifties have less than \$10,000 in savings. Overall, median assets for all Americans are slightly over \$50,000, including housing, a reduction, in real terms, since 1989. Are these the potentially savvy investors who, under privatization, will buy a share or two of stock a month (presumably at bargain, odd-lot prices) and pay their own way?

In general, privatizers advocate switching from publicly managed and guaranteed pay-as-you-go plans to some form of individual investment accounts. Normally responsible people often talk real foolishness about privatization—implying that all participants in the universal system of private accounts will consistently outperform the market. While any businessperson or money manager knows that he or she would go broke or to jail by promising a perpetually high, risk-free annual payout to all comers, many privatizers blithely put forward such expectations for all workers. Taken straight, of course, privatization means that how much one can save and how well one does in the market determines what one gets in retirement. Social insurance, such as that at the heart of Social Security, is either eliminated or funded from outside the system.

In the industrialized world, therefore, most serious proposals involve only partial privatization, retaining a minimal safety net (below the poverty level) for those who lose out as either workers or investors. The model often cited by advocates of privatization for the G-7 countries is a system adopted more than 15 years ago in Chile by the military dictatorship of Augusto Pinochet.

In 1981 Chile abandoned a theoretically fully funded plan that had been wiped out by runaway inflation and adopted mandatory indi-

vidual employee retirement accounts. Workers have contributed 20 percent of earnings to the system—10 percent for investment purposes, 3 percent for administrative charges and disability insurance, and 7 percent for health care. There is no employer contribution.

Full privatization
could cost \$6.5 trillion
over the next 72 years.

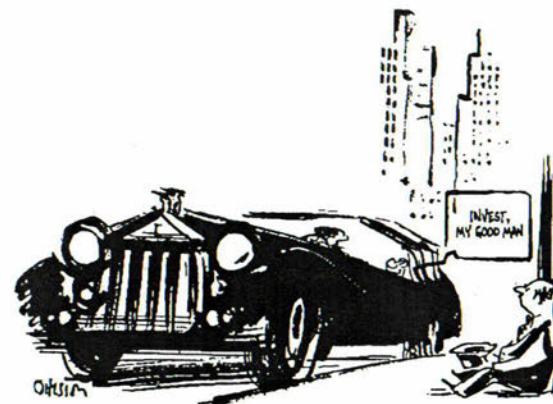
Investment accounts were managed by a handful of government-regulated private companies (Administradoras de Fondos de Pensiones, or AFPs). Additional backup pensions are funded from general revenues. Active workers who switched to the new system were awarded service credits for past

contributions. To ease the transition, Chileans also received an across-the-board 18 percent wage increase.

The Chilean experience has demonstrated both the benefits of pension reform in a rapidly developing economy and the high costs of transition to privatization. The Chilean government's financial liabilities include large future pension obligations for retirees who participated in the old system, generous guaranteed minimum pensions (85 to 90 percent of the minimum wage), and additional pensions, like those for the military, which have not been privatized. The government has financed some of these costs through a budget surplus but has also borrowed, selling many of the new bonds to the new pension fund managers.

Although the overhead in the Chilean system has come down in recent years, the cost of administrative fees remains 13 percent of mandatory contributions. With 3.5 million contributors, AFPs employ 11,500 salespeople. Perhaps more to the point, since private pension investments are closely regulated, there is little justification for such high marketing and administrative expenses.

Chilean reforms have been touted as a success because, from 1981 to 1995, accounts yielded an average annual real rate of return of 12.9 percent. Recent returns, however, have been lower, and were minus 2.5 percent in 1995. Until the 1990s, virtually all funds were invested in special high-yield government bonds and bank paper. Despite the excellent overall performance of the Chilean economy, AFPs still have small investments in stocks—10 percent in 1990, 28 percent in 1996. Thus, the high returns are essentially due to high interest rates. Moreover, Chilean politics are relevant: the new system was imposed by a



military regime after national labor unions had been outlawed. Finally, contribution evasion remains a problem, with some estimates suggesting that a quarter to almost half the work force avoid payments.

On the plus side, while some economists question the relationship, it seems reasonable to credit the forced deductions from disposable income for some improvement in savings. The new system is also properly praised for encouraging the development of financial and capital markets. Perhaps most important there is little evidence so far of the corruption and waste so characteristic of Third World systems.

For quite different reasons, in the United States and elsewhere, the push to privatize has considerable political and financial support. According to the December 23, 1995, *National Journal*, the Cato Institute has raised \$2 million to promote privatization. The ACSS report included minority recommendations for full funding and privatization. Implementing these recommendations would not be cheap: one version proposed increasing taxes by \$6.5 trillion over the next 72 years. But these advocates of privatization deserve credit for making explicit the requirement for higher taxes. Others who talk of privatization emphasize tax cuts in order to increase savings. But does anyone really believe that a worker earning \$20,000 a year who received a cut in payroll taxes would have a 100-percent-plus propensity to save, saving the full amount of the cut and more, as would be required to increase net savings? Most fanciful of all are the privatizers who imagine a world in which individual savers capture the total return of

the most productive companies, presumably pay no fees, and consistently exceed the gains of the stock market. Few privatizers mention the additional overhead involved. According to the January 7, 1997, *Washington Post*, actuary David Langer estimates that under the ACSS proposal favored by Wall Street, a system of individual accounts with a range of investment choices, management and administrative fees could total \$240 billion from 1998 to 2010.

Social Security currently provides a larger share of senior income than it did in 1979; for 63 percent of retirees, it is the source of 50 percent or more of total income. The go-it-alone character of privatized systems disregards the dramatic success of programs like Social Security in alleviating elderly poverty, which has fallen from almost 40 percent in the 1940s to less than 12 percent today.

Another practical concern is what happens if, as in the 1970s, the stock market drops sharply. Imagine the political crisis if millions of new retirees were told, "Forget your middle-class dreams. The market went against you." The likely result of a market crash—as with busted private pension plans, savings and loans, and insurance disasters—would be a government bailout.

Given these realities, assuming privatization will work seems perverse. Privatizers' predictions depend on compulsion (higher taxes), fear (lower assured government payments), and universal market success. More likely, the result would be increases in need-based pensions and insurance. Regrettably, all privatization proposals fail to come to grips with the most fundamental reasons for public programs: market risk, wealth inequality, sluggish wage growth, and uncertainty about personal longevity.

PAY-AS-YOU-GO

IN THE G-7 countries, although all pay-as-you-go systems require maintenance, repair is cheaper than moving to privatized or fully funded systems. According to the ACSS, an increase of 2.2 percent of the combined worker-employer payroll tax would fix Social Security for the foreseeable future. On the other hand, when a nation makes a transition from a pay-as-you-go system to a fully funded one, it pays benefits to retirees who participated in the unfunded system while no longer receiving con-

tributions from current workers, since they are contributing to the new, funded system. To finance benefit payments the government can raise taxes, cut spending on other things, or increase its national debt. In one way or another, a generation of workers will be asked to pay twice for Social Security, once in the form of higher taxes (or lower government benefits) to pay for the transition, and once in the form of a reformed Social Security contribution.

Many comparisons between public systems (pay-as-you-go or funded) and private schemes miss a central point. Universal plans are not merely savings or investment vehicles designed to provide the best return. They pool the risk that all workers share—income shortfalls, market downturns, disability, and other misfortunes—and they provide basic support, usually in the form of a lifetime retirement annuity that offers a return equal to inflation plus the real increase in wages. They normally include an insurance component that provides income for surviving spouses and the disabled, the face value of which, in the United States, is about \$12.1 trillion.

One oft-repeated argument against pay-as-you-go systems is that they discourage savings. But the evidence is mixed. Mandatory payroll deductions can reduce current consumption by workers, and a modified pay-as-you-go program running a surplus, like Social Security today, can contribute to net national savings. The compelling politics of senior support programs provide one of the few justifications for raising taxes rather than borrowing. In the United States during the strongly anti-tax era since 1970, for example, payroll taxes have increased on more than a dozen occasions. The much higher tax rates that would have to accompany a shift to a fully funded system, however, are simply politically impractical.

The other key arguments against public pay-as-you-go systems are that they no longer provide a fair return, that they will become too great a burden for those working, and that they will create destabilizing fiscal burdens for governments. With regard to the first point, a comprehensive review of recent studies leads the economists Yung-Ping Chen and Steven C. Goss to conclude that Social Security "provides exceptional money's worth. Program administrative costs absorb less than

A higher payroll tax burden is tame compared to the Cold War.

one percent of every dollar." Even excluding insurance value, the return, although less favorable for future workers, will still be "reasonable."¹

With regard to the burden on workers, remember that total per capita GDP continues to increase and that total dependency rates in the United States and Canada will only return to 1960s levels. Moreover, when considering total burdens, future workers—heirs to the immense economies of the G-7 countries and to the capital accumulated by the largest generation in history—may be in an enviable position. The Great Depression, World War II, and the Cold War were somehow manageable for boomers and their parents. A larger pay-as-you-go pension obligation sounds a trifle tame in that company of generational challenges and is a small price to pay for that legacy.

On the fiscal risk point, the International Monetary Fund, police officer of government profligacy, recently published a study analyzing the coming gap in pension financing. After focusing on the relative cost of adjusting current pay-as-you-go systems versus moving to fully funded systems, the study concludes that U.S. and U.K. plans could stay solvent with modest increases in contribution rates. In 1995, the IMF calculated that the United States would have adequate funding through 2050 if it raised its contribution rate by 0.8 percent of GDP. How revolutionary would such a shift be? Well, as children, the baby boomers sparked an increase in the share of GDP devoted to elementary and secondary education from 1.4 percent in 1946 to 4.1 percent in 1970. The United Kingdom, according to the same IMF study, is in the best shape of the industrialized nations, requiring an increase in contributions of only 0.1 percent of GDP. Canada, Germany, Japan, Italy, and France would need more substantial increases of approximately 2 to 3 percent of GDP to avoid a buildup of pension debt. Other measures, such as raising the retirement age, lowering the income replacement rate, and indexing benefits to prices rather than wages, would reduce the revenue shortfall. Importantly, the IMF assumes reduced growth rates in all the nations under study—a range of 1 to 1.5 percent.²

¹"Are Returns on Payroll Taxes Fair?" in *Social Security in the Twenty-First Century*, ed. Eric R. Kingdon and James H. Schulz, New York: Oxford University Press, 1997, p. 87.

²Sheetal K. Chand and Albert Jaeger, "Aging Populations and Public Pension Schemes," IMF Occasional Paper No. 147, 1996.

The IMF also found that, over the next 50 years, changing to fully funded pension systems would involve large transition costs. If the United States made a gradual transition to such a system, it would need to increase its cyclically adjusted deficit, excluding net interest, to 3.4 percent of GDP, compared with only 1.5 percent of GDP to modify the current system. Similarly, to switch without debt accumulation, Germany, the United Kingdom, and Italy would need to increase their cyclically adjusted deficit by double the amount necessary to mend their pay-as-you-go systems. For all seven major industrialized nations, moving to a fully funded system would be more costly than modifying their current systems.

GROWING THE ECONOMY

IN MODERN democracies, any large group that is not self-sufficient is a source of political controversy. Sometimes the scale of programs involved bears little relation to their political significance. The welfare benefits of 14 million Americans, 9 million of them children, for example, have been at center stage of national politics for more than a decade, despite the fact that the dollars involved are less than one percent of the federal budget.

In this sense, the current pension debate is really about the prospects for income and wealth distribution. If recent sluggish wage and income growth and worsening wealth inequality were rectified, the transition to an older society would be easier. Of course, some argue that slow growth is inevitable because boomers will draw down assets in retirement and overall savings will decline. In the United States, pension savings are 3.6 percent of total wages today; they may be zero in 2024 and minus 3.5 percent in 2040. But, while aging may reduce household savings, the decline could be offset completely by lower demand for capital goods. Indeed, if current population projections hold, it will take no net savings to maintain a constant amount of capital per worker. Moreover, living standards can always rise because of technological change. Slow growth is not an inevitable byproduct of an older society. As the economists James Poterba, Larry Summers, and their colleagues put it, "A more definitive finding is the absence of any empirical support for the pessimistic view that aging societies suffer

reduced productivity growth."³ In fact, increased productivity growth of 0.1 percent per worker in the United States would completely offset the additional burden of an increased elderly population.

It is surprising, therefore, that there is not more debate over whether the G-7 nations have an iron destiny to grow less than 2 percent a year. Could future economic performance be enhanced by targeting investment to the young, perhaps reducing investment in health care facilities for the old? Couldn't we focus policy and resources on more savings, investment, training, and education to increase growth, rather than funneling premiums to Wall Street? The answer seems to be probably not, if such improvements require higher taxes. Another course is to expand the labor force through more immigration, but here too politics is an overriding factor. There is also a good case, if not a good political strategy, for more equal incomes, higher minimum wages, and other measures to make savings a more practical alternative for average workers.

There are many proposals, not dependent on growth, designed to work in combination to fix systems like Social Security: smaller income replacement ratios for upper earning brackets, higher taxation of high pension benefits, eliminating ceilings on taxable payroll, switching from wage-based to price-based adjustments, increasing the retirement age, and, in the United States, bringing millions of government workers, not currently covered by Social Security, into the program. All of these proposals, however, while sensible, depend on political will.

FACING UP

WITH THE demise of communism, there are no systems left standing that promise citizens equal economic results. Capitalism, now favored by most of the world for good reason, certainly does not make such a claim. Everywhere it holds sway, there are wide disparities in income and wealth. About 85 percent of all financial assets, for example, are owned

by the richest ten percent of American families. There is a certain illogic, then, in prescribing, as privatizers do, a cure for elderly poverty of taking a little more of the market and calling them in the morning.

In the democracies, at least, there is a strong consensus that extremes of wealth and poverty do not make for a healthy society. Just plain compassion is still compelling for some, particularly toward the young and old. There is also a widespread belief that those who have worked should be assured of enough income in retirement to maintain a reasonable standard of living. It may be rational to frighten people about aging in order to scare them into saving more, working harder, getting more education, even supporting additional payroll taxes. But it is silly to claim that the private market can make everyone rich. Fortunately, the appeal of such notions can stand neither close analysis nor the test of politics.

Programs like Social Security remain enormously popular. According to the results of a Europe-wide poll published in the January 27, 1996, *Economist*, most voters think that their governments do not do enough for seniors. And, despite repetition of the canard that Americans have given up on Social Security, more than 80 percent of them believe that government must keep the program, and an equal number approve of their own continuing payroll contributions. Seventy-one percent would pay higher taxes to prevent cuts.⁴ The unequivocal commitment to Social Security and Medicare by both parties in the 1996 campaign was not a result of ignoring the polls.

Given the alternatives, continuing support for current policies—with modifications—may not be a bad outcome. The reform of existing public pensions looks possible and prudent. The democratic process is not likely to lead, as some contend, to disaster, but rather to an acceptable result. The likelihood of periodic adjustments in the demographic and financial estimates is a reminder of the abiding virtues of muddling through. For those who would be distressed if privatization and all those new commissions and management fees fail to materialize, there is the consolation offered by John F. Kennedy: "If a free society cannot help the many who are poor, it cannot save the few who are rich."⁵

³"An Aging Society: Opportunity or Challenge?" Brookings Papers on Economic Activity, 1990, Vol. 1, p. 4.

⁴Benjamin I. Page and Robert Y. Shapiro, *The Rational Public: Fifty Years of Trends in Americans' Policy Preferences*, Chicago: University of Chicago Press, 1992, p. 120.

THE WHITE HOUSE

WASHINGTON

August 1, 1997

THE PRESIDENT HAS SEEN

8-4-97

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Eli Segal memo re: Welfare to Work Partnership** -- Eli writes to update you in advance of your August 12 trip to St. Louis. He expects at least 200 companies to "stand up and be counted." Event will be chaired by Bob Shapiro of Monsanto and they plan to unveil a "best practices" manual, a web site, an 800-number, a database of service providers, and a PSA campaign. Event will kick off a week of activities celebrating the legislation's first anniversary. Eli cautions that "success is going to be elusive and hard to document" and notes the mixed record of Sprint's welfare to work program and the relative dearth of such programs at Fortune 100 companies. He is, however, "optimistic that we can make significant inroads in the next year." *We have sent copies of Eli's memo to Erskine, Rahm, Bruce Reed and Ann Lewis.*

(B) **Polls from Rahm** -- Rahm sends you three polls: (1) an NBC/WSJ poll released last Thursday; (2) a Time/CNN poll, which will be published early next week, and (3) a Garin-Hart-Yang poll presented to the NGA last week. Some highlights: the Time/CNN poll shows 69% saying things in the country are going "well or fairly well" and your job approval at 60%. The NBC/WSJ poll finds budget deal approval at 54%, your job approval at 56%, and Clinton/Dems beating out GOP 48% to 36% on the "who do you agree with more on budget" question. The Garin-Hart-Yang poll indicates 58% job approval and 52% budget deal approval.

(C) **Article by Richard Leone from Foreign Affairs titled "Stick with Public Pensions."** Forwarded by John Podesta who thought you would find the piece interesting. Leone, president of the Twentieth Century Fund, makes the case that, "despite superficial appeal and powerful marketing programs mounted by special interests, the most radical suggestions -- especially the privatization of basic public programs and full funding of all future pension liabilities -- are neither necessary, nor, perhaps surprisingly, less expensive...retaining public pay-as-you-go systems and the existing intergenerational compact, with modifications, remains the best course...."

(D) **Memo from Nash re: Richard Katz** -- Bob responds to your question on whether Richard Katz declined the Federal Highway Administrator position. Bob writes that "Katz asked us to withdraw his candidacy, as the demands of the new position would

JIM DORSKIND:

Please coordinate
the reply.

Bob Shapiro

P/S Do a letter from Ann Lewis

have imposed too much of a sacrifice on his family, [but] appreciated being considered and would have been pleased and honored to serve in your Administration."

✓ (E) **Congressional correspondence** -- *Rep. Martin Frost* thanking you "for your gracious presence this week at the DCCC event"; (2) *Rep. Jay Dickey* thanking you for informing him of your trip to Arkansas and expressing his sympathies following the death of Hillary Jones"; and (3) *Rep. Jim Ramstad* reminding you of "your promise to visit [Joe McGinnis'] restaurant Chadwick's in Georgetown." He also writes that the Boys Nation event brought back fond memories of 1963 and that he is ready for a jog when you are.

cc. HH
S. Sinatra
✓ **Frank Sinatra thank you note** -- Sinatra writes thanking you for "your thoughtfulness" in sending him the Congressional Gold Medal bill and pen. He says, "You've made this saloon singer very happy! . . . Barbara and I send warm wishes to Mrs. Clinton and Chelsea and look forward to welcoming you to our home."

We have also received the following items:

✓ **McCurry memo re: Race Initiative Interviews** -- On Monday you will do two TV interviews (one with BET, the other with FOX News) and one print interview with Debra Mathis of Gannett. FOX was the only major network you didn't speak with after you launched the initiative.

✓ **Echaveste/Mohile memo on American Jewish Community reaction to Jerusalem bombing.** Maria/Deborah forward a sample of correspondence in reaction to the bombing. The community joins in your condemnation and agrees that Dennis' trip should be postponed. The common thread among the letters is a call for US leadership to help the parties return to the table. The current stalemate, combined with Congress's failure to reauthorize the Middle East Peace Facilitation Act (aid to the PLO) is causing some alarm among peace process supporters. Your network of supporters is ready to work with Members, press outreach, etc., when necessary.

THE PRESIDENT HAS SEEN

August 1, 1997

Copied
Smith
CAS

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Craig Smith *CAS*

SUBJECT: Weekly Political Update

ALABAMA

Retired AmSouth Bank CEO John Woods (D) announced that he will challenge Governor Fob James (R) and that he is comfortable running as a "conservative Alabama Democrat." Before his announcement, Woods spoke with Lt. Governor Don Siegleman (D), who is considering the race. Woods said he hopes Siegleman will remain as Lt. Governor. Meanwhile, Governor James (R) is touring the state to promote his responsible use of tax dollars in an effort to rebuild his populist base of support. James' approval rating has dropped significantly over the past few months due to the emphasis James has placed on expressing his right-wing views.

ARIZONA

Cross-examination of Governor Fife Symington (R) began last Friday. In the first hour of questioning, U.S. Attorney David Schindler surprised the court by injecting new allegations; he pointed out that Symington made more than \$2 million in development fees in the late 1980s, at the same time he was telling lenders he needed loan concessions because of a "sagging real estate market." Symington didn't evade the prosecution's questions, but his curt responses were a departure from the calm, sunny disposition he displayed during his own defense attorney's gentle questioning last week. On July 29, the tension in the courtroom increased when Symington's defense asked for a mistrial, accusing prosecutors of trying to mislead the jury by suggesting that Symington had avoided paying income taxes. The judge denied the motion for a mistrial, but instructed jurors to ignore any testimony or evidence relating to how much Symington may or may not have paid in taxes. On July 30, Federal Prosecutors introduced a letter written by Symington's lawyer which contradicted arguments by the defense, showing that as early as 1986, Symington was worried that lenders could be frightened away if his financial statements showed a heavy debt load. Symington found himself struggling to explain some of the numbers on his financial statements, insisting at one point that he was not out of line when he claimed a stake in one project was five times what his own accountants estimated. On Thursday, in his fifth day on the stand, Symington admitted that he told two banks conflicting stories about his financial condition on the same day, but he could not explain how or why.

In a poll released this Wednesday, only 22% of respondents said that Governor Symington is doing an excellent or good job; while 46% rated his performance as poor, and 22% rated his performance as fair. The Rocky Mountain Poll, conducted by the Phoenix-based Behavior Research Center, was based on 707 interviews with adult heads of households in July.

Meanwhile, Barbara Barrett (R), who challenged Symington in the 1994 Republican primary, said that she has not ruled out running in the 1998 primary. Barrett spent almost \$1 million of her own money in 1994, but still lost to Symington by a 2-1 ratio. Barrett has said that she would be a leading supporter of Secretary of State Jane Dee Hull if Governor Symington is convicted and Hull ascends to the post, or if Hull decides to run under any other circumstances. But if Hull does not run, Barrett says, "the door's not closed" on her own candidacy. Other Republicans that have been contemplating a gubernatorial run include state Senator Tom Patterson, former Maricopa County Supervisor Tom Rawles, and ex-TV weatherman Jim Howl.

A conservative-moderate fight is developing over who will be the next Arizona GOP chair. The Arizona GOP executive committee endorsed Mike Hellon, but conservatives, unhappy with Hellon's moderate views on abortion and homosexuals, are meeting this week to settle on an opponent - possibly Trent Franks (R) or Yavapai County Chair David Spence (R).

CALIFORNIA

Campaign finance statements released Thursday show Senator Boxer has \$2 million in cash for her reelection bid, more than any of her challengers. Issa reported \$1.8 million in his campaign's account. Matt Fong has \$548,261 in the bank, while San Diego Mayor Susan Golding (R) has \$231,839.

A statement released by Fong's campaign last week claiming former President Bush listed Matt Fong's senate campaign as one of his top political priorities was refuted by Bush. An aide Bush said Tuesday that Fong's statement was not accurate and that Bush has never endorsed a candidate in a primary. Fong's campaign replied they never stated Bush endorsed Fong, only that he had made enthusiastic comments on Fong's behalf.

California Representative Jay Kim (R) and his wife agreed to plead guilty Thursday to concealing more than \$230,000 in illegal campaign contributions from corporate and foreign donors. The plea stems from a four-year federal investigation that also led to indictments of five multinational corporations.

COLORADO

A flash flood killed five people and injured 40 in Fort Collins late Tuesday evening. Authorities estimated the city of 108,000 suffered millions of dollars in damage. The hardest hit areas included the Colorado State University campus, where damage could reach \$40 million, and two trailer-home parks. Governor Roy Romer, a former resident of the city, noted after touring the area that the city faces almost complete devastation. Eight teams from FEMA arrived in Colorado Thursday to begin assessing the flood damage as a preliminary step to the federal disaster aid sought by the state. Governor Romer (D) has assigned Lt. Governor Gail Schoettler (D) the task of heading up the clean up. Schoettler is an announced candidate for Governor.

Representative Scott McInnis (R-03), a possible Republican primary challenger for Senate, reportedly has \$800,000 in cash, according to the latest FEC reports. Incumbent Senator Ben

Nighthorse Campbell (R) reported \$695,000 in cash, which did not include a \$350,000 commitment to him from the NRSC. McInnis expects to announce his decision on a Senate race by summer's end. Attorney Bill Eggert (R) reported just \$4,400 in cash while Representative David Skaggs (D-02) has \$125,117. Potential Democratic candidate Dottie Lamm did not report fundraising totals.

The number of people on welfare in Colorado dropped to a 10-year low in fiscal year 1996-97. The number of people receiving cash grants, the most basic welfare program, fell from a monthly average of 36,181 in 1995-96 to an average of 31,894 in 1996-97.

FLORIDA

A Florida Voter poll of 600 registered voters conducted July 17-26, shows Senator Bob Graham (D) leading his likely general election opponent State Senator Charlie Crist (R) by 41%. The poll also shows Lieutenant Governor Buddy MacKay (D) leading State Representative Keith Arnold (D), and State Senator Rick Dantzler (D) by 46% in a potential gubernatorial primary matchup. Finally, the poll shows 1994 Republican nominee Jeb Bush (R) leading MacKay by 6%.

U.S. Senate General Election Matchup

Graham	58%
Crist	17%

Gubernatorial General Election Matchup

	<u>Now</u>	<u>5/97</u>	<u>3/97</u>	<u>1/97</u>	<u>7/96</u>	<u>9/95</u>
Bush	47%	47%	45%	40%	45%	45%
MacKay	41%	41%	43%	43%	43%	45%

Dem Primary Matchup

MacKay	51%
Dantzler	5%
Arnold	2%
Undecided	42%

GEORGIA

A Mason-Dixon poll of 803 registered voters conducted July 21-23, tested possible Democratic gubernatorial candidates Lieutenant Governor Pierre Howard (D) and Labor Commissioner David Poythress (D), and Republican gubernatorial candidates: 1994 gubernatorial nominee and 1996 Senate nominee Guy Millner, former Attorney General Mike Bowers (R), and conservative activist Nancy Schaefer (R). Finally, the poll tested Senator Paul Coverdell (R) and potential Democratic Senate candidates: Governor Zell Miller, Rep. John Lewis, former Rep. Buddy Darden, State Senator Nadine Thomas, and former Dekalb County District Attorney Bob Wilson.

Governor's Race

Democratic Primary

Howard	39%
Poythress	10%

GOP Primary

Millner	48%
Bowers	28%
Schaefer	7%

General Election Matchups

Millner	43%	Bowers	37%	Schaefer	29%
Howard	31%	Howard	36%	Howard	38%
Cashin	2%	Cashin	1%	Cashin	2%

U.S. Senate Race

General Election Matchups

Coverdell	47%	Coverdell	53%	Coverdell	54%
Miller	42%	Lewis	27%	Wilson	17%
Undecided	11%	Undecided	20%	Undecided	29%

Coverdell	52%	Coverdell	54%
Darden	30%	Thomas	19%
Undecided	18%	Undecided	27%

Favorability Ratings

	<u>Fav / Unfav</u>	<u>ID</u>
Coverdell	54% / 12%	93%
Miller	47% / 30%	100%
Lewis	22% / 13%	63%
Darden	20% / 4%	51%
Thomas	9% / 2%	39%
Wilson	7% / 2%	35%

HAWAII

 The *Honolulu Star-Bulletin* reported that the Hawaii GOP received \$56,500 in foreign-linked campaign funds from the RNC just before the 1994 election. The donation, part of \$1.6 million handed out in 1994 to 15 state GOP organizations, has been denounced as "laundered foreign money." Hawaii Republicans have dismissed demands to return the money as politically motivated.

ILLINOIS

John Schmidt (D), former Justice Department official and former chief of staff for Mayor Daley, officially announced Sunday his candidacy for the 1998 governor's race. In an early attempt to gain name recognition, Schmidt will embark on a 17-city, five day tour of the state and begin running television ads in Springfield and Chicago this week. The ads are said to be funny and offbeat, poking fun at his generally low name recognition but highlighting his participation in the implementation of the President's crime package by putting more police officers on the street through his post at the DOJ. According to financial reports released Thursday, Schmidt has \$451,000 in cash and expects to raise \$8 million for the election. Schmidt will face a tough primary race against U.S. Representative Glenn Poshard and possible candidate, former state Attorney General Roland Burris. Schmidt and Burris will both be competing for the very important Chicago base, possibly leaving the race open to Poshard who is a downstate Democrat.

Poshard reportedly has \$363,098 on hand, while Burris has only \$2,750.

Recent focus groups indicate that Senator Carol Moseley-Braun may be winning back a key constituency - - white suburban women. Out of a group of 10 soccer moms from the northwest suburbs, four considered her a disappointment, but six liked what she was doing. All ten were in agreement with the statement that Moseley-Braun "is fighting for people who don't have a voice." The women also characterized her as "friendly," "down to earth," and "interested in people." Governor Edgar also drew positive comments from the women, who described him as "honest" and a "good governor."

On Thursday, Secretary of State George Ryan all but ruled out a Senate run next year, saying Washington was not the place for him. Ryan was viewed as the next-best Republican candidate if Edgar chose not to run against Moseley-Braun. Ryan did express interest in running for governor if Edgar decided to run for Senate or retire.

Campaign financial reports filed Thursday show Edgar has \$3.2 million in his state campaign fund. Under federal campaign laws, though, little of that money would be available to use directly in a Senate campaign. Records also show Moseley-Braun has paid off her \$400,000 1992 campaign debt and now has \$332,931 on hand. She raised \$1.1 million in the first half of this year. The announced Republican candidate, state Senator Peter Fitzgerald, has \$29,319 available. Potential Republicans include Attorney General Jim Ryan, state Representative Kay Wojcik, Lieutenant Governor Bob Kustra, Illinois Republican Chair Harold Smith, ex-state Representative Susan Catania, and ex-Representative Michael Flanagan. A potential Democrat is ex-Comptroller Michael Bakalis.

In testimony Tuesday in the federal bribery trial of MSI, Governor Edgar distanced himself from the three defendants by testifying he did not know the defendants were his biggest campaign contributors. He told the jury, state business can't be bought with campaign contributions. He acknowledged he doesn't get involved in awarding the state's 20,000 contracts. Many Democratic insiders point out Edgar's reputation as a hands on, micro-manager and believe his testimony is a contradiction of his image. Edgar has been trying to put aside questions about his administration's role in the MSI scandal as he prepares to announce next month whether he will run for Senate or a third term as governor. Edgar's popularity in Illinois (a June poll had his favorability at 69%) is partially due to his integrity. MSI case has been the first incident to tarnish his reputation.

Former Representative Dan Rostenkowski (D) will be released from prison on October 15, according to federal authorities.

INDIANA

FEC reports showed that former Governor Evan Bayh's (D) U.S. Senate campaign has almost \$2.2 million on hand, nearly twenty times the total raised by the three GOP candidates, attorneys Peter Rusthoven and John Price, and Fort Wayne Mayor Paul Helmke.

IOWA

On July 28, Iowa Democrats called on the Iowa Ethics and Campaign Disclosure Board to investigate illegal Hong Kong corporate contributions of \$26,700 made to the Republican Party of Iowa and Governor Branstad before the 1994 election. The move is the latest in a round of money complaints the two parties have lobbed at each other. The Democrats charge that a portion of the RNC's National Policy Forum loan, guaranteed by Hong Kong businessman Ambrous Young, found its way to the Iowa GOP.

A Mason-Dixon/PMR poll conducted July 26-28 showed that former Rep. Jim Lightfoot (R) is the clear frontrunner in the gubernatorial race.

GOP Primary	GOP
Former Rep. Lightfoot	41%
Lt. Gov. Joy Corning	18%
Sec. of State Paul Pate	17%
Businessman David Oman	1%

Dem Primary	DEM
St. Sen. Tom Vilsack	20%
Former St Sup Court Justice Mark McCormick	11%

General Election Matchups

Lightfoot (R) 42%	Lightfoot (R) 41%	Vilsack (D) 23%
Vilsack (D) 25%	McCormick (D) 23%	Oman (R) 18%
McCormick (D) 22%	Vilsack (D) 26%	McCormick (D) 25%
Oman (R) 18%	Corning (R) 21%	Corning (R) 22%
Vilsack (D) 24%	McCormick (D) 23%	
Pate (R) 20%	Pate (R) 22%	

The poll also showed that Senator Charles Grassley (R) has a very comfortable lead in his reelection race.

General Election Matchups

Senator Grassley 53%	Grassley 55%
Fmr Rep. David Nagle 26%	John Culver 20%
Undecided 21%	Undecided 25%

Former Rep. Dave Nagle (D) is not sure whether he will challenge Senator Charles Grassley (R) after being charged with drunken driving July 25. Other potential Democratic candidates for the

race include United States Attorney Steve Rapp and Labor Commissioner Byron Orton.

KANSAS

At his weekly press conference on July 25, Governor Bill Graves (R) said that he expects to face opposition for the Republican nomination in 1998, probably from the party's social conservative wing. While Graves has a strong fiscal conservative record, social conservatives in the state House and Party attacked him during his first two years for opposing some abortion restrictions and school vouchers, and Graves split with them in 1996 by endorsing Sheila Frahm over Sam Brownback in the Senate race. Graves estimated this week that he would have to raise at least \$750,000 to wage a competitive primary contest against serious opposition. Asked about keeping his running mate, Lieutenant Governor Gary Sherrer (R), Graves said, "I'm going to worry about my own political future first and we'll make some formal announcement along those lines in the fall." Potential challengers include Speaker Tim Shallenburger (R), state Representative Phil Kline (R), and Kansas GOP chair David Miller.

KENTUCKY

In the Senate race, Rep. Jim Bunning's (R) campaign has a cash-on-hand total of \$449,578. Rep. Scotty Baesler (D) has \$232,160 on hand. Businessman Charlie Owen (D), who entered the race only last week, plans to self-finance his campaign.

LOUISIANA

Republicans on the Senate Rules Committee voted Thursday to pursue the probe of Democratic Senator Mary Landrieu's election without a time limit and to have it run by the GOP. In a party-line 9-7 vote, the panel agreed to use the GOP's share of \$450,000, authorized for work on campaign reform, to conduct the investigation. They also authorized Chairman John Warner (R-VA) to issue subpoenas while only notifying the panel's senior Democrat, Senator Wendell Ford (D-KY), departing from the usual practice of gaining the minority's consent.

MARYLAND

The *Baltimore Sun* reported that by the end of next month, no later than early September, Rep. Ben Cardin (D-03) will announce his decision about a potential gubernatorial run. He has lined up a strong, veteran team, of people who have run winning campaigns for Senator's Barbara A. Mikulski (D) and Paul S. Sarbanes (D) and former Governor William Donald Schaefer (D). There is speculation that Governor Parris Glendening's (D) backers are trying to get President Clinton to plead with Cardin not to run, but Cardin told a group of 3rd CD elected officials he doubted the President would get involved.

Former Rep. Tom McMillen was arrested on Capitol Hill over the weekend after a friend allegedly told police that McMillen had pushed a woman down the stairs during an argument. Prosecutors said they would not proceed with the investigation because the woman said she did not want to press charges against the Maryland Democrat. After being held for about 12 hours, McMillen was released. Judy Niemyer, the woman who was allegedly assaulted denied McMillen hit her, saying she slipped while carrying a glass vase.

MASSACHUSETTS

A *Boston Herald/RKM* Applied Research poll of 214 registered voters conducted July 28, shows confidence in acting Governor Cellucci (R) slipping immediately after he took the reins from former Governor William Weld (R). The poll also tested general election matchups between Cellucci, and Rep. Joe Kennedy (D-08) and Attorney General Scott Harshbarger (D).

Are you confident in Cellucci as Governor?

	<u>Now</u>	<u>4/96</u>	<u>9/96</u>
Very	14%	22%	17%
Somewhat	39%	40%	38%
Not Very	28%	14%	28%

Would you vote for Weld for Political Office in the Future?

Yes	48%
No	40%
Too early to say	12%

General Election Matchup

	<u>7/98</u>	<u>6/98</u>
Cellucci	45%	40%
Harshbarger	35%	42%

	<u>7/98</u>	<u>6/98</u>
Cellucci	30%	32%
Kennedy	33%	37%

 John Hugo, a cab driver from Boston, was the only candidate to turn in the 3,000 signatures required to challenge Mayor Thomas Menino (D), but officials say hundreds of those signatures have already been thrown out. Therefore, Menino will have no opposition in November, creating the first uncontested mayoral election in city history.

According to the *Worcester Telegram & Gazette*, Rep. Kennedy's (D) problems the last six months have not hurt his fundraising. The *Gazette* reported, that the four possible Massachusetts gubernatorial candidates filed with the following amounts: Kennedy had more than \$1.8 million in his federal account which he will transfer soon to a state account, acting Governor Cellucci (R) had about \$2 million in his state account, Treasurer Joe Malone (R) had \$875,000 and Harshbarger (D) had \$820,000.

MINNESOTA

A bipartisan field of seven gubernatorial hopefuls all publicly swore off taking tobacco money from eight companies, their employees, and their 18 registered Minnesota lobbyists. Four DFLers -- Mark Dayton, Attorney General Skip Humphrey, Hennepin Co. Attorney Mike Freeman and ex-state Senator Ted Mondale -- were joined by three Republicans, state Representative Tim Pawlenty, state Senator Dean Johnson and Allen Quist, who also ran for the nomination in '94. Lt. Gov. Joanne Benson (R) and state Senator Roy Terwilliger (R) are the only candidates not to sign the pledge. St. Paul Mayor Norm Coleman (R) has been mentioned as a candidate, but was not asked to sign.

MISSOURI

Senator Christopher (Kit) Bond (R) is way ahead in the battle for money, but his opponent, Attorney General Jay Nixon (D), made a strong showing. Bond had \$1.4 million in cash on hand, Nixon has \$437,000.

MONTANA

Montana Democrats called on the Montana GOP to return \$20,000 in "illegal foreign money" it received from the RNC in September of 1994. Democrats contend that the money came from illegal funds that Hong Kong businessman Ambrose Young donated to the National Policy Forum. Montana Democratic Party executive director Brad Martin said that the money, given at a "crucial time" late in the campaign, "may have been instrumental" in helping Republicans take control of the State Senate and reelect U.S. Senator Conrad Burns (R). Montana GOP Chair Sue Aleksick-Akey responded that the party did nothing wrong in accepting money from the RNC.

NEBRASKA

U.S. Representative Bill Barrett (R) may face a challenge from his former aide, Lanny Morris (R). Morris said on July 25 that he expects to make an announcement about his candidacy in the near future. Morris has already begun fund-raising efforts, including direct mailings, and has events planned for next month.

NEW HAMPSHIRE

Concord Monitor's Calvert writes, "Thanks to help from" President Clinton and Vice President Gore, New Hampshire, over the next five years, will have the chance to tap about \$250 million in federal Medicaid money that the state did not expect to receive. Governor Jeanne Shaheen (D) stated, "I just want to thank the President, Vice President, Senator Gregg (R) and the rest of the delegation who worked so hard with me to reach this agreement."

NEW JERSEY

In an interview with *The Star-Ledger* of Newark, Democratic gubernatorial nominee Jim McGreevey declined to elaborate on his response to the charge made by his estranged wife in divorce papers that he cared more about his political career than his family. McGreevey said his estranged wife had asked him not to argue their pending divorce in public and said he would neither refute issues raised in the divorce papers, nor release the papers.

A Quinnipiac College poll of 946 registered voters conducted July 21-27, shows that Governor Christie Whitman's (R) lead over McGreevey (D) has shrunk to 7%. The poll also tested the job approval ratings of Whitman, Senator Frank Lautenberg (D), and Senator Bob Torricelli (D).

General Election Matchup

	<u>Now</u>	<u>6/24</u>
Whitman	46%	47%
McGreevey	39%	33%
Undecided	15%	20%

Favorability Rating

	<u>Fav</u>	<u>Unfav</u>	<u>Mix</u>	<u>DK</u>
Whitman	38%	31%	27%	4%
McGreevey	13%	7%	10%	70%

Whitman Job Approval

	<u>App/Dis</u>
Overall	51% / 43%
Crime	59% / 25%
Education	47% / 42%
NJ Budget	39% / 47%
Welfare	48% / 30%
Environment	55% / 30%
Economy/Jobs	55% / 35%
Taxes	30% / 63%
Auto Insurance	16% / 75%

<u>Top Issue Concern</u>			<u>Satisfied W/Auto Insurance?</u>	
	<u>Now</u>	<u>2/97</u>	<u>Satisfied</u>	
Auto Insurance	31%	12%	Dissatisfied	29%
Taxes	17%	21%		69%
Education	10%	20%		

<u>Lautenberg Job Approval</u>			<u>Torricelli Job Approval</u>		
	<u>Now</u>	<u>4/97</u>		<u>Now</u>	<u>4/97</u>
Approve	50%	52%	Approve	40%	41%
Disapprove	25%	25%	Disapprove	28%	32%

NEW YORK

Some of Governor George Pataki's (R) most important political allies fear he is selling out his commitment to fiscal austerity with a bloated new state budget designed to get him reelected next year. Many of Pataki's major contributors to his 1994 campaign, have begun using words like "sellout," "traitor," and "Cuomo-like" in recent days to describe Pataki's role in hammering out a budget agreement with Assembly Speaker Sheldon Silver (D). Pataki's new budget will include the biggest school aid hike in history, a \$2 billion bond act raising the state's already record-high long-term debt, a major new welfare program, and a delay in promised tax reductions.

Democratic Senator Pat Moynihan shot down rumors that this will be his last term in the Senate. Moynihan canceled a March fundraiser and returned the money, sparking speculation within his party that the 70-year-old Senator was hanging it up. Although Moynihan has not decided to run again, he said: "Absolutely, I haven't decided not to. ... I have to sit down with [wife] Liz."

A Mason-Dixon poll of 819 registered voters conducted July 27-29, shows that Pataki is leading in general election matchups against Comptroller Carl McCall (D), NYC Speaker Peter Vallone (D), and former Transportation official James LaRocca (D). The poll also tested Senator Alfonse D'Amato (R) and his possible Republican opponent Lieutenant Governor Betsy Ross (R), and the three potential Democratic opponents, 1984 Vice President nominee Geraldine Ferraro (D), Rep. Charles Schumer (D-09), and NYC Public Advocate Mark Green (D).

General Election Matchups

Pataki	46%	Pataki	48%	Pataki	48%
McCall	30%	Vallone	23%	LaRocca	19%

	<u>Fav / Unfav</u>	<u>ID</u>
Pataki	46% / 24%	100%
McCall	28% / 3%	52%
Vallone	11% / 4%	41%
LaRocca	4% / 3%	25%

GOP Primary

D'Amato 59%
Ross 26%

General Election Matchups

Ferraro	48%	Green	40%	Schumer	37%
D'Amato	34%	D'Amato	37%	D'Amato	38%

NORTH CAROLINA

Multimillionaire Raleigh attorney John Edwards (D) announced by fax, "with no hoopla" on July 25 that he will run for the Democratic nomination to challenge Senator Lauch Faircloth (R). Edwards has already signed up two of Governor Jim Hunt's (D) political advisers, strategist Gary Pearce and pollster Harrison Hickman. Edwards said he is prepared to spend some of his own money on the race, as Faircloth did in 1992, but he first intends to engage in a vigorous statewide fundraising effort.

The *Raleigh News & Observer* reported that on July 30, White House Chief of Staff Erskine Bowles said that he is not interested in running for political office, specifically, the 2000 gubernatorial race. Bowles stated, "I want to stop it before it starts. I am not a politician. I don't want to be one. A lot of people call me about it. Sure I've thought about it. All I want to do is go home and spend some time with my family." Thad Woodard, a longtime Bowles friend said, "He would tell you that -- bowing to some of the gentle pressure -- he would take a serious look at it."

OHIO

Governor George Voinovich's (R) U.S. Senate campaign has \$2.3 million on hand. His only opponent to date, former Cuyahoga County Commissioner Mary Boyle (D), has \$322,295 on hand.

State Auditor Jim Petro (R) is considering entering the race for the GOP gubernatorial nomination. The frontrunner for the nomination (and Voinovich's choice), Secretary of State Bob Taft (R), has already drawn a challenge from Treasurer Kenneth Blackwell (R).

OKLAHOMA

A district court threw out Governor Frank Keating's (R) lawsuit over the use of state vehicles for political fundraising. The decision means that the Ethics Commission can now proceed with its petition accusing Keating with 32 ethics violations for using a state plane and cars to raise funds for Republican legislative candidates in 1996. In the failed lawsuit, Keating had contended that the ethics rule conflicts with a law requiring the Department of Public Safety to provide him with transportation. Keating had turned down a settlement offer of \$320,000, but now may face a maximum penalty of \$620,000. Keating called the Ethics Commission "silly and vindictive" and suggested the case was "politically inspired."

OREGON

On July 26, the Oregon GOP State Central Committee voted to return to a closed primary system. In 1990 and 1992, the party allowed independents to vote, but participation was low, and many Republicans felt it wasn't worth the additional cost. Oregon GOP committee director Joel Cole said that "open primaries increase campaign expenses because contenders have to aim at independent voters as well" as registered Republicans. Advocates for open primaries, however, argued that they could build party membership and generate loyalty among the 20 percent of registered voters in Oregon who are unaffiliated. In the meantime, there is a movement on the Democratic side to permit an open primary in 1998. The Oregon State Democratic Central Committee will vote on the issue on October 25-26; the Democratic State Chairman Marc Abrams said that the speculation now is that the party will go ahead and switch to an open primary system.

SOUTH CAROLINA

An Ayres & Associated poll of 600 registered voters conducted July 14-16, shows Governor David Beasley (R) leading by 49% in a general election matchup with State Rep. Jim Hodges (D) and Lexington County Sheriff James Metts (R). The poll also shows Beasley's job performance ratings are rising.

Favorability Ratings

	<u>Fav / Unfav</u>	<u>ID</u>
Beasley	67% / 18%	97%
Hodges	12% / 6%	38%
Metts	18% / 10%	41%

General Election Matchups

Beasley	61%	Beasley	56%
Hodges	23%	Hodges	16%
		Metts	10%

Beasley Job Performance

	<u>All</u>	<u>Whits</u>	<u>Blks</u>
Approve	72%	73%	70%
Disapprove	20%	20%	18%

According to The *Columbia State's* Brandy, Lexington County Sheriff James Metts (R) will challenge Gov. Beasley (R) as an Independent. The *State* reported, that Metts has scheduled a series of news conferences next week to announce his candidacy for governor as an Independent.

SOUTH DAKOTA

State Senator Alan Akers (R) has a list of GOP legislators who have formally endorsed him or "who would find him acceptable if he gains nomination" as a challenger to Senator Tom Daschle (D). But when called, some of the members on the list emphasized that it was still too early in the campaign for formal endorsements, suggesting that the task of finding a suitable Republican candidate is not over. Another likely challenger for Daschle's seat is Ron Schmidt (R), an attorney in Pierre.

TENNESSEE

In the absence of a serious Democratic challenger in his reelection campaign next year, Governor Don Sundquist could provide a few million dollars for commercials promoting a Republican majority in the state Legislature. He had raised \$3.2 million at last filing, and it is not unreasonable to expect he will have \$5 million by the start of next year. In lieu of this, House Speaker Jimmy Naifeh (D) summoned lobbyists to private meetings to help raise at least \$500,000 for Democratic campaigns.

TEXAS

Lt. Governor Bob Bullock (D), the state's highest ranking Democrat, called Democrat Garry Mauro's possible challenge to Governor George Bush (R) a "kamikaze mission". He stated that Bush is "virtually unbeatable" and suggested Mauro should take a job in the Clinton Administration. Mauro responded that most people thought popular Texas Governor Ann Richards was unbeatable in 1994 when businessman George Bush challenged her and won, and that most people thought President George Bush was unbeatable in 1992 when YOU challenged him and won in 1992. Mauro said he would announce his plans after Labor Day. It should be noted that no incumbent Texas Governor has won reelection since 1964.

NBC's "Today" profiled Governor Bush (R), with a story featuring interviews with former President Bush, Barbara Bush, and himself. The spot focused on Bush's popularity in Texas, the "inevitability" of a Bush second term, and a possible run for President in 2000. Bush criticized the willingness of the Clinton administration to privatize elements of welfare, arguing the federal privatization did not go far enough.

It is reported that LULAC leadership "told Texas Attorney General Dan Morales to support their concerns aggressively or risk losing Latino voters in the 1998 election." To date, Morales is the only statewide Democrat facing a primary challenge. Court of Appeals Judge Morris Overstreet, who is African American, is challenging Morales. On the Republican side, former Texas GOP Chair Tom Pauken, Texas Supreme Court Judge Cornyn and Railroad Commissioner Barry Williamson are running. LULAC leaders called the meeting an 'eye opener' for Morales - "delegates discussed issues such as affirmative action, selective police enforcement that discriminated against minorities, and a shortage of Hispanic teachers in a state where more than half of the student population is minority." Morales has been "targeted by minority groups for his interpretation of a Federal court decision against using race as a basis for University of Texas law school admissions."

Correction to last week's political update - There are 10 statewide races, not 13.

UTAH

After receiving positive feedback from fellow governors gathered in Las Vegas, Governor Mike Leavitt (R) said that, assuming his circumstances don't change, he will run for vice chairman of the National Governor's Association in 1998. Election to the vice-chairmanship in 1998 would lead automatically to the chairmanship in 1999. The position is seen by some as a "natural

step...in Leavitt's ambition to graduate into national politics."

VIRGINIA

A Mason-Dixon poll of 810 registered voters conducted July 24-26, shows former Attorney General Jim Gilmore (R) leading Lieutenant Governor Don Beyer (D) in a general election matchup by just 1%. The poll also tested the upcoming race for Attorney General between State Senator Mark Earley (R) and 1993 nominee Bill Dolan (D), and the race for Lieutenant Governor between former Rep. L.F. Payne (D) and tobacco executive John Hager (R).

Gubernatorial General Election Matchup

	<u>Now</u>	<u>5/97</u>
Gilmore	43%	43%
Beyer	42%	41%

	<u>Fav / Unfav</u>	<u>ID</u>
Gilmore	32% / 17%	91%
Beyer	26% / 21%	93%

Lt. Gov. General Election Matchup

	<u>Now</u>	<u>5/97</u>
Payne	36%	36%
Hager	34%	30%
Undecided	30%	34%

Atty. Gen. General Election Matchup

	<u>Now</u>	<u>5/97</u>
Earley	33%	31%
Dolan	29%	28%
Undecided	38%	41%

WASHINGTON

Federal Investigators have found no evidence that Seattle Mayor Norm Rice (D) committed criminal wrongdoing when he obtained a \$24 million low-interest loan to resurrect the vacant Frederick and Nelson building. The issues of possible regulatory violations in the loan-application process were not resolved, however, and an audit of the loan by the U.S. Department of Housing and Urban Development is expected later this summer.

WYOMING

Rep. Barbara Cubin (R) announced on July 29 that she will run for a third term. She has already started statewide fundraising efforts, including a letter from former Defense Secretary and ex-Representative Dick Cheney (R) paid for by Cubin for Congress. Cubin spent at least \$500,000 in her last two campaigns, and as of January 1, was \$70,000 in debt. Scott Farris (D), spokesperson for the Archdiocese of Cheyenne, is the only person publicly contemplating challenging her. Farris used to work with Governor Mike Sullivan (D) and is well known among Wyoming Democrats.

WHITE HOUSE 2000

Sen. John Ashcroft (R-MO) is giving serious consideration to running for the White House in 2000 and hopes a trip around the country during the congressional recess in August will help him make up his mind. The trip includes a stop in New Hampshire. It has been said that Ashcroft has the ability to unite the Buchanan populist wing of the party with the Kemp supply-side wing with the social conservative wing. Ashcroft is known for his fervent anti-abortion beliefs, his unblemished Christian Coalition record and his sponsorship of a term-limitation amendment.

On July 31, Lamar Alexander (R) criticized the President's education standards and testing initiative. He said that the problem with creating new national tests at the Department of Education is that it varies depending on who the secretary of education is at the time. Alexander urged governors to take the lead on reform by abolishing tenure, setting rigorous academic standards and letting parents enroll children in alternative educational programs such as charter schools and home schooling.

Senator Paul Wellstone (D-MN) continued his poverty tour this week, visiting Chicago. After touring some of the nation's poorest neighborhoods, and some of its most successful anti-poverty programs, Wellstone said he is starting to believe that problems are best solved by people working in their own communities, rather than programs directed by Washington. Wellstone said that while change has to happen internally in the neighborhoods, there is still a need for more federal funds to combat poverty. After visiting pockets of poverty in Mississippi and Minnesota in May and June, he visited Chicago to see the lowest-income neighborhoods on the city's south side. Wellstone also visited the Robert Taylor public housing complex. Wellstone said he had not expected much publicity from his Chicago trip, but that he expects more coverage of his next trip to Appalachia, August 29-30. Wellstone also plans poverty tours to Baltimore and New York in September and Los Angeles in October.

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



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

1997 JUL 31 PM 2:18

July 31, 1997

THE PRESIDENT HAS SEEN
8-4-97

MEMORANDUM FOR THE PRESIDENT

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

*Copied
Gibbons
COS*

CLIMATE CHANGE OUTREACH CONTINUES

- We have received overwhelmingly positive feedback on the July 24 science roundtable you and the Vice President had with the three Nobelists and distinguished scientists working on climate change. C-SPAN ran the 1-hour tape of your exchange several times.
- I met with ABC Evening News producers on July 28 to provide background for an hour-long special news report on climate change that will appear in the Fall.
- Rosina Bierbaum (Assistant Director, Environment) and I continue to provide science briefings for senior government officials, most recently at DOJ and AID. In addition, on July 22 OSTP provided a science briefing to 65 CEOs likely to be affected by climate change mitigation actions who were gathered at the Center for Strategic and International Studies Roundtable.

S&T AGREEMENTS HELP IMPROVE BILATERAL RELATIONS

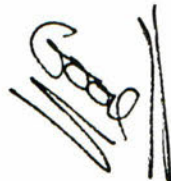
At the Gore-Mbeki Commission, which met July 30, I highlighted how we are using the tools of science and technology to reinforce our bilateral relationship with South Africa and help that country meet its goal of providing basic human needs. Scientists in our two countries have been working together to meet the challenges of living in an arid climate--lessons that will be particularly important as we face this year's massive El Nino event, which will cause severe drought in southern Africa. We discussed a long-term strategy for education reform and boosting interest in math and science at an early age. Among other programs, the two sides announced a \$10 million USAID program to contain the HIV/AIDs epidemic in South Africa.

MID-COURSE CORRECTIONS MADE TO ATP

On July 10 DOC reported to Congress on its 60-day assessment of the Advanced Technology Program. Proposed policy changes include increased emphasis on support for joint ventures, stronger support for small and mid-sized firms, and an increase in the

cost-share requirements for large company single applicants. The assessment also calls for closer ties with state-run technology programs and strengthened linkages with the venture capital community. Initial feedback from Congress has been favorable. DOC's strategy of offering compromise was cited as a major factor in last week's 57-42 defeat of a Senate floor amendment to restrict large companies' participation in ATP.

NATIONAL MATH TEST MAKES HEADWAY



OSTP has completed a status report and operational plan for a public campaign to put math exercises into the mass media, e.g., quizzes in newspapers or on cereal boxes, as a contribution to preparation for the 8th grade National Math Test. We have asked DPC, NSF, and ED for comment and plan to announce the program in September.

As you know, 15 urban school districts have endorsed the voluntary national math (and reading) tests. After they met with you on July 25, I addressed their representatives, congratulating them on reaching for high standards and accountability in education.

The ED-NSF Working Group report on Improving Math and Science Education was the subject of much discussion at a July 23 hearing of the House Science Committee. NSF Director Lane informed the Committee of your Administration's efforts to spread standards-based reform to underserved populations. The PCAST Education Panel, chaired by David Hamburg, which initiated its work in a July 24 teleconference, will review the report and plans to meet with Secretary Riley and Lane in September to discuss implementation of recommendations.

BIOMEDICAL ADVANCES CREATE ENDURING NEED FOR BIOETHICS

July 24 brought the announcement of another lamb produced via somatic cell nuclear transfer -- this time with a human gene incorporated into its genome. This advance in transgenic animal technology did not alter concerns about the safety of the technology as applied to humans, but heightens interest in legislation governing human cloning. We are monitoring progress of the Ehlers bill (cleared the Science Committee July 29), which could restrict beneficial medical research as it attempts to ban human cloning.

Your National Bioethics Advisory Committee recently asked HHS and Dr. Sidney Wolfe (Public Citizen's Health Research Group) to provide further information on the ethical framework for U.S.-funded clinical research performed in other countries. Recent controversies over placebo-based AIDS trials in Africa prompted this request, and NBAC will incorporate this issue into its examination of human subject protections.

'97 AUG 1 PM10:04

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
8-4-97

August 1, 1997

Copied
Ibarra
Cos

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra *MI*

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- July 28 - August 1, 1997

CC: The Vice President

I. PRESIDENTIAL PRIORITIES

Balanced Budget

- IGA staff called key state and local elected officials to announce that a budget agreement had been reached and immediately faxed the budget talking points to nearly 1,000 officials. A more detailed policy package was mailed to a targeted list of elected officials. Additionally, a list of key mayors was created for the Vice President to call regarding budget victories for welfare-to-work, empowerment zones, and Brownfields, and staff support was provided during these calls.
- Overall, governors are pleased with the budget reconciliation agreement. Although they would have preferred more flexibility in the children's health benefit package, they are quite satisfied with the flexibility provided in the administration of Medicaid (Boren Amendment, repeal of managed care waivers, flexibility in cost sharing) and the children's health program (eligibility, provider or plan payment rates, use of managed care). Moreover, they are thrilled about the \$24 billion investment for states.

Many governors, on a bipartisan basis, attempted to facilitate a compromise on the application of the Fair Labor Standards Act to welfare reform. They do not want welfare recipients treated as regular employees with respect to FICA, UI, and EITC. Although they were not successful in crafting this deal, they are hopeful that they can use another legislative vehicle, perhaps the appropriations bill, to accomplish this.

- The mayors are pleased with the outcome of the budget agreement. Brownfields, the three billion dollar welfare-to-work program, the welfare tax credit, the new

empowerment zones, the expansion of CDFI, COPS funding and the restoration of health and disability benefits for legal immigrants will all benefit cities directly. In addition, they are overwhelmingly supportive of the new children's health program. Attached is a very positive press statement from the U.S. Conference of Mayors regarding the budget agreement.

Education

- With the assistance of the DGA, we facilitated a meeting of eleven Democratic governors and Education Secretary Riley in Las Vegas on July 28, 1997 to jump-start support for national education standards and our new testing program. Governors Howard Dean (D-VT), Gary Locke (D-WA), Mel Carnahan (D-MO), Tony Knowles (D-AK), and others have agreed to reassess their concerns.

Race Reconciliation

- We met with Judith Winston to talk about representation of Indian Country on her staff, and to discuss how we can assist with outreach and activities in the cities and counties.

II. INTERGOVERNMENTAL CONSTITUENCIES

Governors

- The governors and the DGA were pleased with our participation in the annual National Governors' Association Meeting in Las Vegas. In addition to your address and private meetings with Governors Lawton Chiles (D-FL), Bob Miller (D-NV), Howard Dean (D-VT), and Tom Carper (D-DE), Education Secretary Riley attended the entire meeting and twelve federal agencies participated.
- Governor Tommy Thompson (R-WI), like Governor Tom Carper (D-DE), is very concerned about the Fair Labor Standards Act requirements in the welfare reform provisions of the budget bill. You will receive a recommendation to call Governor Thompson next week to hear his concerns.
- Governor Roy Romer (D-CO) was notified of your approval of his disaster relief request for three counties in Northern Colorado faced with catastrophic flooding.

State Legislators

- Preparations for the Annual Conference of the National Conference of State Legislatures (NCSL), which will be held in Philadelphia August 6 - 9, 1997, continue. The Vice President will speak to the Conference and will also address a lunch for 800 Democratic State Legislators on Friday, July 8, 1997.

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. 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

- Mayor Clarence Harmon (D-St. Louis, MO): We met with Mayor Clarence Harmon and several of his staff and Washington representatives. He is looking forward to your visit to St. Louis on August 12. We discussed with him the possibility of the city signing on to your education testing standards. The Mayor was very supportive and open to considering a commitment to your initiative; we are coordinating with DPC to follow-up on the Mayor's interest.
- Mayor Michael White (D-Cleveland, OH): We met with Mayor Michael White separately and with the Vice President. The Mayor was delighted with our budget victories and is going to work hard to establish Cleveland as an empowerment zone.

Indian Country

- Several meetings with tribal leaders and representatives were conducted this week. There is great concern in Indian Country about the Senate Interior Appropriations Bill, which contains two very harmful sections. One relates to requiring means testing for assistance to the reservations, and the other severely threatens tribal sovereignty.

IGA convened a widely attended meeting of Congressional staff members who are working on this legislation, along with representatives from the Interior and Justice departments, the White House Legislative Affairs office and about thirty Washington representatives of the tribes to share information and hear about strategy. The vote is supposed to take place in early September. Secretary Babbitt has sent a letter to Senator Ted Stevens (R-AK) indicating that he would urge you to veto the bill in its current form. General Reno is preparing a similar letter, and OMB Director Raines has sent a strong message of concern. We are prepared to do more work on this issue after Labor Day.

- The nomination of Tad Johnson to chair the Indian Gaming Commission was well-received by the gaming tribes.
- The unintended consequence of the welfare reform law upon Indian Country was discussed with HHS Secretary Shalala. Under the law, the tribes have to negotiate with their governors instead of having a direct relationship with the federal government. In many states, this has created great difficulties. The Secretary has undertaken a number of

important actions to strengthen HHS outreach to the tribes.

Insular Affairs

- Puerto Rico Investment Incentive: Congressman Luis Gutierrez (D-IL) said he voted against the budget agreement because it did not restore the tax incentive based on wages for U.S. corporate investment in the islands. Resident Commissioner Carlos Romero (NP/D) said that the White House "gave up on the issue" because Puerto Rico lacked voting representation. Puerto Rico's representatives were particularly disappointed by the lack of even a short-term restoration of the incentive despite a strong pitch for it by COS Bowles. We communicated your support and the Administration's efforts to meet this need. Local leaders want to keep trying on the issue.
- Puerto Rico Status Legislation: The *National Review* joined the *New York Post* in criticizing House Republican leaders for supporting the current bill because of its inclusion of statehood as an option. The editorials cited Puerto Rican poverty, use of Spanish, illegitimacy rates, possible terrorism, and the election of Democrats. The *Miami Herald* recently joined *The Washington Post* in supporting the opportunity for Puerto Ricans to choose their future status.
- Army Headquarters Move to Puerto Rico: In coordination with the Army, we informed Puerto Rico leaders of the Army's plan to relocate its Southern Command from Panama to Puerto Rico. We addressed the Independence Party's opposition by explaining that the stationing would not violate a sovereign Puerto Rico's rights.
- Northern Marianas Labor System Legislation: Senator Daniel Akaka (D-HI) and six others from both parties introduced a bill similar to the Administration's recommendations.
- Insular Child Health Funding: Funding for the insular areas in the Children's Health Initiative was cut to 1/4 of one percent. The Administration's proposal was 1.5% which was their share of the country's population. We will work to correct this shortfall.

III. OTHER ISSUES

Meeting with the Vice President

- A briefing for the Vice President was held on August 1, 1997, to inform him of measures taken by the Office of Intergovernmental Affairs to increase its impact on the Administration's priority issues and to better serve state and local officials.

Federal Department/Agency Intergovernmental Liaisons

- COS Bowles and DCOS Mathews will join twenty-five department and agency intergovernmental affairs representatives at a “kick off” Roosevelt Room meeting on Wednesday, August 6, 1997. This session, the first of regular IGA meetings to be held at the White House, will help achieve a closer working relationship with the intergovernmental staff to better serve the President, state, and local officials.

In addition to regular meetings, weekly reports, a White House reception with key staff members, targeted on-site visits to departments and agencies, other activities are planned to build a stronger partnership.



NEWS

The United States Conference of Mayors

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July 31, 1997

RESPONSE TO ANNOUNCEMENT OF FEDERAL TAX AND BUDGET RECONCILIATION AGREEMENT

Statement by Fort Wayne Mayor Paul Helmke,
President, The U.S. Conference of Mayors

In cities across the nation today, mayors are expressing their appreciation to the President and the Congress for a job well done. The tax and budget reconciliation package they produced, when it is approved, will equip mayors with tools they can use to spur their local economies and generate new jobs for their residents.

In a united, bipartisan voice, we have been calling on the Administration and Congress for help with our "brownfields," the hundreds of thousands of acres of abandoned industrial tracts contaminated by previous occupants. This agreement responds with a \$1.5 billion tax incentive program which for the next three years will allow businesses to "expense" the cost of cleaning up brownfields sites for reuse.

We have been expressing serious concern about the ability of welfare recipients to find and hold jobs. This agreement responds with \$3 billion in welfare-to-work grants over the next two years, grants which will go largely through the states to local Private Industry Councils.

We have been asking for more help to revitalize our most distressed neighborhoods and have consistently supported HUD's efforts on our behalf. This agreement responds with a second round of 15 Empowerment Zones in cities, new EZs that will be eligible for the brownfields tax incentive and other aids to job creation.

The President and the Congress responded to us in several more ways, providing continued eligibility for SSI for non-citizens legally residing in the U.S., making adjustments to the Section 8 assisted housing projects to ensure that expiring contracts can be renewed in the

-more-

years ahead, shifting more than \$6 billion in gas tax revenues to transportation trust funds so that the funds can be directed to transportation needs, creating child tax credits for working families, and extending health care coverage to five million of the nation's 10 million uninsured children.

The tax and budget agreement is an example of what can be accomplished when House and Senate members, Democrat and Republican, listen to mayors, Democrat and Republican, on the most pressing needs of urban and suburban America. It's an example of what can be accomplished when the President and his Cabinet reach out for our support on initiatives such as these, and we respond.

In September, the leaders of The U.S. Conference of Mayors will convene in Fort Wayne to set our agenda for the year ahead. Implementing the brownfields tax credit program, the welfare-to-work initiative and the new Empowerment Zones will be a big part of that agenda.

Mayors are committed to keeping the bipartisan drive alive.

CONTACT: Mike Brown, (202) 861-6708

August 1, 1997

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT - July 26 to August 1

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

BUDGET

The American Hospital Association has taken a very neutral position toward the Administration's efforts. They are critical to our efforts on the transfer issue only. They are pleased with the DHS reduction and the Administration's continued leadership and commitment to preserve Medicaid and children's health care. Overall, the level of reductions is a disappointment in the absence of sound structural reform to Medicare.

Advocates are pleased that the federal excise tax on tobacco products will be increased and that the revenue will be used for a very worthy cause. They believe, however, that the increase will not be sufficient to significantly reduce adolescent smoking. They are also concerned that the tobacco tax included in the budget agreement may be counted against the tobacco industry's payments as part of a possible future settlement with the tobacco companies.

The diabetes and colon rectal cancer screening communities are very appreciative of your support. Both communities have written letters applauding your leadership.

Jewish groups are generally satisfied with the budget agreement. Their primary concerns continue to be immigrant and refugee provisions like 'state options' and food stamps. Also, Orthodox Jews are supporting the Coverdell Amendment for 'Educational IRAs,' but secular Jews are pleased with your efforts to block it.

Val Halmandaris, president of National Association of Home Care, is pleased with the Administration's support of the removal of the \$5.00 co-pay for home health care.

Distributed copies of the Balanced Budget Agreement synopsis to top women's organizations throughout the country. We have received favorable feedback from several groups who have called; however, the language referring to the Family Violence Office is not satisfactory to women's advocates were hoping for.

Recruited several families with children who will benefit from the balanced budget agreement's \$500 per child tax credit to showcase at the President's weekly radio address.

- We faxed out your remarks on the budget to 84 national education organizations and 30 presidents of major universities--all 114 with expansive grassroots networks. We faxed detailed background information to the Coalition for America's Children who can use the information when creating their e-mail bulletin and their website information on the budget. We also mailed the information packet to 650 national and local/grassroots organizations including children's, and nonprofit groups, foundations, and colleges and universities. We also faxed to several hundred Hispanic, Asian, and African American leaders.

HEALTH INSURANCE FOR CHILDREN

- On Thursday, July 30, after the budget deal was released, we contacted representatives of the Children's Health Coalition to brief them on the details of the budget, provide paper, and discuss implementation at the state level. All the groups applauded yours and Mrs. Clinton's leadership in standing up for the nation's most vulnerable children and making the uninsured children a priority within the balanced budget. The Children's Defense Fund did a very positive statement yesterday applauding the President. Other groups are also getting issuing statements expressing their positive views on this issue.
- On July 31, Senators Kennedy (D-MA) and Hatch (R-UT) and children's health advocates, held a press conference on Capitol Hill to highlight the children's health issue.

TOBACCO

- On Thursday, the AMA will hold a press conference to issue the release of its statement on the tobacco settlement. It is our understanding that the AMA will be in favor of the tobacco settlement, will express concerns with the settlement including FDA regulation reform, see the settlement as a positive sign and an opportunity for public health advocates.

EDUCATION

- On Monday, in conjunction with Carol Rasco's office from the Department of Education, OPL hosted an all day working meeting with 200 representatives of business, religious and community organizations on the America Reads Challenge. The First Lady began the day by articulating your commitment to the America Reads Challenge. The groups were then briefed on your overall education agenda and given an update on the America Reads Challenge. Participants discussed their organizations' active support of the goal of America Reads, what the government could do better to facilitate their needs, and how the organizations could become involved in the Federal Work Study program. The day ended with the working groups reporting back to a panel from the White House, the Department of Education, and the Corporation for National Service. Many present took on the Challenge by signing up to be a part of the growing "President's Coalition for America Reads."

- Many of the ethnic groups attending, such as NAACP, LULAC and National Urban League, were pleased with the America Reads Conference. As a result of the conference, literacy activists were able to get new ideas on implementing a variety of programs within their communities and to discuss the problems they encounter.

HISPANIC OUTREACH

- We met with representatives of immigrant groups to assess the legislation possibilities for the Administration's bill to resolve the Central American immigrants issue. The groups are undertaking a public education campaign. For example, Mayor Pinelas, is circulating a letter to 25 Mayors supporting your bill. While the groups object to one provision of our bill (relating to a lack of Judicial review) they agreed to continue to work to support our bill as well as Dias Belart republican version (which does not contain the offending provision).

RACE

Arab Americans presented ideas and were involved in a brainstorming session for the White House Conference on Hate Crimes. They have done extensive studies on the economic conditions, "rhetorical anti" situations, and forces of popular culture that commonly lead to hate crimes. They presented an interesting idea on how to utilize the media of ethnic and minority groups to release information about the Conference throughout the fall so that in November all communities and constituencies will be fully engaged in the conference, thus maximizing the impact of the President's message and goals.

CONSTITUENT AND OTHER ISSUES

JEWISH OUTREACH

The bombing in Jerusalem has lowered hopes of any agreement even among the most ardent supporters of the peace process. The 'dovish' organizations are initiating a letter writing campaign to you commending your personal commitment and leadership and asking for active US engagement to move the process forward. In anticipation of an American initiative announcement, the pro-peace camp is beginning to organize to support whatever position you take. The more 'hawkish' groups lay blame solidly on Arafat, the Palestinian Authority, and particular Palestinian officers while still encouraging US involvement. All groups are looking for a swift rebuke by Arafat and clear signs that he is taking steps to increase security.

The statements of the President and Vice President regarding the bombing were sent out to all 70 national Jewish organizations and 75 Jewish press outlets across the country.

The discovery by police of a bombing plot in Brooklyn, New York, has only fanned the flames of fear in the Jewish community. While based mostly on speculation, many in the

community assume that these potential bombers were looking for Jewish targets since the suspects have previous records of arrest in Israel and made statements in support of the bombing in Jerusalem.

AIDS

The Presidential Advisory Council on HIV/AIDS meet in Atlanta last weekend and had a productive session. They plan in the next several months they will issue a "report card" highlighting progress made toward implementation of previous Council recommendations.

ETHNIC OUTREACH

We sent yours and the Vice President's statements on the bombing in Jerusalem to over one hundred Arab American groups, leaders and press and called approximately fifteen of the Arab American community leaders about the statement. The community was pleased with the statements and hope you will be a leader, helping to keep the peace process on track. There is obvious distraught over future developments and they feel that this Administration can help guide the next steps.

The Lebanese American community is thrilled with the decision to lift the Lebanese travel ban. They commend you and the Secretary on your willingness to make this courageous decision. They now feel it is up to the Lebanese government to help ensure the safety of travelers.

BUSINESS

On Tuesday we met with Barry Rogstad of the American Business Conference to discuss Fast Track. He recommended that we coordinate an event similar to the speech you gave in 1993 on NAFTA for the announcement of Fast Track. Also, we are working closely with Jay Berman and Vicki Radd to assemble a business outreach strategy.

This week we brought representatives from the Business Roundtable, the Chamber of Commerce and the National Federation of Independent Businesses to the White House to meet with Todd Stern about global climate change. The meeting provided an opportunity to convey to them our hope that they will accept our assessment of the evidence that a business-as-usual attitude toward the emittance of greenhouse gases will create a severe and possibly irreversible situation. They asked for the opportunity to meet with our policy team to discuss options. We will work to set this meeting up in the next few weeks.

RURAL OUTREACH

OPL coordinated a briefing with 135 youth leaders of the Future Farmers of America on Friday, July 25, to highlight our education (Terry Peterson, Counsel, Dept. of Education)

and agriculture (Tom Hebert, USDA) initiatives.

- OPL coordinated a briefing with 15 Cotton Council Leaders on Friday, July 25, to highlight our environment and agriculture initiatives. The agriculture groups are interested in the Administration's efforts on climate control and civil right issues.

ASIAN OUTREACH

- We continue to work with VA to monitor the situation regarding the Filipino Veterans. Although there has not been much further activity in the community following last Saturday's protest, we are continuing to monitor the situation. There will be an empowerment conference for the Filipino American community in Washington, D.C., in mid-August. While in town, some leaders have requested a meeting with the VA. OPL and VA will be monitoring the situation to see if there may be some larger activity at that time.
- We conducted a briefing with Bill Lee and approximately 80 civil rights and advocacy groups. These groups were very supportive and enthusiastic, and gave Lee resounding applause after a moving speech about the importance of the nomination. Senator Feinstein and Attorney General Reno spoke passionately in support of Lee with Feinstein urging the groups to be vocally supportive, both in Washington and during the recess. We will follow up with our constituents that attended the meeting as they issue supportive statements, op-eds, editorials, etc.

WOMEN'S OUTREACH

- Met with representatives for the 1999 Women's World Cup, a 32 game soccer tournament, to be held in the USA. This will be the largest women's sporting event ever in history.

cc: First Lady
Erskine Bowles
Sylvia Mathews
Craig Smith
Kitty Higgins
Bruce Reed
Gene Sperling
Susan Liss

Mrs. Gore
John Podesta
Doug Sosnik
Rahm Emanuel
John Hilley
Micky Ibarra
Mike McCurry
Goody Marshall

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
8-4-97

August 1, 1997

Copied
Marshall
CAS

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. *TM*
SUBJECT: Summary of Cabinet Weekly Reports
July 25- August 1, 1997

DEPARTMENT OF TREASURY

- **Thailand:** The Thai government has entered negotiations with the IMF on a comprehensive policy reform program to address Thailand's economic problems.
- **Croatia:** With the help of our G-7 counterparts and other interested parties, Treasury and State achieved a further delay in IMF board consideration of disbursements to Croatia. The IMF board voted to delay consideration to no later than October 10, though consideration could start on September 10, just before the Annual IMF/World Bank Meetings.
- **Mexico:** On August 3-5, Deputy Secretary Summers will travel to Mexico to meet with government officials, as well as political, business and financial leaders, to discuss the outlook for economic policy. He will deliver a speech on economic policymaking in the context of the recent elections.
- **NADBank:** On August 1, Treasury will announce the designation of 35 communities as eligible for loans through the United States Community Adjustment and Investment Program (CAIP), which was established to help communities that have experienced NAFTA-related job losses. This program targets businesses that are seeking to create jobs but lack access to private sector lending.

DEPARTMENT OF JUSTICE

- **Welfare Reform:** On July 24, the constitutionality of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was upheld. The class action was brought by legal permanent residents who are applicants for or recipients of SSI and Food Stamps, alleging that the provisions of the law that will deny them benefits violate the due process and equal protection clauses. Similar constitutional challenges are pending in CA, FL, MN, MA and IL.
- **Air Force:** On July 22, challenges to Air Force Lieutenant Colonel Promotion Boards were dismissed for the calendar years 1985-90. The Air Force used the panel system for most officer promotion boards since 1965. From 1985-90 approximately 10,000 officers were mandatorily discharged after failing to be selected for promotion to lieutenant colonel for which the government could have been liable for \$3.5 billion in back pay and retirement benefits.

DEPARTMENT OF COMMERCE

- **Canada Trade Mission:** On August 3, Secretary Daley, Governor Shaheen and 16 small business executives will embark on a three-city Canada trade mission. Representative Campbell may join the delegation in Montreal.
- **Census 2000:** On August 7, in Albuquerque, NM, and on August 8, in Phoenix, AZ, Census Director Martha Riche will lead two Census 2000 Partnership Rollout meetings.
- **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.
- **International Lab Standards:** On August 4, NIST will announce that by May 1998 the National Council for Laboratory Accreditation will be fully operational. This open and voluntary system will bring "order out of chaos" in laboratory accreditation.

DEPARTMENT OF LABOR

- **South African MOU Signing:** On July 29, Secretary Herman, USAID Administrator Atwood and South African Labor Minister Tito Mboweni signed a Memorandum of Understanding (MOU) on technical assistance and cooperation on employment equity. The MOU is a direct result of efforts initiated by the Vice President as co-chair of the Gore-Mbeki Commission. As part of USAID's assistance in the area of employment equity, DOL is organizing a two-week study tour, to be funded by the U.S. Information Service, on U.S. experience in developing and implementing policies and programs designed to guarantee equality of opportunity for all workers.

- **School-to-Work:** August 8 is the deadline for applications for the School-to-Work Leadership Development Grant, jointly sponsored by DOL and DOE. The grant establishes a leadership program for state and local School-to-Work leaders to support international research and policy exchanges with a focus on youth education and employment. The grant will be in the amount of \$500,000 and the winner will be announced at the end of September.
- **Teamster/UPS Dispute:** Negotiators for the Teamsters and UPS have agreed to continue negotiations past the strike deadline. DOL is keeping close touch with its mediators and continues to urge the parties to remain at the bargaining table until they reach a fair settlement. Federal mediators will remain involved.
- **GM Strike:** On July 27, UAW members ratified a local contract reached two days earlier at GM's transmission plant in Warren, MI, thus ending a strike by some 2,800 workers.
- **Steel Strike:** As the strike at the Wheeling-Pittsburgh Steel Corporation approached and passed its 300th day, there was a glimmer of hope that an agreement is possible. On July 23, talks between company and Steelworker representatives resumed in NY.
- **L.A. Harbor Pilots Strike:** Talks between representatives of striking harbor pilots and the port of Los Angeles are in recess as the city explores means of privatizing the system and protecting the pilots' jobs.
- **CNA/Kaiser Permanente:** The dispute between the California Nurses Association and Kaiser Permanente at 47 hospitals and clinics in northern CA continues with no talks reported and none scheduled. Some 7,500 registered nurses are covered by the CNA's contract with Kaiser, which expired January 30.
- **National Urban League:** On August 6, Secretary Herman will address the National Urban League Conference in Washington, D.C.
- **AFGE Convention:** On August 18, Secretary Herman will travel to Los Angeles, CA, to address the American Federation of Government Employees Convention.

DEPARTMENT OF TRANSPORTATION

- **Russian Open Skies:** On July 28-August 4, the U.S., under the auspices of the Open Skies Treaty, will conduct a Joint Trial Flight (JTF) with Russia over the U.S. using the Russian An-30 aircraft. This is the first such JTF with the Russians over U.S. airspace.
- **UPS:** The Teamsters Union and UPS management have been undergoing intense contract negotiations, with a possible strike by the truckers threatened for July 31, the end

of the existing Teamsters-UPS contract term. UPS management briefed DOT and will start notifying customers of the possible shutdown. DOT has reviewed legal standards for possible federal intervention under the national emergency dispute provision. The July 31 deadline was extended this afternoon, and the situation is fluid.

- **Adarand:** On July 25, a U.S. District Court judge in Denver, CO, denied a motion by Adarand Construction, Inc. for a preliminary injunction that would have enjoined the application of DOT's Disadvantaged Business Enterprise program on federal-aid projects in CO. No trial date has been set. The same court earlier had denied the federal government's attempt to intervene in the case.
- **Japan Aviation:** On August 4-6, the first session of formal aviation talks will take place in Tokyo.
- **Aruba Open-Skies:** The U.S. has initialed an open-skies aviation agreement with Aruba which is provisionally in effect pending formal ratification. The agreement includes seventh-freedom rights -- which give U.S. carriers the ability to set up regional operations in Aruba -- for scheduled and charter all-cargo services. The Arubans agreed to exempt U.S. airlines from taxes on currency exchange transactions, resolving an issue raised by American Airlines.
- **Appropriations:** On July 30, the Senate passed the DOT FY98 Appropriations bill. Conference on the measure is expected after the August recess.
- **FAA Administrator Nomination:** On July 23, the Senate Commerce, Science and Transportation Committee confirmed the nomination of Jane Garvey to be Administrator of the FAA by unanimous consent.
- **Amtrak Legislation:** On July 30, the House Transportation and Infrastructure Committee approved legislation to restructure Amtrak.

UNITED STATES TRADE REPRESENTATIVE

- **China Space Launch:** A USTR delegation met with their Chinese counterparts for the Annual Consultations on Space Launch Services. The countries agreed on a new annex that will improve the implementation of the agreement's pricing disciplines.

SMALL BUSINESS ADMINISTRATION

- **Welfare-to-Work:** SBA committed to hire 30 people off the welfare rolls each year for the next four years. In the first recruitment round, SBA received 252 applications. SBA expects to fill the 30 available positions before the end of the fiscal year. The first successful applicant will work for the SBA field office in Rochester, NY.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster-Resistant Community Initiative:** On July 24, FEMA contacted Congressional members to inform them that communities in their respective states were being considered by FEMA as prospective pilot communities for FEMA's Disaster-Resistant Community Initiative.

DEPARTMENT OF INTERIOR

- **Manatee Protection:** In an effort to reduce the number of manatees killed or injured annually in boating accidents, the Fish and Wildlife Service, in coordination with the Florida Marine Patrol, began weekend patrols of Brevard County's manatee protection zones to enforce boating and recreational regulations. Operations began July 24 and are scheduled to run through August 17.
- **Southern Ute Ownership of Methane Gas:** The Southern Ute tribe sued for ownership of coalbed methane in December 1991. The 10th Circuit Court of Appeals, after two years of consideration, overturned a lower court ruling when it decided the coal gas belongs to the tribe as part of its holdings in coal or coal estate rather than the gas holdings of non-tribal entities. Coal-land Acts of 1909 and 1910 were studied in coming to a decision on the coal-gas ownership. If the ruling withstands expected appeals, the tribe could become the fourth-largest gas producer in CO. While enriching the tribe, the ruling could drastically shrink community tax revenues, the income of several dozen gas companies and the royalties of 2,000-3,000 other mineral owners. The case now goes back to the lower court to determine the rest of the issues raised by the tribe's lawsuit.
- **Bison:** Representatives of the National Park Service (NPS), USDA and MT reached an agreement on the Bison Management Environmental Impact Statement (EIS). The EIS would not require NPS to take lethal actions within Yellowstone National Park, but would require the park to take management actions to control the herd once it reached 2,500 head.
- **AZ Outdoor Cultural Initiative:** This month, BLM formally launched a program to educate the public through outdoor tours about contributions made by ethnic groups to the Southwest. The initiative will offer horseback, Jeep and motorcycle tours, as well as hikes and archaeological expeditions throughout AZ public lands.

UNITED STATES DEPARTMENT OF AGRICULTURE

-  **Civil Rights Update:** On July 24, the Senate passed the FY98 Agriculture Appropriations bill, providing additional funding for USDA civil rights enforcement activities and outreach to socially disadvantaged farmers. Of the 1,507 total active civil

rights employment cases, 266 cases have been closed and 456 cases remain under alternative dispute resolution. Secretary Glickman has appointed 13 USDA employees to serve on the USDA Hispanic Advisory Committee. On July 24-26, USDA's Rural Development LA State Director hosted workshops on business development programs during the Southern Black Business Association Conference in Monroe, LA.

- **Poultry Dioxin:** A USDA investigation has revealed that three percent of the nation's chicken has a higher-than-acceptable amount of dioxin. While these levels do not represent an immediate health risk or threat, those states affected have been directed not to use such products in school lunch programs.
- **Year 2000:** USDA and HHS are working together on information systems support of social delivery programs to ensure states are adequately addressing Year 2000 problems.
- **Water 2000:** On July 31, the Vice President will announce over \$3 million in USDA grants and loans to seven rural communities in TN to fund clean water and waste water projects throughout the state as part of the Administration's Water 2000 initiative to provide clean, drinkable water and sanitary plumbing facilities for all Americans.

DEPARTMENT OF ENERGY

- **Hanford, WA, Investigation:** DOE's Hanford site is preparing a technical accident report as a followup to the May 14 chemical explosion at Hanford's Plutonium Finishing Plant. On July 9, the draft accident investigation summary report was released. The final report concerning the cause of the accident is expected within the next week. The Secretary will announce a department-wide safety and emergency response notification actions in response to concerns identified at Hanford.
- **Bolivian Presidential Inauguration:** On August 6, Secretary Peña will represent you at the Presidential Inauguration of General Hugo Banzer Suarez of Bolivia.

DEPARTMENT OF EDUCATION

- **CA IDEA Issue:** On July 24, Governor Wilson rejected a condition attached to CA's grant award under the Individuals with Disabilities Education Act (IDEA) requiring that the state provide a free appropriate education to all eligible youth. The CA Department of Corrections notified DOEd in June that it does not intend to serve eligible youths who are convicted as adults and incarcerated in adult prisons. On July 24, DOEd announced it would work with state and local governments to resolve disputes regarding federal funding and that DOEd has not threatened to withhold CA's entire IDEA grant, but that the IDEA reauthorization does not allow states to opt out of serving eligible youth who are incarcerated in adult correctional facilities.

- **Student Aid Website:** In early July, DOEd launched FAFSA on the Web, allowing students and families to obtain and submit electronically their Free Application for Federal Student Aid. So far, 1,187 applications have been submitted through the program. August 20, Secretary Riley will participate in a demonstration of the system.
- **Voluntary National Tests:** On August 19, DOEd staff will brief offices of the governors and chief state school officers of all 50 states on the tests initiative. This will give state officials an opportunity to recommend how this initiative can best support existing state efforts to provide parents, teachers and policymakers with meaningful new information on student performance in reading and math.
- **America Reads:** Over 600 colleges and universities have signed on to the America Reads Challenge Honor Roll.

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ENVIRONMENTAL PROTECTION AGENCY

- **Champion Paper Mill:** On July 29, EPA officials met with representatives from the environmental community, recreational interests and TN to discuss the status of negotiations to address the impact of the discharges from the Champion Paper Mill in NC on the Pigeon River which flows through both NC and TN. EPA outlined a settlement framework that will satisfy public health concerns and fulfill NC's economic needs. The framework provides for significant reductions in color discharge, limitations to the NC water quality variance and continuous improvement in the mill's performance.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Study of Radioactive Fallout:** Several press articles this week have discussed an unpublished National Cancer Institute study to assess exposures to radioactive iodine-131 fallout from atmospheric nuclear bomb tests carried out at the NV Test Site in the 1950s and early 1960s. The study was conducted in response to 1982 legislation. On August 1, DOE will hold a briefing for Congress and public health officials to release the executive summary and technical summary of the report along with a list of exposure levels for each county in the U.S. A more complete report is scheduled to be published by October 1. The full report, totaling about 100,000 pages, will be released as soon as possible thereafter. DOE is asking the National Academy of Sciences to assess the risk of exposure and offer guidance to physicians on treating persons who might be at risk.
- **CellPro Petition:** On August 1, NIH Director Varmus announced his decision on a petition requesting that HHS invoke Federal "march-in" rights under the Bayh-Dole Act of 1980 in order to give CellPro a license to certain patents owned by the Johns Hopkins University and licensed to Baxter Health Care Corporation. The NIH Director has the authority to make a march-in determination as the invention at issue was made with NIH funding. The invention is a device that has been used to concentrate certain stem cells

from peripheral blood to restore the bone marrow in autologous transplantation for cancer patients. On July 24, a DE court federal judge ordered CellPro to pay \$7 million in damages for willfully infringing on patent rights in marketing the device. Also on July 24, an FDA advisory committee discussed but did not make recommendations regarding approval of Baxter's premarketing approval application for its device, Isolex 300. Dr. Varmus emphasized that the patient care implications of this matter are considered first and foremost.

- **Dioxin in Catfish:** FDA is advising catfish farmers and processors whose fish consumed feed from feed mills contaminated with dioxin that they may process their fish with no further requirement for testing. This action is based on FDA's review of catfish data showing the composite catfish samples had dioxin levels below specified amounts.
- **For-Profit Hospitals:**
 - ▶ On July 22, the RI legislature overrode Governor Almond's veto and enacted some of the toughest for-profit hospital restrictions in the country. Under the law, for-profit companies will have to wait three years to purchase a second hospital in the State. The law was introduced after Columbia-HCA announced plans to buy Roger Williams Medical Center in Providence. Enactment of the law is expected to end Columbia's efforts to purchase Roger Williams.
 - ▶ In MA, the State Senate Ways and Means Committee recently approved a bill that would ban all for-profit companies from buying hospitals until full regulatory oversight of the deal is in place. The bill would also toughen regulation of mergers of non-profits and HMOs.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Disaster Recovery Program:** Secretary Cuomo will unveil HUD's new Disaster Recovery Program through a series of conference calls and satellites to states receiving disaster relief grants from HUD. The program brings HUD CDBG money to new areas of the country and institutionalizes HUD's disaster response efforts. On August 1, Secretary Cuomo will announce a \$557,750 Disaster Recovery Grant for NH via conference call to Governor Shaheen. The Secretary will also announce a \$2 million grant for several NV communities, including Reno and Sparks.
- **Community 2020:** On July 29, the second seminar in the Community 2020 Series, which is chaired by Vice President Gore, explored how residential and economic segregation in our cities can be reduced, and how government and community can work together to promote social cohesion and civic harmony.
- **Reinventing Government:** HUD's management reform plan, HUD 2020, includes a reorganization by function instead of program, encompassing several new centers and hubs of operation throughout the country. On August 4, the Secretary will address all

HUD employees via satellite on the progress of this reorganization and announce the locations of the new centers. The appropriate elected officials and other HUD constituents will be notified of the announcement as well.

- **“Get Tough” Campaign:** Monthly reports by DOJ to HUD will provide the names of individuals indicted or convicted in cases involving improper actions against HUD. The reports will enable HUD to impose sanctions including debarment. DOJ will provide information on cases going back to the beginning of 1995.
- **Buffalo, NY, Office:** On July 31, Secretary Cuomo met with the upstate NY Congressional delegation to discuss the field restructuring of the Buffalo HUD office.

VETERANS AFFAIRS

- **Medicare Subvention Pilot:** VA’s Medicare subvention pilot proposal may have been lost in the budget reconciliation process. This proposal was the centerpiece of VA’s health care legislative program and a key part of the plan for financial viability. VA urges the Administration to help put this proposal back on track.
- **Filipino Veterans:** On July 26, several hundred Filipino veterans of World War II and their supporters gathered at the White House to protest the amount of veterans benefits they receive from the U.S. government. Fifteen individuals were arrested, including Representative Filner. Veterans who served in Filipino-only units of the U.S. Army during World War II receive full veterans benefits. Those who served as guerrillas under the command of the U.S. Army or enlisted in the U.S. Army after the end of World War II, receive partial benefits. Guerrillas without documentation of their service receive no benefits. On July 25, VA testified before the Senate VA Committee in opposition to the Filipino Veterans Equity Act, which would extend full veterans benefits to the groups receiving only partial benefits. VA testified that as part of the 1946 agreement with the Philippines the U.S. transferred \$200 million to that country for the care of Filipino veterans.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **D.C. Marijuana Initiative:** On July 23, Director McCaffrey stated, “The administration continues to oppose efforts to legalize marijuana through the ballot box,” regarding the proposed ballot initiative to legalize marijuana in Washington, D.C., for medical purposes. The Director’s quotation appeared in the *Washington Post*, *Washington Times* and *USA Today*.

SOCIAL SECURITY ADMINISTRATION

- **Report Social Security Card:** On July 25, SSA sent OMB a report for review on the development of a prototype counterfeit-resistant Social Security card. The Welfare and Immigration Reform Acts of 1996 require that SSA report to Congress on this plan by August 22.

cc:

The Vice President
Erskine Bowles
Franklin Raines
John Podesta
Sylvia Mathews
Ron Klain
Melanne Verveer
Rahm Emanuel
Mike McCurry
Doug Sosnik
Craig Smith
Mickey Ibarra
Maria Echaveste
John Hilley
Janis Kearney
Ann Lewis
Bruce Reed
Gene Sperling
Katie McGinty
Jack Gibbons

UNITED NATIONS

Balkans Trip: On July 11-17, Ambassador Richardson travelled to Brussels, the Balkans, Rome and Bonn. Richardson visited UN peacekeeping operations and met with Croatian President Tudjman, Bosnian President Izetbegovic and RS President Plavsic. As a result of Richardson's efforts, Tudjman allowed a public statement in support of the return of Croatian Serb refugees. Richardson also convinced Tudjman and Izetbegovic to set a date (August 6) for a bilateral meeting between the two presidents. In Rome and Bonn, Richardson briefed officials on the status of the UN arrears/reform package, asked for Italian and German support and a reduction in the U.S. scale of assessments. Italian officials vigorously protested the U.S. position on Security Council reform, while the Germans commended the U.S. initiative. Both governments criticized the U.S. unwillingness to pay outstanding dues but were sympathetic to the constraints faced by the Administration.