

THE WHITE HOUSE

WASHINGTON

August 14, 1997

8-17-97

MEMORANDUM TO THE PRESIDENT

FROM: ANN WALKER *AW*
TERRY EDMONDS *TE*

RE: NAACP CRISIS MAGAZINE ARTICLE

copied
T. Edmonds
A. Walker
A. Lewis
S. Mathews
COS

Attached for your approval is a draft of the NAACP Crisis Magazine article that you will submit for the special edition on the Central High School desegregation issue. The publication requested that you provide a personal reflection of the impact this event had on your life. To meet their deadline, we would appreciate receiving your comments before you leave for vacation. Thank you.

*page 1 change important
for accuracy as well as
meaning -*

*have made several others
too - Betty or Nancy can
help you now if there are
mistakes! -*

BK

Chron.

DRAFT 8/14/97

CENTRAL HIGH ARTICLE FOR CRISIS MAGAZINE (NAACP)

I was only 11 years old when the nation's attention was riveted by the scene of nine black children being escorted by armed troops on their first day of school at Little Rock's Central High. The integration of Central High was a national drama for many, but it had a profound personal impact on me.

~~As a little boy growing up in Hope, Arkansas, I was~~ ^{Not Spring, concerned} ~~naturally curious~~ about the racial

separation between blacks and whites that was taken for granted by so many of my neighbors and

~~When I was a very young boy in Hope, Ark. I spent time in my friends. I turned to my grandfather for counsel. He ran a little grocery store in Hope and it was~~
~~grandfather's grocery store. At his feet that I got my first lessons in race relations. Many of his customers were poor and~~

~~black, but he treated everyone, black or white, with the utmost dignity and respect. It was he~~
~~who tried to explain to me why it was that a young black boy I played with couldn't go to school~~
~~with me, or why the streets in the black neighborhood were not paved like the streets in the white~~
~~part of town. My grandfather helped shape my understanding of race. He may have only had a~~
~~crisis developed, they feared segregation and couldn't understand why~~
~~grade school education, but in his heart and in his infinite wisdom, he knew that segregation was~~
~~not morally wrong.~~

~~That is why I felt somehow personally connected to those nine brave boys and girls as they~~
~~Don't know how they came to be all from the conventional white opposition~~
~~marched through a mob right up to the front steps of Central High. Three years earlier, the U.S.~~
~~to racial equality, but I'm grateful to them for what they taught me,~~
~~Supreme Court had handed down its landmark ruling in Brown v. The Board of Education, which~~
~~Perhaps because of that, and my own experience with black children,~~
~~stipulated that "separate educational facilities are inherently unequal." The Court ordered the~~

~~integration of public schools -- but it would take more than a court ruling to change the insidious~~
~~legacy of slavery and Jim Crow. The persistence of racial animosity plagued the South for many~~

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years after *Brown* and a massive resistance movement emerged among those opposed to integrated schools. Arkansas became enmeshed in this conflict when ^{the governor and other} state officials steadfastly resisted federally mandated integration.

During the autumn of 1957, tensions between segregationists and integrationists came to a forefront in what became "The Crisis at Central High." The local school board in Little Rock had devised a plan to integrate Central High, and nine black students voluntarily transferred to Central High. These courageous students were my friend Ernest Green, Elizabeth Eckford, Terrence Roberts, Gloria Ray Karlmark, Carlotta Walls Lavier, Jefferson Thomas, Minnijean Brown Trickey, Thelma Mothershed Wair and Melba Beals. In what has become an unforgettable episode in our nation's history, ~~segregationist~~ Governor Orval Farbus ordered the Arkansas National Guard to prevent the nine black teenagers from entering the doors of Central High. In response, President Dwight Eisenhower took control of the National Guard and also sent in over one thousand paratroopers to protect the right of the black students to attend Central High. This historic set of events in 1957 marked the first time school integration efforts were enforced under the auspices of the federal government.

~~The unalterable convictions of my friend Ernest Green and eight other black students~~
~~seeking an education at Central High would not be compromised.~~ With the help of the NAACP, led by a remarkable woman named Daisy Bates, the Little Rock Nine, as they were called, refused to resolve themselves to the second-class education that segregation afforded to black students. They integrated Central High.

Their first year at the school was marked by daily barrages of the worst kind of racial venom imaginable. But they fought back, not with ugly words and hate, but with the dignity

instilled in them by strong parents and strong faith. That is what got them through.

One of my proudest moments as Governor of Arkansas came on October 23, 1987, when Ernie Green and the Little Rock Nine returned, thirty years later to Little Rock and Central High.

They had ~~all~~ gone on to successful professional careers. ~~It is a testament to the courage and resilience of every one of the Little Rock Nine that they excelled in life.~~ Despite the difficulties they experienced in Little Rock, 

The experience at Central High was a microcosm of the South, ~~offering a glimpse of a period in our nation's history~~ when freedom and equality were undermined by the forces of division and hate. The integration of Central High in Little Rock was a testament to the moral force of our values and our Constitution. Today, Central High is a symbol of the new American commitment to academic excellence and racial equity. It has an integrated student body, an integrated faculty and a reputation that any school, anywhere, would be proud of.

~~Still,~~ ^{40th} But, we continue to grapple with the legacy of segregation even as we mark the anniversary of integration at Central High.

After a generation of progress forged in integrating our nation's public schools, ~~we are~~ ~~now moving toward the resegregation of higher education.~~ Dramatic reductions in the number of

minority students both seeking and enrolling in higher educational institutions in California and Texas ~~ought to disturb us all~~ ^{raise the question of whether we are moving toward a resegregation of public higher} I have been a strong supporter of affirmative action because it has ~~education on the theory that affirmative efforts to establish a diverse student body~~ opened the doors of opportunity to a large class of citizens previously excluded from pursuing ~~an effort to which students with good grades but scores who don't get in~~ ^{their dreams.} ~~the right kind of affirmative action has strengthened~~ higher education and promoted equal opportunity, with little ~~seen~~

This September, I am returning to Little Rock and Central High to help commemorate the ~~that~~ ^{40th anniversary} of the epic struggle of those nine black children who forever changed the face of ~~the~~ ^{the} ~~country~~ ^{highest} higher educational system in the world. There is room for excellence and opportunity for all.

a Little Rock school and the face of American education. Every American owes them a deep debt of gratitude. They taught us a valuable lesson. Segregation not only deprived African Americans of the right to attend public educational institutions in Arkansas, but it also deprived white students of the opportunity to benefit from the diversity upon which our country has thrived.

It is inconceivable that I could ever have become President of the United States had it not been for the *Brown v. Board of Education* decision and voting rights decisions that affirmed the right of African Americans to participate fully in the democratic process. The relationships that I subsequently developed with African Americans in my state enabled me to become the Governor of Arkansas, and ultimately the President of the United States. The political benefits that *Brown* and other decisions have conferred upon me, however, pale by comparison to the moral benefits that our democracy has accrued because of these momentous decisions. Our progress in advancing the ideals of equal opportunity, fundamental fairness, and integration is the byproduct, indeed, the legacy of *Brown*, Central High, and other milestones of the civil rights era.

As we prepare to enter a new century and a new millennium, we must redouble our efforts to insure that the promise of equal opportunity is preserved. We would do well to heed the words of one of the Little Rock Nine, Melba Pattillo Beals, who tells her story of those dark days in her book, *Warriors Don't Cry*. Melba writes, "If my Central High School experience taught me one lesson, it is that we are not separate. The effort to separate ourselves whether by race, creed, color, religion, or status is as costly to the separator as to those who would be separated....The task that remains is to cope with our interdependence -- to see ourselves reflected in every other human being and to respect and honor our differences." It is my great hope that America will keep striving to live up to those words.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
8-17-97

August 16, 1997

MR. PRESIDENT:

Attached are the following weekly information items:

- (A) Interest Rates and the Stock Market
- (B) DPC Report
- (C) CEQ Report
- (D) Emanuel Report
- (E) Cabinet Report
- (F) Public Liaison Report
- (G) Intergovernmental Report
- (H) Political Report

Phil Caplan *Phil*

copies:

Tab B - Reed, Kagan, COS

Tab C - McInty, COS

Tab D - Emanuel, COS

Tab E - Marshall, COS
p. 9 - McInty

Tab F - Echaveste, COS

Tab G - Elbarra, COS

Tab H - Smith, COS

DNC Report - Smith, Lewis, COS

Reed
Kagan
COS

1997 AUG 16 11:10

THE WHITE HOUSE
WASHINGTON

August 16, 1997

THE PRESIDENT HAS SEEN
8-17-97

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. **Crime -- Child Safety Locks:** Smith and Wesson -- the world's leading manufacturer of handguns -- announced earlier this week that as of September 2, all of the handguns it sells for commercial use will come equipped with a child-safety lock made by Master Lock. The lock is a keyed device that when in place prevents a person from pulling the gun's trigger. As you know, your juvenile crime legislation would require all federally-licensed gun dealers to provide a child-safety lock with every handgun sold. You also directed federal agencies to ensure that all federal law enforcement agents have child safety locks for their handguns by October 15.

2. **Health -- FDA Reform Legislation:** The Administration is working with members of Congress and the pharmaceutical industry to reach agreement on an FDA Reform bill in September. Early passage of this legislation is critical to both the FDA and the industry because the bill includes the reauthorization of the Prescription Drug User Fee Act (PDUFA), which provides for user fees to ensure expedited review and approval of new drugs. Without a reauthorization of PDUFA, the user fees will lapse, layoffs of FDA personnel will occur, and the expedited review process will come to an end. The most important issue to be resolved in the bill is the one Senator Kennedy mentioned to you recently: whether federal law should preempt state regulation of cosmetics, perfumes, creams, etc. There is also a question about the environmental impact of certain provisions in the bill.

3. **Education -- Investigation of University of California:** The Office for Civil Rights (OCR) at the Department of Education is continuing its investigation of the admissions policies of three University of California law schools: Boalt Hall, UCLA, and UC-Davis. OCR hopes to decide by the end of this year whether the law schools, whose new facially race-neutral admissions policies have a clear disparate impact on members of different racial groups, are in violation of federal civil rights law. Senators Hatch and McConnell wrote a letter to Secretary Riley on July 31 denouncing OCR's inquiry as a "politically motivated" effort to "ride roughshod" over the "will of the people, the courts, and the Constitution." The two senators threatened to introduce an amendment this fall to prohibit the Department from using any of its funds to investigate race-neutral admissions policies.

4. **Welfare -- Food Stamp Cut-Off:** About 900,000 legal immigrants will lose food stamps this month. The welfare law required states to drop legal immigrants from the rolls within a year

after the law's enactment. Most states, with USDA's approval, decided to make the cuts at the last possible moment, so the vast majority will occur between now and August 22. At our urging, Congress recently enacted legislation allowing USDA to sell food stamps to states for distribution to legal immigrants and other individuals made ineligible by the welfare law. This measure will allow states to continue nutrition subsidies to these people without incurring the administrative costs of setting up separate programs. Washington State, Massachusetts, and New York already have signed up for this option, and USDA expects more states to do so.

5. **Welfare -- Press Reports:** As you know, the Washington Post ran a front-page banner headline on the day after your trip to Missouri saying "Welfare Rolls Continue Sharp Decline." In the wake of the Post story, several good articles on welfare reform have appeared, including the attached, uncharacteristically positive New Republic TRB column by Michael Kelly.

→ Bruce

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TRB

FROM WASHINGTON

A promise kept

Last August, when President Clinton signed into law the bill that promised to end welfare as we know it, many in the administration itself regarded the measure as a great gamble. To some liberals, the gamble was insupportable. The Urban Institute, in a famous study, predicted that the new law would impoverish 2.6 million people, including 1.1 million children.

Next week marks the first anniversary of the welfare bill's enactment, and the White House is trumpeting. And trumpet it should. As Bruce Reed, the president's assistant for domestic policy, boasted on August 12, the nation's welfare caseloads

have been reduced by 3.4 million, or an astonishing 24 percent, since Clinton became president, and they are declining still. The rolls fell by 1.9 million in the first three and a half years, before passage of the welfare reform act, and they fell an additional 1.45 million in the nine months from the enactment of the law through May of this year, the last month for which figures are available. If the trends of the first nine months are found to have continued, Reed said, the caseload will have fallen by a total of 2 million by the end of the first full year of the welfare law. "These numbers are a stunning success, totally unprecedented in the history of welfare," said Reed. He is right.

Since the beginning of 1993, the welfare rolls in Wyoming have fallen by 68 percent; in Wisconsin, by 54 percent; in Oregon, by 48 percent; in Tennessee, by 47 percent; in Oklahoma and South Carolina, by 46 percent; in Indiana, by 45 percent; in Kansas, by 41 percent; in North Dakota, by 40 percent; in Alabama and Florida, by 38 percent; in Michigan, by 36 percent; in New Jersey and New Hampshire, by 30 percent—and so on.

There are a number of reasons for the good news, and some of them have little

to do with the welfare law itself. One obvious reason is the boom economy. But the economy cannot be the primary cause. No remotely comparable decreases in welfare occurred during the fat years of the 1980s; indeed, there have been only two years in which caseloads fell by more than 250,000 in all of welfare's six decades. "The left is trying to say it is only the good economy driving this, but the last time you saw decreases of this magnitude was during the Korean War," says Robert Rector, a welfare policy analyst at the Heritage Foundation.

Another obvious cause of the good news that has nothing to do with Clinton or his welfare law was the passage of an earlier reform, the 1988 Family Support Act. It was this measure that allowed states to apply for waivers from federal welfare requirements and to begin experimenting with the work

requirement programs that are an important factor in driving the rolls down. The Clinton administration's role here was the largely passive one of granting waivers.

Still, the law worked out between a Republican Congress and a Democratic president made an immense difference. It ended cash welfare as an entitlement, and it changed the enforcement role of the federal government from ensuring that states met their obligations toward a relentlessly expanding welfare state to ensuring that they meet their obligations toward shrinking the welfare state.

And the famously dire predictions of the Urban Institute? They are, it turns out, no longer operative. Sheila Zedlewski, the policy analyst who wrote the pessimistic report, now says that the number of people pushed into poverty by the law has turned out to be "significantly different" than predicted. Again, the economy helped. Also, in contravention to liberal assumptions, the states did not seize upon the opportunity of reduced federal mandates to starve their citizens. In Zedlewski's careful words, "As we have seen the Food Stamp changes play out, the number of states that have applied for and received waivers [from the requirement to force unemployed adults off the Food Stamp rolls] because of local high unemployment rates or surplus labor areas is higher than people were estimating a year ago."

But the most important factor affecting the prophecy of disaster was at least partially Clinton's doing. The 1996 law's most radical measure eliminated Supplemental Social Security aid to elderly and disabled legal immigrants. Clinton argued, in his usual amazing fashion,

continued on page 41



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Former U.S. Ambassador to the UN

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DELUSIONS OF GRANDEUR

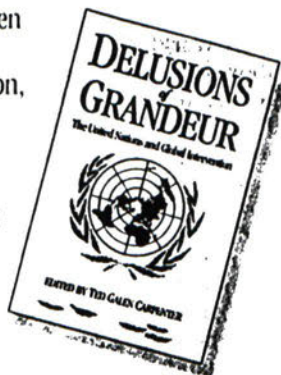
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expanded west to the Oder-Neisse Line and acquire German cities such as Breslau and Königsberg. Further, Poland was allowed to "ethnically cleanse" its new territory; 10 million Germans were expelled to West Germany. These arrangements were solidified by treaty between Poland and East Germany.

Although the German Federal Republic has abandoned all territorial claims, there is good reason for Poland to be concerned and to clamor for inclusion in the NATO military alliance. However, it should be possible to reassure Poland and guarantee her borders less expensively than what the NATO expansion will cost the American taxpayers.

KURT G. STRAUSS
Tucson, Arizona

The killing fields

To the editors:

The mind reels at the character of justice that Pol Pot's inhumanity demands ("Overdue Process," July 14 & 21). But your Cambodian hall of villains is incomplete. You chastise China for its interference in the internal affairs of Cambodia but have apparently forgotten that Cambodia's neutrality was first compromised by the North Vietnamese and the "sanctuaries" they established along the southern reaches of the Ho Chi Minh Trail. And you are altogether too modest about America's own contribution to the creation of the killing fields.

Between 1969, when Richard Nixon first ordered the secret bombing of the Vietnamese bases in Cambodia, and 1973, when the U.S. Congress finally halted it, more than a half-million tons of bombs were dropped on the country. The mounting toll of civilian deaths, the CIA-backed overthrow of Prince Sihanouk by Lon Nol in 1970 and the U.S. invasion just weeks later all served to antagonize Cambodian society, making the ranks of the Khmer Rouge swell from an estimated 2,500 in 1969 to an army of 50,000 just three years later—the army which Pol Pot would unleash on its own country.

Your vision of justice might have been achieved at the end of the '70s after Vietnam's invasion of Cambodia ended the slaughter and crushed the Khmer Rouge; unfortunately, our vengeful Vietnamese policy and desire to court Beijing actually allowed the communists to regroup and eventually assert power again. The scenario of Pol Pot on trial is not without merit; let's just hope the court doesn't go searching for accessories.

DAVID SEPPA
Denver, Colorado

that his signing of a law that liberals regarded as a betrayal of liberalism was a reason that liberals should vote to reelect him. Let Clinton fix Clinton.

Well, he did. In the recent budget deal between the White House and Congress, the president accomplished the restoration of SSI benefits to all immigrants who were legal before August 22, 1996, the date of the welfare bill. That restored benefits to half a million deserving people. This and other measures, including funding to provide work for unemployed Food Stamp recipients, that were negotiated into the budget agreement have, in Zedlewski's words, "gone a large way towards fixing the problem." Zedlewski says she cannot say precisely how much she would now cut her estimate of the number of people pushed into poverty by the welfare law, but she notes that fully half of the Urban Institute's previous estimate of 2.6 million came from projections of those who would be hurt by the denial of Supplemental Social Security payments and Food Stamps.

So Clinton has done what he has said he would do. He is the president who will have ended welfare as we know it. If this holds, Clinton will deserve credit for a great historic and moral achievement.

If this holds. In Clintonism, there are no last acts. In May, the White House issued a long-awaited Labor Department ruling on whether welfare recipients placed in work programs under the terms of the welfare reform law and state laws were covered by federal and state minimum wage laws and other labor laws and regulations. Yes, they were covered, said the ruling, to the tune of twenty-five separate statutes. The GOP authors of the welfare law, and Republican and Democratic governors, said that the ruling would make it impossibly expensive for states to continue the work programs that are critical to a continued decline in the welfare rolls.

Congressional Republicans proposed language in the budget reconciliation bill to overrule the Labor Department rulings. But the White House wouldn't budge, except on the one, minor, issue of whether welfare recipients on work programs should be eligible for the earned income tax credit. The president threatened to veto the budget bill unless the offending language was removed. As it stands, the ruling that sharply curtails the ability of the states to enact effective welfare-to-work programs remains in force. Without serious workfare programs, the good news will level off, and then turn bad when the economy softens. If Clinton does not wish to be undone, he must once again undo.

MICHAEL KELLY

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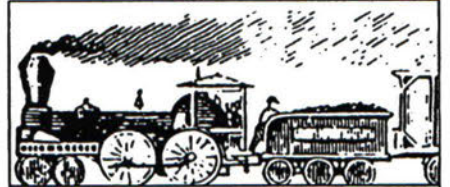
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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

*Copied
McGinty
COS*

August 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY *WPN for KAM*

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

THE PRESIDENT HAS SEEN
8-17-97

RESOURCE STEWARDSHIP

Protection of Yellowstone

Joy
Yesterday the Administration announced that more than 22,000 acres of Federal forest lands near Cooke City, Montana will be withdrawn from mining claims. On August 25, 1996, you toured the site of the proposed New World Mine near Yellowstone and declared a moratorium on further mineral entry on federal lands in the area. This two-year moratorium provided time for the Bureau of Land Management and the Forest Service to complete an environmental study of the longer term mineral withdrawal announced yesterday. This withdrawal will be a significant step to help ensure the future protection of Yellowstone and the outstanding natural resources in the adjacent area.

SUSTAINABLE COMMUNITIES

St. Louis Event

In January 1997, the President's Council on Sustainable Development (PCSD) recommended that the Administration adopt a "metropolitan policy" dealing with the interrelated economic, environmental, and social needs of urban areas and their surrounding suburbs. Since then, CEQ has been working with the McArthur Foundation and the Center for Neighborhood Technology, a community-based group in Chicago, to design such a policy.

The McArthur Foundation has recently completed a series of meetings in 11 metropolitan regions across the country and plans to issue a report late this fall. The report is expected to have a set of useful recommendations for the Administration suggesting ways in which a metropolitan policy could unite urban and suburban areas in common causes, such as the connected problems of urban disinvestment and suburban sprawl.

'97 AUG 15 PM 7:30

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THE WHITE HOUSE
WASHINGTON

August 15, 1997

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

THE PRESIDENT HAS SEEN
8-17-97

Good
CRIME/DRUGS: We issued a statement from the President praising Smith & Wesson for their decision to now manufacture handguns with child safety locks. In addition to the statement, I sent a letter from the President to the CEO of Smith & Wesson and the CEO of Master Lock.

Good
I have placed a call to the CEO of Smith & Wesson to probe the possibility of calling together other gun manufacturers to follow their lead.

I have talked to General McCaffrey and the Attorney General about giving a joint speech highlighting the drug problem in the state prison system. I believe a joint appearance will also highlight the rate of repeat drug users in the prison system. I want their speeches to have a real edge and clearly attack the management of the prisons and prisoners. My goal is to create a context where the Governors help push for use of the federal prison assistance as a way to pay for the drug testing and treatment program.

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This fall Senator Hatch plans to take his Juvenile Crime Bill to the floor. In the committee the GOP has made a number of concessions in our direction. However, they have not gone far enough in any particular area and we will have to push any and all gun legislation on the floor.

WELFARE: Michael Kelly from the New Republic wrote a very favorable column on the President's welfare reform agenda. In short, he acknowledges that the President will be successful in claiming that he ended welfare as we know it and it may not turn out to be as dire as the critics have predicted; in fact, it may be a success.

We need to produce a study or survey of how Governors are spending their welfare windfall. Articles on this subject indicate that the states are investing heavily in transportation, child care, job training, and transitional assistance. However, there is no hard data anywhere on this subject.

EDUCATION: I have been working with Bruce on a back to school education communication

AFFIRMATIVE ACTION: Although it looks like the President has decided to pursue the strategy presented by Walter Dellinger, I would like to raise a dissenting voice. Rather than the administration filing our third opinion in this case, I think we should maintain our current position in the Piscataway case. A new position could only contribute to the perception that the President has been inconsistent -- providing another anecdote for those who argue the President "flip-flops."

FALL STRATEGY: I see the fall agenda divided into an inside outside strategy. Issues or items which make-up the inside the beltway agenda are: Fast Track, Climate Change, Entitlement Reform, and the Chinese State Visit. Issues which make-up the outside agenda or public profile are: education, the tobacco settlement, the White House Conference on Child Care, the Appropriation's Bills, and Campaign Finance Reform.

A successful fall will include a win on Fast Track, funding for our agenda in the Appropriations process, minimizing our damages from the Thompson hearings and the Chinese State Visit. Those victories would cap a very successful first year.

Dr. Pokras
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 Our return up them
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THE WHITE HOUSE
WASHINGTON

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Marshall
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August 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. *TM*

SUBJECT: Summary of Cabinet Weekly Reports
August 8 - 15, 1997

THE PRESIDENT HAS SEEN
8-17-97

DEPARTMENT OF TREASURY

- **Financial Services Negotiations:** Next week, Treasury and USTR officials will visit India, Indonesia, Japan, Korea, Malaysia, and the Philippines to discuss the WTO Financial Services Negotiations. The negotiations are scheduled to conclude in December 1997, and we hope to gain commitments to open banking, securities, and insurance markets to U.S. firms. On September 10, Secretary Rubin is scheduled to testify before the Senate Banking Committee on international financial services.
- **Fast Track:** Treasury remains engaged in the policy, legislative and communications effort on Fast Track leading up to the official September 10 kick-off event. On September 10, Secretary Rubin will discuss Fast Track at a Business Roundtable breakfast.
- **Community Development Institutions:** On August 6, Secretary Rubin sent a letter to Representative Bachus, Chairman of the House Banking General Oversight and Investigations Subcommittee, to inform him of the resignations of the Director and the Deputy Director of the Community Development Financial Institutions. Secretary Rubin outlined strengthened procedures that have been established to govern the program, including a conflict of interest policy for grant reviewers.
- **International Law Enforcement:** On August 14-15, Attorney General Reno and General McCaffrey took part in the plenary session of the first U.S.-Central American Ministerial on Law Enforcement, Public Security and Drugs. Under Secretary Kelly and senior representatives of Costa Rica and Panama will discuss money laundering and arms trafficking.

- **International Financial Services:** On September 10, Secretary Rubin, Ambassador Barshefsky, and CEOs from several major corporations are scheduled to testify before the Senate Banking Committee on international financial services.
- **Inflation-Indexed Bonds:** Treasury is preparing to issue a new line of Series I inflation-indexed savings bonds in 1998, the first time that savings bonds will be indexed for inflation. Like other inflation-indexed bonds sold earlier this year, these bonds will provide investors with protection by changing the annual payment based on the rate of inflation.

DEPARTMENT OF JUSTICE

- **FL Health Care Fraud:** "Operation Takeback," a multi-agency effort targeting health care fraud, resulted in a 62-two count indictment charging six persons with fraud, conspiracy, and receiving illegal kickbacks in return for the referral of Medicare patients. A civil complaint seeking damages of \$170,000,000 and an action freezing approximately \$2,000,000 in assets were also filed.
- **Prisoner Population:** The U.S. Marshals Service prisoner population reached a level of 25,850 for the month of June 1997, bringing the FY97 average daily population to 24,947, a 6.7 percent increase over FY96 figures. For the month of June, the U.S. Marshals Service had 107 juveniles in custody, bringing the FY97 average juvenile prisoner population to 95, a 25 percent increase over the FY96 average of 76.
- **NY Bank Settles Mortgage Lending Bias Suit:** On August 13, DOJ filed a complaint and consent decree in United States v. Albanc, FSB, alleging that Albanc discriminated on the basis of race and national origin by adopting discriminatory redlining policies that excluded specific areas and cities in Westchester County, NY, and CT from which it would not take mortgage loan applications. Under the consent order, Albanc will end its restrictions on loans and make at least \$55 million in mortgage loans at 1.5 percentage points below prevailing interest rates in the formerly excluded communities with significant African-American and Hispanic populations.
- **IL Hispanic Congressional District Upheld:** On August 1, the three-judge court in King v. State Board of Elections (N.D. Ill.) ruled that the majority-Hispanic fourth Congressional district in Chicago, IL, is constitutional. The court concluded that the district's consideration of race is no more than reasonably necessary to fulfill its remedial purpose.

DEPARTMENT OF COMMERCE

- **Government Statistics:** On August 20, DOC will release the figures for U.S. International Trade in Goods and Services (June). On August 28, DOC will release preliminary figures for Gross Domestic Product in the 2nd quarter of 1997.
- **International Market Assessment Program:** The Bureau of Export Administration's revised *European Diversification and Defense Market Assessment Guide* will be published in August. This edition profiles twenty countries in western and central Europe and provides dual-use and defense market information for small and medium-sized U.S. firms.
- **Cuban Aid:** The Bureau of Export Administration has been assisting State and Treasury to develop information on U.S. humanitarian aid to Cuba with a specific focus on sales and donations of medicine, medical supplies and equipment. The U.S. government is under pressure from Cuban aid groups that have incorrectly claimed that the U.S. embargo has denied desperately needed medical items to Cuban citizens.

DEPARTMENT OF LABOR

- **AFGE Convention:** On August 18, Secretary Herman will travel to Los Angeles, CA, to address the American Federation of Government Employees Convention.
- **Labor Day Tour:** Secretary Herman is scheduled to travel around the country the week prior to Labor Day to participate in events that are tied to her goals for DOL. The tour will include the following regions and topics:

West	Welfare to Work
Southwest	Fast Track
Midwest	Balancing Work and Family
South	Retirement Security
Appalachia	Safety and Health

Secretary Herman will conclude her tour with traditional Labor Day events on September 1, and the New York Labor Day Parade with AFL-CIO President John Sweeney on September 6.
- **Wheeling-Pittsburgh Steel Corporation Update:** On August 12, members of the Steelworkers union at the Wheeling-Pittsburgh Steel Corporation approved a five-year agreement, ending their 45-week strike at facilities in OH, PA and WV.
- **UAW Potential Strike:** General Motors is again facing the possibility of a walkout over a local plant contract. The automaker has received notice from the UAW of a midnight, August 15, strike deadline at its transmission facility in Ypsilanti, MI, where a stoppage could have an early impact on production at other GM sites.

- **Los Angeles County Employees Strike:** On August 7, thousands of Los Angeles County employees represented by SEIU Local 660 picketed government buildings during their lunch break to protest the absence of funds for pay increases in the county's proposed budget. The employees reportedly have not received raises for several years. A strike authorization vote is scheduled for September 4.

DEPARTMENT OF TRANSPORTATION

- **Aviation Safety:** On August 13, Secretary Slater announced that DOT's Inspector General and FAA will conduct a follow-up review to assess the implementation of recommendations by the FAA's 90-day safety review task force's report published on September 16, 1996. The review will identify further actions FAA can take to target its safety resources more strategically and respond more quickly to changing safety needs of the industry. The review is expected to be completed by November 30.
- **Aviation Security Equipment:** On August 8, the FAA announced it is purchasing \$7.3 million worth of explosives detection equipment for screening checked baggage.
- **National Radar Failure:** Twice last week the AS-7 radar at Washington National Airport failed, causing FAA to use the Andrews Air Force Base radar to continue operations. Lightning strikes were the cause of failed circuit cards. The affected circuits are designed to be protected from lightning strikes, and an investigation began on August 11 to find out why that protection failed.
- **TWA 800:** On April 3, the FAA published NTSB recommendations in the Federal Register to solicit additional information regarding the effectiveness and practicality of implementing TWA 800 safety recommendations. The FAA is currently evaluating over 400 pages of comments, as well as information from the ongoing accident investigation, and plans to issue a response to the NTSB by early September.
- **ValuJet Report:** On August 19, the NTSB will meet to consider the final report on ValuJet Flight 592, a Douglas DC-9 which crashed in the FL Everglades near Miami on May 11, 1996.
- **Airline Passenger Screening:** DOT and DOJ are developing a survey to help determine if the new computer-assisted profiling system being developed by the FAA and Northwest Airlines to ensure airline security has any disparate impact on minority groups.

UNITED STATES TRADE REPRESENTATIVE

- **Laos Trade Agreements:** USTR concluded bilateral trade agreement negotiations and a bilateral investment agreement with Laos. The trade agreement, which is necessary for the normalization of trade relations, grants the U.S. broad market access for goods and

services in Laos as well as the comprehensive protection of intellectual property rights. The agreement will allow for a grant of MFN status to Laos upon the enactment of legislation. The bilateral investment agreement grants U.S. investors in Laos broad rights and protection.

- **EU Hormones:** On August 18, USTR expects the WTO to make public the final panel report in the U.S. complaint against the EU's ban on growth hormones in meat. The governments concerned already have the final report, which confirmed a win for the U.S. and for U.S. meat exporters.
- **India IPR:** On August 20, USTR expects the WTO to release to the public the final report in the U.S. complaint against India's failure to implement certain provisions in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. This discussion will aid U.S. owners of patent rights in pharmaceutical and agricultural chemical inventions in obtaining the rights they are due in India. It also sets a valuable precedent in enforcing U.S. rights in other emerging markets.

SMALL BUSINESS ADMINISTRATION

- **Welfare-to-Work:** On August 14, Administrator Alvarez and Eli Segal hosted an event at the U.S. Chamber of Commerce to announce the results of a study on the barriers faced by small businesses seeking to hire people off the welfare rolls. Alvarez will also announce that small businesses counseled under the SBA's Small Business Development Company program had either provided or pledged to provide over 650 jobs for welfare recipients.

DEPARTMENT OF INTERIOR

- **Yellowstone Event:** On August 17, the Vice President will be the featured speaker at Defenders of Yellowstone Day which is part of the park's 125th anniversary celebration.
- **National Park Fees:** In August, NPS expects to release the initial funds raised by the fee demonstration program, that you authorized in 1996. The fee demonstration program was originally projected to raise up to \$32 million this year for the National Park System. It is now projected that project revenues may exceed \$50 million.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Aid to Farmers:** On August 8, Secretary Glickman made emergency loans available to family-sized farmers in 33 counties in DE, MD, PA, VA and WV because of farm losses caused by the excessive heat and drought that began in July. He also authorized emergency haying and grazing of Conservation Reserve Program acres in MD, PA and VA.

- **Beef Recall:** On August 12, USDA announced that an AR meat processing company, Hudson Foods, is voluntarily recalling frozen beef patties contaminated with *E. Coli*. Since the beginning of July, fifteen persons in CO have become ill in an outbreak being investigated by the CO Department of Public Health and Environment and USDA.
- **Forest Fires:** Fire danger remains very high in AZ, CA, MN, NV, and WA. In CA, two fires have destroyed 53,000 acres on the Los Padres National Forest and firefighters have not been able to estimate a containment date. Elsewhere in CA, two fires have burned far lesser amounts on the Sequoia and Lassen National Forests. In AK, 51 large fires, involving 1.8 million acres, are burning.
- **Uninspected Meat Products:** On August 7, USDA announced that Zenner's Quality Meat Products, Inc., a Portland, OR, meat processing firm, has been fined \$20,000 and put on probation after pleading guilty to selling and transporting noninspected meat products in violation of federal law.
- **Illegal Aliens' Food Stamp Benefits:** On August 6, Food and Consumer Service officials met with GAO analysts preparing a report which shows that illegal aliens receive \$1.1 billion in AFDC/Food Stamp Program benefits on behalf of their citizen children.
- **Simplified Food Stamp Programs:** The welfare reform bill gives states the option to operate a Simplified Food Stamp Program (SFSP) for families receiving assistance under a state's Temporary Assistance for Needy Families program. To assist states in assessing the effects of its SFSP design on recipients and program costs, FCS has contracted with Mathematica Policy Research (MPR) to provide technical assistance to State agencies free of charge. Currently, eight States are working with MPR: FL, ND, NC, SC, AR, MD, WI and OH.

DEPARTMENT OF ENERGY

- **Minority Syphilis Testing:** A June 23 *U.S. News and World Report* article quoted former and current African-American and Hispanic employees at Lawrence Berkeley National Laboratory as saying they were selectively tested and retested for syphilis, the trait for sickle cell anemia, and pregnancy solely because of their race. The Laboratory conducted a preliminary review of medical testing protocols and reported that there was no evidence to support the allegation that these tests were targeted at minorities. DOE is working with Representatives Dellums, Waters and Towns to resolve their concerns about comprehensive medical testing at DOE's National Laboratories.
- **Russian Plutonium:** On August 19, DOE officials will meet with representatives of the French government regarding international cooperation on the disposition of stockpiles of surplus Russian plutonium. Cooperation could involve French-German-Russian plans to build a pilot plant in Russia to produce fuel from weapons plutonium and a related U.S.-

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Russia effort for a system to convert weapons plutonium to forms suitable for international inspection or disposition.

- **Gasoline Price Increase:** The U.S. average retail gasoline price increased 2.3 cents during the week ending August 4 to \$1.193. This is the largest one-week price increase for 16 months. Over the last month, New York Harbor spot prices have increased 13.7 cents from 55.53 cents to 69.23 cents. Surprisingly strong demand in July, outpacing even relatively high production and imports, tightened gasoline market balances, driving inventories back to low levels.
- **Clean Cities:** On September 4, Houston, TX, will be joining the 50+ cities already designated under DOE's Clean Cities Program. The Program works with community leaders to advance the use of alternatively-fueled vehicles in government and private fleets, and to provide support through assistance with infrastructure and expertise.

DEPARTMENT OF EDUCATION

- **CA University Admissions:** Secretary Riley plans to respond to a letter from Senators McConnell and Hatch regarding DOE's Office for Civil Rights (OCR) investigation of the University of California's (UC) graduate admissions. The letter will explain that OCR is not investigating UC's decision to discontinue affirmative action, but the lack of minority representation in the incoming classes of UC's law schools. The Senators had requested that OCR's investigation cease and asked DOE to provide an explanation of the legal and constitutional analysis underlying OCR's decision to investigate UC.

important

National Tests: On August 13, The *Washington Post* ran an op-ed piece by Representative Goodling outlining the Congressman's objections to your proposals for voluntary national tests in reading and math. DOE staff are preparing a response from Secretary Riley.

- **Title IV Aid:** ESPN has recently reported on a national project begun by DOE's Office of Inspector General (OIG) to review the use of Title IV student aid funds within college athletic programs. OIG developed the program after the successful conclusion of an investigation at the University of Miami where approximately 80 student athletes, assisted by an employee of the athletic department, fraudulently received Pell Grants totaling approximately \$220,000. The problem may be widespread. The ESPN report inaccurately indicated that 22 schools are being examined; in fact, OIG has not released the number of schools under examination.
- **UPS Strike:** The strike against UPS is causing serious delays in delivery of textbooks to colleges and schools just before the beginning of the school year. The president of a national organization representing university mail services wrote to Secretary Riley urging him to encourage you to help resolve the strike as quickly as possible.

- **Baby Boom Echo:** On August 21, Secretary Riley will hold a press conference to announce the annual report on school enrollments, which will document the continuing explosion in student enrollment. The nation will set a new enrollment record this year of 52.2 million students.
- **Early Childhood:** The Corporation for Public Broadcasting will release a new DOEd-funded video, *The First Years Last Forever*, describing new brain research findings and how they relate to early development and learning. The video, which is targeted to new parents, will be distributed to 120 public television stations with a potential reach of 90 percent of the nation.

ENVIRONMENTAL PROTECTION AGENCY

- **Champion Paper Mill:** Negotiations aimed at addressing the impact of discharges into the Pigeon River from the Champion Paper Mill in NC will continue through August. EPA hosted several meetings in July with stakeholders to discuss proposed settlement options. The settlement framework is intended to satisfy the public health concerns of the citizens of TN and fulfill NC's economic needs.
- **Environmental Program Standards:** EPA and the Environmental Council of the States (ECOS) have reached agreement on a set of Core Performance Measures which will be used to measure the performance of environmental programs. Administrator Browner and ECOS President Harold Reheis are expected to sign the agreement this week. This is the first time in EPA's twenty-five year history that the Agency and the State Environmental Commissioners have agreed on a common set of core measures.
- **Cities Ozone Reclassification:** In actions unrelated to the newly promulgated ozone standard, EPA is likely to "bump-up" the classification of several cities not currently meeting requirements under the Clean Air Act of 1990. Three cities--Phoenix, AR, Santa Barbara, CA and Dallas, TX--would be reclassified to a "serious non-attainment status." The Agency is also reviewing data from St. Louis and the San Francisco Bay area for possible reclassification.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Medicare Fraud Grants:** Next week, the Administration on Aging plans to announce the award of fifteen cooperative agreements totaling \$750,000 to fifteen states in support of state activities to enhance prevention of fraud, waste and abuse in the Medicare and Medicaid programs. The purpose of these projects is to expand the success of the anti-fraud and abuse efforts of HHS under Operation Restore Trust. The demonstration projects will include various collaborative efforts with local agencies to train volunteers, apply technology and distribute information in an effort to detect and reduce waste.

- **Medicare Payments Suspended:** On August 8, the Health Care Financing Administration authorized Blue Cross and Blue Shield of FL to suspend payments to all Florida Sunshine Rehab providers. Sunshine Rehab is a chain of 47 providers of outpatient rehabilitative services and community mental health centers. Problems include billing irregularities and duplicate billing using different provider numbers. The suspension is immediate because HHS believes it will be difficult, if not impossible, to recover the overpayment. The provider has not yet received a copy of the suspension.
- **ARKids First Program:** In the next week, HCFA expects to approve the ARKids First Medicaid demonstration program. On August 7, a complete draft of the terms and conditions of the 1115 waiver was sent to the State for the ARKids First Program. Final negotiations will take place this week.

gory **MA Medicaid Expansions:** On August 8, Acting Governor Cellucci announced a further proposal to expand the Medicaid program, differing from former Governor Weld's position opposing Medicaid expansions. The expansion will cover all children under 19 for families with incomes up to twice the official poverty level. This expansion, which will require legislation, is the result of the budget bill you signed last week.

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cc: K McGinty • **MD Fish Kills:** Senators Mikulski and Sarbanes have made a written request to the CDC to provide expertise and laboratory resources to MD's Pocomoke River investigations of a recent fish kill and purported human health problems that may be associated with a toxic alga, *Pfiesteria piscicida*. MD has a team of physicians and health professionals reviewing reported health related problems. Discussions between CDC and MD health officials are continuing.

VETERANS AFFAIRS

- **Women Heart Attack Victims:** A study of 677 patients, about one-third of them women, found that women who had survived heart attacks were treated differently and less aggressively than men. The study also concluded that although women recovering from a heart attack visited physicians more often than men, they were less likely to undergo diagnostic procedures or treadmill stress tests.
- **American Indian Veterans:** From August 24-29, VA will hold its fifth training session to prepare VA employees to understand and work more effectively with American Indian veterans. The cultural sensitivity training project is an opportunity for VA employees to improve their customer service standing among Native American veterans.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Southwest Border Events:** On August 22, Director McCaffrey will travel to the U.S.-Mexico border to assess drug interdiction efforts, visiting TX, NM, AZ, CA and Mexico. The Director will be accompanied by Congressmen Reyes, Bonilla and Filner.
- **Regional Drug Cooperation:** On July 18, Director McCaffrey chaired a meeting to discuss the development of an Administration position to enhance regional drug cooperation and the strategy for working the issue with Congress. The State Department will take the interagency lead in drafting the September 1 report to Congress on expanded hemispheric cooperation, promised by you in correspondence to Senators Feinstein and Coverdell.
- **Summit Meetings:** On August 14-15, a U.S.-Central America Ministerial-level conference on law enforcement and drugs, co-hosted by Attorney General Reno and Director McCaffrey, was conducted in Washington, DC. Eight countries attended: Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Panama, and Nicaragua.

SOCIAL SECURITY ADMINISTRATION

- **Enhanced Social Security Card:** The Welfare and Immigration Reform Acts of 1996 require that SSA report to Congress on the development of a prototype counterfeit-resistant Social Security card by late August or early September. The report, currently under review by OMB, includes information on the cost, feasibility and workload implications for reissuing cards and imposing user fees.

UNITED STATES INFORMATION AGENCY

- **Bosnia Polling:** A poll conducted in mid-July, largely before President Biljana Plavsic's ouster from the governing SDS, shows that Plavsic and Krajisnik (Karadzic ally) attract equal support from the Bosnian Serb public and that nearly all Bosnian Serbs intend to vote in municipal elections. The survey also shows that few Bosnian Serbs believe the issues of war criminals and refugee return will impact the elections. Currently, the SDS is favored over other parties among the public.
- **Olympic Bombing:** Working in cooperation with the Agency's policy offer, the Information Bureau put on the *Washington File* and Counter-terrorism web-page a story about an FBI request for photographs and videotapes that might be useful in solving the 1996 Olympic Centennial Park bombing in Atlanta, GA.

cc:

The Vice President

Erskine Bowles

Franklin Raines

John Podesta

Sylvia Mathews

Ron Klain

Rahm Emanuel

Melanne Verveer

Michael McCurry

Doug Sosnik

Craig Smith

Mickey Ibarra

Maria Echaveste

John Hilley

Janis Kearney

Ann Lewis

Bruce Reed

Gene Sperling

Jack Gibbons

Katie McGinty

Sid Blumenthal

Paul Begala

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THE PRESIDENT HAS SEEN
8-17-97

August 15, 1997

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MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT - August 9 to August 15

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

BUDGET

- We continue to hear supportive statements on the budget from children's groups. They applaud not only your commitment to the budget, but your and Mrs. Clinton's personal commitment to children. Many see your interest in this issue as a personal crusade to help our children be the leaders of tomorrow.

EDUCATION

- The education community and the representatives that participated in Thursday's outreach meeting were energized by your willingness to have an open dialog about an array of topic influencing society today. Dr. Rodin of the University of Pennsylvania was particularly excited to have the opportunity to be included and believes university presidents can contribute to the nationa education discussion.
- Many in the education community applauded your veto threat over school vouchers. They view it as a strong signal of your commitment to preserve investments in public schools. Some, however, are nervous about threats from the Hill that voucher language will continue to be attached to priority legislation.

HEALTH CARE

- The reaction from the health groups of your announcement on diabetes was excellent, especially in the Hispanic, African American, Seniors, and Children's Health communities.
- The Diabetes Event was greatly received. The advocates are calling it another hit for the Children's Health community. We received statements of support from 20 organizations including Koop, Senator Boxer, the Pharmacists Community, AIDS, Providers and Children's Health advocates.

RACE

- OPL held an internal meeting to discuss options for the next Advisory Board meeting, an October Race Initiative event, radio address dates and to set a schedule for the town halls.

CONSTITUENT AND OTHER ISSUES

JEWISH OUTREACH

- The Jewish community is very pleased with the Guidelines for Religious Expression in the Federal Government that you signed yesterday. The guidelines are particularly important to the Jewish community, and other minority religions, due to their religious garb and observance of the Sabbath and other holidays that fall on work days.

AIDS

- Sandy Thurman, Scott Hitt and Joe O'Neil, the new HRSA AIDS Director, were all presenters this week at the National Rural Health Association Conference on HIV/AIDS, which focused on the growing incidence of AIDS in rural communities and the unique difficulties surrounding delivery of HIV care in those areas. You will recall that this issue was raised at your July 22nd meeting with gay and lesbian supporters.

ETHNIC OUTREACH

- This week Arab American community leaders met with Bill Lee to affirm their support for his nomination as Assistant Attorney General for Civil Rights. One of the strongest issues the Arab American community brought to the table was the profiles used to suspect/identify terrorists (most commonly at airports). The Arab American community supports strong security measures against terrorism, but believe it should not be based on racial or ethnic attributes. The results of cultural and ethnic stereotyping is something that Mr. Lee has spoke about often based on his experiences as a Chinese American. The conversation was thought-provoking and well received. It has been difficult to pinpoint which agency can help resolve this, but staff from the Civil Rights division have committed to investigate this problem.

NATO ENLARGEMENT

- There has been positive coverage in the Ethnic media on your trip to Madrid, Poland and Romania. The coverage in the ethnic community papers (which is the only paper that some ethnic Americans read) has generated much excitement and support for NATO enlargement. There has also been strong interest to help garner support for this treaty in Congress. We plan to coordinate with the State Department to maximize these efforts.

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BUSINESS

- At their request, we met with the National Association of Manufacturers (NAM) to listen to their views on Social Security. NAM is working with Congressman Nick Smith (R-MI) to introduce legislation in September calling for \$5-10 million to design a demonstration program to test the privatization of Social Security. It calls for a five year demonstration project of 500,000 people (10,000/state) between the ages of 20-30. Participants would be offered three investment choices. Investments would not be guaranteed, but they envision the PBGC or the establishment of a separate government organization to provide some level of insurance. NAM said Smith will approach the Blue Dogs for support, and mentioned Reps. Stenholm (D-TX) and Tanner (D-TN) as potential sponsors.
- We continue to get reports from businesses about the impact the UPS/Teamsters strike is having on their company. The small business community is particularly concerned. As you know, typically, small businesses are niche marketers and rely heavily on daily shipping. The Board of National Small Business United has voted to request your active participation in ending the strike.

|| Also, Xerox and their CEO, Paul Allaire, continue to be a vocal proponent of Presidential intervention. As we mentioned last week, they are losing one million dollars each week the strike continues. We are in daily contact with the Department of Labor and keep them informed of the calls we have received.

AFRICAN AMERICAN

- OPL, along with the White House Initiative on Historically Black Colleges and Universities, hosted a briefing session for a group of HBCU and other university professors on your education goals.
- OPL is monitoring and has heard from several groups about the apparent hate crime in Elks Creek, Virginia where an African American man was beheaded. The NAACP is considering filing a lawsuit against the county for the crime.
- Your remarks at Thursday's religious freedom in the federal workplace event were sent out to over 500 African American civil rights and religious leaders. The response from community has been very positive.

WOMEN'S OUTREACH

- The American Center for International Labor Solidarity brought to the White House a delegation of women leaders representing the Egyptian Labor Federation. We discussed the President's accomplishments and agenda for working women and families,

specifically as it relates to workplace and union issues. The delegation was very impressed that the White House for Women's Initiatives and Outreach was created and ensures that women's voices are heard on issues of public policy.

- OPL distributed your postage stamp signing statement to over 50 organizations. We have been in contact with the Postmaster General to assess and track the process by which the stamp will be produced, designed and marketed. The time frame appears to be approximately 10-12 months before completion.
- We met with Chris Koerner of the American Physical Therapist Association (APTA) and Bonnie Campbell and Jana Sidley of DOJ's Domestic Violence Office to discuss ideas for a Domestic Violence Awareness (Month) event in October.

GAY/LESBIAN OUTREACH

- OPL spoke to the Gay and Lesbian Congressional Staff Association about current administration efforts on behalf of the Employment Non-Discrimination Act and other topics relating to the administration's relationship with gays and lesbians.

ASIAN OUTREACH

- We distributed your letters of greeting regarding Indian and Pakistani 50th Anniversaries to celebrations through out the United States. We also gave copies to the major Indo-American and Pakistani-American specialty press.
- The reaction to Thursday's outreach meeting, which included several East coast community and business leaders, was extremely positive. Those representing the Asian community were excited by your knowledge of the concerns of the community. Their inclusion into a broad-based meeting signaled your understanding of the importance of recognizing their concerns as Americans. In addition to this meeting, we strongly encourage a constituency meeting with the APA community; such a meeting will demonstrate to them your understanding of different sensitive issues.

- ✓ The APA community is energized by your announcement of intent to nominate Bob Gee to the Department of Energy. We have received much positive feedback on this announcement. The community sees the nomination of highly-qualified Asian Pacific Americans to senior levels of the Administration as a strong message that you are supportive of the Asian Pacific American community. We have distributed the press release on the intent to nominate to key national and grassroots organizations throughout the country.

HISPANIC OUTREACH

- OPL organized a briefing on the proposed hike in the naturalization fees. We brought in about 20 folks from groups that work on naturalization so INS could walk them through the process by which they determined the appropriate fee increase. We also asked the groups to work with us to set standards for granting fee waivers (apparently INS has never had a uniform set of standards, allowing local district offices to make their own determinations).

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

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

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
8-17-97

August 15, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- August 11 - 15, 1997

CC: The Vice President

I. PRESIDENTIAL PRIORITIES

Balanced Budget

- IGA staff facilitated communication for Alaska officials with White House staff regarding their Federal Medicaid Assistance Percentage contained in the Balanced Budget Act. This communication culminated in a phone conversation between you and Governor Tony Knowles (D-AK) on Saturday, August 9, 1997. The Governor has expressed a great deal of relief and gratitude for your decision not to exercise your line-item veto authority on this matter.
- The New York Medicaid provider tax exemption veto caused considerable concern among state and local officials. IGA staff assisted in responding to the concerns expressed along with OMB staff.

Welfare Reform

- Staff support was provided by IGA to assist with the August 12, 1997 welfare-to-work event in St. Louis. Mayor Clarence Harmon (D-St. Louis) and Governor Mel Carnahan (D-MO) were very pleased with the event.

Climate Change

We are actively involved in the climate change work group and in the effort to build support among elected officials for the climate change concerns. We have written and will execute a plan to provide information, conduct briefings, and mobilize supporters to build awareness of this issue across the country.

Mythos
we'll need them

Millennium

✓ In support of today's Millennium announcement hosted by you and the First Lady, we reached out to our nation's states, counties, and cities through the bipartisan intergovernmental organizations. In attendance were elected officials or organizational representatives from the U.S. Conference of Mayors, National Governors' Association, National Association of Counties, National League of Cities, National Conference of State Legislatures, and Council of State Governments. By their attendance, they signify a partnering with us in order to celebrate the upcoming Millennium.

II. INTERGOVERNMENTAL CONSTITUENCIES

Governors

✓ Governor Zell Miller (D-GA) submitted a formal recommendation of Linda Breathitt to serve as a Commissioner at the Federal Energy Chair of the Kentucky Public Service Commission. Ms. Breathitt is the immediate past president of the Southeastern Association of Regulatory Utility Commissioners, a member of the Harvard Electricity Policy Group, and the Electricity Committee of the National Association of Regulatory Utility Commissioners.

✓ Governor John Engler (R-MI) wrote recently to express "deep concern" regarding the possibility of the Administration's abandonment of the quest for an Open Skies policy with Japan. We are coordinating a response with Correspondence, in consultation with NSC and Legislative Affairs.

Governors George Allen (R-VA), Terry Branstad (R-IA), and Jim Edgar (R-IL) have all expressed in writing their concerns regarding the UPS strike and have asked you to do all within your power to see that this dispute is resolved as soon as possible.

Governors Tony Knowles (D-AK) and Thomas Carper (D-DE) have indicated their support for your national standards and testing program for reading and mathematics.

Mayors

• We participated in the August 12, 1997 event hosted by the National Conference of Democratic Mayors, which was well-received. The combination of substantive policy briefings and the evening events was very successful. You continue to build solid relationships with the mayors, which is helpful in our continuing partnership with them on your initiatives.

Mayor Bill Campbell (D-Atlanta) is very concerned about the possible relocation of the Immigration and Naturalization Service's Atlanta-area district office outside the city limits in the northern metropolitan suburbs. The Mayor is requesting that the INS continue to be located inside the central business district in an area known as Grant Park.

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that's probably
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immigrants
are*

This location would be adjacent to the Empowerment Zone and could be a catalyst for future revitalization in the area. It is also consistent with your efforts to use resources of the federal government to enhance inner cities whenever possible.

Indian Country

- Unfortunately, there is very disturbing news from the Cherokee Nation situation. We had hoped that the Chief would re-open the Courthouse he had ordered closed and the Justices that had been removed. On Wednesday, August 13, the marshals that he had fired several months ago attempted to re-open the Courthouse. Chief Byrd and others resisted, resulting in a physical struggle.

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The Justice Department is considering, along with the Interior Department, sending in federal law enforcement officials. Interior is currently resisting this course, but the situation has worsened and Justice officials believe that they must take action. We assume a conversation will take place between Attorney General Reno and Secretary Babbitt. John Podesta has been briefed on this development.

- A large amount of correspondence regarding the Senate Interior Appropriations bill has been received. As reported, there are sections in the bill which are very harmful to Indian Country. Both the Attorney General and Secretary Babbitt will recommend a veto if we cannot defeat these sections. We support that recommendation.

Insular Affairs

- World War II Memorial: The American Battle Monuments Commission agreed that the World War II Memorial should not suggest that only veterans from states are being honored. We raised the issue -- created by the design then under consideration that involved columns associated with states -- after being altered to it by a Puerto Rico Senate leader.
- Puerto Rico: A major poll put Commonwealth support at 45%, statehood at 36%, and independence at 4% (compared with 43%, 39%, and 4% respectively in May). The results did not, however, diminish the priority that statehood party leaders Governor Pedro Rossello (D) and Congressman Carlos Romero-Barcelo (D) are placing on the legislation to provide for Puerto Ricans to choose and a process for implementing a majority choice.

*hope
to can win
Gm*

Governor Pedro Rossello has invited the First Lady to Puerto Rico on January 5, 1998. You may recall that two years ago she accepted an invitation to this same event and had to cancel. The invitation has not been accepted, and the First Lady's Office and Political Affairs are working with us to navigate the politics with the hope that we may accept.

III. OTHER ISSUES

THE PRESENT HAS SEEN
8-17-97

Eastern Region Outreach Meeting

- Four of the participants in the outreach meeting held on Thursday, August 14, were state and local elected officials. Senator Ray Lesniak (D-NJ) assured us that he would take your suggestion and go back to New Jersey and investigate the possibilities of the Piscataway School Board taking a different position than they currently hold. Also, Speaker Sheldon Silver (D-NY), Speaker Elizabeth Mitchell (D-ME), and Council President Street (D-Philadelphia) were pleased with their involvement in this session.

Oklahoma City Memorial Ceremony

- IGA coordinated the August 13, 1997 ceremony which acknowledged and celebrated the winning design for the Oklahoma City memorial in remembrance of the victims and survivors of the Alfred P. Murrah Federal Building bombing. In attendance was Governor Frank Keating (R-OK), Mayor Ronald Norick, Councilman Mark Schwartz (D-Oklahoma City; President of the National League of Cities) and Robert Johnson, Chair of the Memorial Foundation, along with survivors and victims' family members.

Fair Labor Standards Act

- We have continued to work with several governors who are advocating for changes to the current application of the Fair Labor Standards Act to welfare reform. The governors, lead by Tom Carper (D-DE), George Voinovich (R-OK), and Lawton Chiles (D-FL), continue to promote a "compromise" on the subject. We are examining whether the exemption of selected taxes is a viable option for us. Governor Tommy Thompson (R-WI) has requested a call from you on this subject; we have submitted a call request to your office.

g Not a bad idea

August 15, 1997

Craig Smith
CCOS
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MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Craig Smith

SUBJECT: Weekly Political Update

THE PRESIDENT HAS SEEN
8-17-97

ALABAMA

The former First Lady of Alabama, Marsha Folsom (D), is expected to announce in mid-September that she will challenge freshman Rep. Robert Aderholt (R), who won by only 3,500 votes in 1996. Earlier this month, federal investigators closed a major portion of their probe of former Governor Folsom and told him that he would not face criminal tax charges. A state probe concluded Folsom had done no wrong.

ARIZONA

Jury deliberation for Governor Fife Symington's (R) trial continued this week. The *Arizona Daily Star* reported that former Governor Evan Mecham (R), the only governor in Arizona history to be impeached from office, said that the charges against Symington are far more serious than anything he was ever accused of. Mecham was defeated by Symington in the 1990 gubernatorial primary, and Symington was among the first Republicans to call for Mecham's after his 1988 indictment.

State Rep. Hershella Horton (D) has suggested to state Democrats that a challenge to Senator Jon Kyl (R) in 2000 is "certainly not beyond the realm of possibility."

Maricopa County Supervisor Mary Rose Wilcox (D) was shot on Wednesday by Larry Namaan, a man who said he was angry over her support of a baseball stadium tax. Wilcox, who underwent surgery Wednesday night, is in stable condition, and suggested that the shooting was a product of hate talk on the radio. She is the highest ranking Latino official in Arizona.

CALIFORNIA

State Treasurer Matt Fong (R), the highest-ranking Republican elected official of Asian ancestry in the U.S., has been addressing issues of race in his campaign for Senate. He recently spoke out against affirmative action and bilingual education in an effort to define himself for Republican voters. He accused Senator Boxer of trying to characterize the supporters of Proposition 209 as racist extremists. Senate Candidate Darrell Issa (R) plans to expand his \$2 million radio ad campaign from Sacramento and Fresno to San Diego, Chico, Redding, Stockton and Modesto.

FLORIDA

Disgruntled shareholders of SafeCard/Ideon Services Inc. are accusing the officers and management of the former firm, including 1994 Republican nominee Jeb Bush, of deceiving the public as part of a stock fraud. It charges them with violating Federal anti-racketeering laws by engaging as a group in a string of illegal actions. Members of the board, including Bush, went along with parts of the plan and signed documents they knew, or should have known, to be false or misleading. Bush's attorney, Parker Thomson, called the allegations, "a bunch of nonsense and untrue."

GEORGIA

On August 14, the state Ethics Commission levied a \$3,600 fine against former Attorney General Mike Bowers (R) for failing to file complete lists of contributors to his 1994 reelection campaign. The fine was negotiated in advance by Bowers' attorney, who did not attend the hearing. The commission found that during his 1994 reelection campaign, Bowers failed to disclose more than \$13,000 in contributions from 36 contributors. As part of the consent order, Bowers also acknowledged he should have been more specific in reporting campaign reimbursements made to him. The reimbursements, reported as lump sum payments, should have been itemized.

HAWAII

Eager to dispel rumors of his vulnerability, Rep. Neil Abercrombie (D) has been fund-raising at a frantic pace. In the first half of 1997, Abercrombie raised \$162,000 and ended the filing period with \$142,000 on hand. Abercrombie was outspent during the 1996 campaign and he is expecting another well-financed challenge in 1998. One potential challenger, Honolulu City Councilor Mufi Hannemann (D), said that Abercrombie's fund-raising activity won't deter him from running in the primary. State Representative and member of the Hawaiian royal family, Quentin Kawananakoa (R) has already announced he will challenge Abercrombie in the general election. Senator Daniel Inouye (D) has "given his blessing" to the reelection of Representatives Neil Abercrombie (D) and Patsy Mink (D) even though they may face primary battle from "high-profile" Democrats. The challenges may come from City council member Mufi Hannemann (D) and Donna Mercado Kim (D).

A secretary who worked two years in the office of former Honolulu Mayor and 1994 independent gubernatorial candidate Frank Fasi filed a sexual harassment complaint against Fasi on August 6 with the Hawaii Civil Rights Commission.

IDAHO

Businessman Tony Paquin (R), who is challenging Rep. Helen Chenoweth (R) in the Republican primary, called the balanced budget package a "sham," and attacked Chenoweth this week for backing it. Paquin said that under the agreement, the federal government would expand spending and "continue to rob \$100 million a year from the Social Security trust fund." Despite announcing his challenge to Chenoweth over a month ago, Paquin has not filed his FEC papers for office yet. Paquin says he has no paid staff and only hired consultant Terry Cooper of Arlington, Virginia.

ILLINOIS

The Chicago Sun-Times profiled a possible Reverend Jesse Jackson presidential candidacy this week. Jackson has made it clear he wants to be a player in the race, but hasn't decided just how. He is meeting increasing pressure to run from supporters and, particularly, his son, Representative Jesse Jackson, Jr., who last week said he thought his father would run.

On Thursday during Democrats Day at the Illinois State Fair in Springfield, Carol Moseley-Braun received the unanimous endorsement of the state Democratic Central Committee. She has hired Washington consultant Carter Eskew to begin crafting TV advertisements for her reelection. Meanwhile, Governor Jim Edgar (R) plans to announce next week whether he'll run for reelection or Senate ending the Republican holding pattern for the race for Senate. It was reported Friday that '96 Senate nominee Al Salvi (R) has told his political allies that he will run for Senate unless Edgar or Attorney General Jim Ryan decide to run. In a major policy switch, Salvi has changed his

opposition to gun control in order to be a more viable opponent to Moseley-Braum.

✓ On Tuesday, Jim Burns (D) announced his resignation as U.S. Attorney, a strong indication he is planning a run for governor. Burns is viewed as a strong candidate. His reputation for indicting top Chicago Democrats in cases like Operation Silver Shovel, has solidified him as a strong bipartisan crime fighter. Three other Democrats have announced their candidacy: former Illinois Attorney General Roland Burris, Representative Glenn Poshard, and former U.S. Associate Attorney General John Schmidt. Illinois House Speaker Michael Madigan (D) reportedly sent private messages to other Democratic gubernatorial candidates about his dream ticket: Burns for Governor, Poshard for Secretary of State, and Schmidt for Attorney General. Poshard stated Thursday, though, that he is "running for Governor and only Governor."

Jurors began deliberating Tuesday in the MSI federal corruption trial. In closing statements, prosecutors laid the groundwork for a more intensive investigation of the case, alleging that two officials in Governor Edgar's administration were also guilty for agreeing to controversial payments to the firm.

KENTUCKY

✓ Lt. Governor Steve Henry (D) made his entrance into the race for the United States Senate official on Wednesday. Henry toured the state by air, making stops in six cities. He stated that he would not step down as lieutenant governor to campaign, but he acknowledged that whether he wins or loses, he would not be Governor Paul Patton's (D) running mate when Patton seeks reelection in 1999. Henry stated that while Patton has promised to vote for him and has contributed to his campaign, he will not be campaigning for Henry because Henry wants "to win the race on [his] own." Henry, an orthopedic surgeon and faculty member at the University of Louisville medical school, listed health care issues, jobs, and education as top priorities. Henry will face Rep. Scotty Baesler (D) and businessman Charlie Owen (D) in the May 1998 Democratic primary. The Republican nominee is expected to be Rep. Jim Bunning (R). Henry has raised about \$165,000 so far, one third of which came from doctors and others in the health care field.

On Wednesday, Kentucky Rainbow Coalition Chair Joe McMillan led a lunch-hour protest against the grand jury probe into the 1995 gubernatorial election calling it "racist." Attorney General Ben Chandler (D) is leading the probe, which has focused mainly on the A. Philip Randolph Institute, an African-American labor group that mounted a massive GOTV effort in the predominantly black precincts in Louisville. Among other things, the grand jury is probing whether the formally nonpartisan institute distributed partisan material and whether it was linked to the campaign of Governor Paul Patton (D), whose narrow victory turned in large part on a big African-American vote in the city.

LOUISIANA

Senate Rules Committee Chairman John Warner (R-VA) kicked off two days of closed-door hearings Wednesday into Senator Mary Landrieu's defeat of Woody Jenkins last fall. While the hearings are open to any committee member, regardless of party, Senator Warner is the only member who made the trip to New Orleans. He was joined by committee investigators and staffers. Warner said he will return to Louisiana next week to continue investigating the challenged election of Senator Landrieu, but so far he has not found sufficient evidence to support Woody Jenkins' claims of

widespread voter fraud.

THE PRESIDENT HAS SEEN
8-17-97

The Louisiana Independent Federal Electors (LIFE) political organization in New Orleans says it spent only \$13,114 on the November 5 election last year, not the hundreds of thousands of dollars opponents claim was channeled into the campaigns of President Clinton and Senator Landrieu. The President of LIFE is James Morial, the brother of New Orleans mayor Mark Morial (D).

Though Senator Mary Landrieu (D) has raised close to \$250,000 in the first half of 1997, she still has a cumulative debt of \$380,000 due to her legal defense fund, which owes \$408,734.

✓ District Attorney Harry Connick (D) has convened a state grand jury in New Orleans to begin hearing witnesses in a new probe of alleged witness tampering and witness bribery by Jenkins operatives during the Federal investigation of Louisiana's U.S. Senate race. This was immediately condemned by the Jenkins camp, who accused Connick of engaging in a conflict of interest and a political ploy to distract attention from Jenkins' election-fraud charges.

MASSACHUSETTS

In the September issue of *George* magazine, editor John F. Kennedy Jr. rips into two of his scandal-tarred cousins - Rep. Joseph Kennedy (D) and Michael Kennedy. According to JFK Jr., the two "became poster boys for bad behavior, and perhaps deserved it. ... Perhaps they should have known better. To whom much is given, much is expected right?" Joe Kennedy, in response, offered a wry parody on the JFK phrase: "Ask not what you can do for your cousin, but what you can do for his magazine." *New York Post's* Huhn writes, "It's admirable that JFK Jr. took a stand in a signed editorial over the recent bad behavior of two of his cousins. But in reality, he's just trying to make himself look good." *Boston Globe's* Barnicle writes, "JFK Jr. comes off sounding like some thin-lipped, dim-witted, bad-backed polo player whose empty head can barely retain enough limited cocktail chatter to get him through a dinner with that international moron, Princess Di. And the disappointment isn't that he wrote about his family; it's that he writes so poorly."

Attorney General Scott Harshbarger (D) called on his three likely gubernatorial foes - Governor Paul Cellucci (R), Treasurer Joe Malone (R) and Rep. Joe Kennedy (D-08) - to lead by example and agree to limits on campaign spending, but most greeted his exhortation with a shrug. In a press conference, Harshbarger called on them to accept limits of \$1.5 million before the primary, \$1.5 million during the final three months of the primary campaign, and \$1.5 million in the general election. Also, in a move on one of Kennedy's fundraising strengths, he called for a 10% cap on funds raised out-of-state. However, Harshbarger pointedly refused to say whether he would abide by his own suggested limits if his competitors refuse, or whether he would follow the voluntary limits already set by state law. Under the statute, candidates who agree to limits of \$1.5 million each in the primary and general elections qualify for \$1.5 million in matching funds. However, *Boston Globe's* Walker notes, the state fund that provides the matching funds has less than \$2 million, not nearly enough to give \$1.5 million to each candidate if they took the pledge.

MICHIGAN

On Tuesday, the UAW endorsed former East Lansing mayor and 1994 gubernatorial candidate Larry Owen (D) for governor. The Michigan Teamsters endorsed Owen on Wednesday, and Building Trades unions will follow on August 26. Primary rival Doug Ross (D), former assistant labor

secretary in the Clinton Administration, called labor's scramble to boost Owen an rather than strength. Ross said UAW President Stephan Yokich recently told h endorsement could be 'a kiss of death.' Senator James Berryman (D) congratulat he may drop out of the 1998 governor's race and take his chances in the congress Rep. Nick Smith (R). Smith, who is serving his third term, defeated Democrat Tunicliff by a margin of 53%-44% in 1996.

An EPIC/MRA poll surveyed 600 registered voters on the President, Governor John Engler (R), and potential 1998 Democratic gubernatorial candidates. The results follow:

Fav/Unfav		Dem Primary Matchups		
			W/ Riegle	W/O Riegle
The President	60%/33%	Riegle	36%	--
Gov. Engler	58%/34%	Ross	8%	15%
Doug Ross	8%/4%	Owen	5%	14%
Larry Owen	9%/4%	Stupak	5%	7%
Karen Willard	6%/2%	Willard	5%	6%
Don Riegle	39%/19%	Agee	3%	8%
Jim Berryman	7%/2%	Berryman	1%	3%
Rep. Bart Stupak	10%/3%	Undec./DK	37%	47%
Jim Agee	5%/1%			

General Election Match-Ups Newly Passed Gas Tax and Tax Cuts

Engler 48%	Engler 48%	Engler 44%	Favor 61%	Oppose 30%
Ross 30%	Owen 29%	Riegle 36%		

On Wednesday, Engler took credit for Michigan's record low 3.8 percent unemployment rate proclaiming that "Cutting taxes, balancing budgets, and reducing regulations have put our economic engine in overdrive."

Arab American and Muslim groups in metro Detroit have formed the Muslim Community Political Action Committee and hope to raise more than \$50,000 for the November 1998 elections. The only national Arab American PAC is the Arab American Leadership PAC, which raised \$30,000 for Arab American candidates in 1996.

MISSOURI

Former Missouri House Speaker Bob Griffin (D) on Monday admitted he used his influence to steer contracts to a friend and pleaded guilty to bribery and mail fraud charges. In exchange for his guilty pleas, the government dropped four other charges. As a result of the plea agreement, U.S. District Judge Dean Whipple will sentence Griffin to 18 to 51 months. Griffin held the speaker's post for 15 years, longer than anyone in the state's history.

MONTANA

At least 13 House GOP members, including Speaker Gingrich, Majority Leader Dick Armey (R), and Budget Chair John Kasich (R) will visit West Yellowstone at the end of this month as part of a four-day tour of the West, focusing on natural resource issues. Rep. Rick Hill (R) will host Gingrich while in Montana and host a fund-raiser at the Museum of the Rockies in Bozeman. Hill's current 31%

*More
have a
good
candidate
all / up
around
only*

approval rating is a record low for Montana. Hill has hired the White House Writers Group to come up with stories and jokes to incorporate in his speeches, hoping "the group could better his speeches." Hill's July FEC report shows he paid the group in May. Since then he has decided to scrap the organization realizing he is more comfortable writing his own oral presentations.

NEVADA

Term-limited Governor Bob Miller (D) ended months of neutrality this week when he endorsed Attorney General Frankie Sue Del Papa (D) over businessman Kenny Guinn (R) in the gubernatorial race. Guinn, who headed the Republicans for Miller in 1994, said he was "disappointed" by the governor's decision, and Guinn adviser Sig Rogich said that it was probably based on party lines. Miller, who according to a spokesman has a "high regard for" Guinn, chose not to make a big splash about his decision; he authorized his press secretary to announce the endorsement, and would not make any comments after. Guinn has been receiving help from top Democratic as well Republican fund-raisers and has more than \$1 million, while Del Papa has collected \$100,000 and has pledged of another \$150,000.

NEW HAMPSHIRE

State Rep. David Hess (R) has decided to aggressively explore a challenge to Governor Jeanne Shaheen (D). He moves beyond the handful of potential Republican candidates who have spoken only in vague terms of considering running. Hess says he is not intimidated by Shaheen's apparent popularity, or by the fact that New Hampshire voters traditionally give freshmen governors a second two-year term. Hess also noted that his House voting record would show he is pro-choice on abortion. The Manchester *Union Leader* writes, the New Hampshire GOP is "in sad shape and seems to have lost its way. The party needs someone to lead it out of the wilderness," this could be former Senator Gordon Humphrey (R). The other potential Republicans being discussed are former New Hampshire GOP executive director Paul Young, state Senator Jack Barnes, state Senator Carl Johnson, and former state Senator Bruce Keough.

NEW JERSEY

Governor Christie Whitman (R) unveiled a revamped car-insurance plan that would require insurers to cut premiums. She joins her challenger, Woodbridge Mayor and State Senator James McGreevey (D), in calling for the mandatory reduction, but the two differ sharply on how to achieve the rate rollback. McGreevey has called for a 10% reduction for all drivers, regardless of coverage, while Whitman's plan would have savings go up as motorists give up more rights to sue over injuries. Whitman's previous reform plan faltered in the face of intense opposition last spring from consumer groups and trial lawyers along with Democrats and many Republicans in the state legislature. State Senator John Alder (D): "This suggests that the governor's own polling indicates how poorly she is perceived by New Jersey voters. This is a panicky political gesture on her part rather than a serious proposal." McGreevey called for a special session of the legislature to vote on Whitman's plan, and Whitman agreed if the Democratic leadership agrees and will step up to the plate. Whitman's campaign charged McGreevey has little credibility on the car insurance issue because he does not pay his own insurance. McGreevey said the Whitman attack was absurd, particularly because it implies that he is more insulted than the Governor from the financial pressures of ordinary taxpayers. McGreevey said: "I don't have a trust account. ... The total square feet in my house would fit in the Governor's living room." McGreevey will release his formal plan for auto insurance in September.

On August 7, Senator Frank Lautenberg (D) said that he plans to seek a 4th term in 2000, saying he did not want to walk away from the seniority he has built in the Congress. Lautenberg, 73, said he viewed his age as no obstacle to seeking another term. By the end of a 4th term, Lautenberg would be approaching his 83rd birthday.

NEW YORK

On August 11, Mayor Rudy Giuliani (R) said he will not appear in a city paid promotional advertisement for the upcoming elimination of the sales tax on clothing items. "I will not appear in ads, given the fact we are talking about September. Why create an issue that doesn't need to be created." Giuliani's decision came as Manhattan Borough President Ruth Messinger (D) asked the campaign finance board to decide whether previous public service ads featuring the mayor should be ruled campaign related and make the Giuliani campaign reimburse the city.

Rep. Charles Rangel (D-15) believes the party needs someone else, other than the announced candidates, to oppose Governor George Pataki (R) in the 1998 gubernatorial race. His suggestion: Treasury Secretary Robert Rubin. Rangel reports that Rubin said his wife, Judith, would oppose his running for governor. So Rubin suggested Rangel give her a call. He did, and according to Rangel, "She didn't say no."

OKLAHOMA

The state Democratic Party began a \$20,000 TV ad campaign to highlight Governor Frank Keating's (R) troubles with the state Ethics Commission for his use of state vehicles for political-related travel. GOP State Chair Quineta Wylie called the ads an attempt to smear Keating far in advance of the 1998 elections. Democratic State Executive Director Pat Hall said the party is prepared to spend up to \$50,000 on the ads over the next two weeks. Keating is seeking dismissal of the Ethics Commission lawsuit, and a hearing is set for August 15. Meanwhile, Democratic state Rep. Laura Boyd, a potential gubernatorial candidate, said she may file a taxpayer's lawsuit against the governor in order to recover state funds spent on his court fight with the Ethics Commission.

PENNSYLVANIA

Businesswoman Bettye Musham (D) has emerged as someone with the personal wealth and fresh face many party leaders feel it will take to unseat Governor Tom Ridge (R). Dubbed as a Democratic Steve Forbes, she has what it takes to make up name recognition fast - money. Musham has not committed to run, but is seriously considering it: "At this point we haven't made any decisions." Musham's ability to fund much of her own campaign would scare a number of other candidates out of the race. Musham previously ran for Congress and the state senate, but pulled out early in the game in both races. "She has tremendous management abilities and skill. We need to run the state like a business, and she can do it," said former Philadelphia City controller Tom Leonard.

SOUTH CAROLINA

On August 13 Rep. Bob Inglis (R-04) rejected any thought he might pull out of the race to accommodate former Governor Carroll Campbell (R) if he decided to enter the GOP primary to face Senator Fritz Hollings (D). Campbell, who is on vacation, said he will announce his plans in January, when his current job as CEO of Health Insurance Company ends.

TENNESSEE

On Sunday, the Tennessee Republican Party criticized the DNC's funding of Vice President Al Gore's Nashville picnic. Brad Todd, a spokesman for the Republican Party, speculated that funding came from the DNC instead of the state Democratic Party in order to use corporate funds that cannot legally be given to the state party. Bob Corney, acting director of the Tennessee Democratic Party, said Gore was concerned that the picnic not deplete state party funds.

Tennessee Democrats, who have struggled to find an opponent to incumbent Governor Don Sundquist (R), expect to have an announced candidate by Labor Day. Party leaders' top choice is former House Majority Leader Bill Purcell.

The Ku Klux Klan in Camden, Tennessee, was granted incorporation by state officials as a nonprofit, religious organization.

TEXAS

On August 9, Texans passed a Governor Bush's \$1 billion school property-tax break that will save about \$142 per year for homeowners. With a record low voter turnout of 6.8%, 94% of Texas voted for the amendment.

Senator Phil Gramm (R) returned \$369,642 in federal matching funds after auditors concluded that he overstated the cost of shutting down his failed '96 presidential campaign. While FEC auditors found no financial irregularities, they took issue with Gramm's estimate that it would cost more than \$733,000 to shut down.

With a 70% approval rating and \$7 million in the bank, Governor George Bush seems unbeatable. However, no Texas governor has been reelected to a second term since John Connally in 1964. The *Wall Street Journal* asked several elected officials, political consultants and business people how Gov. Bush could be defeated. Some of their responses were:

- Billy Roger (Mauro's manager): Bush's failure to end mandatory release of violent felons will resonate with Texans.
- Richard Murray (UT professor): A wealthy challenger could do a lot negative advertising
- Bob Lanier (Houston mayor): A challenger with the grace and charisma of JFK.
- Jim Hightower (liberal commentator): Going negative on the state's economy would rally the occasional voters and nonvoters.
- Victor Morales: Bush has coasted on his nice-guy aura with very little to show for it.
- Nancy Sims (Democratic consultant): Believes it will be clear in November when Texans open up their property tax bills and realize the bill is not as low as they lead to believe.
- Jess Hay (Democratic fundraiser): Continued success in Democratic fundraising could translate into greater interest in Democratic candidates, and maybe better fundraising.
- Rob Allen (GOP consultant): An outsider steps into reconfigure the demographics or an actor or actress jumps to break the votes up.
- Cecile Richards (Gov. Richards daughter): Bush's achilles heel is the religious right that has gained a high profile in the state.

The *Dallas Morning News* reported Gov. Bush saying that the allegations about Don Sipple, a one-time Bush media advisor, abusing two former wives, will be a factor in his hiring decision. Sipple

denied the allegations and demanded a retraction from *Mother Jones* where the story broke. Sit is an advisor to several GOP elected officials.

✓
goff
In El Paso this week, 200 people turned out for a town-hall meeting where Federal Trade Administrator Gordon Litton awarded the city \$3.8 million for development of transportation projects that will improve streets, create the Union Plaza Transportation Mall and the Union Plaza Entertainment District. "Mr. Linton, you not only brought a check; you've brought a spark," said Pat Goff, a community leader heading up the project. "Now again, this is a spark coming as Washington reaches out to El Paso, making the depot the heart and soul of the downtown area with quality of life, homes and living together brought together in one package," Goff said. Linton said the check was a down payment. An additional \$1.1 million is expected, along with \$6 million for the terminal. It all became possible with the Federal Transportation Project's Livable Communities Initiative, which links transit and communities. On hand for the announcement were Mayor Carlos Ramirez, Cong. Sylvestre Reyes (D), and State Senator Eliot Shapleigh (D).

A grand jury declined to indict Marine Corporal Clemente Banuelos for the fatal shooting of 18-year-old Ezquiel Hernandez as he tended to his herd of goats near his family's home along the Texas-Mexican border back in May. Banuelos and three other marines were conducting drug surveillance patrols when they were allegedly shot at by Hernandez and they returned fire. NBC news and print media report that Mexican-American advocacy groups in the state are outraged by the jury's decision to not have the Marine stand trial. The *Houston Chronicle* reported that Cong. Lamar Smith (R-San Antonio), Chairman of the House panel overseeing immigration issues, complained of the Justice Department's lack of cooperation in his efforts to investigate the border patrol's involvement. A spokesperson for the Justice Department said they will work with him to provide the best information.

UTAH

Rep. Merrill Cook (R) will host Speaker Gingrich in Salt Lake City, where Gingrich will address a national veterans convention on August 20. Gingrich's trip to Utah comes on the heels of Cook's comments to the *Desert News* editorial board in which he said he did not think Gingrich would have the support for another two years as speaker, and that Rep. Bill Paxon might be "a more popular choice for the job." Cook now says his comments were taken out of context and that "the smart money and I are betting that Gingrich will remain speaker this year, next year and beyond."

CT's
check
turn over
[The leader of a foreign bank recently held a tea fundraiser for Senator Robert Bennett (R) with members of many international banks in attendance. Bennett, who is a member of the Senate Banking Committee, said he felt the fundraiser was legal and appropriate. Bennett has been among the Republican senators who have lambasted the Democrats for foreign donations.]

VIRGINIA

Former Governor Doug Wilder (D) is not ruling out endorsing former Attorney Jim Gilmore (R) in his race against Lieutenant Governor Don Beyer (D). Gilmore sought the endorsement at a private meeting on August 8. Wilder reportedly did not say yes or no, but Attorney General Richard Cullen (R) said the meeting was productive. Cullen, a Wilder ally on a gun bill, initiated the meeting. While Wilder has said he will not endorse anyone because he wants to stay neutral until after a debate he will moderate on October 6, he accused Beyer of pandering to African-Americans in an advertisement in the *Richmond Free Press*. A *Fairfax Journal* editorial said that Wilder has, "jumped at the chance

to be a maverick. Right now, Doug Wilder sees a chance to agitate some old cronies and get his name in the newspaper."

The *Richmond Times-Dispatch* reported that Beyer stood behind his campaign manger Susan Platt after reports that her volatile behavior had soured relations between Beyer and the other Democratic contenders Lieutenant Governor nominee L.F. Payne and Attorney General nominee Bill Dolan. A peacemaking meeting allegedly ended in a profanity-laced tirade by Platt. Beyer defended his manager saying that a campaign always has tensions. In order to calm fears Beyer and campaign aides held a conference call with CD chairs and Democratic leaders to showcase an internal poll showing Beyer and Payne ahead of their Republican challengers, Gilmore and Republican LG nominee John Hager.

WASHINGTON

Majority Leader Trent Lott (R) and Rep. Steve Largent (R) were in Vashon Island on August 9 for a "Woodstock for conservatives" event hosted by Republican businessman Tom Stewart. Both attended the event at the invitation of Senator Slade Gorton (R). The upcoming Senate race was the primary topic of the event, and both Rep. Linda Smith (R) and Pierce County Executive Doug Sutherland (R) were there to promote their campaigns. Stewart is under criminal investigation by the Washington State Attorney General for money-laundering.

WHITE HOUSE 2000

New Hampshire GOP chairman Steve Duprey criticized Senator John Ashcroft (R) for meeting exclusively with the far right, pro-life wing of the Republican party during his trip to the state last weekend. Duprey was also extremely mad that he had to learn about Ashcroft's upcoming trip from newspaper reports rather than Ashcroft himself. On Wednesday, Ashcroft gave a campaign style stump speech to a Missouri audience of Alltel cellular phone company employees. Speaking of his vision for the country, Ashcroft said that "Government should challenge us to our highest and best, not accommodate us at our lowest and least" and that he believes in "a strong national defense, and a thrifty government." After weeks of hints, Ashcroft came out and said, "I'm carefully considering running for president in the year 2000." In addition to New Hampshire, Ashcroft recently has made exploratory stops in Mississippi, South Carolina, Georgia, New York, and Indiana. In 1988, Ashcroft was reelected governor with 64% support, the largest percentage for a Missouri governor since the Civil War, and won 60% in his 1994 Senate race. Pundits are already speculating about an interstate race between Ashcroft of Springfield and Gephardt of St. Louis.

House Minority Dick Gephardt (D) said that he believes it would be a mistake to intervene in the UPS-Teamsters strike. He stated that the collective bargaining system should be allowed to work.

Senator Paul Wellstone (D) appeared with striking workers outside a UPS hub in Minneapolis and urged UPS management not to consider hiring permanent replacement workers. Wellstone also said he does not think the President should intervene to stop the strike. Wellstone is planning to visit New Hampshire on November 7.

DNC

A copy of the DNC's weekly report is attached.

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

THE PRESIDENT HAS SEEN
8-17-97

August 15, 1997

MEMORANDUM FOR CRAIG SMITH AND ANN LEWIS, THE WHITE HOUSE

FROM: AMY WEISS TOBE, DNC COMMUNICATIONS DIRECTOR
MELISSA BONNEY, DNC PRESS SECRETARY

SUBJECT: POSITIVE DEMOCRATIC MESSAGE

Over the past several weeks, the DNC has undertaken a major outreach effort to restore and enhance the confidence of the American public in the Democratic Party so that Democratic candidates will be successful this year, in 1998, and beyond. Our goal has been to make sure that every American knows that the White House and the Democratic Party have been fighting for America's working families.

The major components of our strategy are:

- **PRESS:** The press department is working to communicate to the American public that the Democratic Party is fighting for the ideas and values working families care about. The press office has been using new and innovative strategies to communicate our positive message, not just through mainstream outlets but through the specialty media and the Internet as well. As a result of our activities, we hope to improve the political landscape so that it will be easier for more Democratic candidates to be elected.
- **POLITICAL:** The political department is focused on motivating and mobilizing Democratic grass-roots activists to energize them about the ideas and values of the Democratic Party, and we have been working with our core constituency base groups to shore up support for future elections.

From now on, the DNC's weekly report will cover more areas than in the past. There will now be a thorough, detailed section about the activities of the press, political, and finance departments.

PRESS/COMMUNICATIONS

To communicate and amplify the Democratic message this week, we reach out to local media markets and prepared materials for state parties that they could tailor to local media markets. For example:

*Good for them and
we'll close with them
and get a report on their
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Craig Smith
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8-17-97

- **Balanced Budget Agreement and tax cut:** We are working with state parties to amplify President Clinton's and the Democrats message on the budget and tax bill. We are continuing to book the Chairs and surrogates on radio in targeted markets. Today, we faxed Senator Conrad's op-ed in the Washington Post to over 228 Democratic surrogates across the country.
- **Campaign Finance Reform:** To amplify the President's message on campaign finance reform, we are working with state parties and activists to write and place op-eds and letters to the editor in targeted markets. We are continuing to book surrogates on talk radio.
- **New Jersey Gubernatorial Race:** We released the weekly "Whitman Sampler" -- a wrap-up of Governor Whitman's activities as governor and candidate -- to surrogates and national political reporters.
- **Virginia Gubernatorial Race:** We are providing communications support and advice on working with the Latino media to volunteers for the Don Beyer for Governor campaign in Virginia.
- **Fundraisers:** We worked with the press and prepared materials for the President's fundraisers this week in St. Louis, MO and Washington, DC.
- **Miami, FL:** Chairman Grossman interviewed with Tom Fieldler of the *Miami Herald*, a Latino daily newspaper and the Florida radio network on Thursday, August 14th.
- **Springfield, IL:** Governor Romer met with several Illinois reporters at the state fair on Thursday. As you know, down state voters will be critical to Senator Moseley-Braun's victory next year.

Research: In the past month, research continued to put out a Daily Briefing 5 days a week and fight back on the campaign finance hearings by creating at least 3 products each day of the hearings, highlighting the conventional wisdom, various GOP hypocrisies, omissions, etc. In addition to the daily products, research produced the weekly Burton-Thompson Report, which examines what is really going on in the hearings. Finally, last month, we continued making progress on long-term research projects and goals for 1998 and 2000.

Next week and into September we will focus on the following:

- **Minimum Wage:** The Minimum wage is scheduled to increase from \$4.75 to \$5.15 on September 1st. We plan to highlight this as an example of how President Clinton and Democrats are fighting for working families.
- **Back to School Events:** We are working with White House Communications and the Democratic Policy Committee on materials and events to highlight education

accomplishments during the second week of August -- as millions of school children head back to school.

- **California:** Both Chairmen are scheduled to travel to California in the next month. We hope to set up editorial board meetings with the Los Angeles Times, San Jose Mercury News, San Francisco Chronicle and San Francisco Examiner. We will also set up radio, specialty press and hopefully local TV.
- **Indiana:** The GOP Midwestern conference is in Indiana August 22-24. Several possible GOP Presidential candidates are expected to attend. We plan to watch what the potential candidates have to say closely and respond as appropriate.
- **DNC-RNC softball game:** The annual DNC-RNC softball is next Tuesday, August 19th. During the slow news month of August, several political reporters have expressed interest in covering the game.

POLITICAL

- **Democratic Mayors:** The campaign and finance divisions coordinated a policy conference and fund-raiser with Detroit Mayor Dennis Archer and the National Conference of Democratic Mayors (NCDM). Mayor Archer believes the event will gross \$350,000 once all of the checks are collected.
- **'97 Gubernatorial:** Coordinated Campaign plans for New Jersey and Virginia were received and reviewed. The DNC has supplied political and technical assistance in the development of both. Travel dates for message and fundraising with the principals are being set with the White House political office for both states. The plans are being circulated through the Democratic Campaign Committees and to major Democratic allies such as Emily's List, the AFL-CIO, the NEA, and Trial Lawyers to raise funds. The Base Vote groups are kicking-off their '97 programs this week with both states' Coordinated Campaigns.
- **New York:** The Unity Event for the New York 1997 elections was set with the Vice President and will benefit the Mayoral Nominee, four County Executive races, and the State Party. The State Party will use it's portion to fund research projects focused on Senator D'Amato and Governor Pataki.
- **Coordinated Campaign:** A comprehensive survey of the 1996 Coordinated Campaign (focused on key states) was completed and will be reviewed during September with the Democratic Campaign Committees and allies. The voter file program for 1997-98 will be signed-off on by the Democratic Committees and allies on Monday.
- **Fall DNC Meeting:** Preparations for the DNC meeting are underway. Our goal is to invigorate DNC members and to ask them to make individual commitments to raise

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

8-17-97

August 16, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *PC*
SEAN MALONEY *SM*

SUBJECT: Recent Information Items

We are forwarding copies:

Tab A - Berger, COS

Tab B - Berger, COS

Tab C - 8/15/97 memo - Glickman, VP, Emanuel, COS
8/10/97 memo - Glickman, VP, COS

Tab D - Heeran, COS

Tab E - Emanuel, Streett, COS

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1/10/97
Do file

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
8-17-97

August 15, 1997

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ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER (V) For
GENE SPERLING LKS
JOHN HILLEY JH

SUBJECT: Executive Order on "Prohibiting Certain
Transactions with Respect to Iran" and a Report
to Congress

Copied
Berger
COS
Street H

Purpose

To sign an Executive order prohibiting certain transactions with respect to Iran and to inform Congress of the new Executive order.

Background

On March 15, 1995, and May 6, 1995, you issued Executive Orders Nos. 12957 and 12959 to impose a comprehensive trade and investment embargo on Iran in response to its efforts to acquire weapons of mass destruction and its support for international terrorism. Ambiguities in the language of Executive Order No. 12959, however, created uncertainty in the agencies and in the business community about the extent to which the embargo prohibited the trade-related activities of United States persons in (or indirectly through) third countries.

The proposed Executive order at Tab A clarifies the scope of the embargo against Iran that applies to trade and investment activities by United States persons with Iran. Issuance of this order is consistent with existing U.S. policy toward Iran and does not represent a change in policy or the imposition of further punitive measures.

Among other things, the proposed order would prohibit, subject to Treasury authorization: (a) the export, reexport, sale or

cc: Vice President
Chief of Staff

supply to Iran of items and services from the United States or by United States persons, wherever located (making clear that this applies to transfers via third countries whenever intended for retransfer to Iran); (b) new investment by United States persons in Iran (making clear that the effective dates of the prior orders continue to define "new" investments); and (c) transactions by United States persons related to all trade with Iran, whether brokering, approving, financing or guaranteeing such trade (making clear that this applies to all trade activities by United States persons to or from Iran).

The Administration's resolve to maintain the embargo, as announced by the President in 1995, has been challenged by General Motors in a lawsuit against the United States. That case may now be close to decision in a Federal court in Michigan. Briefs have been filed by both sides and the court has expedited consideration apparently intending, if possible, to rule before the end of August. It is not likely that we will prevail in this lawsuit without clarification of the existing Executive order, according to Justice attorneys handling the case. They advise, and we agree, that issuance of the new Executive order before the court rules offers a much stronger basis for barring the General Motors transactions, for prevailing in court, and for avoiding the embarrassment of an adverse decision with precedential impact for the Iran embargo and potentially other embargoes as well.

RECOMMENDATION

That you sign the Executive order at Tab A.

That you sign the letter at Tab B informing Congress of the new Executive order.

Attachment

Tab A Draft Executive Order

Tab B Letter to Congress

THE WHITE HOUSE
WASHINGTON

August 15, 1997

THE PRESIDENT HAS SEEN
8-17-97

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Update on CTBT

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I sent you a memorandum in June outlining a strategy for achieving Senate approval of the CTBT in the first half of 1998, beginning with a public, high-profile kick off this fall at the "Trinity" site at Alamogordo, New Mexico. Before you go on vacation, I wanted to give you a brief update on where we stand.

Ratification Package. We have completed the key elements of the CTBT ratification package: the monitoring estimate; the report with our assessment of whether the Treaty can be effectively verified; and the Treaty's Article-by-Article analysis.

Consultations with Principals. Secretaries Albright, Cohen and Pena, Ambassador Richardson and Director Tenet support submitting CTBT this fall and pushing hard for ratification.

Consultations with Senators. Senators Daschle, Biden and Lugar have indicated they like our strategy. Senator Domenici has said he "leans toward" CTBT, but warned "it will go down in flames" if we do not adequately fund stockpile stewardship. He is receptive to your coming to New Mexico to launch the ratification effort and would be willing to accompany you.

Funding for stockpile stewardship. This is the only substantive issue left to resolve before submitting the Treaty. Our ability to commit now to a plus up in funding for stewardship is the critical issue in securing the Lab Directors' support for CTBT during hearings this fall and may be crucial in securing Senator Domenici's early support for the Treaty. We are working with OMB to solve this problem this month.

Next steps. Once we have resolved the issue of funding for stewardship (which may require a decision by you), I will make a specific proposal for scheduling a CTBT event at the earliest possible date.

cc: Vice President
Chief of Staff

THE WHITE HOUSE
WASHINGTON

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Secretary Glickman
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THE SECRETARY OF AGRICULTURE
WASHINGTON
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THE PRESIDENT HAS SEEN
8-17-97

August 15, 1997

MEMORANDUM FOR THE PRESIDENT

From: Secretary Dan Glickman
Subject: Department of Agriculture's Efforts to Curb Fraud

Dan Glickman

*Looking at
cc: VP, Glickman
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I want to update you on our progress in fighting fraud and abuse as well as inform you of several new initiatives that we are about to undertake to maintain the integrity of our programs as well as ensure taxpayer dollars are being appropriately spent.

Feeding Programs

Food Stamp Fraud: As I wrote to you on August 10, USDA is embarking on a nationwide initiative to locate and capture fugitives by studying food stamp participant rosters. USDA, with the cooperation of state and local law enforcement officials, is also using these rosters to identify prison inmates who are illegally collecting food stamps. In early 1997, a task force of USDA, local, state and other Federal law officers operating in two Kentucky counties identified 207 fugitives who had received an estimated \$300,000 in food stamps. The task force also found that 1,175 Maryland and Virginia inmates had collected \$142,300 in food stamp benefits. As this two-pronged program expands nationally, USDA expects to save taxpayers \$36 million per year.

Food Stamp Error Rate: Through increased oversight of state programs, USDA has cut the food stamp error rate for the third consecutive year. The rate is now 9.22 percent, saving taxpayers \$660 million since 1993. Errors mostly occur when state agencies pay out in excess of the amount for which applicants qualify.

Retailer Inspections for Food Stamp Program: USDA is conducting on-site review of retailers authorized to accept food stamps or Electronic Benefits Transfer (EBT) to ensure that they are not illegally participating. In 1995 alone, USDA's site inspections resulted in catching 860 stores illegally participating and identifying another 450 questionable stores.

Child and Adult Care Food Program (CACFP): USDA has initiated a nationwide on-site review, or "sweep," of sponsors who participate in feeding children and senior citizens using CACFP funds. USDA recently audited 12 sponsors, 11 of which had either allowed their day-care homes to claim payment for children they did not feed, shortchanged those they did feed

with unhealthy meals or used funds for personal enrichment. In some cases, they kept children in crowded, unhealthy, and unsafe living spaces, such as basements, which USDA immediately reported to local authorities. In another case, a sponsor who managed 170 day-care homes and 20 centers syphoned off CACFP money to pay for their children's college educations and their \$1.6 million mansion. USDA, through the proper authorities, is pursuing criminal prosecution on charges ranging from filing false claims to extortion, bribery, and mail fraud.

Women, Infants and Children (WIC): USDA is developing regulations to strengthen states' computer monitoring of WIC retailers to detect program abuse. Our chief concern is retailers' practice of inflating WIC vouchers above the cost of the food purchased. For example, we have caught some retailers inflating the voucher to its maximum level when the cost of goods purchased by the WIC participant is actually less.

Rural Housing Programs

Rural Housing Fraud and Abuse: USDA is planning a major on-site inspection program of properties and activities of individuals participating in the Rural Rental Housing (RRH) Program, which has a loan portfolio of \$11.6 billion. Our preliminary investigation indicates that some property owners are converting program funds, reserve maintenance accounts, and tenant security deposits to personal use. As a result, the multi-family complexes they own are in deplorable condition, risking the safety and health of families living in them. USDA has new legal authority to impose criminal sanctions, restitution and fines. We have already found two individuals who converted in excess of \$1.8 million in project funds to their personal use and were subsequently sentenced to prison and ordered to pay restitution and fines.

Farm Programs

Cotton Export Program: USDA is investigating over 40 corporations participating in the Upland Cotton Domestic User Program/Exporter Program which may have submitted false statements and claims from 1992 through 1995. These corporations collected \$152 million in program funds over this 3 year period. This multi-agency investigation is comprised of the IRS, the U.S. Customs Service, and INTERPOL. We expect guilty pleas from 4 corporations in the next month.

Tobacco: USDA will assess nearly \$40 million in marketing quota penalties to as many as 65 tobacco dealers and 185 tobacco auction warehouse operators in North Carolina, South Carolina, Virginia, and Georgia for violating over several years the marketing provisions of the flue-cured tobacco program. Some of the illegal practices employed included creating fictitious rights to sell tobacco, also referred to as marketing quota, falsifying records, and evading required penalties on selling excess tobacco. The assistant U.S. Attorney is interested in pursuing civil cases against many of the dealers and warehouse operators. During this period of illegal trafficking of tobacco, farmers most likely paid more out of their pockets to support the tobacco program than would have otherwise been the case.

I will keep you informed about these initiatives as they proceed.

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Secretary Glickman
VP
COS
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THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C. 20250-0100

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THE PRESIDENT HAS SEEN
8-17-97

August 10, 1997

MEMORANDUM FOR THE PRESIDENT

From: Secretary Dan Glickman

Subject: Department of Agriculture Initiative to Fight Food Stamp Fraud

I want to bring to your attention a departmental initiative I am taking that will lead to the capture of thousands of fugitive felons, many of whom are violent and threaten the safety of our Nation's citizens, and rid the food stamp program of thousands of ineligible recipients -- saving millions of dollars every year and restoring integrity to our Nation's primary nutrition assistance program.

Through this initiative, we will match information about fugitive felons and prison inmates against the rolls of the food stamp program, enabling law enforcement agencies to locate and capture the fugitives then remove them and prison inmates from the food stamp rolls. Our Office of Inspector General (OIG) has already tested this initiative on a small scale and scored a remarkable success -- which is one of the reasons we are confident that the initiative will succeed.

In early 1997, a task force of USDA, local, State, and other Federal law enforcement officers operating in two Kentucky counties found 207 fugitives who had received an estimated \$300,000 in food stamps. Over half of them had prior felony convictions, including assault, attempted murder, and trafficking in drugs. Over a 3-week period, 85 felons were taken into custody.

The OIG also matched the names of prison inmates against the food stamp and other welfare programs recipient roles in Maryland and Virginia and found that 1,175 inmates had improperly received a total of \$142,300 in benefits. To date, one individual has been indicted by the U.S. attorney's office and another 30 are pending prosecution by Federal or State authorities. The General Accounting Office performed a similar review in other States and found the same problem: prison inmates were receiving food stamps in spite of their disqualification.

Under the new initiative, the OIG will expand its scrutiny of felons and inmates on a national scale, starting in 20 cities and focusing on those individuals who are the

*Memorandum for the President
From Secretary Glickman
August 10, 1997*

most violent and dangerous, as well as those who have failed to meet their child support responsibilities. The Inspector General believes that with the help of other Federal, State, and local law enforcement authorities, his organization will capture at least 2,000 felons and will save the food stamp program at least \$12 million per year. We derived that estimate by extrapolating nationally the results of the pilot program; actual savings may be much more because fugitives will find it impossible to slip back into the program, once they realize that law enforcement officials will be scrutinizing their request for food stamps will bring.

In addition, OIG plans to expand the matching of food stamp recipients rolls with Federal, State, and local inmates roles in all 50 States and the District of Columbia. We are calculating that such matches, and the subsequent investigations, will identify about 26,938 people who are improperly receiving food stamps and whose benefits are costing the program over \$1.9 million each month. The inmates will be removed from the food stamp program rolls and, in some cases, prosecuted, saving the program approximately \$24 million annually.

While this initiative will severely strain the resources of our OIG, to the extent other priority investigations will be affected, I am committed to it because our citizens will be safer and our tax dollars will be spent on those who are truly in need. Moreover, this critically important program -- food stamps -- will regain the integrity it may have briefly lost to those who believe they can hide from the law and still demand entitlements from it.

I will keep you informed as we progress, particularly in advance of future announcements we may make reporting the success of the initiative.

program's rolls, enabling police to locate and apprehend fugitives who continue to seek benefits; USDA plans to implement the program nationwide and hopes to capture 2,000 felons and save \$36 million/yr in food stamp payments; (ii) USDA continues to cut the food stamp error rate (now 9.22%), saving taxpayers \$660 million since you took office; (iii) it is working to conduct inspections of food stamp retailers, Child and Adult Care Food Program providers, and Rural Rental Housing Program properties to root out fraud; and (iv) it is pursuing illegal conduct in the cotton and tobacco industries.

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the file



PEACE CORPS

DIRECTOR

THE PRESIDENT HAS SEEN

8-11-97

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Gearan
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July 30, 1997

MEMORANDUM FOR THE PRESIDENT

From: Mark D. Gearan *MDG*
Subject: Update on the Peace Corps

Good!
BS

230166

The purpose of this memo is to provide you with an update on the Peace Corps' recent accomplishments and new initiatives.

Volunteers Serving Overseas — This year, there are approximately 6,500 Peace Corps Volunteers serving in 87 countries around the world. They continue to work at the grass-roots level on a variety of important projects in education, small business development, the environment, health, and agriculture. Moreover, interest in the Peace Corps remains strong among the American public: In 1996, more than 133,000 Americans contacted the Peace Corps seeking information about serving as Volunteers, and nearly 10,000 people applied for 3,500 Volunteer positions. (See the attached story from the *Wall Street Journal*.) Based on recent congressional committee action, I anticipate that our FY 1998 budget will be approximately \$221 million. With this budget, I expect that the Peace Corps will maintain at least 6,600 Volunteers in the field next year.

Peace Corps 2000 — In June, I launched "Peace Corps 2000," an initiative designed to prepare the Peace Corps and our Volunteers for the challenges that will confront us in the next century. I began the process by holding a series of international teleconferences with our Country Directors and conducting a very successful and informative survey of the 6,500 Volunteers. The Peace Corps' senior staff from our overseas posts and domestic recruitment offices then met in Washington for four days of intensive discussions about issues such as the role of Volunteers in international development and the importance of bringing greater diversity to our Volunteer corps. We also examined the role of technology in the work of our Volunteers and the possibilities of greater collaboration with international volunteer organizations and indigenous non-governmental organizations. In addition, we discussed the important role that returned Peace Corps Volunteers can play in helping to expand Americans' understanding of the world and its peoples. I plan to attend further discussions about Peace Corps 2000 during several trips to our overseas posts later this year. I will report back to you when we have assembled a more concrete plan for the future.

AUG 5 1997

Commencement Addresses — In June, I had the opportunity to deliver commencement addresses at four colleges and universities in Pennsylvania, Wisconsin, and California. The central theme of my speeches was the importance of service to our country and our communities. I reiterated your argument that "the era of big government is over, but the era of big citizenship is not." I am pleased to report that the students were very receptive to this message, suggesting that your efforts to encourage service among young Americans is working.

South Africa, Jordan, and Haiti — I am continuing to work on the Peace Corps' global presence to ensure that the agency retains its energy and that our Volunteers are working in the right countries for the times in which we live. In February, the first Peace Corps Volunteers to serve in South Africa arrived in country to begin their training. Reverend Jesse Jackson helped us send off the 32 Volunteers, who will work on education and community development projects. In April, Mrs. Clinton honored us by hosting an event to help celebrate the departure of the first 29 Peace Corps Volunteers to serve in Jordan. The Volunteers will work on community development initiatives designed to improve economic opportunities for women and on eco-tourism projects. In addition, 34 Peace Corps Volunteers and Trainees are serving in Haiti, where they are working on income generation projects, agri-business projects, and strengthening the capabilities of government and non-governmental organizations. I am confident that the Volunteers will be among the most important symbols of America's engagement in these countries.

Crisis Corps — Last summer, at the Peace Corps event in the Rose Garden you announced the establishment of the Crisis Corps, a new initiative that provides experienced Peace Corps Volunteers and former Volunteers the opportunity to participate in short-term disaster relief assignments. I am pleased to report that we are moving forward with this initiative. In recent months, we have sent additional Crisis Corps Volunteers to Guinea and Cote d'Ivoire to work with refugees from Liberia and Sierra Leone, where they are helping to install water wells and restore lands damaged by the presence of 800,000 refugees. In June, Crisis Corps Volunteers were sent to Madagascar to help rebuild schools and clinics in the aftermath of a devastating cyclone, and we are considering a possible Crisis Corps project to help with reconstruction from recent flooding in Poland and the Czech Republic.

Hungary and the Czech Republic — In May, I traveled to Hungary and the Czech Republic to mark the closure of the Peace Corps' programs and to celebrate the important contributions that Peace Corps Volunteers have made to the extraordinary transitions in those countries. Our own budgetary constraints and the advanced level of development in Hungary and the Czech Republic were the principal reasons for our closure of the programs, both of which began in 1991. Government officials and the citizens of Hungary and the Czech Republic were very generous in praising the Volunteers for their assistance and friendship.

Memorandum for the President
Page 3

Albania and the Congo — Due to internal violence and concern about the safety and security of our Volunteers, I suspended the Peace Corps' programs and evacuated Volunteers from Albania in April and Congo in June. I am uncertain at this time when, or if, it will be possible to re-open our programs in those countries.

Op-eds — I thought you might be interested in two op-ed pieces on volunteerism that I wrote for the *Miami Herald* and the *San Diego Union-Tribune*.

THE WALL STREET JOURNAL.

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VOL. IC NO. 117 CE/NA ★ ★ ★

TUESDAY, JUNE 17, 1997

INTERNET ADDRESS: <http://wsj.com>

Work Week

A Special News Report About Life On the Job — and Trends Taking Shape There

PEACE CORPS applications are in demand at colleges and universities.

Career counselors at St. Olaf College, Northfield, Minn., saw a 15% jump in Peace Corps inquiries this year. With 2,900 students, it sent 21 into the corps in 1996. "What I see with students is a desire to do something different before they get into the workaday world," says Gary Anderson of St. Olaf's career-development center. At Clark University, Worcester, Mass., Peace Corps volunteers have risen to seven this year from three in 1993.

The Peace Corps received more than 133,000 inquiries in fiscal 1996, up 33% from fiscal 1994, spokesman Brendan Daly says. But because of budget constraints, he says, only 3,500 recruits are accepted yearly. He scoffs at the notion that Generation X-ers are self-centered.

Corps volunteer Maren Quade, 24 years old, a graduate student at the University of Minnesota, had to be evacuated from the Central African Republic during last year's military coup.

Union-Tribune

OPINION

The Peace Corps' domestic dividend

By Mark D. Gearan

This weekend, more than 500 returned Peace Corps volunteers will convene in San Diego for a four-day conference that will, among other things, demonstrate the "domestic dividend" of the Peace Corps, one of President John F. Kennedy's most enduring legacies.

Spurred by a spirit of service and idealism, Peace Corps volunteers are working to solve some of the most basic but intransigent problems in the developing world. But for the returned Peace Corps volunteers gathered in San Diego, their service did not end when they boarded a plane for the United States. Instead, by continuing their service here at home they bring a "domestic dividend" to communities throughout our country.

Since 1961, nearly 150,000 Americans have answered President Kennedy's call to public service by joining the Peace Corps, including 20,000 from California, by far the most from any state. Today, 6,500 volunteers are working at the grass-roots level in education, small business development, the environment, health and agriculture in 87 countries.

And when they come home, many returned Peace Corps volunteers pursue distinguished careers in public service. One returned volunteer, Health and Human Services Secretary Donna Shalala

(Iran, 1962-64), is a member of the president's Cabinet.

Californians such as Congressman Sam Farr (Colombia, 1964-66), Sacramento Mayor Joseph Serna (Guatemala, 1964-66), Deputy Secretary of the Interior John Garamendi (Ethiopia, 1966-68), Priscilla Wrubel (Liberia, 1963-65), founder of The Nature Company, Robert Haas (Ivory Coast, 1964-66), the president of Levi Strauss, and Gordon Radley (Malawi, 1968-70), president of Lucasfilm, all served in the Peace Corps.

Other returned volunteers are serving their communities in equally important ways and making an enormous difference in the lives of ordinary Americans. Returned Peace Corps volunteers are teaching kids how to read.

They are organizing youth activities, serving in local parent/teacher associations, and spending time with elderly citizens in nursing homes. Tomorrow, returned volunteers in San Diego will contribute their time and talents to a construction project with Habitat for Humanity, serve food at the St. Vincent de Paul Soup Kitchen and help clean up the beach front with the local organization, "I Love a Clean San Diego."

These are just a few examples of how returned Peace Corps volunteers make a tangible difference in the lives of people not only around the world, but also here at home. But returned Peace Corps volunteers also make a larger, more intangible

contribution to our country: their overseas experience has served to strengthen and expand America's understanding of the world and its peoples.

Peace Corps volunteers live and work at the grass-roots level for two years in communities where few Americans ever go. (For many people in the developing world, their first contact with an American was a Peace Corps volunteer.) They learn the languages of the people they serve and become immersed in cultures vastly different from our own.

When they complete their service overseas, returned volunteers bring this extraordinary experience back to the United States, where they share it with their communities and often use it throughout their careers. This makes returned volunteers a tremendous asset for our country's participation in the global marketplace. Moreover, their cross-cultural skills can also play an important role in helping to find common ground amid the growing complexities of our own multicultural society.

Sargent Shriver, the first Director of the Peace Corps, once said that "the greatest impact of the Peace Corps will be felt not overseas, but here at home." He was right. As the hundreds of returned volunteers here in San Diego — and thousands of others like them across the country — will prove, the Peace Corps' "domestic dividend" is an integral part of its genius.

GEARAN is the director of the Peace Corps.

*Millions of Americans
serve the common good
quietly and, regrettably,
anonymously.*

FRIDAY, APRIL 25, 1997 •

Volunteers: The best of America

Mark D. Gearan is the director of the Peace Corps. He served as President Clinton's communications director from 1993 to 1995.

LAST WEEK was National Service Week as proclaimed by President Clinton. My guess is that you didn't read one word about it.

Admittedly some of Congress's proclamations — National Artichoke Awareness Week or Cholesterol Appreciation Day — may not resonate. National Service Week should. But it didn't because it was not prominently covered.

Why? Journalists tell me: Good news

isn't covered. It's a "dog-bites-man" story. If it bleeds, it leads.

It's the shocking, celebrity-driven coverage that is driving many serious reporters out of journalism.



**MARK D.
GEARAN**

From my days as White House communications director, I am familiar with the challenges of "break-

ing through" the news clutter. So I am particularly sympathetic to the challenge faced by volunteer and service groups.

Millions of Americans serve the common good quietly and, regrettably, anonymously. For the most part, it is not until conflict, tragedy, or mismanagement occurs that we even read of their good work. Indeed, the media didn't take much notice of the President's AmeriCorps initiative until some in Congress opposed it.

A database search of "Peace Corps" last week generated references in stories on UFOs and cults. Is this fair to the nearly 7,000 Americans serving today as Peace Corps volunteers in the world's poorest countries? I think not.

The Miami Herald

Americans deserve better. We need national news coverage that enhances our ability to contribute as citizens. We need to know the good, the bad, and the ugly about our democracy. Isn't it relevant that a 1996 study found that Americans volunteer 20 billion hours of their time? And isn't it relevant that 3,500 sandwiches will be served today by volunteers at Martha's Table in Washington?

In fairness, there are notable exceptions: *ABC World News Tonight's* "Solutions" segment, *Newsweek's* "Commitments to Service" column, and a respectable amount of local TV news.

Clearly we need to do more to spotlight citizen service and volunteerism. Organizations need help in bolstering such service. And all of us can do our part — policy makers and the media. Highlighting volunteerism inspires us all, and it challenges us to do more.

Fortunately a big event looms that can alter the dynamic. On April 27-29, 3,500 delegates representing service and volunteer organizations from 50 states will convene in Philadelphia with Presidents Clinton, Bush, Carter, and Ford for the Presidents' Summit for America's Future.

The summit is a historic opportunity to harness the best of America and to promote service. It's also an opportunity for the media to focus on good things happening around the country.

It will take restraint on everyone's part. Politicians need to check their partisan rhetoric at the door. Journalists need to save their political analysis and various "plays of the week" or "outrages of the week" for another forum. And service groups and private-sector partners need to make good on their commitments.

All the wheels are in motion to recognize that the ethic of service is a vital part of American society. The possibilities are endless. And, God knows, our country needs it.

program's rolls, enabling police to locate and apprehend fugitives who continue to seek benefits; USDA plans to implement the program nationwide and hopes to capture 2,000 felons and save \$36 million/yr in food stamp payments; (ii) ~~USDA continues to cut the food stamp error rate (now 9.22%), saving taxpayers \$660 million since you took office;~~ (iii) ~~it is working to conduct inspections of food stamp retailers, Child and Adult Care Food Program providers, and Rural Rental Housing Program properties to root out fraud;~~ and (iv) it is pursuing illegal conduct in the cotton and tobacco industries.

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
8-17-97

August 12, 1997

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MEMORANDUM TO: THE PRESIDENT
FROM: RAHM EMANUEL
SUBJECT: OPPORTUNITIES FOR APPEARANCES AT URBAN
RENEWAL SITES

Attached is some material on the recent urban renewal projects which I mentioned in my weekly report. I believe that an appearance at the South Bronx site featured in the "Smithsonian" article would highlight your commitment to and support of results-oriented programs like these. The article includes photos of Presidents Reagan and Carter at the same site -- before it was built into the low-middle income neighborhood of family homes which it has become under your administration.

I have submitted a request to the scheduling office for you to participate in the announcement of the \$250 million commitment from New York corporations to finance LIHTC-backed housing in New York. This announcement would take place at the South Bronx site, and would, I believe, offer you an unparalleled and historic opportunity to demonstrate what your economic policies have done for urban neighborhoods.

I want to do this
only problem: the article
does not mention even
one of our initiatives
but you should do, exp.
explain what you can
do help do this
renewal—

Smithsonian

By Patrick Breslin

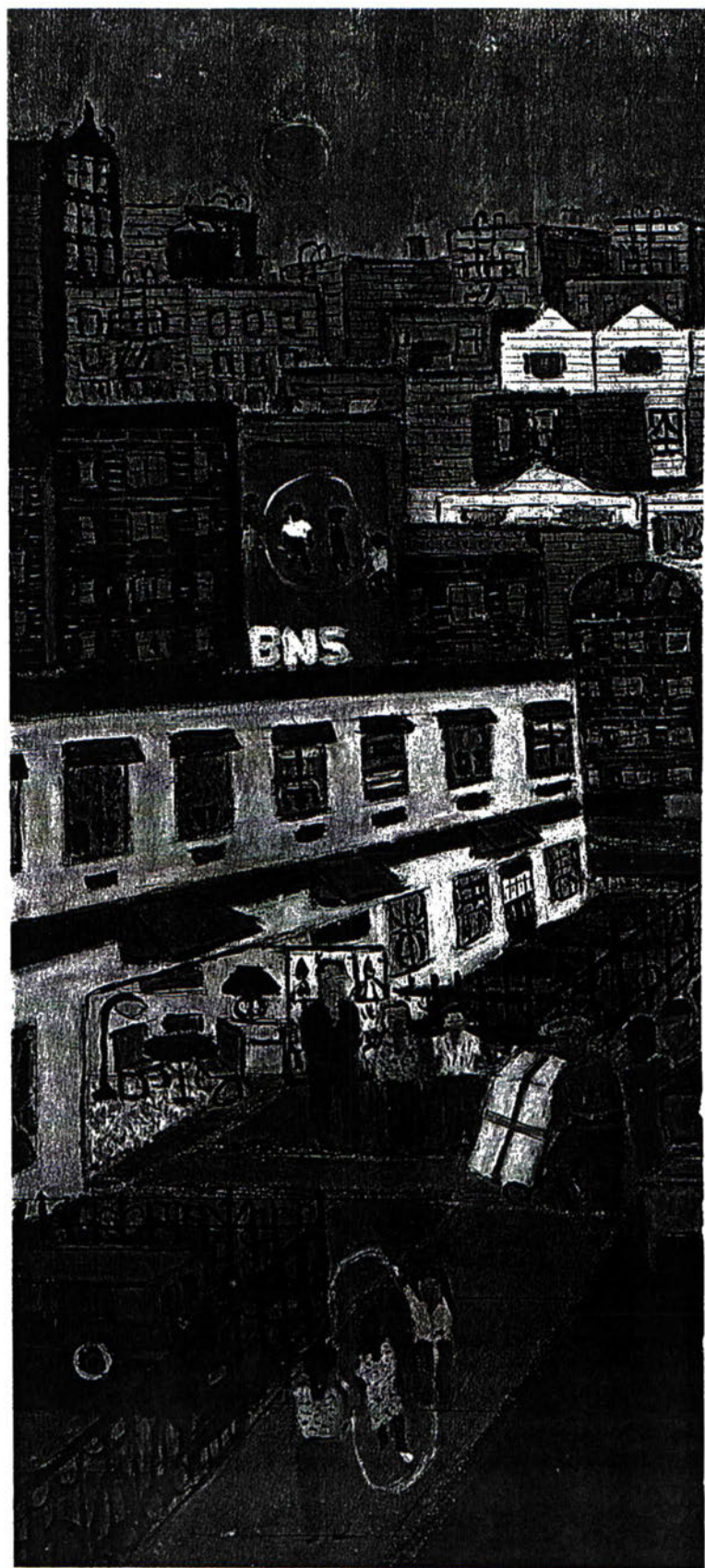
On these sidewalks of New York, the sun is shining again

Everybody's heard about the bad-news Bronx, but few realize there has been an amazing turnaround. Welcome to the good-news Bronx

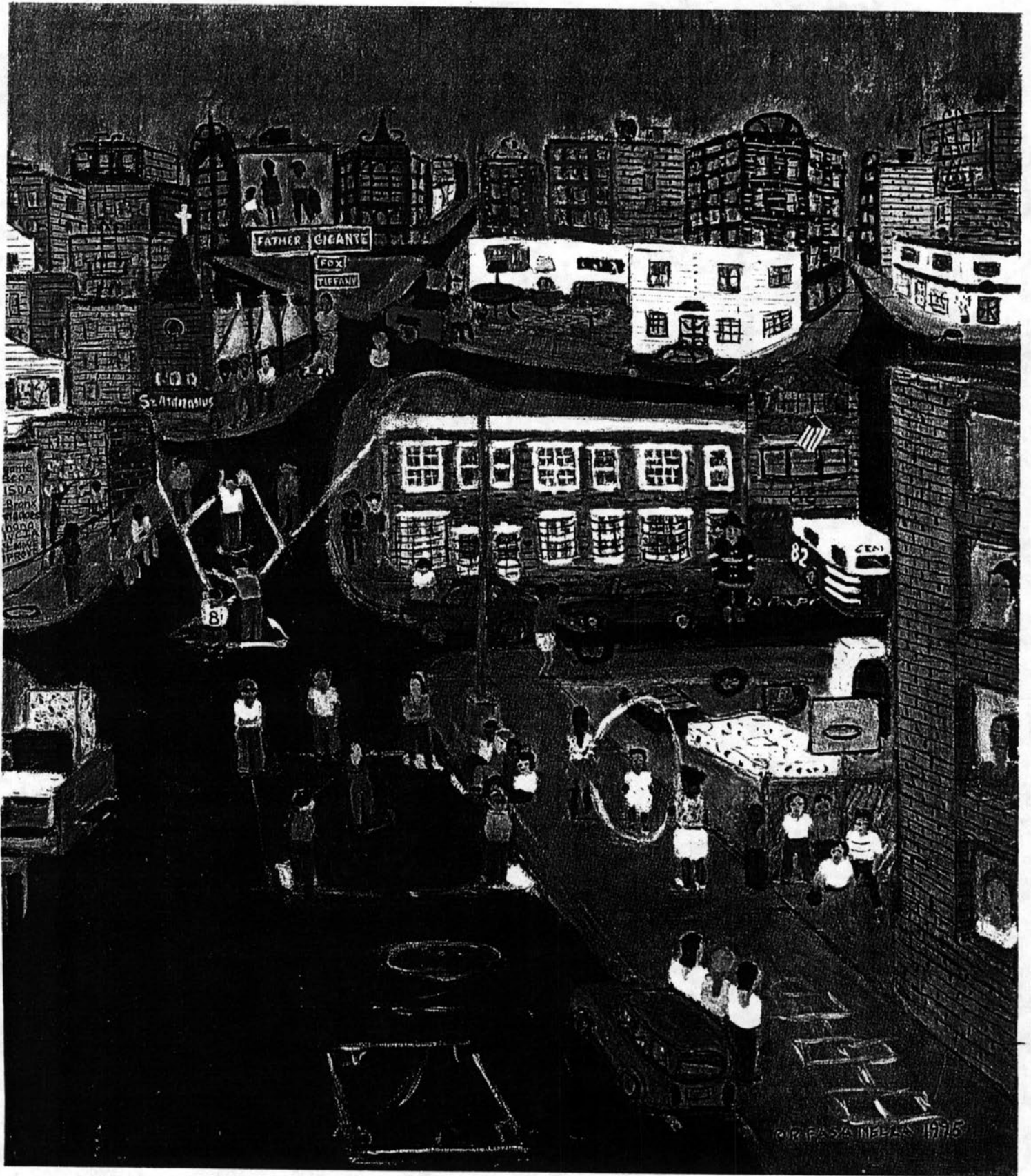
My family left the South Bronx in 1960. It wasn't called "white flight" then, but we were fleeing. Our neighborhood, once blue-collar Irish, German, Italian and Jewish, had become principally Puerto Rican and poor. Due largely to the influx of drugs, the rates of crime and violence were rising. One friend's family left a couple of years before we did, after a flaming mattress thrown off a tenement roof landed a few feet behind them as they stood on the sidewalk. Another friend's family stayed a while longer, but they were "moved" by burglars who cleaned out their apartment three times before they finally decided to leave under their own power.

By the 1970s it was High Noon on the South Bronx streets, with drug dealers shooting at one another in broad daylight. As the exodus, now largely Puerto Rican and African-American, continued, the infrastructure started to come apart. Landlords, too, began to leave, many of them torching their buildings for the insurance money as a parting gesture. The banks and insurance companies left. More and more buildings burned, and then wrecking balls and bulldozers knocked down the hollow hulks. President Jimmy Carter came in 1977 and stood on the rubble at Charlotte Street and said something should be done. Then he left. Three years later, candidate Ronald Reagan came and stood on the same rubble. He left too.

The South Bronx was the place almost everyone left. By 1980 it had become ground zero of the most devastated urban area in the United States. That is the perception many people still have of it today. Few know

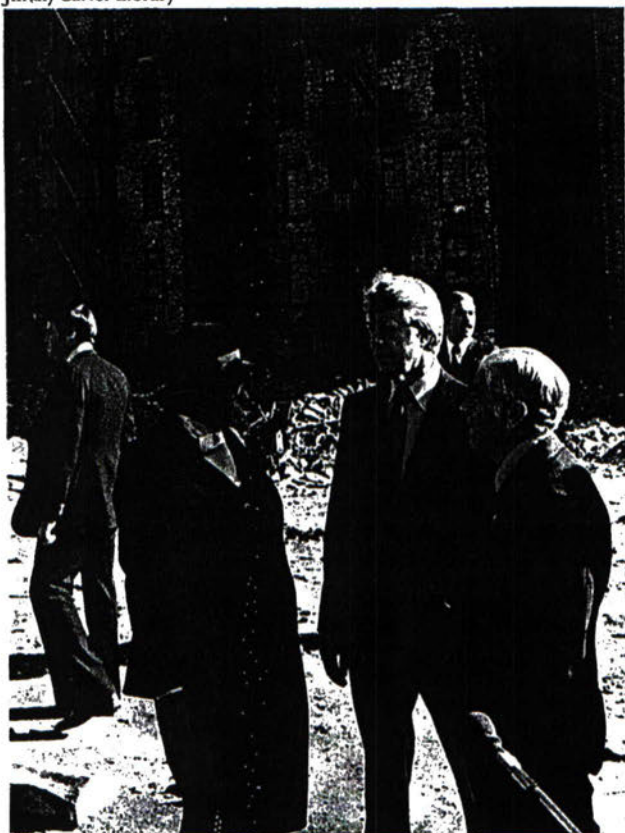


In a painting inspired by this story, famed New York artist Ralph Fasanello celebrates South Bronx rebirth



Fancifully blending old and new, the scene depicts a family moving in (left) and kids playing on city streets.

Painting by Ralph Fasanella



In the fall of 1977, President Jimmy Carter visited Charlotte Street with Abraham Beame (right), the mayor of New York, and Patricia Harris, Carter's Secretary of Housing and Urban Development.



how it got to be that way; even fewer realize there's been an amazing turnaround.

This is a story about the rebirth of a neighborhood—much of it happening within ten blocks of where I grew up—and about the people who didn't leave, who stayed and struggled. Against all odds, they are making the South Bronx once more a place where immigrants can get a grip on the American dream. Now, because of their efforts, government agencies and banks and insurance companies are coming back. Thousands of new housing units have risen from the rubble. Libraries bustle with students. Private foundations are pouring money into development plans designed by local people. A vibrant new community is emerging from the ruins of four decades of wracking social changes, misguided urban policies and the scourge of drugs.

New York City's only mainland borough (the other four are all on islands), the Bronx is separated from Upper Manhattan by the Harlem River. In the 19th century wealthy New York families maintained rural retreats there. A Bronx ironworks built the dome for the U.S. Capitol. The Bronx Zoo sheltered survivors of the buffalo herds then being slaughtered out West.

In the 1920s block after block of six-story brick apartment houses were being laid out in the Bronx, linked to

Manhattan by the new elevated electric-train lines. My parents arrived separately from Ireland, found work, married and settled down in a five-room apartment. Outside the fourth-floor windows, the rapid-transit cars screeched around a curve and into the Simpson Street station. The noise filled our days, so much so that when we got a chance to spend several weeks on an isolated farm in upstate New York in the early 1950s, my mother couldn't sleep for the silence.

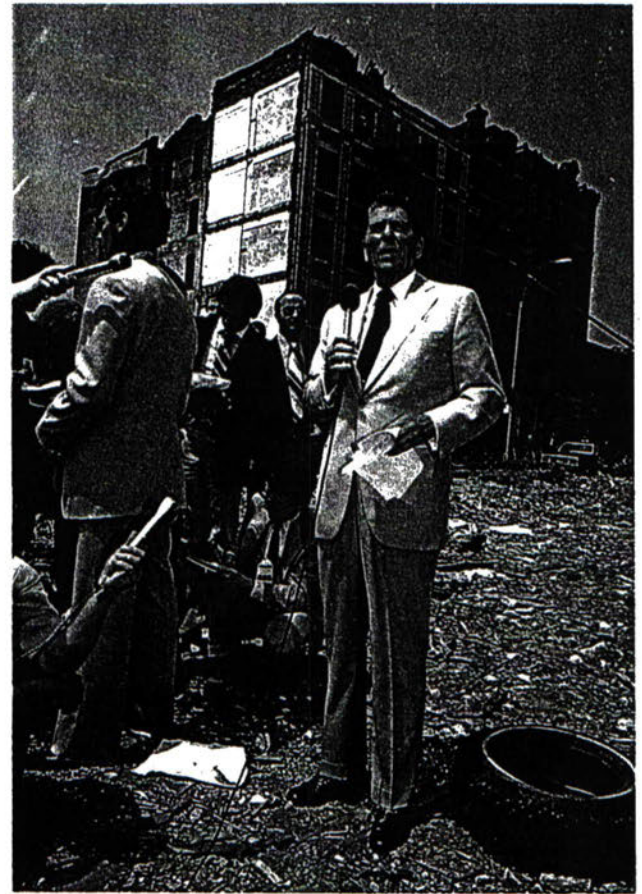
Gritty and bustling, the Bronx was a borough of safe, stable neighborhoods in those days. The prevailing ethic was the immigrants' belief that their hard work would make a better life for their children. For a time after World War II that expectation was borne out as the Bronx enjoyed something approaching a golden age. Those were the years the Bronx-based New York Yankees dominated the World Series, and Bronx political leaders helped put John F. Kennedy into the White House. Yet just when the borough seemed at the pinnacle of success, the waves of change that would overwhelm it were already starting to crest.

Patrick Breslin, who lives in Washington, D.C., has written previously for SMITHSONIAN about flea markets, Mayan culture and Irish storytellers.

Photographs by Camilo Vergara



Michael Evans



Ronald Reagan made a 1980 campaign stop in the vicinity. A year later (left) the devastation remained.

Cities are where most of society's problems go to happen. After midcentury, New York, like many of the nation's metropolises, had to face up to a shrinking tax base, a devouring automobile culture, a breakdown in family structure, racial tension, crime and drugs. In the Bronx, perhaps the most important change was economic. The borough was built on access to high-wage jobs in Manhattan, but after the war, industries in search of cheaper workers started to leave. When thousands of job-seekers from the rural South and the Caribbean arrived in the 1950s and '60s, the jobs were going the other way.

Partly as a result, the political machinery started to break down. The old Democratic Party that had extended a helping hand to previous waves of newcomers failed to provide the same welcome now. The Bronx was a borough of renters, and the rent-control measures adopted during World War II seemed politically impossible to end when the war did. Ceilings on rent enabled many landlords to justify the deterioration in services and maintenance on their buildings. They started splitting apartments into smaller units. When my parents were paying \$45 a month for five rooms, I knew other families who were paying \$125 for half the space. Racism and prejudice drew their dividing lines. "The el-

ement" was the euphemism in my family for Puerto Ricans. Out on the street, "spic" was a fighting word, as "mick" had been a generation earlier for the Irish.

There were other pressures. The imperious Robert Moses, who from appointed office controlled most public-works projects in and around New York for decades, cleared slums in northern Manhattan without providing adequate housing for the people he displaced. Many of them flooded into the Bronx. Moses also rammed the Cross-Bronx Expressway through thriving neighborhoods, evicting thousands more.

Any one of those disasters would have been enough to shake an urban area. It was the Bronx's particular misfortune to experience them all at once. As early as the mid-1960s the southern part of the borough had embarked on a seemingly irreversible decline, and as the devastation spread, the term "South Bronx" was used to describe an ever-widening area. People reached into the past for images to describe the desolation. When someone shot an arrow into the Police Department's 41st Precinct headquarters on Simpson Street, or so the story goes, the police began calling it "Fort Apache." Later, as the city continued razing the neighborhood, the building became known as "the little house on the prairie." Captain Harvey Katowitz, who is retiring this



Views of identical Charlotte Street area in (from left) 1981, 1984 and 1994 dramatically illustrate the kind of



transformation that community groups like Banana Kelly and the Mid-Bronx Desperadoes have pulled off.

year as commander of the 41st, recalls drug searches and arrests where crowds turned hostile. "Sometimes we literally had to fight our way in and out of the buildings. There was tremendous distrust."

The 1981 Paul Newman movie *Fort Apache, The Bronx* conveyed those appalling images to a worldwide audience. Tom Wolfe's 1987 novel *Bonfire of the Vanities* further underscored the borough's reputation as a lawless wasteland. But among the ruins there remained survivors who hadn't given up.

Last year, intrigued by a few newspaper stories which suggested that things were improving, I went back. I'd been far away, and a long time gone. I'd lived in several Latin American countries, where I learned to respect the struggles of poor people to improve their lives. Now,

if what I had been reading was true, a similar struggle was going on in the Bronx.

You don't see the improvements at first, as you drive out of Manhattan over the Harlem River and then under the noisy Bruckner Expressway. The Bruckner sits atop a thicket of concrete pillars, and you head into the Bronx on a narrow road that winds through them. It's a nice spot for mayhem under there, dark and gloomy, strewn with garbage and broken bottles.

A few blocks farther on, the changes start. The blocks of apartment houses here are not the burned-out hulks of a dozen years ago but occupied buildings with curtains on the windows and people pushing baby carriages in front. Then come streets neatly lined by new two-story houses with well-kept cars gleaming in the driveways. Many of these houses have lawns and gardens and window boxes planted with flowers.

At Charlotte Street, where politicians once posed before a backdrop of ruined tenements, the horizon now opens low and wide over a spreading delta of single-family houses with iron and brick fences around the bright-green lawns. Some of the houses have wooden decks off the back, complete with barbecues.

These views are disorienting; they clash with my memories. As a kid, I played stickball on narrow streets, between rows of tenements. The sky was something you looked straight up to see, a narrow band of blue or gray hemmed in by the buildings. Now there's more sky, the horizon is lower and farther away. Often, you can see all the way to the bridges, the span of the George Washington to the west, the high humpback arch of the Throggs Neck to the northeast.

Curious about the people who are living here now, I



Jillian Immanuel, 11, studies at dining room table in town house her parents bought on Vyse Avenue in 1991.



Work progresses (above) on foundations laid in 1983 for 89 private, single-family homes. Now occupied and



known as Charlotte Gardens (right), the landscaped neighborhood looks more like a leafy suburb than a city.

dropped in on Alexandra Immanuel, a tall, graceful woman with a Caribbean lilt in her voice. Originally from the island of St. Lucia, she lives with her husband, Isidore, and five school-age children in one of the new houses on Vyse Avenue, around the block from the parochial school I attended. The first floor of her tidy home has a carpeted living room with new furniture, a dining area, a kitchen and stairs going up to the bedrooms on the second floor. Out back is a fenced-in yard.

Alexandra was a girl of 14 when she came to this neighborhood in 1971, and she lived here with her mother and sister throughout the 1970s—"the worst years," she told me. "Buildings were rundown. We couldn't go out. There was a feeling of despair. I felt like a prisoner in my own house."

Still, she made it through high school, started nursing school and married Isidore. The Immanuels were paying \$715 a month to rent an apartment in public housing in 1991 when they saw a sign advertising new houses for sale in the Bronx. They did the numbers, discovered they could handle the cost and applied to the local community organization that sponsored the new housing. After undergoing intensive interviews, filling out the usual purchase paperwork and coming up with a down payment, they moved in. "The kids love it," Alexandra told me. "They can play in the yard, and I don't have to worry. The neighbors are good. Everybody looks out for each other."

Thousands of Bronx families like the Immanuels have been helped into new or rebuilt housing by community-development corporations, a grassroots approach to problem-solving here that has much in common with similar efforts mushrooming all over the world. In the South Bronx this process started with Father Louis Gi-

gante, a Catholic priest who grew up in Greenwich Village, worked in Puerto Rico and then in the early 1960s came to St. Athanasius, in the Longwood section.

At that time, Great Society programs were pumping federal aid into America's cities, and a lot of it went to the Bronx. Various community leaders and organizers sprang up to take the money, but sometimes all they did with it was provide jobs for their friends and supporters.

Father Gigante wanted to see more concrete results. He became a blunt spokesman for the poor people of his parish, leading many of them to Manhattan for in-your-face protests to city officials. But his master stroke was the Southeast Bronx Community Organization (SEBCO), the activist group he founded to give local people a voice in rebuilding their neighborhood with



Dominic Martinez, a college freshman, stands outside his mother's home in a restored area on Boston Road.



Father Bill Smith, who works with a community group, talks with a parishioner near a new housing complex.



Now the deputy borough president, Genevieve Brooks was a cofounder of the Mid-Bronx Desperadoes.

funds solicited from private foundations as well as government agencies. "That was the first community-based corporation, the one that got the whole thing going," according to Father Bill Smith. Father Smith was the pastor at neighboring St. John Chrysostom, my old parish, for 24 years before moving to St. Athanasius in 1985 to succeed Gigante. "Gigante was the catalyst, and he brought the others along."

SEBCO, which Gigante still runs, rebuilt and refurbished much of the housing around St. Athanasius and became the prototype for a score of similar organizations. Two of the most important ones in my neighborhood were the colorfully named Banana Kelly and the Mid-Bronx Desperadoes, the group that helped the Immanuels get their home.

You can trace just about any of these groups back to one person. For the Mid-Bronx Desperadoes, that person would be Genevieve Brooks. A wiry woman of limitless energy, Brooks is now the second-term deputy borough president of the Bronx, but her roots go back to the farming community of Anderson, South Carolina.

Brooks was 17 when she came to New York City to live with her uncle. She later moved into an apartment on Seabury Place, near Charlotte Street. Soon she noticed that the marble trim in the building's hallways wasn't being cleaned. When she complained to the landlord, he told her that she was the only one who had a problem and suggested that she move to Queens or Park Avenue. Instead she helped form a tenants association, and after that things started to improve inside the building. Outside, the hulks of burned-out cars stayed on the streets for weeks and drugs were being dealt openly. Brooks and her neighbors formed a block association and tried to get the city to clean the streets, pick up garbage and provide more protection. Nothing happened, so they began to do the work themselves.

"People thought we were nuts," she recalls. "We started sweeping our own streets, we went into the backyards and pulled the garbage out." After that, Brooks just kept right on going. She started a child-care center, worked on voter registration and got appointed to the community planning board. Eventually Brooks, Father Smith and representatives of nine local groups put a new organization together to work on a 100-block area's common concerns. When the organizers were choosing a name, someone observed that they were "desperate" about the problems they faced, and so the Mid-Bronx Desperadoes was born.

Not far away from the community served by the Desperadoes, high on an apartment house wall overlooking a small park you can see a brightly colored relief sculpture of four children playing jump rope. Artists John Ahearn and Rigoberto Torres cast the sculpture a little more than a decade ago as part of their "homage to the people of the Bronx." Similar street scenes celebrating



In 1988 the land on Brook Avenue was vacant but for a school (left) that had become an apartment house.



In less than six years the same land was packed with new dwellings, including a number of small family homes.

the neighborhood's people grace tenement walls nearby. Behind the jump-rope sculpture a block of Kelly Street makes the smooth curve that inspired the name of that other organization, Banana Kelly.

Back in 1977 no one was celebrating the people of the Bronx. That was the year the city sent marshals and demolition crews into this same neighborhood to take down three tenement buildings. Some 30 families were living in those structures, and they had already started to fix them up. Facing eviction, the families resolutely formed a human chain around their buildings, and with reporters at the scene, the city decided to back down.

Flushed with success, the victors incorporated their organization as the Banana Kelly Community Improvement Association. With publicity and official recognition came access to loans from government programs and a New York bank, and the rehabilitation of the three buildings was completed. In the process, Banana Kelly director Yolanda Rivera told me, "we learned construction, we learned management, finances. We learned everything ourselves because we knew we wouldn't be able to afford to pay consultants to do it for us." They decided to keep right on building, block by block. Their motto: "Don't move. Improve."

Throughout the 1980s, both Banana Kelly and the Mid-Bronx Desperadoes worked hard to prevent further destruction of existing housing and to build back over empty lots. If organizing had given them clout, the progress they made on their own gave them something equally important—credibility. Downtown, where the power and the money have always been in New York, people started listening. The city, which had seized many abandoned buildings for taxes, began turning them over to community groups and providing loans for rehabilitation. The groups lobbied banks and insurance

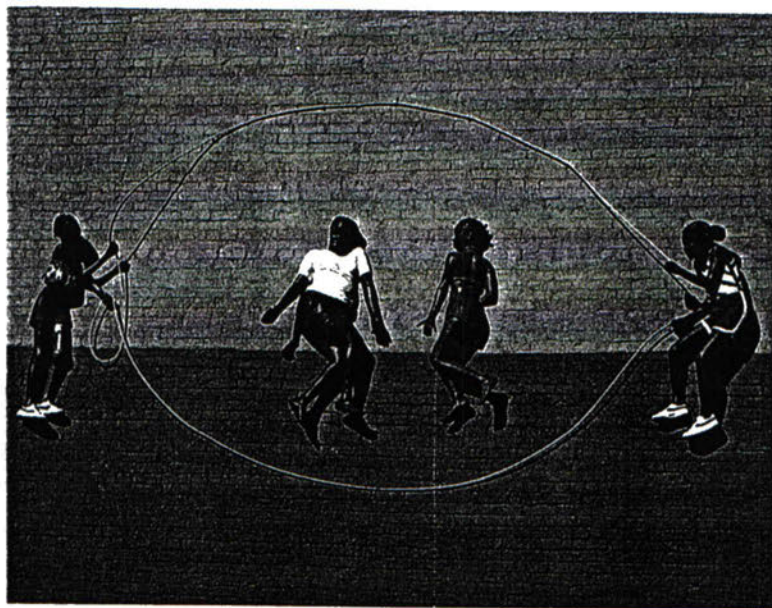
companies to do business in their neighborhoods again. The nonprofit Local Initiatives Support Corporation (LISC), which was created by the Ford Foundation to operate nationwide as a bridge between communities and corporations, helped persuade businessmen that there was indeed money to be made investing in poor urban neighborhoods.

The key to LISC's ability to lure private investors is a federal tax credit for low-income housing. Since 1987, thanks to that credit, LISC has been able to raise nationally more than \$950 million in investment funds from 106 corporations. Some of that money was used to help finance nearly 2,000 new or refurbished housing units in the Bronx, a fourth of them in projects sponsored by Banana Kelly and the Mid-Bronx Desperadoes. Even before LISC got into the act, the city government—convinced that the tide was turning in the South Bronx—had already committed \$4.2 billion for a major housing effort there.

Over the past two decades the Mid-Bronx Desperadoes have helped build or restore more than 2,000 residential units, including the 89 houses in Charlotte Gardens. Banana Kelly has grown from its original three tenements into a freewheeling organization that manages 45 buildings containing more than 1,000 living units. Another 1,500 units it helped build are cooperatively owned. But it takes more than housing to create a community.

In many cities, slums have been resurrected by "gentrification," with well-heeled buyers snapping up buildings at bargain prices and restoring them. In the South Bronx, it's the poor who are getting a chance to own a piece of the action. From the beginning, according to Yolanda Rivera, "the promise was made that the community would be rebuilt for the people who stayed."

Banana Kelly and the Mid-Bronx Desperadoes wanted



Lifelike figures adorning a wall in the Banana Kelly neighborhood symbolize the Bronx's new upbeat spirit.

tenants who had a sense of responsibility. They screened the people who applied to move into their buildings, and they took the time to visit with families like the Immanuels. "I interviewed every family before they moved in," Genevieve Brooks recalls. "I wanted to see how the parents related to the children, and what the children's goals were." She was looking for people who would strengthen the neighborhood. Once it was rebuilt, she didn't want it sliding down again. "I was brought up on a farm where you kept your yard, your house, your surroundings clean. Litter and abandonment—that was foreign to me."

Marc Jahr, a program director at LISC who worked for eight years as a community organizer on the streets of Brooklyn, thinks that attitude is important. "The Mid-Bronx Desperadoes don't tolerate graffiti in their buildings. They clean it off immediately. That sends a message that somebody cares about this building. That's a message that was missing in the South Bronx for years."

It's a message the Mid-Bronx Desperadoes and Banana Kelly send every day. The housing may have been rebuilt, but the neighborhoods still need tending. Getting crucial services like health care, for example, is still a challenge. Last year Banana Kelly helped establish a children's health clinic, and just a few months ago the Mid-Bronx Desperadoes helped open a modern doctors' office: before, the only choice most residents had was an emergency room at a city hospital, where they could wait an entire day for care.

Both groups emphasize the training and hiring of local people. Many Banana Kelly staff members live in

the buildings they manage. "Most social service agencies draw lines between staff and clients," the director of one Banana Kelly program told me. "We don't look to hire professionals. We invest in training local people because it builds the capacity of the neighborhood. If our funding were cut tomorrow, the professionals would be gone, but these people would still be here."

One key neighborhood job is the building "super," or superintendent—the person who is responsible for keeping each apartment building clean and running. Late last fall, in a classroom on the third floor of a former public school building, I watched teacher Charan Mangru, a native of Guyana, work with seven young men, all high school dropouts. His students were learning how to compose a job-application letter. It was part of the "life skills" section of a five-month course designed to prepare them and 16 other students for careers in building maintenance and construction. Twenty-three students started the course, one of several that a Banana Kelly program called Family and Community Enrichment offers residents. In other life skills classes those seven students were learning the basic reading, writing and math they had not learned in school.

Mangru had outlined the job letter on the blackboard, and now he handed out sample paragraphs. "I don't want to copy off the paper," one student objected. "I want to write my own letter." Prominently posted on the wall was an article about Gen. Colin Powell, who as a boy lived just a few blocks from this classroom.

Several blocks away I found Augie Demera teaching the "vocational skills" segment of the same course in the gutted-out basement of a Banana Kelly building. Demera was one of a number of young South Bronx natives working for Banana Kelly and the Mid-Bronx Desperadoes who told me they were "giving back something to the neighborhood." In his workshop I saw drywall partitions with enough practice electrical wiring to power a rock concert, and a locker room full of sinks installed along one wall. Demera teaches electricity, plumbing, carpentry and boiler maintenance, all necessary skills for building superintendents. "When they finish this course," he said, watching a trio of young women wiring an electrical connection on a piece of plywood, "they'll have the basic skills they need to run this building."

Who knows—maybe someday they'll be able to help run the community. Banana Kelly recently trained homeless students at the Bronx Regional High School to help build their own dormitory. The Mid-Bronx Desperadoes are involved in everything from administering civilian street patrols and putting on youth talent shows to operating small-loan programs and fixing up public parks. I sat in on staff meetings that covered such topics as a book drive for one apartment building's library, a condolence note for a tenant whose mother had died recently, and a program to test children for lead poison-

ing. Several times a week there are community or block association meetings where residents take up such problems as lack of security, supers who are unavailable for nighttime emergencies, broken washing machines, late parties and loud music.

A young man at one Mid-Bronx Desperadoes tenants meeting put his finger on what may be the organization's biggest remaining challenge. "We've accomplished a lot of our dreams," he said. "We've got the services a family needs. But people want to go to work."

Perhaps more than any other factor, it was the loss of jobs that destroyed the old Bronx. Now, after helping rebuild their neighborhoods and restore services, community groups are going after economic growth. The Mid-Bronx Desperadoes have helped revitalize several rundown commercial areas and are moving ahead on their most ambitious economic project to date, a supermarket and shopping center that Ralph Porter, who succeeded Genevieve Brooks as director, hopes will create more than 500 jobs. Meanwhile, Banana Kelly has

formed a joint venture with Swedish and American companies to build a modern paper-recycling plant along the Harlem River railyard that would add another 300 jobs to the local economy.

Neither of these ambitious schemes is by any means a sure thing, nor is it clear that enough jobs can ever be created to lift the South Bronx out of poverty. On the other hand, a look at what's already happened there suggests that the future could be full of surprises. The Mid-Bronx Desperadoes and Banana Kelly were born in desperation. Now they negotiate investment plans with international corporations. Genevieve Brooks only wanted to get the trim in her apartment house cleaned. Now she helps oversee the entire borough.

On Simpson Street, just across from the building where I grew up, I saw a bilingual mural that captures the spirit of the South Bronx today. "*Dios bendiga nuestra comunidad*," it says, over a field of bright flowers. "God bless our community." And down in the corner, in English: "There is hope."

Residents playing dominoes outside their "casita," or clubhouse, are surrounded by colorful plantings that

create a near-tropical atmosphere. The lot was leased to the community for beautification and relaxation.



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Memorandum

To: Rahm Emanuel
CC: Patty Foley, Bobby Rosen
From: Marilyn Katz *Marilyn*
Date: July 23, 1997
Re: South Bronx and other possible venues for President Clinton Urban Success Appearances

Thanks for taking the time to meet with us on Monday. As we said, we believe the unparalleled (and often unreported) revival of inner-cities that has taken place under President Clinton's watch is a story that needs to be told and will serve the administration well. Policies that you have nurtured – permanent extension of the Low Income Tax Credit, level funding for Home and CDBG and the strong support for CRA have created the climate in which private sector corporate investment is returning to the inner city in vibrant and dynamic partnership with local non-profit developers and local governments.

New York Opportunity: As we mentioned on Monday, an opportunity to herald the urban comeback through the stimulation of private sector involvement exists when LISC announces its 1998-1999 New York Equity Fund – a commitment of \$250 million from New York corporations to finance LIHTC-backed housing in New York over the next two years. This sum will be added on to the \$585,600,000 which these corporations have already invested in New York City tax-credit housing through LISC's New York Equity Fund.

What we envision is an event in the South Bronx on Charlotte Street, which in the 70s and 80s became the symbol of the nation's despair and where Reagan, Carter, Mother Teresa (and Paul Newman) stood and said 'nothing could be done'. Today that street is the site of a community of neat, single family crime and graffiti free homes that are, in turn, surrounded by thousands of units of new and rehabbed apartment buildings and a new shopping center under construction to serve the growing market that has been created. At that site the President would be joined by top corporate leaders and local community leaders who, with LISC have formed the private sector partnership that has transformed the community.

Should you wish, the press event could be followed by a round-table with corporate leaders talking about their first-hand experience with inner-city rebuilding and why they see urban centers as secure places for their multi-million investments (remember these are investment, not charitable dollars).

The round-table could take place either in the South Bronx or on Wall Street. And the President might consider calling upon these corporate leaders to work more closely with the Administration on expanding private sector investment in the inner cities. (see attached list of likely participants who are NYEF investors)

July 23, 1997

Note: One interesting aspect of this endeavor that you might wish to know is that 26% of the people who moved into CDC-LISC created housing in New York while they were on welfare, have since left the welfare rolls re, have moved off of welfare to work – now there is striking statistic.

Other LISC background: While the South Bronx is the most striking visual and story, it is typical of what is happening in virtually each of the forty cities in which LISC works is this: Local non-profits start tackling community revitalization with the creation of affordable housing through the LIHTC. Then, having transformed the worst of the building and re-created a market, they take on the creation of home ownership housing (where possible and if HOME and other flexible funds are available). Encouraged by the transformation of empty lots and abandoned buildings into productive, occupied assets, private developers join in, creating ownership housing and restoring their rental apartment buildings. Commercial revitalization follows as these non-profits work to lure the needed commercial services and jobs back to the inner city. And as things are developing, CDCs, with help from Justice's community policing funding (and LISC's Community Security Initiative), or with newly available HUD and HHS funds are now tackling community policing, job training and educational opportunities – the cornerstones of any health community

This transformation is absolutely real and absolutely the result of the partnership of which I spoke.

In addition to the South Bronx, let me mention some other opportunities for good message and good press:

Commercial Revitalization: Based on the success of its three housing funds the New York, National and California) LISC has created a commercial equity fund, The Retail Initiative, to attract corporate capital and retail development into the nation's inner-cities. LISC's first TRI fund raised \$24 million dollars and on July 30th in Chicago LISC will break ground in North Kenwood for TRI's first supermarket project in partnership with Reverend Brazier's Fund for Community Redevelopment and Revitalization. Over the next six months we will break ground for four more supermarket complexes in Harlem, New Haven, Boston and Philadelphia

Cities in which strong and visually striking change has occurred: Cleveland's Hough; Kansas City's East Side, Los Angeles' South Central, Miami's Liberty City, Chicago's near south and near west sides and Philadelphia's Germantown .

For your use, I am including some materials:

Before and After pictures of Charlotte Street
A South Bronx Fact Sheet
A Smithsonian Article
NEF and LISC Fact Sheets
A list of NYEF investors (cumulative)

Talk to you soon.





New York Equity Fund

COMPANY	TOTAL INVESTMENT
(1) American Express	\$8,000,000
(2) Astoria Federal Savings Bank	\$4,500,000
(3) AT&T	\$2,000,000
(4) Bank of China	\$4,000,000
(5) Bankers Trust	\$47,500,000
(6) Bear, Stearns & Co.	\$12,000,000
(7) Bristol-Meyers Squibb	\$6,000,000
(8) Brooklyn Union Gas	\$6,000,000
(9) Canadian Imperial Bank of Commerce	\$1,000,000
CIBC Capital Corp.	\$1,000,000
Subtotal All Affiliates	\$2,000,000
(10) Capital Cities/ABC	\$13,000,000
WPLJ-FM Radio	\$2,000,000
Subtotal All Affiliates	\$15,000,000
(11) CBS, Inc.	\$3,000,000
(12) Chase Manhattan Bank	\$52,500,000
(13) Chemical Bank	\$27,000,000
(14) Citicorp	\$20,000,000
(15) Consolidated Edison Co. of NY	\$10,000,000
(16) Continental Insurance	\$3,000,000
Casualty Life Insurance	\$3,000,000
Commercial Insurance	\$2,000,000
Fidelity and Casualty Insurance Co.	\$2,000,000
Fireman's Insurance Co.	\$2,000,000
Glen Falls Insurance	\$3,000,000
Niagra Fire Insurance	\$2,000,000
Subtotal All Affiliates	\$17,000,000
(17) Credit Lyonnais	\$2,000,000
(18) Crosslands Savings Bank	\$1,000,000
(19) Delta Bank	\$0
(20) Dime Savings Bank	\$6,500,000
(21) European American Bank	\$1,000,000
(22) Federal Home Loan Mortgage Corp.	\$41,000,000
(23) Federal National Mortgage Corp.*	\$36,100,000
(24) Fleet Bank/Norstar Financial Group	\$2,000,000
(25) Green Point Savings Bank	\$2,000,000
(26) Heller Financial	\$0
(27) Home Savings of America	\$2,000,000
(28) IBJ Schroder Bank and Trust Co.	\$7,500,000
(29) Independence Savings Bank	\$5,000,000
(30) JP Morgan Community Development	\$46,500,000
JP Morgan & Co.	\$3,000,000
Morgan Guaranty Trust	\$10,000,000
Subtotal All Affiliates	\$59,500,000
(31) Metropolitan Life	\$5,000,000
(32) MONY Insurance Co.	\$2,000,000
(33) NatWest (Fleet Bank)	\$24,500,000
(34) New York Life	\$5,000,000
(36) New York Telephone	\$2,000,000
NYNEX Credit Co.	\$3,000,000
Subtotal All Affiliates	\$5,000,000
(37) Pfizer	\$5,000,000
(38) Quantum Chemical	\$1,000,000
(39) Republic National Bank	\$23,500,000
Republic Bank of NY	\$15,000,000
Manhattan Savings Bank	\$4,000,000
Subtotal All Affiliates	\$42,500,000
(40) Roosevelt Savings Bank	\$3,000,000
(41) Safra National Bank	\$2,000,000
(42) Salomon Brothers, Inc.	\$40,000,000
(43) Teachers Insurance and Annuity	\$5,000,000
(44) The Bank of New York	\$41,000,000
(42) TW Services	\$500,000
(43) United States Trust Co. of NY	\$2,000,000

Balance to Raise

GRAND TOTALS

\$585,600,000

THE SOUTH BRONX

Since 1980, LISC and its corporate and philanthropic partners have invested more than \$480 million in grants, loans and equity investments in New York City. In the South Bronx alone, community development corporations (CDCs) have developed more than 3,000 units of affordable housing using the Low Income Housing Tax Credit. Citywide, the number of nonprofit-developed affordable homes and apartments tops 11,500.

From the enduring national symbol of urban neglect and despair -- vacant, garbage-strewn lots, abandoned tenements and crack houses -- the new reality of the South Bronx is blocks of renovated, affordable rental apartment buildings with graffiti-free facades and small, tidy parks. Surrounding these are one and two-family homes with well-groomed yards that reflect the pride of ownership. The housing has, in itself, been an economic engine.

Just as these communities have sprung back from the nadir of blight, new goals have arisen that reflect residents' economic needs. With nearly all the city owned vacant buildings rehabbed, CDCs have turned their housing efforts to the more sensitive task of renovating partially occupied dwellings. Other current projects, such as developing retail strips and daycare centers, exemplify the broader agenda. Newly developed homes have also been a magnet for additional businesses and services that comprise an economically healthy neighborhood.

This broader agenda and activity comprises:

- △ A 10-acre, \$20-million community shopping center planned by MBD Community Development Corp., a CDC that got its start as Mid-Bronx Desperadoes. The shopping center will include a supermarket, video store and other neighborhood service businesses. MBD now manages over 2,000 units of housing;
- △ For 20 years the Morissania Hospital stood vacant looming over the South Bronx. Now thanks to the Women's Housing and Economic Development Corporation (WHEDCO), the 11-story monolith is ready to reopen and to provide affordable housing for 132 families. WHEDCO has also included a day care center, two playgrounds, a fitness center and several training programs;
- △ Healthy Living Systems is a food service and catering enterprise operated by the Mid-Bronx Senior Citizens Council that prepares, packages and delivers more than 1500 meals per day and employs 22 community residents. In 1997 its revenue is expected to top \$1 million;
- △ The Fordham Bedford Development Corporation has created a new kindergarten facility as part of LISC's early childhood education program. The kindergarten, which serves 75 children, is being leased by the Board of Education and is located in an affordable housing development that Fordham Bedford developed in partnership with New York State.
- △ Renewed involvement of the New York City Police Department and the Archdiocese of New York in the community, through a state-of-the-art precinct house and Police Athletic League community center and sports facility and an Archdiocese-sponsored elderly care facility.