

Chron

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Hayden

1 September, 1997

'97 SEP 8 AM 9:31

President Bill Clinton
White House
1600 Pennsylvania Avenue
Washington, DC 20500-2000

Dear Mr. President:

In accordance with my background and interest in Mexico, I wrote to you earlier, and I believe others may have written to you about my interest in improving our relations with our neighbor. Kit thought that I should write to you (briefly) about some of my ideas about our policies with Mexico.

As you may remember, I have had extensive professional experience in Mexico, for during my 15 years as a tenured university professor of Latin American Studies, I taught several summers as The National Autonomous University (UNAM) in Mexico City. During those many summers, I was the houseguest of two distinguished Mexican professors of UNAM, who were also very actively connected with the country's leaders, and thus I had a remarkable opportunity to learn about the country's values and concerns.

For the past few years in Washington, I have been a senior fellow in arms control, and have been on contract as a consultant in immigration and now, in the Department of Defense.

I hope you had a good vacation in Martha's Vineyard. Please receive my best wishes and kindest regards.

Sincerely,

Mary

Dr. Mary Faith Grizzard

send to

9-8-97

Does kind?

— yes

— NO

POLICY OPTIONS IN OUR RELATIONS WITH MEXICO

U.S.-Mexican bilateral relations entered an entirely new era with NAFTA. Our mutual fates are now intertwined to an unprecedented extent that are in an extended period of transition. Proof of our commitment to Mexico's economic development was clearly demonstrated by the rescue of the peso, and Mexico's swift repayment of the loan. Nonetheless, in its transition period, as a growing economy, with a population and culture across a fluid border, it still has a number of problems, which make it susceptible to disruption on many fronts:

- Mexican national security issues are changing, with a focus on narcotrafficking, and a growing militarization of Mexico's counterdrug and police institutions. As law enforcement is being increasingly militarized, there are attendant risks, relating to vulnerability of the armed forces to corruption, the increased likelihood of human rights violations, and the potential for undermining democracy.
- There is also a concern with the danger of spreading guerrilla war, and the prospect of political and economic instability.
- Although the economy has largely recovered from the 1994-95 peso crisis, it remains volatile and fragile. The economy increased by about 4.5% in 1996, and most observers expect comparable growth this year; at the same time, the recovery has been largely restricted to the export sector, and to the more prosperous north. The domestic economy, which employs more than 80% of the employed population, remains largely stagnant.
- Even with much progress in democratization, there is still a long way to go, and now for the first time since its founding in 1929, the Partido Revolucionario Institucional (PRI) is facing a new situation of power-sharing and negotiation.

In the solution to these problems, the rule of law must prevail, and interested countries should help Mexico to sustain this. Unless there is a major, long-term effort to encourage police and judicial reform, militarization may become a more prominent, long-lasting feature of the emerging new political system.

- Within this context, I would argue that the United States should provide, and also encourage other governments to provide, Mexico with the necessary assistance to strengthen civilian institutions, and to gradually reverse the militarization process.
- There should also be vigilance that U.S. counternarcotics aid is used for the purposes for which it was intended.

- US efforts to prevent drug abuse through education, public health measures, and law enforcement should be stepped up, with attendant resulting decreases in consumption well-publicized.
- When electoral fraud, human rights violations, or evidence of corruption of the country's institutions appear, the United States should emphatically exercise its influence I would emphasize that this should be primarily through private diplomacy, rather than through public demonstrations.
- The United States could offer private advice and guidance on how to negotiate in a power-sharing situation, now that the PRI is facing a lower house of congress where it no longer holds a majority.
- Some aspects of public pressure have become counterproductive, such as the certification process.
- Undocumented immigration, both from and through Mexico to the United States, remains a serious problem, but in recognition that most are seeking jobs, there might be a limited application of a bracero (legal, guest-worker) program. There would be several thousand temporary work visas available. The workers & and their visa numbers would be on a data base, with entries matching exits. If there is a imbalance of returning workers, the number for the next season would be reduced accordingly; employers documenting 100% repatriation rate would have their needs met on a priority basis.
- High profile policy initiatives across the spectrum of our relations have to be crafted, coordinated with our partner, and implemented. Bold measures are needed to match the vision of NAFTA. Perhaps there could be formed a Bi-Lateral Commission: lean, substantive, non-partisan (on both sides), with a ten-year charter of funding, to operate through quiet diplomacy. Small sub-groups could be composed of a lead USG agency for each issue as outlined above, to deal with the many problems between us, and to solicit innovative responses from both sides of the border.
- With all these tough problems the U.S. ambassador's knowledge and understanding of Mexico's proud history, culture, language, and nationalistic sensitivities would make much easier the implementation of tough solutions to problems we have to work on together.



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FIRST CLASS MAIL

President Bill Clinton
White House
1600 Pennsylvania Avenue
Washington, DC 20500-2000

THE PRESIDENT HAS SEEN
9-8-97

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Political battlegrounds of the future

Hawks vs. doves, liberals vs. conservatives.
The old labels will have little meaning in
the coming age of personal politics.

By Jill Lawrence
USA TODAY

THE PRESIDENT HAS SEEN

9-8-97

One after another, the big issues have fallen off the table. The communist empire collapsed and the Cold War ended. Congress passed and President Clinton signed a welfare-reform bill that ended a 60-year guarantee of federal aid. On Tuesday, Clinton signed a bipartisan bill that should balance the federal budget in 2002, for the first time in more than a generation.

The great debates that dominated government and politics for the past 50 years — national security, wars on poverty, a spendthrift bureaucracy — have been quieted. On the brink of a new millennium, what comes next?

The emerging issues of the next few decades define personal politics. They are as close to home as the TV, the bankbook and the sickbed. Environmental protection can mean stopping urban sprawl in your backyard. The global economy can create or kill your job. Technology is transforming your household and giving you health and childbearing choices you may not even want.

The country is getting older and less Caucasian, feeding generational and racial competition for jobs and government money. The gap between rich and poor is growing. The federal bureaucracy is trying to get smaller even as an aging population puts more demands on it. Technology marches on in medicine and cyberspace, opening frontiers of political and moral conflict. Supreme Court rulings this year against doctor-assisted suicide and Internet censorship signal the beginning rather than the end of those debates.

Fault lines are less predictable when politics are this personal. A liberal turns conservative when it comes to porn on the Internet. A conservative becomes a tree-hugger when sprawl hits home. So party stereotypes won't hold. Alliances will form and re-form where needs, convictions and political reality intersect.

This fluidity is apparent already in the balanced budget agreement between Republican congressional leaders and a fiscally conservative Democratic White House, in the growing feeling among Republicans that their party needs to be more environmentally conscious and in the splintering of both parties over protectionism vs. free trade.

But what will be the overriding issue that engages politicians for the next few decades? Maybe there won't even be one.

"If you had asked me several decades ago what would be the big issue, I hope I would have said the Cold War," says Pulitzer Prize-winning historian James MacGregor Burns. His best guess for the next preoccupation: the increasing gap between rich and poor.

Still, that's just a guess. "It may be that nothing will succeed the Cold War as a central issue," says Burns. "There may be a dozen issues."

Here's a guide to the key concerns and how they'll touch our lives:

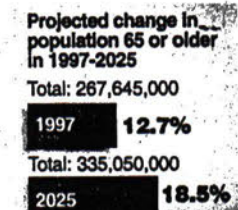
The aging society

The coming "entitlement wars" over how to pay for the old age of 76 million baby boomers may make the Generation Gap of the 1960s seem quaint. The generation born from 1946 through 1964 won't start to retire until 2011, but the prospect already is alarming national leaders and the younger taxpayers who will be footing the bill.

The twin trends of longer lives and boomer retirements will put a huge strain on Social Security, Medicare and Medicaid, the federal entitlement programs paying benefits to everyone who meets age or income requirements. The arguments over how to pay for all this will last well into the next century.

The 20- and 30-something taxpayers of Generation X would have to make "drastic sacrifices" to support their elders under the current system, Clinton says. They're already starting to protest the burden.

Yet powerful political forces are mobilized against reducing senior-citizen services or charging more for them, particularly in Medicare. Although Congress this year rejected higher Medicare premiums for better-off seniors, there's a broad consensus that the well-to-do eventually will pay more for their benefits in taxes, deductibles or premiums, and some benefits may start at later ages.



Source: U.S. Census Bureau

How important is it to get a grip on the costs of entitlements? Clinton calls it "an intergenerational obligation." The poverty rate among children is twice as high as among seniors, he said last spring. "And we can't let it get worse as those of us in the baby boom generation move toward our retirement years."

Putting entitlements on sound financial footing would have big payoffs, says Al From, president of the moderate Democratic Leadership Council. "Entitlement reform would make the progress we've made on the deficit enduring. It would secure the middle-class entitlements for generations to come. And it would hopefully free up some resources that could be used to invest in the future."

Presidential scholar Peri Arnold of the University of Notre Dame says "fiscal housekeeping" on entitlements also would restore faith in the government's ability to solve other complicated problems, such as urban violence. "We know enough about some of them to do a great deal if we had enough trust in government and enough money," Arnold says. "That's why these fiscal reforms are so important. They will give us capacity and confidence."

The new federal budget agreement gets rid of the deficit soon, but decades of borrowing have left a legacy: a \$5.3 trillion national debt. Rep. Mark Neumann, R-Wis., is already concerned about that bit of fiscal housekeeping. His bill, co-sponsored by some 100 House members, would limit federal spending growth to 1 percentage point below federal revenue growth for the next 25 to 30 years. That would produce a surplus to be split between tax cuts and debt reduction. The goal: zero debt by 2026.

A multicultural nation

The United States won't have any racial or ethnic majority at some point between 2050 and 2100. The trend is bound to aggravate tensions over issues like immigration and affirmative action.

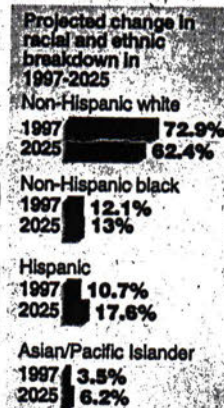
They are simmering now in disputes over what government benefits to allow legal immigrants, whether to make English the country's official language and how to ensure opportunities for minority Americans without discriminating against others.

Clinton's call for a national dialogue on racial issues is meant, he says, to prepare the country for the multicultural society that lies ahead. Census projections show non-Hispanic whites declining from three-quarters of the population now to about half by 2050, a trend expected to continue. Two states, Hawaii and New Mexico, have no majority race or ethnic group. In three years California won't have one.

Five U.S. school districts now serve children from more than 100 racial and ethnic groups, Clinton said in Illinois in June. "We must find a way to work with each other across racial lines," he said.

The flash point for the debate right now is affirmative action, and the stakes are enormous. One illustration: African-American enrollment will be minuscule this fall at three University of California law schools where affirmative action has been scrapped.

Many Republicans are determined to eliminate the practice. Others say it is needed in some form until discrimination is ended and minorities have better access to education and more opportunities. "This country has not reached a level playing field," says Rep. J.C. Watts, R-Okla., the only black Republican in Congress. "You can't get rid of affirmative action until you have something to replace it."



Source: U.S. Census Bureau

The rich and the poor

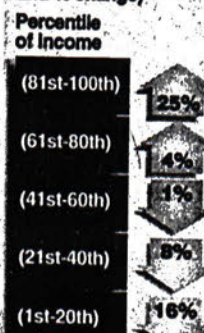
The economic boom of the '90s has been largely a bust for those at the bottom of the economic ladder. The new prosperity isn't reaching the working poor or welfare recipients moving into the workforce. The trend toward a wider income gap suggests liberals and conservatives will be intensifying their argument over how best to help the poor.

There is a great strand of American thought about equality. It's a basic value," historian Burns says. "If the problem seems to become more acute as this income gap increases, there will be a very strong reaction."

Clinton is promoting tax breaks and other tools to encourage home ownership, create new businesses, expand police presence and do environmental cleanups in inner cities. He has proposed training and scholarship incentives to get good teachers into poor rural and inner-city schools.

Republicans support many of those steps and have some suggestions of their own. Among them: letting parents send their kids to the public or private school of their

Percentage change in after-tax income, 1977 to 1994 (income level and % change)



Sources: Congressional Budget Office and Center for Budget and Policy Priorities

9-8-97

choice, with government helping them pay; weakening the grip of teachers unions on schools and politicians; and relying more heavily on religion-based charities to deliver social services.

House Speaker Newt Gingrich says, for example, that "faith-based centers" do a better job of rehabilitating drug users than secular institutions and should get more money. "This is going to be an intellectual argument. It is going to be a big power struggle," he said in May.

Ethics of life and death

Cloning, genetic testing and assisted suicide are among the issues voters will be forced to consider in a brave new world of biopolitics. America's longstanding debate over abortion is a harbinger of the emotional power these issues carry as society faces unprecedented choices about birth, life and death.

The startling debut of Dolly, the sheep cloned from a cell of another sheep, was a vivid symbol of the moral dilemmas created by scientific advances. "We are in a time of confusion," says Linda Emanuel, vice president for ethics at the American Medical Association. "Technology is making us re-examine our values."

When a person has a disease that cannot be cured and is living in severe pain, should doctors be allowed by law to assist the patient to commit suicide if the patient requests it?



Source: CNN/USA TODAY/Gallup poll, January 1997

for Bioethics at the University of Pennsylvania, reels off some of the complex debates to come:

► **Assisted suicide.** Experts predict a state-by-state battle in the wake of the Supreme Court ruling that the Constitution does not give terminally ill patients a right to end their lives with a doctor's help. Congress has little authority other than to ban funding of assisted suicide by programs like Medicare. That leaves it up to the states to ban or legalize the procedure.

"It will turn into a major socially divisive issue on a par with abortion," Caplan says. "An aging society is going to take the assisted suicide issue very seriously."

► **Genetic testing.** What do we want to do with the information the latest tests on body fluids and tissues can yield about temperament, disabilities and potential illness such as breast cancer or Huntington's disease? Who should see it? What kind of counseling is needed for those tested? And should insurance companies be allowed to weigh the test results in granting and pricing health policies? Clinton and some in Congress want to ban discrimination by insurance companies on the basis of genetic inheritance.

► **Genetic engineering.** Should we allow people to design their babies by picking and choosing desired characteristics, extracting them from sperm cells and injecting them into eggs. Should we create a nation of children gifted in music or athletics?

Should we try to screen fetuses for aggressive or antisocial dispositions, or mental illness? If we do, then what? Abortion? Treatment? And who pays?

► **Ethical care in a managed-care era.** Congress already requires insurers to cover certain procedures and hospital stays. Protecting patients is a major concern as profits, cost containment and competition figure more in health care decisions. Congress will be guarding patients' rights to privacy and to choose doctors, hospitals and treatments, and will be holding caregivers accountable.

► **Personal responsibility.** If you smoke or drink, who should pay for the damage you do to your own health? If a test shows your child will have a defect and you bear it anyway, who should pay for the child's medical care? Should insurance companies be allowed to deny you coverage for alcohol-caused liver damage if there's a gene for alcoholism?

► **And at the far-out yet imaginable cutting edge:** brain imaging technology that makes it possible to predict behavior and personality, and "extra-corporeal childbearing" in which an egg is fertilized in a dish and then transferred to a fetal incubator instead of a human womb. Such controversial practices inevitably will prompt moves to ban them.

A new environmentalism

"You've made money, you're looking at the sunset, you think, 'Do I really want to see a high-rise there?'" That's how James Pinkerton, a former Bush administration aide who wrote *What Comes Next*, summarizes an environmental protection trend he and other experts anticipate will gather steam as prosperity, maturity and a new century overtake Americans.

Unchecked growth is the No. 1 environmental issue right now — in some places the No. 1 issue, period. It's close to home and easy to understand. But experts say other environmental issues that now seem technical and abstract are going to become increasingly immediate and move up the political agenda.

Global warming, the theory that the Earth is experiencing climate changes caused by carbon dioxide emissions, is already attracting much international attention. Some scientists say hurricanes, floods and other unusual weather events are becoming more frequent. Clinton even wondered if global warming may have caused the catastrophic spring floods in North Dakota.

Business and environment interests are skirmishing over what to do about pollution from cars and fossil-fuel power plants, seen by some as the chief cause of the problem. Clinton said in June that the United States would accept a global limit on carbon dioxide emissions; he later convened a scientific roundtable to start educating the country about global warming. "This is just starting to seep into the public consciousness," says Daniel J. Weiss, political director of the Sierra Club.

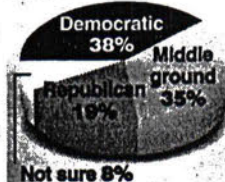
Other issues expected to register more strongly include the thinning of the atmosphere's protective ozone layer and a consequent increase in skin cancer, and a dramatic decline in fish in the ocean.

The last Congress rejected Republican attempts to repeal some environmental regulations and cut back federal enforcement of environmental laws. The party may try again, but the trends are in the opposite direction. After the last election, one poll showed the environment was by far the No. 1 reason cited by voters who were worried about Congress being in GOP hands.

Controversy is inevitable, as evidenced by the outcry over new limits on soot announced in July by the White House. The Clinton administration says the tiny particles cause asthma and other breathing problems; opponents say there's no reliable medical evidence of that.

But most signs point to more regulation as researchers, once focused on cancer-causing pollution, expand their sights. "There's going to be a real dramatic increase in our knowledge of how environmental contaminants affect our health," says Deb Callahan, president of the League of Conservation Voters. One recent example: a study linking air pollution to sudden infant death syndrome.

Which stand on the environment do you prefer?



Source: Time/CNN poll, January 1997

Who controls cyberspace

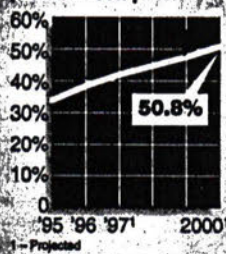
The Internet is coming to your TV set, and that's just one aspect of the information revolution reshaping American business and society. The lines are drawn between those who believe cyberspace should be forever free and those looking to control what they see as just another communications industry.

Congress' first attempt to regulate material on the Internet was the Communications Decency Act to curtail smut. The Supreme Court declared the law an unconstitutional violation of free speech.

But Internet content promises to be a continuing congressional concern, along with security and privacy issues raised by the ready availability of information on just about anyone in the country. Congress can also expect years of work as a result of what the industry calls "convergence": mergers and recombinations among broadcasting, cable, software, satellite and telephone companies. "These companies are going to affect our lives in ways that we haven't even thought about," says Mark Buse, policy director of the Senate Commerce Committee.

The more personal the politics, the more people care. And the more significant the moment, the more they take stock. "There's a big shift in thinking every time the century changes," says Pinkerton. This time it's a changing millennium, too.

U.S. households with at least one personal computer:



Source: In-Stat

2/2

1996. Sandy says the need to develop an administrative record supporting each designation and a reluctance to single out certain groups for immediate designation have combined to slow the process as most of the designations can be made before the November recess. That most following

✓ (F) **McCaffrey Update Memo on Drug**
Highlights: drug usage among children; survey data indicates that marijuana and heroin use is on the rise, while cocaine

ONDCP is working to secure congressional approval of cocaine sentencing revisions; McCaffrey goes to Columbia 9/23-9/25; and the anti-drug media campaign is on track and should begin airing ads in November. Also attaches ONDCP "white paper" critical of medicinal marijuana use. *We have sent copies to Rahm and Bruce Reed*

✓ (F) **Bernard Schwartz (Loral) Letter on the Economy** -- Lengthy letter delivered via Mack. Schwartz says economy continues to be even more robust than the numbers indicate; urges you to contemplate an "economy of surplus" and to "initiate a vigorous growth strategy." Urges you to "begin talking to the country about how to employ these new surpluses and to develop policies on how best to invest these resources in growth, infrastructure investment, education and research, and welfare expansion for the benefit of all our citizens." *Please see letter for more details.*

Tab B - Original to
Derskind/COS

Tab D - Berger/COS

Tab F - McLarty/COS

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declining;
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4-8-97

LORAL

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Bernard L. Schwartz
Chairman of the Board
Chief Executive Officer

August 28, 1997

'97 SEP 3 PM3:09

The Honorable William Jefferson Clinton
The President of the United States
Executive Offices of the President
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500-2000

Dear Mr. President:

I write to congratulate you on the tremendous success of your economic policies. At the same time however, I take the liberty of once again raising my concerns that the conventional wisdom of economic analysts will understate the strength and breadth of the global and particularly the American economy, thereby limiting you to a narrow set of political options.

You may recall a meeting held several years ago in the Oval Office in which I voiced the opinion that American business productivity had reached unprecedented levels and had already defeated the threats of inflation and deficits. The fear of prolonged deficits, largely misplaced, led to government policies that deprived your Administration of flexibility in addressing many of the societal problems about which you were appropriately concerned. Predicted continuing deficits were deemed to be the forerunner of inflation, higher interest rates, a weaker dollar and declining financial markets, which in turn would crowd out investment resources.

The contrarian view cited a dynamically growing economy, much stronger than was shown by statistics, which was fueled by technology and globalization. Further, it expressed optimism in the continuity of the business expansion.

I would say today that American business performance has even exceeded my predictions. I was only expressing what most businessmen knew: that the new communication, computer and information sciences were powerful tools for expansion and efficiency. The recycling of our industries during their downsizing only recharged American ingenuity and investment, defying the many doomsayers who cited the permanent dislocation of

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August 28, 1997

American industry. To the contrary, industry is revitalized, high quality job creation is historic, investment markets are providing abundant capital to fuel further growth, and even lower level incomes are improving. Real, substantive, permanent national wealth has been created. This is in large measure due to the policies put into place by you and your team that leveraged the economic and market forces to achieve these results. Phase I of the Clinton economic policy is clearly a great success!

Why, then, complain? Because Mr. President, I fear we may mismanage the "Economy of Surplus", just as we failed to fully realize the full potential of our recent economic progress because of our concern about inflation and deficits. There is no justification to overstate concern about the fragility of our present business expansion.

The real evidence does not support these concerns. The reality is enormous productivity gains, vastly improved corporate balance sheets, escalating profits, rising income levels, historically low inflation and fluid global capital markets. This progress is neither fragile nor temporary. The productivity gains come from investment in modern plant, as well as innovative management and production techniques. New technological inventiveness has driven new applications, created new businesses and put into place unparalleled efficiencies. Every businessman has observed these new factors, and has benefitted from them. It is national wealth creation at an almost unheard of pace, and it is fundamentally sound and enduring. The results cannot be denied because they cannot be calculated by conventional measuring techniques.

My own business experience is a testament to the power of technology and American initiative. Loral has been constructing new plants, employing thousands of new employees, building and operating in-orbit satellites for broadcasting, news gathering, distance learning and telecommunications for many new applications which did not exist prior to your Presidency. We are managing over \$6 billion of new investment to deploy new services globally, all of which will enhance human capacity and improve productivity. I might add that almost all of the employment and investment is in the U.S., contributing to the American economy's emergence which will in turn fuel additional growth. Our efforts will extend communication and information capability to every part of the globe by establishing instant infrastructure even to remote areas where alternate services would not otherwise be available, thereby extending the productivity revolution to all parts of the world.

Loral is only one example of the alchemy of technology, available capital,

Page Three
August 28, 1997

American initiative, and supportive government policy. These are the elements of the new American paradigm, and it is only beginning to generate the wealth creation which in turn will develop new markets and new expansion.

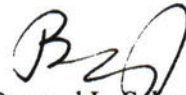
I believe that the economy, having reached a new paradigm, will provide solutions for solving what appeared to be intransigent problems, like Social Security liquidity or Medicare viability. I believe it is time for you to begin talking to the country about how to employ these new surpluses and to develop policies on how best to invest these resources in growth, infrastructure investment, education and research, and welfare expansion for the benefit of all of our citizens. Of course, you will follow through with the commitment in the Five Year Budget Plan. However, the surpluses and new wealth creation will enable you to initiate a vigorous growth strategy. The economy of surplus will make these options affordable.

I know these are objectives that are close to your heart and I trust that they can be formulated into a continuing Clinton Program that will shape a heritage of prosperity and peace.

I trust, Mr. President, that you will accept these views, based on real-time business experience, as a respectful effort to help you crystalize the debate on economic policy - and certainly not as a presumptuous lecture. I thank you for the opportunity to present them to you.

With sincere respect and good wishes

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Schwartz', written in a cursive style.

Bernard L. Schwartz

BLS:md
082897

THE WHITE HOUSE
WASHINGTON

MR. PRESIDENT - AS SEEN
9-5-97

September 6, 1997

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Recent Information Items

Tab B - Original to
Donskind/COS
Tab D - Berger/COS
Tab F - McLarty/COS

We are forwarding the following recent items:

(A) **Echaveste Memo on Ethnic Roundtable and Disability Outreach Mtg.** -- Maria provides lists of participants in advance of your separate meetings next week with ethnic and disability community leaders. Meetings are Tues. and Wed. respectively. *Please see memo for details.*

To meet re: Ex-Im
(B) **Raines/J. Harmon Memos on Ex-Im Bank Budget** -- Jim Harmon sent you a memo seeking a \$200 million addition to the Ex-Im Bank's \$632 million credit "subsidy" budget for FY 1998, in light of increased exporter demand. Raines says he's been aware of the situation for some time and an interagency group is looking at solutions; says it is not "advisable to send forward a budget amendment for Ex-Im at this time," because doing so would (i) require cutbacks in other international programs, which Albright and Cohen would resist; and (2) would jeopardize efforts to secure the most favorable international affairs budget outcome in years. Says until FY 1999 Ex-Im can manage increased demand using current resources by tightening loan terms, shifting from direct loans to more guarantees, and tapping into its \$50 million unfair financing practices fund.

(C) **Slater Memo on African Summit** -- Rodney reports on U.S. mission, which he co-led with Jesse Jackson, to the Harare, Zimbabwe summit in late July. Held 13 bilateral discussions with African Heads of State and others, focusing mainly on democratization and economic reform. Notes Summit's primary theme was strengthening American/African economic ties; also focused on human rights, including women's issues, HIV/AIDS, free speech/press, infrastructure development, agriculture and education. Praises (i) summit-organizer Dr. Leon Sullivan for his "tremendous work;" (ii) State, NSC, OPL, and U.S. Embassy Harare for "invaluable" assistance; (iii) Rev. Jackson (your inclusion of whom was a "stroke of genius") for his "immense" knowledge of Africa and his "spirit of support for [your] initiatives;" and (iv) the other delegation members.

(D) **Berger Memo on A.M. Rosenthal Op-Ed** -- You asked Sandy to explain a *NY Times* op-ed piece that criticized the Administration for not more rapidly designating terrorist organizations for the purpose of impeding their fundraising under legislation passed in

OK // 1996. Sandy says the need to develop an administrative record supporting each designation and a reluctance to single-out Muslim groups for immediate designation have combined to slow the process as Rosenthal contends. Sandy believes, however, that most of the designations can be made before the end of September, with the balance following prior to the November recess.

✓ (E)

McCaffrey Update Memo on Drug Policy -- Gen. McCaffrey lists 12 "issues of note." Highlights: drug usage among children remains unacceptably high, but recent HHS survey data indicates that marijuana and alcohol usage among the young is now declining; heroin use is on the rise, while cocaine and methamphetamine usage has dropped; ONDCP is working to secure congressional approval of cocaine sentencing revisions; McCaffrey goes to Columbia 9/23-9/25; and the anti-drug media campaign is on track and should begin airing ads in November. Also attaches ONDCP "white paper" critical of medicinal marijuana use. *We have sent copies to Rahm and Bruce Reed*

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THE WHITE HOUSE
WASHINGTON
September 2, 1997

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copied
Berger
COS

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER *B*

SUBJECT: Rosenthal Op-Ed on Designation of Foreign Terrorist Organization

The Antiterrorism and Effective Death Penalty Act of 1996 authorizes the Secretary of State to designate terrorist organizations for the purpose of impeding their fund raising abilities in the United States. The State Department has identified 31 groups that appear to meet the criteria for designation stipulated by the Act.

Rosenthal's op-ed criticizes the Administration for slow-rolling the designation process to avoid the appearance of singularizing Muslim terrorist groups.

You first acted against Middle East terrorist fundraising through your February 1995 Executive Order, which criminalized such transactions. This order has not been implemented, however, because Treasury and Justice wanted to wait until the gist of the EO was folded into a terrorism bill that would broaden the scope of the fund raising ban and give it the force of law.

Once the Anti-Terrorism bill was enacted, specific groups had to be designated as foreign terrorist organizations before their fund raising activities could be challenged. Progress in the designation process has been slow as the law requires that each designation be backed by an administrative record that could withstand judicial review if there were an appeal. Moreover, a suggestion that the designation be done in tranches, so that at least some designations would be sent to the Hill quickly, was rejected, largely for the reason Rosenthal gives, namely, to avoid the appearance of focussing only on Muslim groups which would have constituted most of the first tranche.

V I have written to agency heads requesting that the process be completed by the time an Israeli team arrives in late September

OK

cc: Vice President
Chief of Staff

to begin intelligence exchanges on terrorist fundraising. I think we will meet this target. Madeleine is inclined to transmit as many designations as possible by late September and the remainder before Congress recesses in November.

Attachment

Tab A Rosenthal Op-Ed

On My Mind

A. M. ROSENTHAL

Nullifying Anti-Terrorism

Congress passes legislation instructing the State Department to take a critical step against foreign terrorism in America. Naturally, State carries out the law — when it is good and ready.

After an intensive debate, Congress had told the State Department to draw up a list of foreign terrorist organizations that threaten the security of American citizens or their country. (We do still recall the bombing of the World Trade Center, don't we?)

Under the legislation, the terrorist groups named, and their sympathizers in the U.S., would no longer be able to raise funds for their work in the U.S. and abroad. Their members would be barred from the country, if any ever happened to be caught when they entered.

President Clinton signed it into law April 24, 1996. That was, let's see, almost 16 months ago. The list has not been published. What's more, a spokesman for the counterterrorism bureau says State does not know when it will be completed, which organizations will be on it, or how many.

So, terrorist groups like Hamas continue to raise money in America, hold organizing meetings here, and if they are worth their membership cards, take good looks around for suitable targets.

Forty-two members of Congress have protested the delay to Secretary of State Madeleine Albright. But government departments do not stonewall Congress without approval, whenever the idea strikes them. Responsibility for ending the delay becomes President Clinton's. He supported the legislation and should get it out of the freezer.

The leader for the legislation was Representative Charles E. Schumer, the New York Democrat, against opposition of powerful parts of the left and right.

Mr. Schumer is steaming, as vot-

A case for Clinton.

ers will be if the story sinks in. On Aug. 1 he wrote Secretary Albright that State Department inaction made the legislation's rule against fund-raising and visas for terrorists "toothless" and "existing only in print." He said if the list of terrorist groups was not made public by September he would have a new goal — to withhold a "significant" part of State's budget.

State says the work is so slow because legal briefs of justification have to be prepared about organizations that would be listed, to be ready when their American sympathizers and civil liberties groups sue in court.

Oh, come on. The F.B.I. has addresses where fund-raising for Hamas takes place. Intelligence agencies in the White House, and the C.I.A., have file-stacks of information.

And State somehow manages to print an annual list of terrorist groups every year — when no penalties are involved. The report for 1996 played down state-sponsored terrorism and praised the Palestine Authority for its efforts to "rein in" terrorism. The 1997 report will be fascinating to read.

Sixteen months without a list that would indeed involve penalties against terrorist groups in America leads to Congressional complaints that State is showing a "lack of priority" about the job. That is a nice-sounding way of saying "stalling" — or using a tougher word.

The word is nullification — a trend increasingly dangerous in America. Juries do it when they decide skin color, black, white or beige, is more important than crime or criminals. Judges and government attorneys do it when they decide their calendars and the jails are too crowded for them to obey the law about the penalties of crime — like drug-pushing.

The executive branch of government can nullify the law by purposeful diddling. Taking 16 months to prepare briefs supporting its own annual lists, without closure in sight, defeats the clear intent and purpose of the antiterrorism law to get speedy action against terrorist groups operating in America.

How come? Why this evasion of Congressional purpose? The Administration is hardly full of undercover terrorists.

But when Congress does something that would upset Arab states, like moving the American Embassy from Tel Aviv to Jerusalem, or even putting out a list that would penalize known terrorist groups, why, whole batches of people in the Administration become so twitchy and itchy that they just can't seem to get the work done.

At Home Abroad

ANTHONY LEWIS

Please
Staff to
Clarke per
SB note

GUATEMALA

How can a society torn apart by racial or ethnic conflict be made whole again? We know about the effort at healing in post-apartheid South Africa. But not many Americans are aware of the example in our own hemisphere: Guatemala. Or aware of our responsibility there.

For 42 years, from 1954 to 1996, Guatemala suffered from a conflict that reached levels of extraordinary savagery. In the attempt to defeat a guerrilla uprising, government forces indiscriminately targeted the Indians who make up 60 percent of the country's population of 10 million. The forces wiped out 400 villages and killed upwards of 150,000 unarmed civilians.

Editors, intellectuals and others who showed sympathy for the victims were murdered or "disappeared." A founder of Prensa Libre, Guatemala's largest-circulation daily, Isidoro Zarco, was shot down in 1970. His widow, Teresa Bolaños de Zarco, president of the board of the paper, said last week:

"In imitation of what happened in Europe during World War II, part of the population was exterminated: an example of genocide the likes of which has not been seen in any other country of the hemisphere."

Last December the conflict was brought to an end with the signing of peace accords. Leaders of the opposition who had left Guatemala were invited to return, and many have done so along with former guerrillas.

The peace accords called for constitutional amendments to make Guatemala officially a multi-ethnic society, allowing the use of the many Mayan or Indian languages in addition to Spanish. And, crucially, the accords promised constitutional change to limit the army's role to defending Guatemala's borders.

A Truth Commission set up under the accords began work last week. It is much weaker than South Africa's, lacking the latter's power to grant amnesty to individuals who confess to political crimes — a strong incentive to come forward. Moreover, the Guatemalan commission is forbidden to name individuals responsible for crimes; it can only identify institutions. But it still can tell Guatemalans something of what went wrong.

THE PRESIDENT HAS SEEN

8-13-97

Someone visiting Guatemala for

U.S. culpability, and obligations, in Guatemala.

the first time finds it hard to understand how this beautiful country could have fallen into such horror. But one reason is plain: the policy, over many years, of the United States Government.

In 1954 a U.S.-inspired coup overthrew the elected President of Guatemala, Jacobo Arbenz. A recent declassification of Central Intelligence Agency documents showed that the C.I.A. had a "disposal list" of 58 leaders to be assassinated, and had trained Guatemalans to do the killing. In the event, that was deemed unnecessary.

In 1966 the U.S. began to "professionalize" the Guatemalan Army, sending in hundreds of Green Berets and supplying military aid. The process turned the army into a killing machine: killers of its own people.

The United States finally cut off military aid to Guatemala in 1990, after human rights violations there had become notorious. But the C.I.A. helped secretly. Protests by Jennifer Harbury — whose husband, a Guatemalan guerrilla, was captured and ordered killed by an officer on the C.I.A. payroll — brought admissions that the agency had "assets" whom it knew to be killers.

The grim story of U.S. involvement in Guatemala was summarized in the Journal Foreign Policy last year by Susanne Jonas. The Clinton Administration is supposed to release more documents. But enough is known already to make clear that the U.S. role in Guatemala ranks as one of the cruelest products of our obsession with perceived Communist threats during the cold war.

Given that history, the United States has a profound obligation to help the peace accords work. Secretary of State Albright made a wise gesture in May when she visited a remote camp in northern Guatemala where former guerrillas are being demobilized. But the Administration took a damaging step when it urged Guatemala to use the army against drug trafficking.

Are the peace accords taking hold? The signals are mixed. There has been little progress on the required constitutional changes. President Alvaro Arzú, who made the accords possible, puzzled supporters last week by reopening some military bases closed as a peace move. But no one is being killed, and that is reason enough for hope.

The New York Times

FRIDAY, AUGUST 8, 1997

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COS

THE WHITE HOUSE

WASHINGTON

44-38861-48 1000
9-8-97

September 6, 1997

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Recent Information Items

Tab B - Original to
Donskind/COS
Tab D - Berger/COS
Tab F - McLarty/COS

We are forwarding the following recent items:

(A) **Echaveste Memo on Ethnic Roundtable and Disability Outreach Mtg.** -- Maria provides lists of participants in advance of your separate meetings next week with ethnic and disability community leaders. Meetings are Tues. and Wed. respectively. *Please see memo for details.*

To be used to reply
(B) **Raines/J. Harmon Memos on Ex-Im Bank Budget** -- Jim Harmon sent you a memo seeking a \$200 million addition to the Ex-Im Bank's \$632 million credit "subsidy" budget for FY 1998, in light of increased exporter demand. Raines says he's been aware of the situation for some time and an interagency group is looking at solutions; says it is not "advisable to send forward a budget amendment for Ex-Im at this time," because doing so would (i) require cutbacks in other international programs, which Albright and Cohen would resist; and (2) would jeopardize efforts to secure the most favorable international affairs budget outcome in years. Says until FY 1999 Ex-Im can manage increased demand using current resources by tightening loan terms, shifting from direct loans to more guarantees, and tapping into its \$50 million unfair financing practices fund.

JIM DO
please
the r

(C) **Slater Memo on African Summit** -- Rodney reports on U.S. mission, which he co-led with Jesse Jackson, to the Harare, Zimbabwe summit in late July. Held 13 bilateral discussions with African Heads of State and others, focusing mainly on democratization and economic reform. Notes Summit's primary theme was strengthening American/African economic ties; also focused on human rights, including women's issues, HIV/AIDS, free speech/press, infrastructure development, agriculture and education. Praises (i) summit-organizer Dr. Leon Sullivan for his "tremendous work;" (ii) State, NSC, OPL, and U.S. Embassy Harare for "invaluable" assistance; (iii) Rev. Jackson (your inclusion of whom was a "stroke of genius") for his "immense" knowledge of Africa and his "spirit of support for [your] initiatives;" and (iv) the other delegation members.

(D) **Berger Memo on A.M. Rosenthal Op-Ed** -- You asked Sandy to explain a *NY Times* op-ed piece that criticized the Administration for not more rapidly designating terrorist organizations for the purpose of impeding their fundraising under legislation passed in



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

9-8-97

THE DIRECTOR

August 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines *[Signature]*
SUBJECT: Budget Request for the Export-Import Bank

Need to reply

Export-Import Bank (Exim) Chairman Jim Harmon recently sent you a memo requesting a \$200 million budget amendment to add to Exim's \$632 million credit "subsidy" budget request for FY 1998. The basis of Harmon's request is that exporter demand has increased above the Bank's original projections for FY 1997-98. This increase in demand has caused Exim to defer \$300 million in credit approvals to next year, squeezing its FY 1998 resources for new credits.

We have been aware of this situation for some time, and, before Jim took office recently, we had convened an interagency group to look for solutions. For several reasons, we do not believe it is advisable to send forward a budget amendment for Exim at this time. First, under the terms of the budget agreement, we would need to cut back other international affairs programs to offset the \$200 million amendment. The budget agreement gave us everything we requested for international affairs for FY 1998, partially reversing the deep cuts Congress has taken in the past few years in many of these programs (although Eximbank itself did not suffer major cuts). Secretaries Albright and Rubin would resist any offsetting reductions in the major gains achieved for their programs.

Second, it remains uncertain whether the appropriators will provide the full amount allowed in the budget agreement for international affairs. Injecting an Eximbank budget amendment into this situation, could be disruptive to achieving what may be the best overall international affairs budget outcome in several years.

The main alternative is to cope with the increased demand within the Bank's resources. For example, the terms of export loans can be tightened, reducing the amount of subsidy needed. Also, cost-reducing shifts can be made between loans offered directly by the Bank and those that it guarantees. In addition, the Bank has a fund to combat unfair financing practices by other countries. This fund, which has accumulated from \$50 million in FY 1994 to \$343 million today, could be tapped to meet the demand. We also may be able to take further measures in the context of the FY 1999 budget.

These alternatives are not simple. Intimations of them have already met with resistance from exporters and from participating banks. Nevertheless, this seems to be the best way to proceed under difficult circumstances. I will keep you informed of any major obstacles to effort to achieve the best possible outcome.

JIM DORSKIND:

Attachment

Please coordinate
the reply.



3596275
227388

PRESIDENT AND CHAIRMAN

EXPORT-IMPORT BANK
OF THE UNITED STATES

MEMORANDUM

97 JUL 26 PM 4:13

TO: President Clinton
FROM: J. A. Harmon *JA*
DATE: July 14, 1997
RE: Ex-Im Program Budget

I regret that in my first report to you as President and Chairman of the Export-Import Bank of the United States (Ex-Im Bank) it is necessary that I inform you that in my opinion the Bank's program budget request for Fiscal Year (FY)1998, now pending Congressional action, will not be sufficient to meet the demand for financing assistance for the year. Export financing transactions requiring more than \$300 million of program budget will have to be deferred by the Bank from this year into FY1998 because funds are not available in the current FY budget. These transactions are primarily in Russia and the NIS.

The increasing demand for credit worthy transactions from these areas is good news. In addition to creating and sustaining jobs in the U.S., Ex-Im Bank financing is assisting these countries move from a central market economy to a free market economy. Overall, Ex-Im Bank has operated at a relatively modest cost to the taxpayer as measured by Ex-Im loss experience in the past ten years.

The current demand would indicate that a program budget of \$1 to \$1.3 billion could be efficiently employed in FY1998. We are examining various options for actions which we can take to modify our programs in order to stretch our program budget. There are no easy choices; all of them will make it somewhat more difficult for our Nation's exporters to compete for foreign sales with foreign exporters supported by their governments' export credit programs. However, program changes alone will not completely address the budget shortfall. The program budget proposed for FY1998 was \$632 million, which is \$154 million less than the \$786 million available in FY1997. The FY 1997 budget will support approximately \$15 billion in U.S. exports.

I recommend for your consideration a \$200 million addition to the Bank's program budget for FY1998 which would result in a budget approximately six percent greater than the funds available in FY1997. I am fully aware that providing additional resources to the Bank's programs will involve very difficult budget choices, but without such resources, the Bank will be unable to meet currently anticipated demand in markets such as Russia, the NIS and certain markets in Africa and Latin America.

I am available to discuss this request with you at any time or to provide additional information.

Copied
Berger
COS

THE PRESIDENT HAS SEEN
9-8-97

5785

THE WHITE HOUSE
WASHINGTON

'97 AUG 28 PM12:38

August 28, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER (K) For

SUBJECT: Response to Letter from President of AES
Corporation on Business Activities in Kazakstan

Member
State his intent
in the loop
a very good man

Purpose

To respond to a letter from AES Corporation President and Chief Executive Officer Dennis Bakke.

Background

Dennis Bakke wrote (Tab B) to inform you of the business activities of the AES Corporation in Kazakstan, which include the recent purchase of six power plants. Bakke also asked that he be included, as appropriate, in any meetings taking place during Kazakstani President Nazarbayev's visit to Washington in November. Nazarbayev will be in Washington for a meeting with you on November 18 and for the annual session of the U.S.-Kazakstan Joint Commission, that he chairs with the Vice President.

Your response (Tab A) acknowledges the contribution of companies like AES to the development of the NIS states. It also notes that there are likely to be appropriate opportunities for involvement by company representatives like himself in events during the November Nazarbayev visit.

RECOMMENDATION

That you sign the response at Tab A.

Attachments

Tab A Response to Dennis Bakke
Tab B Incoming Letter

THE WHITE HOUSE

WASHINGTON

Dear Dennis:

I appreciate your update on the activity of AES Corporation in Kazakstan. Investments in the New Independent States by companies like AES have contributed greatly to the ability of these countries to establish themselves as viable and independent states.

President Nazarbayev's visit to Washington in November offers a good opportunity to focus on the strong commercial ties that have developed between the United States and Kazakstan. While the details of the visit have not yet been worked out, I am confident there will be appropriate opportunities for involvement by you and other representatives of companies committed to cooperation with Kazakstan.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Clinton", with a long, sweeping horizontal stroke extending to the right.

Mr. Dennis W. Bakke
President and Chief Executive Officer
AES Corporation
1001 North 19th Street
Arlington, Virginia 22209

AES Corporation
The Global Power Company

August 13, 1997

Dennis W. Bakke
5785

Dennis W. Bakke
President
Chief Executive Officer

197 AUG 21 4:10:23

The President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

This past week I returned from Kazakhstan where AES has just purchased 6 more power plants. We now own over 30% of the electric generation capacity of the country, including their largest (4,000 megawatt) and best known coal plant, Ekibastuz.

I understand that President Nazarbaev will visit Washington this fall. I would love to be included in meetings in some way, if appropriate. I met with him when I was there last year, but he was on vacation this trip. He wants American firms to invest. We are probably the largest American investor in his country after the large oil companies and how we do there will probably affect Kazakhstan's ability to attract other firms. A good word from you about AES would also be very helpful in increasing our credibility.

By the way, you probably already know that our Ambassador Elizabeth Jones has been extremely active and helpful to us and many other American firms. If you get a chance, let's catch up by phone or a round of golf when you get back from vacation.

Cordially,

Dennis W. Bakke

DWB/jh

cc: Secretary Albright
Erskine Bowles

1001 North 19th Street
Arlington, Virginia 22209
(703) 522-1315
Telecopier (703) 276-6758



THE WHITE HOUSE
WASHINGTON

5785

Date 8/21

To: *Sandy Berger*
From: The Staff Secretary

For appropriate action

PM

9-8-97

Copied
Raines
new
Hilley
Sperting
Podesta
COSTHE WHITE HOUSE
WASHINGTON

September 6, 1997

✓
MR. PRESIDENT:

The attached memo from Secretary Rubin recommends that you express an intention to veto pending legislation that would place the IRS under the control of a part-time private sector board. Secretary Rubin feels strongly that the proposal, while having superficial appeal, will cause great harm to our system of tax administration. His memo lays out specific objections to the bill, which is sponsored by Senators Bob Kerrey and Grassley and Reps. Portman and Cardin.

Secretary Rubin recommends that the Administration announce your intent to veto such legislation within the next week. We will introduce more sensible legislation of our own, also next week, and a veto threat will reinforce our efforts, especially among Democrats.

Secretary Rubin notes while problems clearly remain at the IRS and there is a need for aggressive change, the Kerrey-Portman proposal is the wrong way to go. It appears that some supporters of their effort are sincere, others are using it to lay the groundwork for moving to a flat tax system. Our proposal will institutionalize change and provide a framework for effective management.

Frank Raines, Jack Lew, John Hilley and Gene all concur with Secretary Rubin.

✓ ☒ Agree ☐ Disagree ☐ Discuss

Phil Caplan

Phy

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

THE PRESIDENT HAS SEEN

9-8-97

SECRETARY OF THE TREASURY

September 5, 1997

MEMORANDUM FOR THE PRESIDENT**FROM:** Robert E. Rubin *RR***SUBJECT:** IRS Restructuring

This is a request, supported by John Hilley, that you express an intention to veto legislation which will place the IRS under the control of a part-time private sector board. This legislation is moving through the House Ways & Means Committee this month and is sponsored by Senators Kerrey and Grassley and Representatives Portman and Cardin. The House leadership has made clear its intention to act on this legislation this year. Although the idea of a private sector board has superficial appeal, I believe this proposal will cause great harm to our system of tax administration.

Several independent analyses have echoed our concerns about the danger of this proposal. A recent Brookings Institution report said that their proposal is "fundamentally flawed. . . It confuses the undeniable need to strengthen the IRS's leadership with a plan to turn the agency over to a board dominated by private officials." The New York State Bar Association said that the proposed board would diminish the effectiveness of the IRS. Additionally, Gerald Seib of *The Wall Street Journal* called the proposed board one of the three worst ideas of 1997. The Justice Department has also expressed serious concerns about the proposed board's impact on the IRS' law enforcement efforts.

Announcing our intention to veto within the next week is important for several reasons. The Administration is building support for more sensible legislation of our own, which is scheduled to be introduced next week. We have broad-based sponsorship in the Democratic Caucus, and the Democratic leadership in both houses have already expressed their support. A strong signal from you would reinforce efforts to unite Democrats on this issue. The Senate Finance Committee will be holding highly publicized hearings on IRS taxpayer abuses during the week of the 22nd. And the House Ways & Means Committee, the first committee to take up this legislation, will hold a hearing next week on the private sector board proposal. I will be testifying at this hearing.

Our Specific Objections to Kerrey-Portman

Our objections are as follows:

- First, although the members of the proposed board would be appointed and could be dismissed by the President, they would report to no one, undermining public accountability. Our plan maintains the direct line of accountability from the IRS Commissioner to the Secretary of the Treasury, through the President to the American people.

- Second, the Kerrey-Portman bill gives the private sector control over a major law enforcement agency. Placing such power in the hands of the private sector would be unprecedented and raises serious concerns.
- Third, the private citizens in charge of the IRS will face both enormous real and apparent conflicts of interest in determining how to allocate budgetary resources, set priorities, evaluate personnel, and exercise general oversight. For example, people with responsibility for corporate audit policy will report to a board of private-sector officials and may face a "chilling effect" in the exercise of their responsibilities. The appearance of conflict has great potential to further damage the public's confidence in even-handed tax administration, which in turn could undermine our system of voluntary compliance.
- Fourth, intermittent attention from a board that meets only every month or two would not provide the proactive, energetic oversight necessary to manage the IRS. In contrast, the Administration proposal strengthens oversight by ensuring that senior government officials are available on a full-time basis for attention to IRS management issues.
- Fifth, creation of the board would vastly increase the likelihood of litigation. Disgruntled taxpayers would challenge the agency's decisions by questioning the new board's authority.
- Sixth, this proposal would place some tax policy decisions, made through IRS rulings and regulations as well as judgements on the administration of tax law, in the hands of people who report to a private sector board.
- Seventh, we have begun to make real progress in improving the IRS -- progress which a new, untested governance structure would put at risk. We have made a sharp turn in systems modernization, made important strides in improving customer service, nominated a new Commissioner with a strong private sector background in information technology management, and we have announced a new management board of senior government officials and our intent to establish a new advisory board of private-sector experts.

Broader Implications

Clearly, problems remain at the IRS. We agree that there is a need for change and we are taking aggressive steps to improve the IRS. Our legislation will institutionalize this change and provide a framework for effective management of the IRS now and in years to come.

But the Kerrey-Portman proposal -- and the surrounding debate -- not only threatens the agency that collects 95% of our government's revenue, but also has broader implications for the future of our progressive tax system. Though some supporters of this proposal are no doubt sincere in their efforts to improve the IRS, many others are using the IRS to advance the conservative Republican agenda. They intend both to replace our progressive tax system with a flat tax and to undermine the legitimacy of government. I believe we must move rapidly to halt these efforts.

cc Stephen
to Betty C.
cc to
cc to
OK

Copied
Street

WHITE HOUSE
WASHINGTON

September 8, 1997

Frances Sammons
603 West 2nd Street
Russellville, Arkansas 72801

Dear Frances:

Happy 85th birthday! Hillary and I want to join your family and friends in celebrating this joyous occasion.

Your service to our party and our state has set a wonderful example for so many and for so long. Thank you for your loyal support over the years.

We send you our very best wishes for your continued good health and all the happiness you deserve.

Sincerely,

Bill Clinton

We love you.

MEMORANDUM

TO: Eugenie cc: Betty Currie
FROM: Lynda
SUBJECT: Birthday of Frances Sammons
DATE: August 27, 1997

Please send a very special birthday letter to

Frances Sammons
603 West 2nd Street
Russellville, AR 72801

She will be 85 years old on September 13.

Frances is a long time supporter of President Clinton. She has been involved in the Democratic Party on the local and state level. She still serves on the Pope County Quorum Court.

If President Clinton would like to call her on her birthday, her number is (501) 967-4544.

I will also send her flowers from the President and First Lady.

THE PRESIDENT HAS SEEN

9-8-97

copied

Berger

COS

Security
Call Mr. Miller
for

Zaire's Ex-Dictator Mobutu Dies (Nairobi) By John Daniszewski and Ann M. Simmons (c) 1997, Los Angeles Times

NAIROBI, Kenya Mobutu Sese Seko, who ruled Zaire for nearly 32 years with a combination of brutal repression and unbridled greed that impoverished his citizens while earning him millions, died in Morocco on Sunday, barely three months after being driven into exile by leaders of a popular rebellion.

Mobutu, who died at 66 after a long battle with prostate cancer, was for years the epitome of the African strongman. More than a dictator, his was often called a "kleptocracy."

He strode the African and world stage dressed in a trademark leopard-skin hat and carrying an ebony, ivory-tipped walking stick. He looted the treasury of his mineral-rich country, spending some of it on European homes and fine champagne and, reportedly, socking much of it away in Swiss bank accounts. Stern and imperious, he was little loved and mostly feared. When he was deposed in May by the crushing troops of an old foe, Laurent Kabila, Mobutu was so ill that he could barely walk. And yet only one country, Morocco, agreed to accept him.

Mobutu once bragged in an interview on CBS-TV's "60 Minutes" that he was one of the world's richest men — this as Zaire's infrastructure crumbled. Many of the country's paved roads had been swallowed up by the encroaching jungle, hospital patients were forced to provide their own medicines, and most every police officer, regular army soldier and civil servant had resorted to banditry as a means to survive.

Joseph-Désiré Mobutu was born Oct. 14, 1930, in Lisala, in Zaire's Katanga province. The son of a cook and hotel maid, he first pursued a career in journalism before becoming a soldier. In 1960, shortly after independence from Belgium, he was named army chief of staff. When the Belgians pulled out, Mobutu was one of the country's few literate, high-school educated non-Europeans. Recognizing that the United States was locked in a Cold War with the Soviet Union,

Mobutu sewed up a relationship with the Central Intelligence Agency. The first prime minister, Patrice Lumumba, whom the CIA suspected of Marxist tendencies, was quickly killed, and Mobutu spent the next few years maneuvering himself into position to become dictator.

On Nov. 24, 1965, he brought down the first post-colonial government of Joseph Kasavubu and declared himself president of the "Second Republic." His hold on power remained unchallenged until the early 1990s when the fall of communism in Eastern Europe also stirred winds of democracy in Africa.

He Africanized his name to Mobutu Sese Seko Kuku Ngbendu wa Ilunga Bongo.

It means "the all-powerful warrior who because of his endurance and inflexible will to win will go from conquest to conquest leaving a trail of peace in his wake."

A Roman Catholic Church-led pro-democracy movement began pressuring for multi-party elections in Zaire, but the shrewd Mobutu skillfully sowed divisions among his opponents.

"Mobutuism" amounted to a one-party totalitarian system melded with African symbols and calls for self-reliance and sufficiency. Eventually, the word simply was a synonym for graft.

Although Zaire is still considered to be fabulously wealthy, with limitless timber, vast hydroelectric potential and some of the world's richest mineral deposits, it is a country in shambles politically, economically and socially.

Besides what Mobutu siphoned off and stole, he paid himself generously. His personal salary was 17 percent of the state budget. By 1989, he officially received \$100 million a year to spend as he wished, more than the government spent on education, health and social services combined.

Besides his French Riviera villa and the immense palace known as "Versailles in the Jungle" that he built in his ancestral village, Mobutu's properties included a 15-acre beach resort, a plantation of orchards and a huge vineyard in Portugal, a 32-room mansion in Switzerland, and a 16th century castle in Spain.

In the end it was not only Mobutu's greed, but his lifelong habit of meddling in the internal affairs of his neighbors that finally brought him down.

Mobutu had been friendly with the Hutu-led regime in Rwanda that in April 1994 unleashed a genocide against its ethnic Tutsi minority. Tutsi troops marching in from Uganda eventually drove out the Hutu government, but not before at least 800,000 Tutsis and moderate Hutus had been slaughtered. The genocide regime decamped en masse to eastern Zaire.

Sustained by international aid agencies and rearmed with Mobutu's

help, the Hutus gained in strength and bravado until they began renewing massacres of Tutsis in Rwanda and eastern Zaire. This prompted Uganda and Rwanda to team up with Kabila, a onetime Maoist anti-Mobutu guerrilla and gold smuggler.

With the help of Rwandan arms and soldiers, Kabila's rebel forces routed the Hutus from their camps then turned their guns on Mobutu. In a remarkable 1,000-mile campaign that lasted from November 1996 until Mobutu's downfall on May 23, they walked the breadth of Zaire to take Kinshasa.

Mobutu spent the last months of his life in Morocco, living in seclusion in different luxury hotels and villas accompanied by a huge entourage of family members, servants, bodyguards and assorted hangers on, and undergoing various operations intended to slow the relentless progress of the cancer. The treatment failed.

A Catholic, Mobutu is expected to be buried in Rabat's Christian cemetery.

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Karadzic Forces Conduct Terror Campaign Against Foes (Bijeljina) By Tracy Wilkinson (c) 1997, Los Angeles Times

BIJELJINA, Bosnia-Herzegovina Forces loyal to former Bosnian Serb President Radovan Karadzic have launched a campaign of reprisals, arrests and death threats against people who joined U.S.-backed efforts to oust the indicted war-crimes suspect.

The American-led efforts failed 10 days ago, leaving Karadzic's hard-liners celebrating their hold on power while his opponents go into hiding and Western diplomats struggle for a new strategy.

The setback endangers the West's long-term goal of backing moderate and cooperative Serbs grouped around Bosnian Serb President Biljana Plavsic over hard-liners who are blocking peace accords designed to rebuild post-war Bosnia and prevent a new war.

In recent days, in three key cities in Republika Srpska, the Bosnian Serb half of the country, gunmen have staged middle-of-the-night raids on the homes of Karadzic opponents; purged pro-Plavsic police; arrested or fired dozens of anti-Karadzic Serbs.

Human rights activists and opposition politicians in Republika Srpska report death threats.

"I feel more in danger than if I were a Muslim," said Pero Simic, an opponent of Karadzic whose attempts to create an independent television station here in Bijeljina, in northeastern Bosnia, have repeatedly run afoul of the hard-liners.

A senior American official in another disputed city, Brcko, accused Karadzic supporters of unleashing "a reign of terror."

Many of those who challenged Karadzic in the police state that he controls from behind the scenes believed they were acting with the approval of American and European officials and they expected material support. Now they express bitter disappointment and much less willingness to take comparable risks again.

Locked in a power struggle with Karadzic, Plavsic controls the densely populated city of Banja Luka, her headquarters, and other smaller cities and towns in a northwestern swath of Republika Srpska, after British NATO troops helped her seize the police apparatus of Banja Luka and television and radio transmitters.

But her attempts to expand eastward to the cities of Doboj, Brcko and Bijeljina stalled when U.S. troops bungled an operation Aug. 28 to install pro-Plavsic police.

Officially, NATO denied it was attempting to support Plavsic. But diplomats in Sarajevo saw the failed mission as an embarrassing defeat for the Americans, one that the Bosnian Serb hard-liners are now celebrating as their very own Serbian Bay of Pigs.

In Brcko, where U.S. troops came under attack from Bosnian Serbs rallied by the Karadzic leadership when the Aug. 28 operation went awry, nine police who challenged Karadzic were unaccounted for, international officials said. Three more officers were seized by Karadzic police and had to be rescued by the U.S. commander of an international monitoring team, who single-handedly marched into a Bosnian Serb police station and freed the men.

Many of the reprisals, residents say, are being carried out by special paramilitary police from the Karadzic stronghold of Pale, in southern Bosnia, who were dispatched to Bijeljina, Brcko and Doboj despite NATO-imposed restrictions on their movements.

Thugs and paramilitary henchmen from neighboring Serbia have also been spotted, including about 200 supporters of Vojislav Seselj, a Serbian ultra-nationalist who promoted brutal and violent expulsions of Muslims, Croats and other non-Serbs from this region at the start of the war.

"People are afraid," said a senior international official. "They don't know which way the wind will blow but they do know the retribution

is swift and brutal. They are afraid to stick their necks in the noose."

In Bijeljina, the Serbs' second largest city and gateway to Serbia, 24 people who belonged to Karadzic's ruling Serbian Democratic Party, or SDS, but who switched allegiance to Plavsic, were fired in the last 10 days, including the high school principal, the postmaster and the directors of several companies.

Two opposition political parties said members were beaten up when they tried to hang campaign posters in advance of this weekend's municipal elections.

"Every night I sleep in a different place," said Svetozar Mihajlovic, removed by the SDS from his position as city council president after he announced his support for Plavsic. "We were well on our way to achieving a certain amount of democracy here in Bijeljina, but the indecisive behavior of the international community slowed everything down."

Not only did the NATO take-over of the Bijeljina police station fail miserably on Aug. 28, but American troops also surrendered a television transmitter to Karadzic's forces.

Branko Todorovic, president of the Helsinki Committee for Human Rights in Republika Srpska, lives in Bijeljina. Karadzic police have been menacing his home and office. Helsinki committee staffers have been told they are on a death list; one received oral threats from a pro-Pale politician, emerging from a televised election debate and in front of several international officials.

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September 5, 1997

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Craig Smith *CS*
SUBJECT: Weekly Political Update

copied
Craig
Smith
COS

ARKANSAS

This week, State Representative Lloyd George pled guilty to a felony charge of fraud in the sale of useless irrigation equipment to the Arkansas Department of Corrections. Former Prison Director Art Lockhart had turned state's evidence in consideration of leniency and was willing to testify against George. On Thursday, George announced his resignation from the State Legislature. Rumors indicate that former DF&A Director and Clinton Chief of Staff Jim Pledger will seek the seat when the date for the special election is set.

State Senator Mike Beebe has formed a gubernatorial exploratory committee. He anticipates having a poll done sometime within the next month. Bobby Hogue has announced he will not seek the position.

In the Senate race, Blanche Lambert Lincoln and State Representative Scott Ferguson have announced as candidates for the Democratic nomination. Attorney General Winston Bryant and Nate Coulter have formed exploratory committees. FEMA Director James Lee Witt and NLR Mayor Patrick Henry Hays are also considering the race.

On the GOP side, State Representative Faye Bozeman has announced his candidacy. Both Jim Keet and Lu Hardin are also considering the race. In an unusual move, Senator Tim Hutchinson made an early endorsement of Bozeman. Additionally, Bozeman announced that he has signed up Ed Goeas as his pollster and Don Sipple as his media consultant.

ARIZONA

Governor Fife Symington (R) will officially step down today at 5:00 pm after a federal jury found him guilty of seven felony counts of defrauding his lenders as a commercial real estate developer. Additionally, they acquitted the governor of three charges and deadlocked on 11 charges. The trial lasted 13 weeks. Sentencing is scheduled for November 10. Secretary of State Jane Dee Hull (R) will become the state's 20th governor and will serve the remainder of Symington's term. She has announced that she will run for reelection in 1998. '94 Democratic gubernatorial nominee Eddie Basha (D) and former Phoenix Mayor Paul Johnson (D) have announced their candidacies in the 1998 race. '94 primary candidate Barbara Barrett has expressed her interest in challenging Hull for the GOP nomination.

CALIFORNIA

San Diego Mayor Susan Golding (R) recently received the endorsement of the Lincoln Club of Northern California, whose members represent the largest source of Republican campaign money in the region. This is seen as a victory over Treasurer Matt Fong (R), who reportedly sought the

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club's endorsement. The club is made up of mostly moderate Republicans, a limited but valuable part of the California Republican Party.

Rumors of actor Tom Selleck seeking the Republican nomination for Senate continued to surface in the press through the end of August. However, insiders view say it is unlikely that he will run.

The results of a recent Field Poll conducted August 14-24 of 1007 adults with a margin of error of 4.5%, found Senator Barbara Boxer (D) still unable to top a 50% approval rating. The poll shows the three most likely Republican contenders still not drawing a lot of attention. Half did not have an opinion about Fong, the best known of the three. Seventy-five percent said they had no opinion about Golding, and 94% could not rate Issa, who is spending his own money on a radio campaign this summer.

	<u>Favorability</u>	<u>Boxer</u>
Fong	38%	43%
Golding	36%	44%
Issa	28%	45%

Senator Feinstein (D) still hasn't decided if she wants to run for Governor next year, but she leads the field of potential candidates for the job, according to the Field Poll. In a hypothetical general election match-up against probable Republican nominee Dan Lungren, Feinstein leads 46 % to 37% among registered voters. In an open primary contest set for June, Feinstein holds more than a 2-1 lead over each of four potential Democratic challengers. While Feinstein is expected to make her decision in January, some of her close advisors now think she is going to run.

Lt. Governor Gray Davis (D) is well into campaign mode for Governor, and multimillionaire businessman Al Checchi (D) will formally announce his decision by the end of September. Checchi, the former Northwest Airlines co-chair worth an estimated \$550 million, has said he will commit millions of his own fortune in seeking the Democratic nomination. Checchi has been traveling the state, speaking to interest groups, hiring a campaign team and boning up on the issues, but has barely registered on Field's survey. Less than 5% of respondents had an opinion of him and less than half of a percent favored him in the primary survey.

Californians are feeling pretty good about the President's job performance and the direction of the country overall. In the same Field Poll, President Clinton's job performance rating was 41%, up from 35% in May but down from 51% in February. Only 13% rated President Clinton's job performance Poor/Very Poor, his best showing ever. The poll found Californians upbeat about their state. Forty-three percent of those surveyed said the state was now headed in the right direction. Six months ago, only 34% thought so. Californians had even stronger feelings for the direction of the country overall, with 47% of those surveyed believing the nation was headed in the right direction, the best rating since 1989.

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Clinton - Job Performance (2 Questions)

	<u>8/27/97</u>	<u>5/21/97</u>
Very Good / Good	41%	35%
Poor / Very Poor	13%	23%
Approve	56%	55%
Disapprove	32%	33%

COLORADO

Governor Romer (D) in his capacity as DNC Chair, while in Denver this week called for changes in how candidates and parties raise and spend money. He said the present system of campaign finance is "eating at the insides of politics".

Representative Scott McInnis (R) has not yet decided whether to challenge Senator Ben Nighthorse Campbell (R) in the primary. Likely Democrats are Dottie Lamm, the wife of former Governor Dick Lamm, and Representative David Skaggs.

HAWAII

Governor Ben Cayetano (D) collapsed unconscious at his home late Tuesday night. According to the Governor's office, he suffered from significant internal bleeding due to an ulcer and will be kept in the hospital until Friday, September 5. There is a request that you put a call into him.

ILLINOIS

On Tuesday of this week, Secretary of State George Ryan (R) announced he will seek the Republican Party's nomination for Governor. He billed himself as the right person to continue retiring Governor Jim Edgar's work, and touted his ability to work with leaders on both sides of the aisle. Ryan's opposition to the proposed Equal Rights Amendment in 1982 while serving as House speaker and his long standing support for restrictions on abortion, run the risk of alienating moderate suburban Republican women. His campaign is exploring potential female running mates.

Former Attorney General Roland Burris (D) launched his bid for Governor with a pledge to pump \$2.1 billion more into education and to hold town hall meetings to help people get along. Burris, the only Democrat in the race who has statewide campaign experience, was the first African-American ever elected to an Illinois constitutional office. His recent credentials are weaker with losses at the polls for governor in the '94 primary and for Chicago mayor in an Independent bid in '95. Burris is the third Democratic candidate to enter the race behind Representative Glenn Poshard, and former Department of Justice official John Schmidt. Former US Attorney Jim Burns is considered a likely candidate.

An article in the Chicago Sun-Times's reports that the Illinois Republican Party is discouraging Attorney General Jim Ryan (R) from running against Senator Carol Moseley-Braun (D). Secretary of State George Ryan (R), the party's likely nominee for Governor, is reportedly worried about a possible backlash among women voters if the Republican ticket is headed by two Ryans who are both pro-life. The Party is said to want Comptroller Loleta Didrickson to run.

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On August 26, Lieutenant Governor Bob Kustra followed Governor Edger's lead and announced he would not run for elective office next year. He had been considered a potential candidate for several races, including those for US Senate, Governor, and Secretary of State. In an interview Kustra did not rule out a run for office in the future.

The Hill reported Wednesday that former St. Louis Cardinals quarterback Jim Hart is expected to announce his candidacy for the 12th Congressional District. Hart plans to challenge incumbent Jerry Costello (D).

IOWA

State Sen. Tom Vilsack (D) is proposing that Iowa use money from a tobacco lawsuit to pay for campaigns for governor. Vilsack feels that all contributions must be banned, in favor of public funding for elections, but many Iowans do not want tax dollars to go to politicians. Vilsack's solution is to assign part of the money Iowa expects from a settlement with tobacco companies go into a trust fund, rolling over into a self-perpetuating system.

KENTUCKY

Attorney General Ben Chandler (D) took the unprecedented step of talking with members of a special grand jury which is investigating the 1995 governor's race to allay concerns about his firing lead prosecutor Paul Richwalsky, Jr. The meeting was prompted after jurors raised concerns over the motive for the firing. Republicans charge that Chandler is trying to protect Gov. Paul Patton (D). Chandler fired Richwalsky last Thursday without public explanation, saying he does not comment on employees' job performance.

LOUISIANA

Senate Minority Leader Tom Daschle announced that beginning Thursday he would use parliamentary maneuvers to prevent many Senate committees from meeting while the Senate is in session in protest over the prolonged GOP inquiry into the 1996 Louisiana Senate race. Daschle also stated that action on appropriations bills would not be held up. Majority Leader Trent Lott responded with a harsh retort, saying Republicans won't be bullied into ending the probe.

A National Republican Senatorial Committee August poll conducted by Fabrizio, McLaughlin and Associates, surveyed 500 registered voters with margin of error +/- 4.2%. Tested: Sen. John Breaux (D).

Breaux Job

Excellent	13%
Good	38%
Fair	34%
Poor	4%

Breaux Re-Elect

Deserves Reelection	39%
Someone else	36%
Undec./refused	25%

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Vote For Breaux "regardless"
of who ran against him?
 Yes 24%
 No 76%

Breaux Ideology
 Liberal 23%
 Moderate 40%
 Conservative 13%

MAINE

The *Bangor Daily News* reported that Governor Angus King (I) will decide whether to seek reelection by October 1. If King doesn't run, Representative John Baldacci (D) is expected to enter the race. Sources close to Representative Tom Allen (D) say that he is at least considering running at this point, although strategists from both the Democratic and Republican Party concede that their best candidates (including Baldacci who was reelected last year with 72% of the 2nd Congressional District vote) stand little chance against the popular King.

MARYLAND

Rep. Ben Cardin (D) announced that he will not run against Gov. Parris Glendening (D) in the 1998 Democratic gubernatorial primary. Among the Democratic challengers to Glendening are Harford County Exec. Eileen Rehrmann and ex-Redskins player Ray Schoenke, neither of whom have the name recognition of Cardin. The only announced Republican is '94 nominee Eileen Sauerbrey.

MASSACHUSETTS

According to the *Boston Globe*, DNC National Chair Steven Grossman is giving serious consideration to running for governor and will spend the next few weeks deciding whether to seek the Democratic nod. The *Globe* notes that Kennedy loyalists are looking for someone to block Attorney General Scott Harshbarger (D) from being the Democratic nominee. Other Democrats discussed as possible candidates include Rep. Martin Meehan (05), former Boston Mayor/Ambassador Ray Flynn, former Rep. Brian Donnelly, Boston Mayor Thomas Menino, former Labor Sec. Robert Reich, and state Sen. Lois Pines. The announced Republican candidates include Governor Paul Cellucci and Treasurer Joe Malone.

Sources close to former state Senate Ways and Means Chairwoman Patricia McGovern (D) have said that she is "definitely running" for Governor. Her entrance into the race would give the liberal wing of the party a candidate to rally around, but her opponents could link her to fiscal problems, including the \$2 billion in taxes levied to balance the state budget during her tenure in the state Senate. At this point she has raised only \$125,000 in campaign funds, but should be able to count on political women's groups to raise substantial sums for her.

A longtime aide to former Boston Mayor Ray Flynn (D) has said that "although he has no money, no organization, and no obvious well of party support" Flynn is organizing a campaign and crafting strategy for an almost certain run for governor in 1998.

MICHIGAN

State Sen. Jim Berryman (D), who dropped out of the race for governor, announced he will run for the congressional seat held by Rep. Nick Smith (R). Debbie Dingell, the wife of Rep. John Dingell, will co-chair his campaign.

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MINNESOTA

State Sen. Sandy Pappas (D) challenged Mayor Norm Coleman (R) last week to sign a pledge that he will serve his entire four-year term if reelected this fall. Pappas said "St. Paul and its people should not be a stepping stone to the governor's mansion." When asked about his gubernatorial ambitions, Coleman has refused to give a definitive answer on his future plans although it is widely speculated the he will seek the Republican nomination for Governor next year.

NEW HAMPSHIRE

According to the *Manchester Union Leader*, former U.S. Senator Gordon Humphrey (R) is "seriously" considering a run for governor in 1998. He has strong backing from state conservatives. Ovide Lamontagne, the '96 GOP gubernatorial nominee, said on Wednesday that he will not run in 1998 if Humphrey enters the race.

A WMUR-TV poll, conducted 8/27-30 by RKM Research, surveyed 400 NH Republicans, showed dismal support for Sen. Bob Smith (R) running for President from those in his own state.

Should Smith Run for President?

	<u>All</u>	<u>Men</u>	<u>Women</u>
Should	25%	24%	26%
Should Not	59%	62%	57%
Dont Know/			
Dont Care	16%	15%	17%

Type of Candidate He Would Make

	<u>All</u>	<u>Men</u>	<u>Women</u>
Strong	22%	23%	21%
Weak	58%	62%	55%
Dont Know	20%	15%	24%

Consider Smith in NH Primary?

	<u>All</u>	<u>Men</u>	<u>Women</u>
Would	25%	28%	22%
Would Not	55%	57%	54%
Too Early	18%	14%	22%

Dan Quayle is scheduled to address the New Hampshire GOP's annual dinner in Manchester on October 26. New Hampshire GOP executives wanted a speaker who hadn't been to the state recently, and who would be a "good draw." Jack Kemp, along with others, had apparently vied for the "juicy assignment."

NEW JERSEY

The most recent poll out of New Jersey regarding the gubernatorial race between Governor Christine Todd Whitman (R) and current Woodbridge Mayor/State Senator Jim McGreevey (D) shows a virtual dead heat between the two candidates. The *Asbury Park Press* poll, conducted 8/21-23, surveyed 601 likely voters. The poll shows Whitman's approval rating at 42%, the lowest since her second month in office (37%- February 1993).

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General Election Match-Up

	<u>All</u>	<u>White</u>	<u>Black</u>
Whitman	35%	57%	13%
McGreevey	33%	30%	39%
Undecided	28%	--	--
Support Neither	3%	--	--

According to the *Bergen Record*, the state chapter of NOW has decided not to endorse either candidate this year. This is a blow to Whitman, since she relied on NOW's support to defeat Governor Jim Florio (D) in 1993.

Libertarian candidate Murray Sabrin formally applied for matching funds on Tuesday. If he does have the minimum amount to qualify (\$210,000) he would be the first third party candidate in New Jersey history to do so, and he would qualify to appear in two gubernatorial debates with Whitman and McGreevey.

NEW MEXICO

The *Albuquerque Journal* reported this week that Rep. Steve Schiff (R), will "remain recuperating" at home from surgery. Schiff has completed 35 radiation treatments and lost both a portion of his right ear and 30 pounds during the treatment. Schiff, a four-term congressman, was diagnosed with "squamous cell carcinoma" on his right ear and is experiencing great pain.

*Is there a
chance of
a run?*

NEW YORK

New Yorker's Joe Klein reported that outgoing Rep. Floyd Flake (D-06) is considering endorsing Mayor Rudolph Giuliani (R). Flake cites the relatively low levels of racial tension in New York City and the Mayor's "impeccable" response to the Louma case among his reasons.

The *Albany Times Union* AP reported that Brooklyn District Attorney Charles Hynes (D), who is considering a possible run for governor next year, has laid the financial foundation for a race. Hynes commented that he would not talk about a final decision on whether he will run until his DA reelection campaign is over this coming November.

With less than a week before the New York City Democratic primary for Mayor, City Council member Sal Albanese (D) and Rev. Al Sharpton (D) "were stepping up their struggle to make it a race" by undermining Manhattan Borough President Ruth Messinger's "presumed front-runner status." Messinger released a 60-second radio ad featuring former NY Mayor David Dinkins (D) accusing Mayor Rudolph Giuliani (R) of "gender bashing." *New York Daily News'* Zion writes that pollster John Zogby thinks that Sal Albanese will force a run off with Messinger. Zogby said "I know I'm going out on a limb, but Messinger is in a free fall like I've never seen, and Sal is cooking. I give them both about 38% and Al Sharpton 24%." In New York City, a candidate needs 40% to avoid a runoff.

OHIO

Gov. George Voinovich's (R) former Chief of Staff, Paul Mifsud, pleaded guilty to misdemeanor ethics violations and had five felony counts dropped as part of a plea bargain struck with

prosecutors on Wednesday. Mifsud, Voinovich's former "enforcer and deal maker," will spend three days in jail, two years on probation, pay \$1,750 in fines and serve 100 hours of community service.

The *Columbus Dispatch* detailed the problems facing the three major candidates for what it calls one of the mostly hotly contested races for governor in recent Ohio history. The paper states that Treasurer Ken Blackwell (R) must show an African-American can win a GOP primary and prove he is planning to stay in the race. Secretary of State Bob Taft (R) must battle a reputation that he is a dull and colorless candidate with unimaginative ideas. Former Attorney General Lee Fisher (D) needs to answer the charge that he cannot be a viable candidate because of his 1994 loss to Betty Montgomery, a razor-thin 1990 win, and animosity from some within the Democratic ranks. Auditor Jim Petro (R) and Toledo businessman Bruce Douglas (D) are considering the race as well.

Businessman Bruce Douglas (D) is lining up strategist Gerald Austin to help run his campaign if, as many political observers expect, he seeks the Democratic nomination. Austin, who managed Gov. Rich Celeste's campaigns in '82 and '86, said he expects Douglas will announce his candidacy soon.

A Paul Werth Associates poll, conducted in August, surveyed 505 registered voters in Ohio with a margin of error +/- 4.4%. Tested: President Clinton, the Federal Budget Agreement, Secretary of State Bob Taft (R), former Attorney General Lee Fisher (D), Gov. George Voinovich (R), '94 senate candidate Mary Boyle (D).

<u>Clinton Job Performance</u>		<u>How Will Federal Budget Deal Affect Your Taxes?</u>		<u>Who Deserves Credit For Budget Agreement?</u>	
Approve	58%	Go up	57%	Clinton	9%
Disapprove	29%	Go down	11%	Congress	32%
		Remain the same	21%	Both	43%

<u>General Matchup</u>		<u>General Matchup</u>		<u>Voinovich Job</u>	
Taft	48%	Voinovich	50%	Approve	60%
Fisher	29%	Boyle	29%	Disapprove	26%

OREGON

Washington County Commissioner Linda Peters (D) is seen by party insiders as the frontrunner to replace retiring Rep. Elizabeth Furse (D). Other potential candidates, state Senator Joan Dukes and Beaverton Mayor Rob Drake, announced they would not seek the Democratic nomination. Attorney David Wu (D), is the only other announced Democrat to announce. Jon Kvistad (R) and '96 GOP nominee Bill Witt, who lost to Furse 52%-45%, is expected to announce their candidacies in the next few weeks.

TENNESSEE

Former state House Majority Leader, Bill Purcell, announced last Thursday that he will not to seek the Democratic nomination for Governor. He was considered the best shot to unseat

Governor Don Sundquist (R). It is believe that Purcell would have had a severe fundraising disadvantage. Sundquist has raised well over \$3 million and expects to have \$5 million by early next year. Nashville mayor Phil Bredesen (D), who lost to Sundquist in '94, has not ruled out a run.

TEXAS

Congressman "Henry B" Gonzalez, 81, will leave Congress at the end of this session. Gonzales cited health and family issues as reasons for his retirement. He is at home in San Antonio recovering from his hospitalization at Bethesda Naval Station for a dental infection that spread and eventually damaged a heart valve, causing fatigue and congestion. Governor George Bush (R) will announce a date for a special election when he receives Congressman Gonzalez's resignation letter. Gonzalez's office says a resignation date has not been set.

Ignored caller

The 20th Congressional District is considered a safe Democratic seat. The following people have publicly expressed their interest in running for this seat: Rep. Gonzalez's son and District Judge Charlie Gonzalez, former city councilman Roger Perez, District Judge Andy Mireles and Bexar County Democratic Chair Walter Martinez. Republicans eyeing the seat are Ralph Velasquez, the brother of the late Hispanic activist Willie Velasquez (D), '96 GOP nominee James Walker and failed '96 candidate John Shull. Most observers of this race believe there will be many Democratic candidates vying for this seat which will force the special election into a run off.

DCCC Chair and Texas Congressman Martin Frost was profiled in the New York Times as "a master for raising cash," bringing in \$6.3 million thus far in '97, 30% more than in '95 when the committee broke its previous records.

While not totally agreeing with the FEC's interpretation, Democratic Congressman Max Sandlin (TX-01) will pay a \$7,000 FEC penalty because of late changes in loans to his campaign. Sandlin acted as his own treasurer in 1996 and relied mostly on his own money to finance his campaign.

An August 21 fundraiser for Gov. Bush in Houston brought in \$861,000 and another \$150,000 is expected. Bush plans to raise \$7 million this year, with a goal of \$12 million by the end of the year. Fundraising events for Bush are scheduled in New York, Boston and Greenwich, Connecticut. Lt. Governor Bob Bullock (D) contributed \$2,500 at an August 21 Houston fundraiser for Gov. Bush (R). Bullock has been "profuse in his praise" of Gov. Bush saying "I was there out of respect for what he's doing and what he has done. And I would be proud to call him my president." Bullock gave Land Commissioner Garry Mauro \$1,000 earlier this year.

A Harte-Hanks Texas Poll conducted August 11-25, surveyed 1,005 adults, and showed Bush with a 68% approval rating, up two points since a spring survey, and "that many people didn't know enough about the tax plan to know why it failed."

Land Commissioner Garry Mauro (D) has raised about \$300,000 and is expected to announce his

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intentions to run for Governor after his September 20th annual beach clean up initiative.

An issues poll conducted in early August by Mark Penn shows that job security, education and personal safety are among some of the top issues important to Texans. The same poll shows that the President has a 51% approval rating.

Governor Bush's office is receiving unwanted criticism because of two fundraising letters sent to individuals writing to the Governor seeking his help. A prison inmate wrote to Gov. Bush seeking a pardon and got a response from Bush's campaign soliciting him for money. However, he received no response regarding his request for a pardon. Arlene Mitchell from Temple also wrote to the Governor on an issue unrelated to the campaign and received a solicitation letter. Mitchell "said the episode makes her wonder whether the Republican governor's official correspondence is used by his campaign for political fundraising." Karl Rove, Bush's advisor, said Temple's name appeared on a mailing list of customers who purchase grapefruit and the inmate's name was on a list of National Review subscribers, both purchased by the Bush campaign.

In the Houston mayor's race, the business community is shying away from endorsing any mayoral candidates, including businessman Rob Mosbacher, who is running on a business platform. Candidates are also missing out on donations that come from endorsements. The frontrunners are former police chief and drug czar Lee Brown (D) and Rob Mosbacher (R). Mayor Bob Lanier is term-limited.

VIRGINIA

Richmond Times Dispatch reports that former Attorney General Jim Gilmore (R) has called on Speaker Newt Gingrich (R) to raise money for him for his gubernatorial campaign. The fundraiser Gingrich will appear at will be held in Maryland. Others who have raised money for Gilmore include former President Bush, Dan Quayle, Senator Fred Thompson (R-TN), Representative J.C. Watts (R-OK) and Senator John McCain (R-AZ). Jack Kemp will help Gilmore next week.

Vice President Gore raised an estimated \$500,000 for Lieutenant Governor Don Beyer (D) at the McLean home of Sen. Chuck Robb (D) on September 3. Former Texas Governor Ann Richards (D) will help Beyer as well.

WASHINGTON

The GOP full court press continues for Rep. George Nethercutt (R) to run for Senate as he spent 40 minutes with Senate Majority Leader Trent Lott September 3. For the last month, Republican leaders have encouraged Nethercutt to take on Rep. Linda Smith (R) in a primary race that will determine U.S. Senator Patty Murray's challenger. Nethercutt has said that he will likely announce in the next few weeks.

WHITE HOUSE 2000

The Indiana Republican Party hosted a cattle call for White House 2000 contenders last weekend. Reports coming back from the event state Lamar Alexander delivered a more conservative, but otherwise an unchanged message. George W. Bush failed to meet high expectations and received

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mixed reviews on his keynote speech. Steve Forbes perhaps gained the most, showing more polish. Newt Gingrich delivered an ambiguous message of his support for the flat tax. Jack Kemp gave tepid praise for budget agreement. Dan Quayle impressed the crowds and pundits, as did Sen. Fred Thompson and Rep. J.C. Watts.

Bush aides concede that the Governor's speech before the Midwest Republican Leadership Conference was a mistake. Bush received mixed reviews on his 25-minute, stiffly delivered speech. His aides say he did not know it was billed as a cattle call for GOP 2000 hopefuls and has no intention of attending future events like this. Aides said then that he "plans only two more out-of-Texas trips this year" to help the gubernatorial campaigns of former Virginia Attorney General Jim Gilmore (R) and California Attorney General Dan Lungren (R).

In the September 8 issue the *Weekly Standard* states that Bush is believed to have settled on a primary strategy for 2000. He will largely ignore Iowa and New Hampshire. On Super Tuesday, Gov. David Beasley "will deliver" South Carolina, Bush's brother Jeb "will deliver" Florida and Texas "will be in the bag." The *Columbia State* reported this week that Bush is planning to visit South Carolina, along with other GOP hopefuls.

Although he's taken only preliminary steps, Sen. Paul Wellstone (D) has discovered that a White House run in 2000 is in his "heart and soul" and that he wants to run. Wellstone has mapped a vigorous national travel schedule, with repeated stops in early primary and caucus states like California, Wisconsin, Illinois, Florida, New Hampshire, and Iowa -- where he'll give three speeches in September. Wellstone has opposed much of the Administration's major fiscal and economic legislation. He has expressed disdain for campaign fundraising practices and will issue a challenge to limit or eliminate high-cost television advertising. Wellstone stated that his strategy emphasizing grass-roots organizing and get-out-the-vote efforts will play well in New Hampshire and Iowa.

A Mason-Dixon poll of 1,123 registered voters (408 Democrats; 360 Republicans) conducted 8/25-27 showed Colin Powell as the only Republican ahead of Vice President Gore.

<u>Job Ratings</u>	<u>Clinton</u>	<u>Congress</u>	<u>Gingrich</u>	<u>Lott</u>
Excellent	14%	2%	2%	2%
Good	35%	37%	25%	27%
Fair	36%	41%	38%	30%
Poor	15%	17%	31%	7%

White House 2000 Democratic Primary Matchup

	<u>All</u>	<u>Fav/Unfav</u>	<u>ID</u>
Gore	65%	61% / 11%	100%
Gephardt	9%	34% / 7%	84%
Kerry	7%	21% / 4%	63%
Wellstone	3%	16% / 1%	38%

White House 200 Republican Primary Matchup

<u>w/ Powell</u>	<u>w/o Powell</u>	<u>Fav/Unfav</u>	<u>ID</u>
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9-8-97

Powell	32%	--	74% / 5%	99%
Bush	17%	24%	58% / 9%	98%
Kemp	13%	19%	56% / 7%	97%
Quayle	9%	12%	49% / 24%	99%
Forbes	7%	9%	29% / 15%	86%
Alexander	4%	5%	16% / 7%	68%
Thompson	3%	4%	12% / 2%	49%
Buchanan	2%	4%	21% / 33%	98%

	<u>Fav/Unfav</u>	<u>ID (asked of all)</u>		<u>Fav/Unfav</u>	<u>ID</u>
Powell	71% / 5%	98%	Forbes	24% / 18%	86%
Gore	46% / 26%	100%	Alexander	15% / 9%	65%
Bush	45% / 17%	97%	Buchanan	13% / 42%	95%
Kemp	44% / 16%	96%	Thompson	7% / 2%	44%

General Election Matchups

Powell	51%	Gore	48%	Gore	49%	Gore	53%
Gore	38%	Bush	42%	Kemp	38%	Quayle	31%

Gore	54%	Gore	55%	Gore	51%	Gore	59%
Forbes	29%	Alexander	28%	Thompson	30%	Buchanan	22%

A WMUR-TV poll of 400 New Hampshire Republican voters conducted 8/27-30 by RKM Research showed Texas Governor George W. Bush as the front runner in the Republican nomination presidential primary.

Republican Primary

George W. Bush	16%	Newt Gingrich	3%
Jack Kemp	12%	Fred Thompson	3%
Lamar Alexander	11%	Alan Keyes	3%
Steve Forbes	11%	John Ashcroft	1%
Pat Buchanan	9%	J.C. Watts	1%
Bob Smith	8%	Other	3%
Dan Quayle	5%	Unsure	14%

Favorability Ratings

	<u>Fav/Unfav.</u>	<u>ID</u>		<u>Fav/Unfav.</u>	<u>ID</u>
Kemp	56% 25%	96%	Buchanan	37% 47%	97%
Bush	53% 17%	97%	Gingrich	31% 53%	97%
Smith	53% 31%	99%	Thompson	20% 17%	61%
Forbes	41% 36%	97%	Keyes	17% 25%	66%
Quayle	41% 42%	100%	Watts	11% 17%	50%
Alexander	40% 26%	95%	Ashcroft	6% 11%	47%

9-8-97

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

9-8-97

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WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

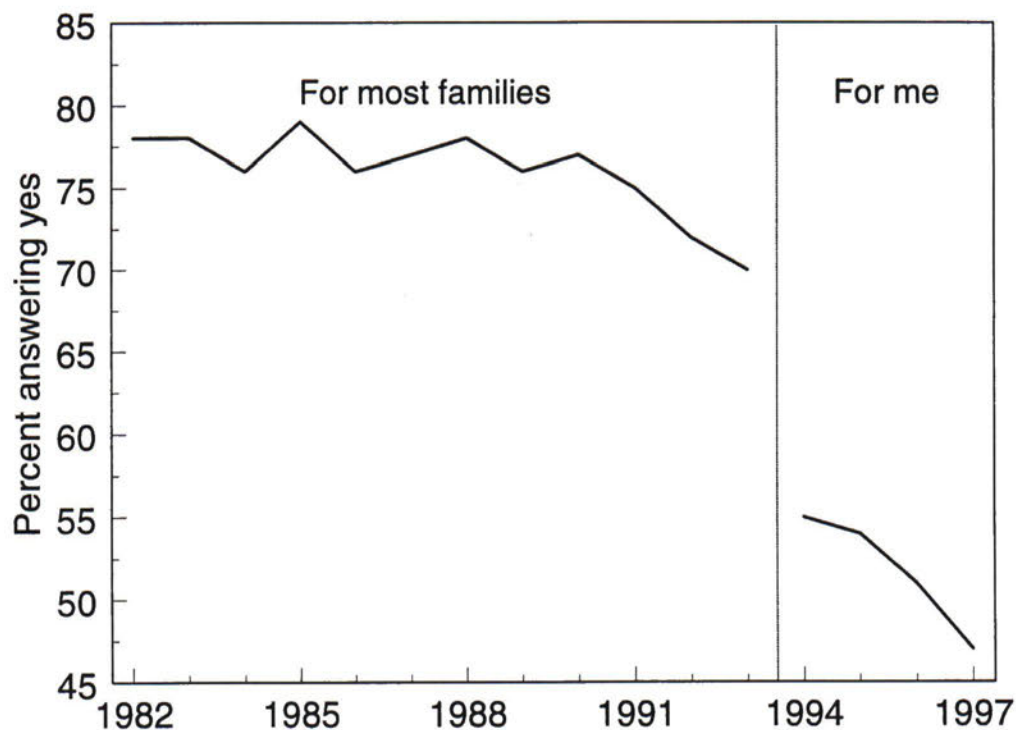
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

September 5, 1997

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to:
COS
HRC pages 4-1
Yellen

CHART OF THE WEEK

Survey Question: Is the Stock Market Too Risky?



During the 1990s, and especially in the past few years, a declining proportion of Americans has thought the stock market is too risky a place to put its money. More than three-quarters of the married men surveyed thought the stock market was too risky for most families through most of the 1980s, but that proportion fell to 70 percent by 1993. The survey question was changed in 1994, but the number of married men responding that the stock market is too risky for them has continued to fall. Responses for women show a similar pattern.

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SPECIAL ANALYSES

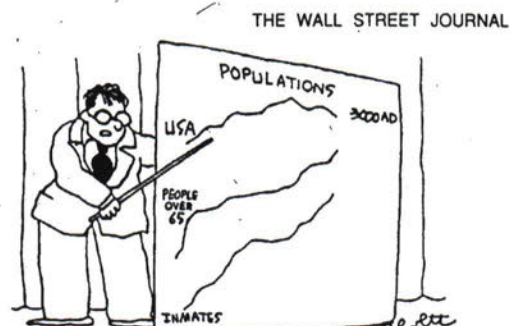
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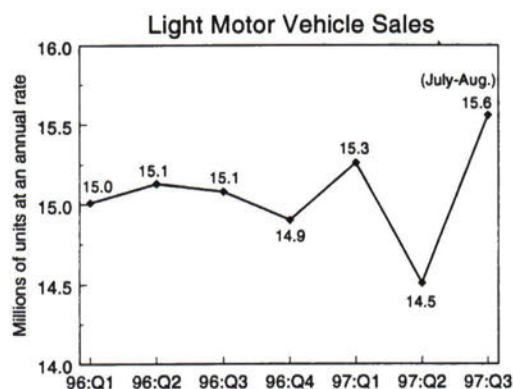


"An alarming trend, folks—by 3000 AD, all Americans will be retired or in prison!"

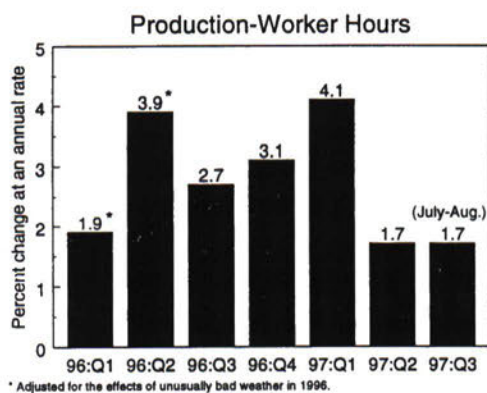
MACROECONOMIC UPDATE

Economy Keeps Rolling as Consumption Rebounds

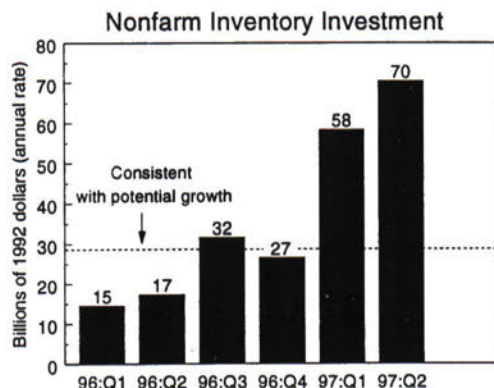
The economy keeps on rolling. Annualized GDP growth in the second quarter was revised up to 3.6 percent and the August unemployment rate was 4.9 percent.



Sales. After an unexplained pause in the second quarter, personal consumption is bouncing back. Motor vehicle sales have rebounded to an annual rate of 15.6 million units thus far in the third quarter (see upper chart). Partially because of the pickup in sales, motor vehicle assemblies are scheduled to increase by enough to add about 0.8 percentage point to the rate of growth in the third quarter.



Jobs. Adjusted for the UPS strike, payroll employment rose another 224,000 in August—about the same pace as during the first 7 months of the year. Based on 2 months of third-quarter data, it now appears that production-worker hours will increase at about a 1.7 percent annual rate (see middle chart)—enough to support real GDP growth of about 3 percent at an annual rate.



Inventories. Third-quarter growth is likely to be held down by a drop in inventory investment. Nonfarm inventory growth during the first and second quarters was far in excess of the \$29 billion or so that would be consistent with GDP growth at its potential pace.

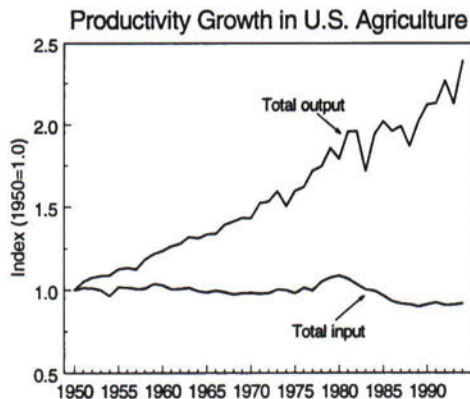
Prices. The inflation rate remains stable indicating that no major bottlenecks have surfaced—at least through July. But

August survey data show gasoline prices moved up sharply—enough to boost the overall CPI change by 0.1 or 0.2 percentage point.

SPECIAL ANALYSIS

The Changing Pattern of Agricultural R&D

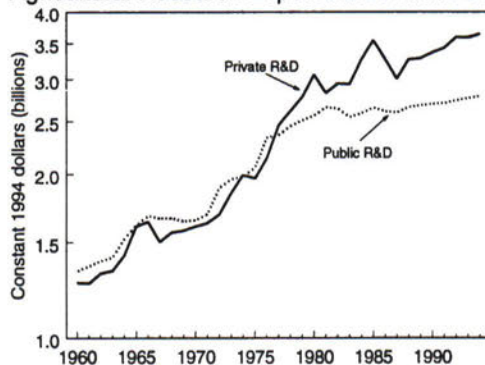
Historically, public funding of agricultural R&D has played a major role in boosting agricultural productivity. But private research has become increasingly important and by the early 1990s accounted for 60 percent of all agricultural R&D.



R&D and productivity. Growth in productivity made possible through public and private investments in research, extension, and farmer education has allowed U.S. agricultural output to more than double since the late 1940s, while the total amount of inputs (such as land, labor, chemicals, machinery, and seed) has actually fallen (see upper chart). Agricultural research has earned a social rate of return of about 35 percent per-year over the past 50 years and continues to generate such returns.

Sources of funding. Total spending for agricultural research has doubled in real terms over the past three decades, with most of the growth coming from the private

Agricultural Research Expenditures in the U.S.



sector (see lower chart). Public-sector funding of agricultural research has remained steady in real terms since the late 1970s; the Federal share of the total is currently about 25 percent, and the state share is 15 percent. The Federal Government funds about \$1.5 billion of research at USDA laboratories and at state agricultural experiment stations. An additional \$400 million of Federal funds support agricultural extension activities.

New directions for research. Not only has the private sector taken on a larger role in agricultural research, but its research emphasis has also been changing. The private sector has shifted a larger share of its research resources into new biological and chemical technology, while devoting a smaller share to mechanical and food product and processing technology. Possible reasons for the shift include new commercial opportunities made possible by scientific advances in molecular biology and genetic engineering as well as increased demand from agricultural producers for improved farm inputs due to growing global demand for food. Research on crop varieties, while still an important public sector activity, is now mostly funded by the

private sector. Public support remains important, however, for more basic, or pre-commercial agricultural research, where private investment remains low.

Implications. Public investment in agricultural R&D has stagnated, while private investment has continued to grow. To some extent, the private sector is appropriately taking on roles formerly performed in the public sector. But some important areas are likely to be neglected. Compared with applied research, for example, basic research is risky, long-term, and often generates results that are difficult to patent. Some areas of applied research—such as natural resource conservation, environmental protection, food safety and nutrition, and the social sciences—are also likely to be under funded by the private sector because they do not generate commercial products. The high rate of return earned on investments in agricultural research (both private and public) suggests that the stagnation in public funding may be constraining fruitful agricultural research and limiting future productivity growth.

Need to make
sure we're targeting
our efforts -

SPECIAL ANALYSIS

Welfare Reform and the Market for Child Care

As more mothers move off welfare into work, the demand for child care services will increase. Although the supply of child care services is likely to expand to meet this demand without much of a price increase, the cost of child care, even at current prices, represents a large burden for low-income families.

The supply response. Two strands of evidence suggest that increased demand can be met without a substantial increase in the price of child care. First, over the past 20 years, the number of children in paid child care has approximately doubled while the real price of care has not changed. Second, a recent study indicates that changes in the price of child care induce large supply responses. Of course, an initial surge in demand could produce some short-run upward pressure on prices. The cost of entering the child care provider market is relatively low, however, and supply should respond relatively quickly.

The burden of current prices. The current cost of child care can be a significant burden for those without access to subsidized care and may discourage some mothers from working. Among families who pay for child care, poor families with employed mothers spend about 20 percent of their income on child care, while non-poor families spend only 7 percent. Estimates from several studies suggest that a 10 percent reduction in the price of child care increases the probability that a mother will work by 2 to 8 percent. Given that the mother has a job, however, the price of child care does not appear to influence the number of hours worked.

What kind of care? About half of working mothers rely primarily on non-market child care provided by a relative. Studies show that a reduction in the price of child care is associated with an increase in the probability that a working mother will purchase paid care. This may be because those mothers who choose to work when the price of care decreases are more likely to use paid care; also, those already working may choose to substitute paid care for non-market care. Once the decision is made to use paid child care, however, reductions in the price of care or in the price of higher quality care do not appear to induce parents to purchase higher quality care.

Implications. Increased demand for child care will most likely be met by commensurate increases in supply at roughly current prices. However, if they must pay the market price for child care, many low-income parents find child care costs a barrier to employment and a substantial financial burden if they do take a job. Policies that decrease the price of care reduce this burden and encourage more mothers to work; they may also lead working mothers to switch from unsubsidized to subsidized care.

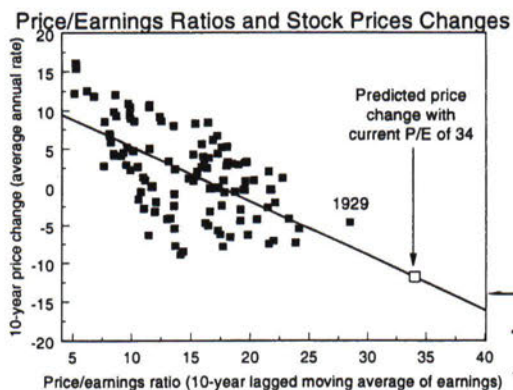
9-8-97

ARTICLE**The Stock Market: What Goes Up...**

Movements in the stock market are unpredictable in the short run. But longer-term movements appear to be somewhat more predictable.

First, the good news. Although the stock market stands at very high levels, it is impossible to say whether it will rise further or fall in the short term. Any predictable short-term movement would provide investors with an opportunity to make virtually unlimited amounts of money by betting on that movement. With investors constantly on the lookout for any sure-fire way to make money, even small amounts of short-run predictability tend to be eliminated by immediate investor reactions. Fortunately, the principle of short-term unpredictability offers a good reason not to expect an "anniversary effect" this October based on the 1987 crash.

Now, the bad. The same argument for short-run unpredictability might logically seem to apply to the long run as well. Nevertheless, certain indicators have some ability to predict changes in stock prices over periods longer than a few years. A particularly useful indicator is the ratio of the average price of stocks to average earnings (profits). For annual U.S. stock market data since 1872, years in which the



price/earnings ratio has been high have typically been followed by poor average price performance over the subsequent 10 years (see chart). Today's price/earnings ratio is "off the chart"—by far the largest of any year for which we have data—and implies a decline in stock prices over the next decade of about 10 percent per year (if typical historical patterns repeat themselves).

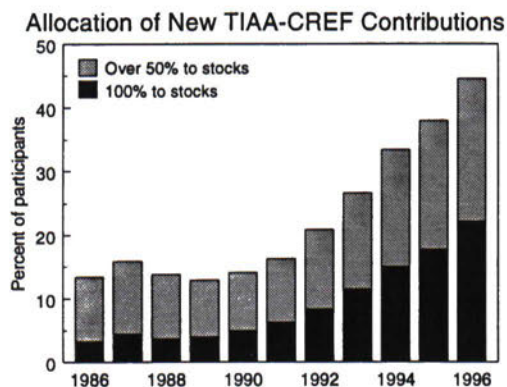
Say it ain't so. These data are public, so why are investors not selling? One reason is that the P/E ratio in the calculation is based on past earnings, and current Wall Street forecasts of future earnings are very bullish. Indeed, the current projections of stock market analysts imply that aggregate real (inflation-adjusted) earnings are expected to grow about 9 percent per year over the next 5 years—more than three times the projected rate of overall economic growth. If such earnings growth were realized, capital's share of national output would exceed its previous postwar record high, with a corresponding decline in the labor share.

Some analysts have argued that bearish forecasts based on historical relationships are not valid today because the economy has entered a "New Era" of greater productivity growth and efficiency gains, perhaps attributable to the computer revolution. Such claims are not new; in previous eras of high stock market valuation, similar prophets made similar claims. In the 1880s and 1890s, for example, railroads were to be the

engine of unlimited prosperity; in the late 1920s, the prospect of electrification was said to justify astronomical stock prices; in the late 1960s, the advent of "scientific management" techniques, the supposed end of the business cycle, and the virtues of the interstate highway system were touted. In each case, the anticipated earnings bonanza failed to materialize, and a long bear market ensued.

Risk and reward. But maybe it is a new era in terms of people's willingness to bear risk (see the Chart of the Week). A longstanding puzzle in economics is that, in the past, people appear to have been far more reluctant to bear the risks of stock ownership than seems rationally justifiable. If they were suddenly to become much more tolerant of these risks, the effect would be to bid up stock prices.

Investors do appear to be acting on their changed perceptions of risk. For example, TIAA-CREF, the largest private retirement saving plan in the United States, keeps track of participants' choices about where new contributions are invested. Between 1986 and 1996, the fraction of participants directing all of their new retirement contributions to the stock market increased from 3 percent to over 20 percent, while



the fraction of participants investing at least half of new contributions in stocks increased from under 15 percent to nearly half (see chart). But increased tolerance for risk is insufficient to explain the current high stock market; those levels appear to be justifiable only in the unlikely event that investors now strongly prefer risky assets to safe assets with the same expected return.

The trend is not your friend. The S&P 500 has yielded an average annual real rate of return of almost 15 percent since 1981. Perhaps the best explanation for the market's current giddy heights is that investors, observing the market's remarkable performance since the early 1980s, have concluded that the market can yield such high rates of return forever. A large portion of these returns, however, has reflected a rebound in corporate profitability from historically low levels in the late 1970s—a trend that cannot be sustained indefinitely.

Conclusion. An immediate stock market crash is not inevitable. But over the next decade, the stock market is very unlikely to yield returns comparable to those seen during the past 15 years.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

High-Cost Home Health Claims Get Inadequate Scrutiny. Spending for the home health component of Medicare increased from \$2.1 billion to \$18 billion between 1988 and 1996 and is projected to exceed \$21 billion by the year 2000. At the same time, the fraction of home health claims that are reviewed has fallen from greater than 60 percent 10 years ago, to only 2 percent in 1996. A recently released GAO report examined the question of over utilization and fraud by testing 80 high-dollar home health claims that had previously been processed without review. The reviewers determined that 46 of the 80 claims should have been partially or totally denied due to failure to substantiate medical necessity, noncoverage of services and supplies, and inadequate documentation, including the absence of physician orders. The charges for those 46 claims totaled more than \$300,000 of which 43 percent should have been denied. It should be noted, however, that the claims reviewed were high-cost claims selected from the highest-cost providers and are not representative of home health claims as a whole.

Hidden Device May Be Powerful Deterrent to Auto Theft. In contrast to unobservable crime-prevention measures, observable forms such as highly visible car alarms or barbed-wire fences may shift crime to those who are unprotected rather than reduce crime. Evidence suggests that the Lojack, an unobservable auto-theft protection device, may reduce car thefts because criminals cannot differentiate between who is and who is not protected. The Lojack is a radio transmitter-based motor vehicle retrieval system that allows police to track the precise location and movement of a stolen vehicle. Indeed, one of the most important deterrent effects is the disruption of the operation of "chop shops" where stolen cars are disassembled for resale of parts. Installation of the Lojack involves a one-time fee of roughly \$600. As of December 1994 the Lojack has been introduced into 12 markets, including Boston, Los Angeles, New York City, and Washington, DC. According to a recent study, a 1 percent increase in the Lojack installation rate is associated with a 20 percent decline in auto theft rates in large cities and a 5 percent decline in the rest of the state. The study also finds no evidence of crime-switching or crime-displacement to different geographic areas.

The Camel's Nose Under the Tent: Cigarette Prices Go Up. Early this week, the Nation's largest tobacco companies raised wholesale cigarette prices. The increase averaged 7.6 percent according to one analyst's calculation, and represented the largest industry-wide price increase since December 1988. This is expected to raise retail cigarette prices by about 7 cents per pack. Some analysts suggest that this price increase is a move by cigarette makers to generate revenue to help pay for smoking lawsuit settlements with various states. Other analysts suggest that the recent price increase is a move to discourage cigarette wholesalers from purchasing cigarettes at a low price and then selling them at a higher price once a future national settlement is reached. Cigarette prices would increase substantially under the current national settlement proposal.

9-8-97

INTERNATIONAL ROUNDUP

United States Imposes Sanctions Against Japanese Port Practices. This week, the United States imposed a \$100,000 fee on all Japanese container ships entering U.S. ports. The Federal Maritime Commission (FMC) announced the sanctions after talks with the Japanese government failed to resolve U.S. concerns. Chief among U.S. complaints is the "prior consultation" system used in Japanese harbors. Prior consultation requires that even minor operational changes associated with docking a cargo ship be cleared with the Japan Harbor Transportation Association, a powerful organization representing stevedores and terminal operators. The FMC has indicated its willingness to lift the sanctions if Japan takes appropriate action.

Argentina To Retire Brady Bond Debt. Argentina will issue 30-year, U.S.-dollar-denominated bonds in an effort to retire large portions of its Brady bond debt. The Brady bonds were issued during the late 1980s to a number of developing countries, many of which had earlier effectively defaulted on their commercial obligations during the debt crisis that began in 1982. For this reason, many recipient countries have been eager to overcome the stigma associated with Brady bonds. Against the backdrop of recent currency turbulence in emerging markets, many analysts believe that the Argentine government sought to underscore the responsible debt-management policies it has pursued in recent years. The Venezuelan government has announced a similar initiative to retire some of its Brady bond debt.

India Raises Prices of Petroleum Products. This week, the government of India announced that it would increase prices of gasoline, diesel fuel, cooking gas, and other petroleum products. The price of petroleum products used by industry (such as fuel oil and bitumen) are now on parity with international prices. The same is also true of diesel fuel. The government stated that it would revise the new prices on a monthly basis as part of the Administrative Price Mechanism (APM), but agreed in principle gradually to phase out the APM that has been in place for 20 years. The higher prices should encourage more efficient energy use by both businesses and consumers. The liberalizing measure, however, did not cover kerosene, a fuel believed to be used disproportionately by the poor. Artificially low energy prices have been common in poor countries like India. Notwithstanding the distributional problems, economists and environmentalists share the belief that it is important both on economic and environmental grounds to eliminate such subsidies.

! want an album

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, September 5, 1997****

In August, the unemployment rate was 4.9 percent; it was 4.8 percent in July. Nonfarm payroll employment rose by 49,000.

Leading Indicators

The composite index of leading indicators increased 0.3 percent in July.

NAPM Report on Business

The Purchasing Managers' Index declined to 56.8 percent in August from 58.6 percent in July.

MAJOR RELEASES NEXT WEEK

Productivity (Tuesday)
Producer Prices (Friday)
Retail Sales (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1996	1996:4	1997:1	1997:2
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.2	4.3	4.9	3.6
GDP chain-type price index	5.4	2.3	1.9	2.4	1.5
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	1.2	1.8	1.4	0.6
Real compensation per hour:					
Using CPI	0.6	0.2	-0.1	2.1	2.0
Using NFB deflator	1.3	1.4	1.6	2.4	2.0
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.2	10.4	10.2	10.4
Residential investment	4.5	4.0	4.0	4.0	4.0
Exports	8.2	11.4	11.6	11.6	11.9
Imports	9.2	12.6	12.7	12.9	13.0
Personal saving	5.3	3.1	2.8	2.7	3.0
Federal surplus	-2.7	-1.4	-1.0	-0.7	-0.4
	1970- 1993	1996	June 1997	July 1997	August 1997
Unemployment Rate	6.7**	5.4**	5.0	4.8	4.9
Payroll employment (thousands)					
increase per month			222	365	49
increase since Jan. 1993					12954
Inflation (percent per period)					
CPI	5.8	3.3	0.1	0.2	N.A.
PPI-Finished goods	5.0	2.8	-0.1	-0.1	N.A.

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

New or revised data in **boldface**.

Employment and unemployment data **embargoed until 8:30 a.m., Friday, September 5, 1997.**

FINANCIAL STATISTICS

	1995	1996	July 1997	August 1997	Sept. 4, 1997
Dow-Jones Industrial Average	4494	5743	7991	7948	7867
Interest Rates					
3-month T-bill	5.49	5.01	5.05	5.14	5.01
10-year T-bond	6.57	6.44	6.22	6.30	6.33
Mortgage rate, 30-year fixed	7.95	7.80	7.50	7.48	7.53
Prime rate	8.83	8.27	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level September 4, 1997	Percent Change from Week ago	Year ago
Deutschemark-Dollar	1.818	1.1	22.6
Yen-Dollar	120.7	1.7	10.9
Multilateral \$ (Mar. 1973=100)	99.54	1.1	15.0

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	3.5 (Q2)	4.9 (Aug)	2.2 (Jul)
Canada	3.7 (Q2)	9.1 (Jun)	1.8 (Jul)
Japan	2.6 (Q1)	3.6 (May)	1.8 (Jul)
France	1.1 (Q1)	13.0 (Apr)	0.9 (Jul)
Germany	2.8 (Q1)	7.8 (Apr)	1.9 (Jul)
Italy	-0.4 (Q1)	12.7 (Apr)	1.6 (Jul)
United Kingdom	3.4 (Q2)	6.9 (May)	3.4 (Jul)

U.S. unemployment data embargoed until 8:30 a.m., Friday, September 5, 1997.



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

'97 SEP 5 PM8:13

September 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY

CC: ERSKINE BOWLES

RE: CEQ WEEKLY REPORT

WPM for KAM

9-8-97
Copied to
COS
Kathleen
McGinty

PROTECTING COMMUNITIES FROM TOXICS

Superfund Reform

CEQ is participating with Administrator Browner in Member-level discussions with Senators John Chafee (R-RI), Bob Smith (R-NH), Max Baucus (D-MT), and Frank Lautenberg (R-NJ) intended to resolve the outstanding issues in Environmental Protection Agency's (EPA) ongoing Senate negotiations to develop a bipartisan Superfund Reform bill. Democrats on the Environment and Public Works Committee had broken off negotiations during the August recess, after Senator Chafee insisted on scheduling a hearing and markup on the Republican proposal, notwithstanding the status of the negotiations. The hearing was held on Thursday of this week, and was clearly a success for the Administration. The member-level discussions were offered in lieu of proceeding to a markup next week. This morning, The New York Times ran a front-page story deriding the Republicans' attempt to gut Superfund's provisions on Natural Resource Damages -- a program highlighted by your Kalamazoo initiative last year.

Separately in the House, a number of Democrats are working with the Black Caucus on what they call a "Green and Black" Superfund proposal. Although this proposal would be to the left of our past reform bills, it could change the political dynamic in our favor, so we will be watching this development closely.

Food and Drug Administration reform legislation

CEQ worked with White House Legislative Affairs, Office of the Vice President, OMB, and FDA in negotiations with Senator Gregg (D-NH) on a compromise FDA reform bill that addresses the Administration's objections to provisions for sweeping preemption of state and local regulation of cosmetics. While other provisions -- including a broad National Environmental Policy Act exemption -- remain subject to strong objections by the Administration and by environmental and consumer groups, this compromise brings us much closer to a signable bill.

RESOURCE STEWARDSHIP

9-8-97

Glacier National Park

On Tuesday the Vice President visited Glacier National Park, Montana to look at the possible effects of climate change on our nation's national parks. Over the last century, three-quarters of all of the glaciers in the Park have melted, and scientists say that if the current trend continues, by the year 2030 there will be no glaciers in Glacier National Park. The Vice President hiked four miles to the Grinnell Glacier, which has retreated over half a mile in the past century.

Glacier National Park is not the only American treasure that is showing the possible effects of climate change. A recent report by the World Wildlife Fund shows that global warming poses a threat to many of our nation's national parks and protected areas. In addition to melting of glaciers in Glacier National Park, noticeable effects of global warming in America's parks range from changes in alpine flower meadows in Washington's Mount Rainier National Park to the inundation of wetlands in Maryland's Blackwater National Refuge. If steps are not taken to reduce the effects of climate change, future generations could lose part of their national park experience.

INTERNATIONAL LEADERSHIP

Climate Change

At an Edison Electric Institute meeting in Kansas City, Missouri, I spoke to the CEO's and senior leaders of more than 125 of the nation's largest utilities. The speech was in part a follow-up to your meeting last month with several business leaders, including some utility executives. The utility industry seems cautiously interested in pursuing additional voluntary reductions, but they need reassurance on the issue of receiving credit for early action. We are still evaluating the best way to respond to this expression of potential support. Utilities are also concerned that the United States might go too far too fast in Kyoto.

There are reports that a \$12 million advertising campaign attacking the Administration for our approach on climate change will be launched next week by a coalition of labor unions, industries, farm groups and senior citizens. CEQ is working with Todd Stern and others to ensure a rapid response when appropriate.

SUSTAINABLE COMMUNITIES

The Sustainable Redevelopment of Arkadelphia

In July, the 2025 Commission of Arkadelphia voted to rebuild their town as a sustainable community in the wake of last spring's tornado. Today CEQ staff met with a delegation of leaders from Arkadelphia, led by State Representative Percy Malone, to discuss how the federal government could be of assistance. The delegation asked for CEQ's help in identifying federal resources and in coordinating activities across agencies. We agreed to help and offered to begin

by hosting a meeting with agency staff to match the community's needs with available federal resources. Arkadelphia could serve as a model for small towns across the nation to demonstrate how to rebuild after a natural disaster in a manner that maintains the vitality of small business, employs environmentally sound technologies and practices, and preserves a sense of community.

OTHER

Politics of the Environment

* The environment remains an issue on which a great number of voters perceive a marked difference between Republicans and Democrats. A Democratic Leadership Council poll (Penn, Schoen, and Berland) released last month showed that, on issues ranging from welfare reform to moral values, voters perceived the greatest difference between the parties on "protecting the clean air and clean water," strongly favoring Democrats over Republicans (62 percent to 20 percent). A later Fox news poll, which asked "Who would do a better job on issues in 2000?," yielded similar results: on the environment, Democrats were favored 56 percent to 23 percent, a wider range than on any other issue. The results of these polls are consistent with an analysis by Frank Luntz which, according to the Washington Post, concluded "that Clinton and Democrats continue to win on women's issues, education and the environment, to name a few"

THE WHITE HOUSE
WASHINGTON

9-8-97

September 5, 1997

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Summary of Cabinet Weekly Reports
August 15 - September 5, 1997

copied to
Thurgood
Marshall
COS

DEPARTMENT OF TREASURY

- **Fast Track:** On September 10, Secretary Rubin will join you, the Vice President and Members of Congress for a Fast Track event. On September 10, Secretary Rubin will discuss Fast Track at a Business Roundtable. Treasury will also brief Members of Congress after the legislation is introduced.
- **Electronic Funds Transfer (EFT)'99:** On September 10, Treasury will announce its proposed regulation outlining implementation of EFT '99 in response to the congressional mandate to make all federal payments except tax refunds electronically by January 1, 1999. This will affect millions, including Social Security and Veterans benefit recipients. There will be waivers for existing check recipients who do not have access to a bank account.

*deputy
as EFT*

NADBank: On September 4, the Finance Committee of the NADBank's U.S. Community Adjustment and Investment Program (CAIP) approved the first three loans in the program. Two of the loans will be financed by NADBank in partnership with USDA and SBA, and the third will be directly financed by NADBank. The CAIP was established to assist in the creation of job opportunities in areas throughout the country that are undergoing transition difficulties related to NAFTA.

DEPARTMENT OF JUSTICE

- **Megan's Law:** Classes of sex offenders challenged the NY and NJ statutes known as "Megan's Law" that provide for varying degrees of community notification when a released sex offender is determined to carry a risk of committing future sex offenses.

Other states which have or will soon pass community notification measures to qualify for crime-fighting funds under the federal law are monitoring that case. The second and third circuits have upheld community notification.

- **WA Obstruction of Justice Convictions:** After a two-and-a-half-month trial, a jury found eight individuals guilty of conspiracy to obstruct justice and to transmit threatening communications through the mails to jurors, judges, court administrative personnel and law enforcement agents. One of the defendants and his daughter operated a so-called "Common Law Court" in Tampa, FL, and claimed that neither federal nor state laws applied to them. They first targeted Hillsborough County judicial officers, and later recruited others to help in sending threats to state and federal judges, grand jurors, and law enforcement personnel in San Francisco, Denver, Orlando, Tampa, and St. Petersburg, FL.

✓
Gard

- **WV Domestic Terrorism:** A former fire department lieutenant was convicted of unlawfully and knowingly providing material support to be used in preparation for injuring the property of the FBI's Criminal Justice Information Services (CJIS) facility in Clarksburg, WV. The defendant provided photographs of a CJIS vicinity map to an FBI cooperative witness, and 35 photographs of blueprints and accompanying negatives relating to the facility, along with written notes indicating the subject matter of the photographs. The defendant was named in one of four indictments returned in November 1996 against seven individuals for their activities with the Mountaineer Militia.
- **Sultan Immunity Claim:** On August 25, Judge Consuelo Marshall dismissed the claims against the Sultan of Brunei. At the request of State, DOJ informed the court that the U.S. recognizes the Sultan as the head of state of a friendly foreign state and, thus, that the Sultan should be granted absolute immunity. This case had been brought by a former Miss USA who had entered into a promotional contract with the Sultan but was held against her while in the Sultan's palace.
- **Ruby Ridge:** Senator Specter has called for further hearings into the DOJ investigation of the Ruby Ridge matter.

DEPARTMENT OF COMMERCE

✓
Gard

- **Near East Trade Mission:** On September 6-13, the Acting Deputy Assistant Secretary for Africa and the Near East will lead a trade mission to Morocco, Tunisia and Israel. Nine companies have confirmed participation.
- **Standards Conference:** On September 8, the National Institute of Standards and Technology will host a conference entitled Using Voluntary Standards in the Federal Government. This conference will focus on successful examples of cooperation between federal agencies and standards-developing organizations to carry out agency missions.

Representative Morella will address the conference, which is part of an ongoing effort to implement the National Technology Transfer and Advancement Act.

- **Salmon:** On September 9, WTO consultations will be initiated on the U.S. countervailing duty investigation on Chilean salmon. The WTO consultations were requested by the Government of Chile.

 **ITA Success Stories:** TX-based SkyComm Technologies credits the extraordinary efforts of the International Trade Administration (ITA) with helping SkyComm secure a \$300 million contract with the Algerian government to provide telecommunications equipment and services. After a year-long advocacy effort by ITA, Argentina recently announced its approval of a tariff waiver allowing General Electric's participation in the \$254 million Central Puerto power generation plant.

- **Economic Indicators:**

- | | |
|---|--------------|
| ▶ Wholesale Trade (July) | September 9 |
| ▶ U.S. International Transactions (2nd Q) | September 11 |
| ▶ Advance Retail Sales (August) | September 12 |

DEPARTMENT OF LABOR

- **HMO Claim Procedures:** On September 8, DOL's Pension and Welfare Benefits Administration (PWBA) will publish a Request for Information in the *Federal Register* on employee group health plan claims procedures. The existing regulations were issued in 1977 and PWBA believes that they do not adequately handle current conditions, especially regarding group health plans that today often provide benefits through managed care systems.
- **Upcoming Data Release:** The Bureau of Labor Statistics will issue the following:

▶ National Employment Situation for August	September 5
▶ Producer Price Indexes for August	September 12
- **Health Care Reform:** On September 23, the House Ways and Means Subcommittee on Health will hold a hearing to examine the implementation of the Health Insurance Portability and Accountability Act. Deputy Assistant Secretary for Pension and Welfare Benefits Meredith Miller will testify.
- **Poultry Investigation:** *ABC World News Tonight* is preparing an in-depth investigation of the poultry industry. They have gone undercover at several poultry plants in the South, including Marjac and Fieldale in Gainesville, FL, and Goldenrod in Cullman, AL. The focus of the story is the unsafe working conditions and the migrant workers that make up a large percentage of the industry's low-wage workforce. The story is expected to air in late September.

DEPARTMENT OF TRANSPORTATION

- **National Airport Radar:** On August 28, the radar system at Washington's National Airport became unstable. FAA technicians are reviewing all communications links between the two radars and are conducting a review of maintenance procedures.
- **Union Pacific:** On August 26, the Federal Railroad Administration (FRA) launched round-the-clock inspections by 90 federal and state safety inspectors concerning operations on the Union Pacific Railroad (UP). The inspection was initiated to determine ways to improve railroad safety following UP's involvement in three railroad collisions over the last three months that resulted in the deaths of seven people and millions of dollars in property damage. On August 27, Administrator and the staff met with UP CEO Jerry Davis and other FRA officials to review preliminary findings. UP agreed to take immediate action on most issues. FRA intends to meet with UP within two weeks to discuss the progress made.
- **Panama Trip:** On September 7-8, Secretary Slater and Latin American Special Envoy McLarty will lead a U.S. mission to the Panama Canal. Secretary Slater will focus on transportation issues, including the future of the Canal following its transfer from U.S. control on December 31, 1999.
- **ValuJet:** On August 19, the NTSB issued its report on the probable cause for the crash of ValuJet Flight 592. ValuJet was cited for failing to oversee properly its maintenance contractors and hazardous materials practice. SabreTech Corp. was cited for failing to properly prepare, package and identify the oxygen generators stowed in the plane. FAA was cited for failing to require smoke detection and fire suppression systems in Class D cargo compartments. FAA has ordered the installation of detectors and extinguishers in aircraft cargo compartments and has initiated a number of major safety improvements.
- **Oil Spill Response:** On September 16-18, the Coast Guard will coordinate the first-ever SONS exercise in Philadelphia, PA, to test the plans and response capabilities for an oil spill of disastrous national proportions. The exercise will bring together hundreds of response and contingency personnel from federal, state, local, and corporate entities.
- **Safe Altitude Warning System (MSAW):** Immediately following the crash of KAL Flight 801 in Guam, FAA determined that the MSAW system at the Guam radar approach control facility was inhibited from generating low altitude alerts. To assure system integrity nationwide, FAA re-certified MSAW at all 193 sites that use this system. Problems were corrected in Fayetteville, NC, and Florence, SC.
- **Passenger-Baggage Match Study:** On August 27, air carrier representatives were briefed on the results of the domestic passenger-baggage match study recommended by the White House Commission. The study found that the rate of passengers checking a

9-8-97

bag and then not boarding that flight was much lower during the test than was estimated in previous studies.

- **Mexican Seizure:** On August 11, the cutter BOUTWELL and the Mexican Navy seized a fast boat near Acapulco, Mexico. In all, 5,434 lbs. of cocaine was seized and later turned over to the Mexican government for destruction. In addition, the USCG recovered 895 lbs. of cocaine in four other seizures.
- **Bridge to Asia-Pacific:** The Government of Japan failed to meet its July 31 commitment to institute major reforms of its administration ports and terminal to open services to U.S.-flag commercial vessels. On September 4, monetary sanctions against three Japanese liner operators were imposed by the Federal Maritime Commission. An analysis of the scheduled arrivals in the U.S. by ships owned or operated by the three Japanese companies shows 31 arrivals through the end of September. Each arrival from a foreign port will incur a fine of \$100,000. In a demarche presented on September 4, Japan demanded withdrawal of the sanctions. The tone of the demarche was notably restrained. Transport Minister Koga is reported to have demanded lifting of the sanctions, noting that the matter would be resolved through negotiations.

UNITED STATES TRADE REPRESENTATIVE

- **Canadian Sugar:** The Canadian government has agreed to drop its dispute settlement proceedings against the U.S. Sugar Containing Products Re-export Program. USTR has agreed to provide Canada with assurances that it would receive access to the U.S. refined sugar and crystal drink mix Tariff Rate Quotas.
- **Mexican Sugar:** USTR will file a new complaint with the WTO to challenge recent actions brought against Mexico in its antidumping investigation of Mexico on high-fructose corn sweeteners from the U.S. In response to a petition from its domestic sugar producers, Mexico has imposed provisional antidumping duties on U.S. sweeteners. USTR expects Mexico to enter into consultations within 30 days under WTO procedures.
- **Taiwan:** Following two years of negotiations, Taiwan has approved the application of Allnation, a subsidiary of Blue Cross/Blus Shield of DE, to set up a branch office in Taiwan.
- **Gore-Chernomyrdin:** On September 23-24, the ninth meeting of the Gore-Chernomyrdin Commission will discuss Russia's WTO accession and market access.

SMALL BUSINESS ADMINISTRATION

- **Economic Injury Declarations:** On August 29, an Economic Injury disaster declaration was approved for Buncombe and Haywood Counties in NC as a result of a massive rock

slide that occurred on July 1. An Economic Injury disaster declaration was also approved for rock slide that occurred in TN on August 6.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- On September 10, Director Witt will attend the NY State Disaster Preparedness Conference in Albany, NY.

DEPARTMENT OF INTERIOR

Cherokee Celebration: Due at least in part to the agreement signed by Cherokee Principal Chief Byrd and Secretary Babbitt, the large meeting on the Cherokee reservation over Labor Day weekend was peaceful. The tribal courthouse is now open and the marshals have been offered reinstatement, pursuant to the agreement.

Air Force Memorial: On September 18, the U.S. Air Force Memorial Foundation will hold a dedication ceremony for the site of the U.S. Air Force Memorial near Arlington National Cemetery. The design concept for the memorial is based on the five-pointed star symbolic of the Air Force. Congressman Solomon and several other Members of Congress have objected to the siting of the proposed Air Force Memorial as too close to the Marine Corps Iwo Jima Memorial.

JIM DORSKIND:

UNITED STATES DEPARTMENT OF AGRICULTURE

Please coordinate the reply.

- **Food Safety Update:**
 - ▶ **Beef:** On September 2, USDA officials returned to the Hudson Foods plant in Columbus, NE, to conduct further evaluation of records and the facility, as well as review records of slaughter plants that provided raw product to the company. Hudson Foods, which announced that it sold its Columbus, NE, plant to IBP Inc., continues to collect recalled product under USDA monitoring. There have been no new *E coli* outbreaks associated with the recall. On August 29, Secretary Glickman unveiled proposed legislation to provide consumers better protection from meat and poultry products that may be contaminated by giving USDA more authority to issue mandatory recalls, impose civil penalties and withdraw inspectors from plants that have repeatedly violated food safety regulations.
 - ▶ **Poultry:** 34 states are gathering information requested by USDA on inventories for chicken suspected of having higher than acceptable levels of dioxin.
- **Forest Employee Abduction:** On August 26, the alleged abductor of a Williamette National Forest (OR) employee was arrested by Forest Service law enforcement officials in Siskiyou County, CA. The employee was abducted while on duty on August 22 and released on August 25.

- **Civil Rights Update:** Forty-seven of the 92 recommendations from the Civil Rights Action Team report issued in February have now been implemented and 71 percent of the actions to implement are completed. On August 28, a class action lawsuit was filed against USDA. Mediation is expected in mid-September. The lawsuit involves the administration of applications by African-American farmers for farm loans and credit and participation in federal farm programs.
- **Trade Developments:** On August 23, Santiago supermarkets began selling the first CA table grapes exported to Chile. On August 27, Vietnam bought 10,000 tons of U.S. wheat, its first wheat purchase from the U. S. since normalization of trade relations in 1995.
- **Arkansas EBT Test:** On August 5-6, the acceptance test of AR's eligibility system interface with Citibank's Electronic Benefits Transfer (EBT) system failed. This test is the final required step in order for AR to obtain USDA approval to implement its EBT system. Based on these results, USDA had determined that several critical components remain incomplete and that other areas tested require correction and further testing. The state hopes to complete its work and reschedule re-testing later this fall.
- **Secretary's Schedule:** Secretary Glickman will participate in the following events:
 - ▶ September 11 - Fast Track speech to the Kansas City and Des Moines Chambers of Commerce.
 - ▶ September 13 - Attend Kansas State Fair and sign technology transfer agreement in Wichita, KS.

DEPARTMENT OF ENERGY

- **Rocky Flats:** Beginning in August 1989, a special grand jury investigated allegations of environmental crimes at DOE's Rocky Flats site in CO. The grand jury's report was issued in 1993 with certain sections redacted because they contained unsubstantiated charges or went beyond the investigation's intended scope. On September 4, the newspaper *Boulder Camera* reported the unauthorized release of the full report and provided an Internet address where the report could be read. Allegations in the censored sections include the following: 1) Environmental crimes, primarily surface water releases, were continuing at the site; 2) The investigation should have addressed health risks but did not; and 3) The EPA did not assert proper regulatory authority at the site. The district judge did not authorize release of the report, but is considering a request by former grand jurors to do so. DOE will comply with any legal requirements and is cleaning up the site under the terms of a legally-enforceable agreement with EPA and CO.
- **Emergency Response System:** Last week, while at the Hanford Site in WA with Senator Murray, Secretary Peña ordered improvements in the way DOE facilities respond to emergencies. The Secretary has mandated improved training for emergency response

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personnel and has established new guidelines to guarantee that emergency equipment and provisions are ready to respond to hazardous chemical and radiological situations.

RIFs: DOE has received preliminary FY98 funding levels and is facing the possibility of severe budget reductions in program direction accounts. DOE could be forced to reduce by 1,355 positions, which would be 395 below the Strategic Alignment Initiative target for FY 2000.

DEPARTMENT OF EDUCATION

- **Voluntary National Test:** On September 3, Secretary Riley responded to the letter that members of the Congressional Hispanic Caucus wrote to you in July expressing concerns about the voluntary national test and limited English proficient (LEP) students. The Secretary stated that because the purpose of the fourth grade test is to evaluate student proficiency in English, it will not be developed in other languages. The Secretary indicated DOEd would make appropriate testing accommodations for LEP students.
- **Loan Consolidations:** DOEd will respond to a letter from Representative Hoekstra regarding DOEd's decision to suspend loan consolidations under the Direct Loan Program until problems with the consolidations can be resolved. Hoekstra expressed concern over the ability of DOEd to manage the program. The suspension and the Hoekstra letter were reported in *The New York Times* this week.
- **Peer Sexual Harassment:** On August 21, the Eleventh Circuit rejected DOEd's position that school districts are liable for peer sexual harassment under Title IX when the harassment is severe, persistent and pervasive; the school had notice of the harassment; and the school failed to take reasonable steps to end it. The *en banc* decision reversed holding of a three-judge panel in the case. The Fifth Circuit has also held that peer harassment is not covered under Title IX, but the Ninth Circuit recently held that unremedied peer sexual harassment of which a school has notice can be a violation.
- **Math Report:** On September 23, Secretary Riley will release a report on the importance of students taking challenging math courses.

ENVIRONMENTAL PROTECTION AGENCY

- **Superfund:** The Senate Environment and Public Works Committee negotiations on Superfund reform broke off shortly after Chairman Chafee's July announcement of his intention to go forward with a September 4 hearing and a September 11 markup. On August 26, Committee majority staff released a new chairman's mark of the original Superfund reform bill, which is the subject of the hearing and will serve as the markup

vehicle. This bill falls short of the Administration's Superfund principles, particularly the liability and state role provisions. Administrator Browner testified before the Committee on September 4.

- **Administrator's Schedule:** On September 8, Administrator Browner will attend American Heritage Rivers and Back-to-School Events in Hartford and New London, CT.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Mammography Campaign:** Throughout the Fall, HCFA will promote new Medicaid mammography benefit that becomes effective January 1, 1998. The promotional materials include a poster, a bookmark, a postcard and lapel stickers. Events during Breast Cancer Awareness Month in October will publicize the National Mammography Campaign.
- ✓ **Arkansas Waiver:** On August 19, Secretary Shalala called Governor Huckabee to announce that HCFA approved ARKids First, a section 1115 waiver, for a 5-year period. The program will expand Medicaid eligibility to approximately 37,000 currently uninsured children age 18 and under with family income at or below 200 percent of the Federal poverty level. The State intends to implement the program on September 1.
- **NY Waiver:** On August 27, Regional Director Alison E. Greene spoke with the deputy counsel in NY Governor Pataki's office regarding the recently-passed NYS welfare reform legislation. Specifically, HHS is concerned that the 12-month waiting period for TANF benefits for refugees in NY violated the federal TANF law and equal protection. The Regional Director was informed that "the intent was not to supersede federal law" and that nothing in the bill would preclude this "superqualified" pool of immigrants from applying for TANF. The deputy counsel also noted that technical amendments to the welfare reform act are possible this fall.
- **WI Waiver:** On August 22, HCFA staff talked with representatives from the WI Medicaid program about the State's concept paper for a Family Health Insurance Program demonstration under Section 1115.
- **Geriatric Labeling:** On August 27, a final rule requiring that prescription drug labels display information on use by the elderly was published in the *Federal Register*. The rule reflects a growing recognition of the special concerns associated with the use of prescription drugs by this age group.
- **HIV Services:** In September, HHS will award a \$190,000 1-year contract to Mathematica Policy Research, Inc., to evaluate changes in financial status, client base, services capacity and administrative/managerial functions of HIV and MCH service

providers. Mathematica will also examine how these providers can negotiate Medicaid managed care contracts and successfully compete in a managed care environment.

- **Obesity Drugs and Heart Valve Disease:** On August 27, FDA strengthened its warning that treatment of patients for obesity with a combination of fenfluramine and phentermine ("Fen/Phen") has been associated with the development of a serious heart valve disease. Based on additional reports received following the initial July alert of abnormalities in heart valves of patients on such regimen, FDA has requested the manufacturers of the two products and the chemically related dexfenfluramine (trade name Redux) to stress this potential risk in the drugs' labeling and patient package inserts.
- **Staph Virus Treatment:** On August 22, CDC's *Morbidity and Mortality Weekly Report* (MMWR) described the first isolation of vancomycin intermediate-resistant *S. aureus* (Staph Virus) from a patient in the U.S. In July a patient in MI showed resistance after being treated with multiple courses of vancomycin. On August 6, the CDC has confirmed a second incidence in NJ. No other drugs are currently available to treat patients if they develop disease caused by the strain of *S. aureus* that is fully resistant to vancomycin.
- **Smoking Briefing:** On September 2, CDC staff will participate in a briefing of the Democratic Settlement Task Force on smoking-related health issues and secondhand smoke. Representatives from EPA and OSHA will also participate.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **TX Trip:** On September 8, Secretary Cuomo will travel to Dallas, TX, for a "HUD For A Day" event. The "HUD For A Day" program brings senior HUD officials to cities throughout the country. Secretary Cuomo will meet with Mayor Kirk, members of the TX congressional delegation, local officials, community and business leaders. The Secretary will also attend a dedication ceremony for the Treymore Village apartments and a new police mobile storefront.
- **New Single-Family Homes Sales:** In July, 817,000 new homes were sold on a seasonally-adjusted annual rate (SAAR). This is the 19th month in a row with sales over 700,000. The last time home sales continued at such a robust pace was almost 20 years ago -- the 36-month period from October 1976 to September 1979. New home sales for the first seven months of 1997 are 7 percent ahead of the same period last year, and last year was the best year in the previous 16 years. Regionally, sales were up 11 percent from June in the West while declining in the other three regions -- five percent in the Midwest, four percent in the Northeast, and three percent in the South.

- **Rainbow/Push Coalition:** On September 6, Secretary Cuomo will travel to Chicago, IL, to meet with Reverend Jesse Jackson and deliver remarks to the Rainbow/Push Coalition. He will also join Reverend Jackson on a weekly radio talk show.
- **NC Disaster Grant:** The \$35.7 million grants will help NC recover from Hurricane Fran, which caused billions of dollars in damages in 58 counties last September. Fran destroyed 1,774 homes in NC, creating a need for long-term housing and shelter assistance for those left homeless by the hurricane. The grants were authorized under disaster relief legislation signed into law by you in June. Secretary Cuomo made the announcement with Governor Hunt and Congressman Price in Raleigh, NC. Secretary Cuomo also announced \$3.45 million in grants to aid communities in WV, which sustained damage due to severe flooding caused by Hurricane Fran.
- **Community Policing:** At least nine police officers entered into sales contracts for HUD-owned homes under the "Officer Next Door" initiative announced this summer. "Officer Next Door" provides opportunities for police officers to purchase HUD properties at a 50 percent discount in certain communities, in an effort to further community policing efforts.
- **DC Small Business Loans:** HUD has requested that the District of Columbia "immediately suspend" making small business loans after a review of the city's economic development activities assisted under HUD's Community Development Block Grant (CDBG) program were identified as a serious weakness. A review of the program has found that the city has an inadequate system of tracking the loan approvals. HUD is working closely with city officials to implement internal controls to improve the city's loan portfolio management.

VETERANS AFFAIRS

- **Smoking Claims:** OMB is estimating the cost of VA legislation to compensate veterans suffering from service related tobacco diseases. VA plans to meet with OMB next week to resolve outstanding questions.
- **Medicare Pilot Project:** VA is examining several legislative options to put the Medicare Subvention pilot project back on track, so that authorizing legislation could still be enacted in this congressional session.
- **World War II Filipino Veterans:** On August 23, fifteen Filipino veterans and their supporters were arrested in front of the White House. The demonstrators were protesting the amount of benefits Filipino veterans of World War II receive from the U.S. Government. Additional demonstrations may be held in Washington from September 8-11.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **PDFA News Conference:** On September 3, Director McCaffrey participated in a press conference in Washington, D.C., with the Partnership for a Drug-Free America (PDFA). The PDFA President announced that William Bennett and former Governor Cuomo will serve as co-chairs in the organization's fight against drug abuse.
- **Back to School:** On September 8, Director McCaffrey will participate in a Town Forum and back-to-school event in Memphis, TN with Representative Ford.
- **MI Drug Trafficking:** On September 4, Director McCaffrey joined Detroit congressional leaders to announce the new High Intensity Drug Trafficking Area (HIDTA) for Southeast MI to create a federal-state-local partnership to combat drug trafficking.

SOCIAL SECURITY ADMINISTRATION

- **Welfare-to-Work:** SSA has fulfilled its commitment to hire 150 employees under the welfare-to-work initiative and has pledged to hire 600 welfare recipients over the next four years.
- **Prisoner Reporting Process:** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that in early September SSA report to Congress on improvements to the process under which it collects information about prisoners for administering SSI. The report concludes that establishing a system to collect data about prisoners from federal, state and local courts would not improve on the current system under which SSA collects data from correctional facilities. The report also outlines that SSA has established incentive payment agreements with correctional facilities to furnish prisoner data electronically.

GENERAL SERVICES ADMINISTRATION

- ✓ **Buyouts:** GSA recently opened its fourth round of employee buyouts in a continuing effort to reinvent and downsize. GSA has gone from over 20,000 employees at the start of the Administration to the current level of about 14,000.
- **Past Presidents' Accounts:** CNN asked for information on the accounts for former presidents. GSA keeps these records, which cover expenditures for office space, staff and supplies. Under existing legislation, there is a 5-year limit from when a President leaves office on these accounts. The former presidents will lose these benefits as of September 30, 1998.

cc:

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

DEPARTMENT OF DEFENSE

- **Bosnia Rotation:** The second rotation of SFOR into Bosnia is underway. As of August 29, the total number of forces deployed to Bosnia and the RIM countries, Italy, Hungary, and Croatia, is 12,304. The plan calls for freezing all force rotations in and out of Bosnia for a two-week period prior to and after the municipal elections currently scheduled for September 13-14 in order to maximize the number of troops on the ground during this critical period.
- **Internet Improves Life at Sea:** The Internet has changed sailors' life at sea in a positive and lasting way. Since the USS JOHN F. KENNEDY (CV 67) deployed to the Mediterranean Sea at the end of April, for example, the aircraft carrier has sent or received over one-and-a-half million E-mail messages, the vast majority of which have been personal messages between sailors and their loved ones at home. Provided through the Navy's Challenge Athena commercial satellite communications system, this E-mail capability has significantly enhanced the sailor's morale.

UNITED NATIONS

- **UNGA Opens:** On September 16, the 52nd UN General Assembly (UNGA) will open in New York. The U.S. is the second speaker at the General Debate, which begins on September 22. The primary U.S. goals during the UNGA this year are to obtain reductions in the U.S. scale of assessment for the UN regular and peacekeeping budgets and to gain acceptance for the creation of a contested arrears account for the U.S.
- **Presidency:** For the month of September, the U.S. will hold the Security Council Presidency.

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THE PRESIDENT HAS SEEN
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THE WHITE HOUSE
WASHINGTON

September 8, 1997

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ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER
STEPHANIE STREETT

SUBJECT:

Reception at the 52nd Session of the United
Nations General Assembly (UNGA)

Purpose

To recommend that you not host a reception for other heads of
delegation at UNGA.

Background

As the host country for the United Nations, it is traditional
for the President of the United States to host a reception for
other heads of delegation. You previously approved hosting such
a reception at this year's UNGA opening session. However, the
UNGA session will not adjourn until 6:00 p.m. Monday, and
speeches in the General Assembly - by Ukrainian President Kuchma
among others - will still be occurring, making a reception
before that a protocol risk. We also recently learned that the
performance at the Metropolitan Opera you will attend that
evening begins at 6:30 instead of 8:00 as we were originally
informed. There is also a reception for the opera from 5:00 to
6:30. This makes Monday, September 22 a very busy day (draft
schedule at Tab A). We do not believe it is feasible for you to
both host a quality event and arrive at the opera on time.
(Madeleine agrees; Bill is still hopeful.) Therefore, we see
two options for the reception.

Option 1 - Host the reception on Sunday evening. This would
require you to depart California on Sunday morning, but would
accomplish the objective of meeting with the other heads of
delegation. If schedule permits, Madeleine and Bill Richardson
suggest doing it that day.

Option 2 - Do not host a reception this year. In this scenario,
Madeleine would host a reception on Tuesday or Wednesday.

cc: Vice President
Chief of Staff

Although a reception will be expected by many of your counterparts and would be useful to us in that we are pushing a number of controversial proposals within the UN, on balance, we believe a reception on Sunday evening after your trip to Stanford is not essential and recommend you not host a reception this year. Madeleine prefers Sunday night option; Bill prefers Monday night.

You also asked about the possibility of meeting with Prime Minister Ahern of Ireland and President Frei of Chile. Since there is no more time for bilats at UNGA, we are working to get Ahern on the schedule for a fall White House meeting, and we are coordinating a pull-aside for Frei at the Annan-hosted luncheon.

RECOMMENDATION

That you approve Option 2 (not to host UNGA reception).

Approve: Option 1_____ Option 2_____

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS BEEN
9-8-97

September 6, 1997

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Recent Information Items

Tab B - Original to
Derskind/COS
Tab D - Berger/COS
Tab F - McLarty/COS

We are forwarding the following recent items:

- (A) **Echaveste Memo on Ethnic Roundtable and Disability Outreach Mtg.** -- Maria provides lists of participants in advance of your separate meetings next week with ethnic and disability community leaders. Meetings are Tues. and Wed. respectively. *Please see memo for details.*
- Followed up*
(B) **Raines/J. Harmon Memos on Ex-Im Bank Budget** -- Jim Harmon sent you a memo seeking a \$200 million addition to the Ex-Im Bank's \$632 million credit "subsidy" budget for FY 1998, in light of increased exporter demand. Raines says he's been aware of the situation for some time and an interagency group is looking at solutions; says it is not "advisable to send forward a budget amendment for Ex-Im at this time," because doing so would (i) require cutbacks in other international programs, which Albright and Cohen would resist; and (2) would jeopardize efforts to secure the most favorable international affairs budget outcome in years. Says until FY 1999 Ex-Im can manage increased demand using current resources by tightening loan terms, shifting from direct loans to more guarantees, and tapping into its \$50 million unfair financing practices fund.
- (C) **Slater Memo on African Summit** -- Rodney reports on U.S. mission, which he co-led with Jesse Jackson, to the Harare, Zimbabwe summit in late July. Held 13 bilateral discussions with African Heads of State and others, focusing mainly on democratization and economic reform. Notes Summit's primary theme was strengthening American/African economic ties; also focused on human rights, including women's issues, HIV/AIDS, free speech/press, infrastructure development, agriculture and education. Praises (i) summit-organizer Dr. Leon Sullivan for his "tremendous work;" (ii) State, NSC, OPL, and U.S. Embassy Harare for "invaluable" assistance; (iii) Rev. Jackson (your inclusion of whom was a "stroke of genius") for his "immense" knowledge of Africa and his "spirit of support for [your] initiatives;" and (iv) the other delegation members.
- (D) **Berger Memo on A.M. Rosenthal Op-Ed** -- You asked Sandy to explain a *NY Times* op-ed piece that criticized the Administration for not more rapidly designating terrorist organizations for the purpose of impeding their fundraising under legislation passed in

JIM DO
Please
the r

9-8-97

OK
1996. Sandy says the need to develop an administrative record supporting each designation and a reluctance to single-out Muslim groups for immediate designation have combined to slow the process as Rosenthal contends. Sandy believes, however, that most of the designations can be made before the end of September, with the balance following prior to the November recess.

✓ (F) **McCaffrey Update Memo on Drug Policy** -- Gen. McCaffrey lists 12 "issues of note." Highlights: drug usage among children remains unacceptably high, but recent HHS survey data indicates that marijuana and alcohol usage among the young is now declining; heroin use is on the rise, while cocaine and methamphetamine usage has dropped; ONDCP is working to secure congressional approval of cocaine sentencing revisions; McCaffrey goes to Columbia 9/23-9/25; and the anti-drug media campaign is on track and should begin airing ads in November. Also attaches ONDCP "white paper" critical of medicinal marijuana use. *We have sent copies to Rahm and Bruce Reed*

✓ (F) **Bernard Schwartz (Loral) Letter on the Economy** -- Lengthy letter delivered via Mack. Schwartz says economy continues to be even more robust than the numbers indicate; urges you to contemplate an "economy of surplus" and to "initiate a vigorous growth strategy." Urges you to "begin talking to the country about how to employ these new surpluses and to develop policies on how best to invest these resources in growth, infrastructure investment, education and research, and welfare expansion for the benefit of all our citizens." *Please see letter for more details.*



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

September 8, 1997

'97 SEP 8 PM5:23

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am writing to tender my resignation as Administrator, Office of Federal Procurement Policy, Office of Management and Budget, effective at the close of business September 12. On September 15 I will be returning, after four years, to Boston to resume my previous position as a professor of public management at Harvard.

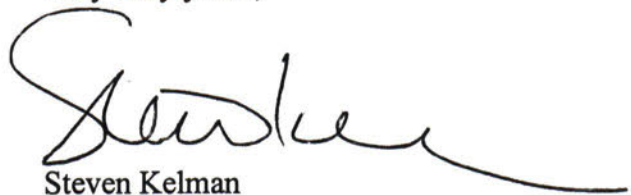
It has been an enormous honor to serve you and Vice President Gore. If we are to regain the trust of our citizens in the ability of government to address important national and international concerns, we must create a government that works better and costs less. This is the goal the reinventing government movement established, and I have been proud to serve as a soldier in the battle. With the help of many dedicated career federal employees, and with bipartisan cooperation in Congress, we have come a long way in reforming our procurement system to make it more resemble the way a successful private company would go about buying products and services.

None of the reinvention efforts would have made anything like the progress they have without your and the Vice President's commitment. That commitment has liberated our career workforce to innovate and improve.

Here as in so many other ways, the country is deeply in your debt.

Thank you again for the opportunity to serve.

Very truly yours,


Steven Kelman
Administrator

918797
Send to ~~Donskend~~
& clerk -

Yes ☒

ho ☐



9-8-97

Phil -
send to counselor's
office?

☒ yes

☐ no

United States District Court

KURT WEINREICH DISTRICT OF

'97 SEP 8 AM 11:39

SUMMONS IN A CIVIL CASE

v.
HELEN BRUNNER
ET. AL

CASE NUMBER: **C97-1346 CRD**

TO: (Name and address of defendant)

WILLIAM CLINTON
1600 PENNSYLVANIA AVE.
WASHINGTON D. C.

7 AUG 26 PM 2:11

YOU ARE HEREBY SUMMONED and required to serve upon PLAINTIFF'S ATTORNEY (name and address)

~~2103~~ ~~HPD~~
KURT WEINREICH
2103 HARRISON SUITE 143
OLYMPIA WA
98502

an answer to the complaint which is herewith served upon you, within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint. You must also file your answer with the Clerk of this Court within a reasonable period of time after service.

CLERK

DATE

(BY) DEPUTY CLERK

Carmen Lane

8-14-97

IN THE FEDERAL DISTRICT COURT FOR
THE WESTERN DISTRICT OF WASHINGTON AT TACOMA



Under the American Free Flag of Peace



Kurt Weinreich
Proper Party Plaintiff

Vs

Helen j. Brunner
Gene Porter
Mark N. Barklett
Karina C. Pflaumer
Janet Reno
United States Attorney

Environmental Protection Agency
Charles C. Clarke
Carol Browner

American Bar Association

William Clinton
United States President

Defendants

C 97-1346 CRD

Incorporated Original Complaint

I INTRODUCTION

1.1 This is a civil action for enforcement of Title 33 USC. Precedence has been set in place by Helen Brunner's (Federal District Attorney) interpretation of 33 USC and her indictment against CH₂O.

1.2 Plaintiff alleges that Washington State Department of Transportation committed criminal acts violating 33 USC Washington D.O.T. and Systi Matic Company have plead guilty to violating Title 33 USC 1317(d), and 1319(c)(2)(A), and title 18USC Section 2 and are subject to prosecution and sentencing.

1.3 Plaintiff alleges Defendants Pflaumer, Barklett, Porter, and Brunner negligently, willfully, and maliciously violated Plaintiff's right to a clean environment and the uniform enforcement of 33 USC.



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

FAX COVER SHEET

'97 SEP 8 AM8:16

DATE: 9/5/97

NAME: President Clinton

ORGANIZATION: attn: Nancy Hernreich

FAX NUMBER: 202. 456 6703

NUMBER OF PAGES: 5
(including cover)

OFFICE CONTACT: Susan Rosenblum ~~Don't mind~~ ?

CONGRESSMAN BOBBY L. RUSH
131 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515-9997
PHONE: (202) 225-4372
FAX: (202) 226-0333

9-8-
Send to
Chris ~~Walter~~ Walter yes no ✓

M E S S A G E

Urgent letter from
Members of IL Delegation

BOBBY L. RUSH
1ST DISTRICT
ILLINOIS



COMMERCE COMMITTEE
SUBCOMMITTEES:
TELECOMMUNICATIONS, TRADE, AND
CONSUMER PROTECTION
ENERGY AND POWER

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

September 5, 1997

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500-0005

Dear President Clinton:

We are writing to voice our grave concerns about the Administration's recent announcement that over 95,000 disabled children will lose their Social Security Income (SSI) benefits as a result of strict new standards from the 1996 federal welfare reform law. Of those states which have completed their first round of re-determinations, Illinois is among the top 10 for cutting disabled children off the rolls. In Illinois, alone, 7,055 disabled children are losing these benefits— 71 percent of all cases reviewed. This is significantly higher than the national average of 55.9 percent.

These children suffer from multiple disabilities that result in behavioral, social, and learning problems. Slashing benefits for these children, without a thorough review process and alternative treatment planning, may adversely impact future educational and job opportunities. Ordering these cuts in the short-run may balance the federal budget, but in the long run our society will pay the social, economic and human costs.

On behalf of disabled children and their families across the country, we call on you to ask for an immediate moratorium on these cuts nationwide until the Administration conducts an independent review to determine why some states are cutting off more children than others. If, truly, a federal standard and review process are being implemented, why is the cutoff rate as high as 82.1 percent in Mississippi and as low as 29.3 percent in Hawaii?

Additionally, it has come to our attention that in Illinois 12 percent of the denials are due to "non-cooperation." This compares with a rate of four percent in other states. Many of the children being cut off come from families that live in very poor inner city or rural communities where mail delivery is erratic. We know, firsthand, that our constituents, especially those living in public housing, often never receive official mail, and, therefore, are not even aware of what they must do to "cooperate."

WASHINGTON OFFICE
121 CANNON HOB
WASHINGTON, D.C. 20515-9897
(202) 225-4372
Bobby.Rush@mail.house.gov

CITY OFFICE
855 E. 79TH STREET
CHICAGO, IL 60619-3036
(773) 224-6500

SUBURBAN OFFICE
9730 S. WESTERN AVENUE
SUITE 237
EVERGREEN PARK, IL 60805-2814
(708) 422-4066

President William J. Clinton
Page 2

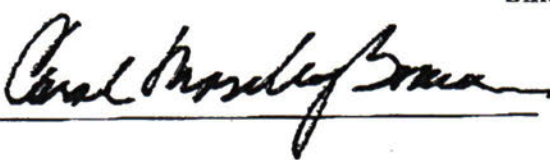
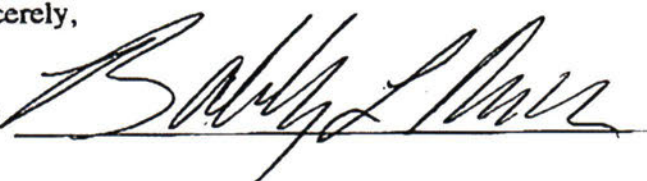
Last year, when you signed the Personal Responsibility and Work Opportunity Act of 1996, you promised to "fix" the parts of the law that were not working. Based on the disparity among the states in the rates at which cases are being denied, we urge you to order a complete independent review of how the new regulations and review process are being carried out in the field. We ask you to include experts in the field of child development in this review process.

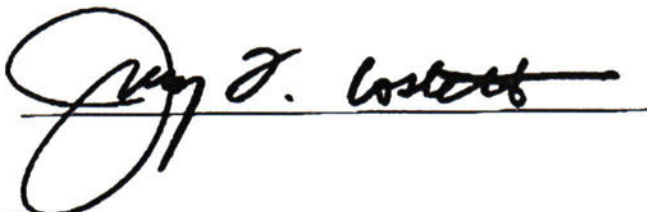
In addition, we ask the Social Security Administration to provide Members of Congress with data by Congressional District of the number of cases subject to review and the disposition of these cases. We expect that many of our District offices will be flooded with calls from constituents about these cutoffs. As Members of Congress, we have a responsibility to be informed on what is happening in our Districts, and the Administration has a duty to provide Members with accurate, up-to-date information on the impact of these cuts.

We urge you to take immediate action on this situation. As we approach the first anniversary of federal welfare reform, this Congress and the Administration have a duty to proceed with caution and protect the most vulnerable members of our country--our youth.

We thank you for your prompt attention to this matter and look forward to hearing from you.

Sincerely,





President William J. Clinton
Page Three



Danny K. Davis



Rod A. Blagojevich



cc: Ken Apfel, Office of Management and Budget
John Callahan, Acting Commissioner, Social Security Administration

ILLINOIS DELEGATION LETTER SIGNED BY:

Congressman Bobby L. Rush
Senator Carol Moseley-Braun
Senator Richard Durbin
Congressman Jerry Costello
Congressman Luis Gutierrez
Congressman Lane Evans
Congressman Glenn Poshard
Congressman Sidney Yates
Congressman Danny K. Davis
Congressman William Lipinski
Congressman Jesse Jackson, Jr.
Congressman Rod Blagojevich

General Oil Co., Inc.

Staff Sec

August 12, 1997

President Bill Clinton
Office of the President of the U.S.
c/o The White House
15th & Pennsylvania Avenue
Washington D.C. 20500-2000

'97 SEP 8 AM 9:30

Dear Mr. President,

In recent weeks General Oil has attempted, in conjunction with the local Welfare office, to support your welfare reform agenda. Unfortunately, not one of the numerous candidates provided by the welfare office has shown up for interviews or training. These people simply do not believe changes are coming.

In the next two weeks an alternative plan will be finalized, in partnership with North Arkansas Human Services, to overcome this and other obstacles. General Oil will provide a convenience store free of charge to NAHS to be used as a training facility for welfare recipients. Jointly a training and implementation program will be implemented.

Ultimately, NAHS will be the facilitator from welfare to the work place. NAHS will pick them up, teach them, and find them employment. As the facilitator, winning will be the only option for these candidates.

These candidates will learn many skills necessary in the service industries. Marketing, merchandising, accounting, food preparation and management skills will be just a few of the skills to be addressed. The final product will be a whole new work force for the service industries.

While we are convinced that a program of this type is necessary to accomplish welfare reform goals the costs are going to be substantial. On behalf of NAHS and its executive director Mr. Bill Huddelston, I urge you to personally see that financial assistance be provided to NAHS in order to guarantee program success.

In closing, if you agree that our facilitation program is a good project, time is of the essence and normal federal complications are unacceptable. Only you can assure these two obstacles will be overcome.

Join us in making the dream of welfare reform a reality.

Sincerely,

Rocky

Paul H. "Rocky" Willmuth
President

aw

Send to

Dorskind?

Maybe

Agency
Waisers

yes

no

9-8-97

General Oil Co., Inc.

P.O. BOX 2336
BATESVILLE, AR 72503



Office of the President of the U.S.
c/o The White House
15th & Pennsylvania Avenue
Washington D.C. 20500-2000

20500/2000





247 sec
Habitat for Humanity International

Building houses in partnership with God's people in need

August 27, 1997

'97 SEP 8 AM9:30

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20500-2000

Dear Mr. President:

On behalf of Habitat for Humanity, I am writing to express my concern over the current price of lumber. Since the onset of the agreement between the United States and Canada that places quotas on imports of Canadian lumber, the cost of 1,000 board feet of lumber has increased roughly 20%. This has a substantial impact on the ability of Habitat to carry out its mission of providing decent housing for less fortunate families. I respectfully request that you work to ease the restrictions within this agreement to alleviate the upward pressure it has put on the cost of lumber.

Over the years, Habitat for Humanity has helped thousands of families realize a dream that they were unable to achieve on their own--owning their own home. While most of Habitat's labor force is composed of volunteers, and it often receives donations in the form of building materials, there still remains a substantial outlay for building materials. Indeed, much of the financial support Habitat receives is committed to purchasing the materials, including framing lumber, to build the "Habitat houses." Clearly, when the cost of lumber goes up, it impacts the number of families Habitat can assist.

On behalf of the thousands of families to whom we hope to give a fresh start, I ask that you please revise the U.S./Canada lumber agreement.

Sincerely,

Millard Fuller
President

MF/slt

9-8-97
Send to
Jim D? ☒ yes
— no



2nd Sec
Habitat for Humanity International

Building houses in partnership with God's people in need

August 27, 1997

'97 SEP 8 AM 9:30

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20500-2000

Dear Mr. President:

On behalf of Habitat for Humanity, I am writing to express my concern over the current price of lumber. Since the onset of the agreement between the United States and Canada that places quotas on imports of Canadian lumber, the cost of 1,000 board feet of lumber has increased roughly 20%. This has a substantial impact on the ability of Habitat to carry out its mission of providing decent housing for less fortunate families. I respectfully request that you work to ease the restrictions within this agreement to alleviate the upward pressure it has put on the cost of lumber.

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On behalf of the thousands of families to whom we hope to give a fresh start, I ask that you please revise the U.S./Canada lumber agreement.

Sincerely,

Millard Fuller
President

MF/slt

9-8-97
Send to
Jim D? ☒ yes
☐ no

LEWIS RUDIN
345 PARK AVENUE
NEW YORK, N.Y. 10154
407-2417

August 21, 1997

'97 SEP 8 PM1:01

The President and Mrs. Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Hillary and Bill:

Please join us in breaking the Yom Kippur fast on Saturday,
October 11, at 6:00 P.M. in the Ballroom of the Regency Hotel,
Park Avenue and 61st Street.

Hope you can make it.

Sincerely,

Rudin & Lew

Send to
✓
secretary?

gn

yes ☒

no ☐

✓ Allen Robinson)

9/8

Fine for Judge Arnold to quote POTUS
in his HLR article. No need for
us to get involved. Judge can do what
he wants.

Phil

Sept. 4, 1997

Allen Robinson

Phil I thought I would
send this ltr to you being
that Judge Arnold plan to quote from
POTUS Remarks - please send it back
to me if its OK - so milli can list it

UNITED STATES COURT OF APPEALS
EIGHTH CIRCUIT

CHAMBERS OF
RICHARD S. ARNOLD
CHIEF JUDGE
UNITED STATES COURTHOUSE
600 WEST CAPITOL AVENUE, ROOM 208
LITTLE ROCK, ARKANSAS 72201

August 25, 1997

'97 SEP 5 AM 9:54

The President
The White House
Washington, D.C. 20500-2000

Dear Mr. President:

I really appreciate your thoughtfulness in sending me a copy of your remarks at Justice Brennan's funeral.

You did an excellent job, and I was proud of you. It was wonderful of you and Hillary to take the time to be there. The funeral was really an occasion for rejoicing, not only in Justice Brennan's contributions to the law, which place him among the giants, but even more in his exemplary life as a person.

The Harvard Law Review has asked me to write a tribute to the Justice, to be published in its first issue this fall. Of course I accepted - it was an offer I couldn't refuse. I plan to quote some of your remarks in my little piece.

One of your staff people was kind enough to search me out on the steps of the church right before the funeral to inquire where I would be sitting, so we could say hello to each other. I'm sorry that the occasion did not allow for more of a visit.

Mary Brennan was the Justice's secretary when I worked for him (1960-61). One of the greatest honors I have ever had was to serve as a pallbearer at her request.

Kay and I are leaving shortly for Portugal. This letter will not be transcribed until we get back, at which time your birthday will have come and gone. Kay and I both send our wishes, even if late, for a happy birthday.

I'm encouraged to read in the press that your back on the golf course. I can't wait for you to see my new King Cobra titanium woods. Maybe sometime in September? I'll be coming up for the Judicial Conference the third week and will give Nancy a call to see if you might be free.

Start Sec. R.
Harvard Law Rev.

CRIM
Aug

Alan Robbins

1667

9/8

an-

THE WHITE HOUSE
WASHINGTON

Date

9/8

To:

Glyn Davies

From:

The Staff Secretary

I was holding this so the
President could sign it today.
But given the other sensitive
package I saw today, I thought
this might need updating.

Please advise.

PhM

THE WHITE HOUSE
WASHINGTON

1997 8 26 9:45

August 26, 1997

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER 

SUBJECT: Thank You Note to Sam Nunn and Jim Laney

Purpose

To provide a thank you note to Sam Nunn and Jim Laney for their efforts to deliver a clear message to North Korea concerning the four party peace process.

Background

We asked former Senator Sam Nunn and former Ambassador to South Korea Jim Laney to travel to North Korea and convey a clear message on the importance of early and serious engagement in the four party peace process. Sam and Jim spent thirteen hours in frank discussions with key North Korean military and Foreign Ministry personnel. They also traveled to Seoul and briefed key South Korean Foreign Ministry personnel on the results of their talks.

The thank you notes at Tab A express appreciation for Sam and Jim's efforts and note that it was important the North hear a clear message from such distinguished Americans. The note also informs Nunn and Laney that their observations and recommendations will be taken into account as we refine with South Korea our negotiating posture toward North Korea.

RECOMMENDATION

That you sign the thank you notes at Tab A.

Attachments

Tab A Thank you notes to Sam Nunn and Jim Laney
Tab B Nunn-Laney Report

cc: Vice President
Chief of Staff

THE WHITE HOUSE
WASHINGTON

Dear Jim:

I very much appreciate the effort you and Sam Nunn undertook to deliver a strong message to North Korea on the importance of engaging seriously in the four party peace process. It was important for the right people in the North to hear a clear message from distinguished Americans such as you and Sam.

I carefully read your report and appreciate your observations and recommendations. We will take them into account as we refine with South Korea our negotiating posture toward North Korea. It is not at all clear from the first round of preparatory talks that the North is serious about peace, but because of your trip, we can be certain that there is no misunderstanding of our commitment to this important initiative.

Again, thank you for taking on this challenge and for your service to our country.

Sincerely,

The Honorable James T. Laney
Emory University
Office of the President Emeritus
1462 Clifton Road, N.E. Suite 302
Atlanta, Georgia 30322

THE WHITE HOUSE

WASHINGTON

Dear Sam:

I very much appreciate the effort you and Jim Laney undertook to deliver a strong message to North Korea on the importance of engaging seriously in the four party peace process. It was important for the right people in the North to hear a clear message from a distinguished American such as you.

I carefully read your report and appreciate your observations and recommendations. We will take them into account as we refine with South Korea our negotiating posture toward North Korea. It is not at all clear from the first round of preparatory talks that the North is serious about peace, but because of your trip, we can be certain that there is no misunderstanding of our commitment to this important initiative.

Again, thank you for taking on this challenge and for your unending service to our country.

Sincerely,

The Honorable Sam Nunn
Senior Partner
King and Spaulding
1730 Pennsylvania Avenue, N.W.
Washington, D.C. 20006-4706

SENSITIVE

July 22, 1997

MEMORANDUM TO THE PRESIDENT

THROUGH: SANDY BERGER

FROM: Sam Nunn
Jim Laney

SUBJECT: Visit to North Korea

We visited Pyongyang, North Korea from July 20-22, 1997 for 13 hours of discussions with two senior Foreign Ministry officials and the two-star general who represents the DPRK in the Military Armistice Commission. Our discussions were frank and constructive but did not yield any immediate breakthroughs. Our observations and recommendations are as follows:

Observations

1. North Korea's top priorities are food aid and sanctions relief.
2. We sensed that North Koreans were losing confidence and perhaps embarrassed over their economic conditions, but their fierce pride had certainly not been diminished. They strongly resisted any concept of fundamental change in their socialist system but were willing to make "adjustments" in order to attract foreign investment.
3. The DPRK is paranoid that the United States, South Korea, and Japan will use food aid to force it to change its socialist system.
4. North Korean civilian officials seem to defer strongly to military opinion (more so than in China or in the USSR at the peak of Communist power).
5. Although the DPRK was initially inclined to reject the four party peace proposal, it eventually agreed to it because it was a Presidential initiative.
 - North Korea will focus on food aid and sanctions relief in the four party preparatory talks.
 - The DPRK has low expectations for rapid progress in the talks.
 - North Korea is puzzled and cool about China's role in the talks.
 - The DPRK is searching for ways in which to conduct US-DPRK and North-South dialogue in the four party forum.
6. The North Korean military is interested in (and perhaps anxious for) military-to-military talks at the General Officer level.
 - The military was adamant that the Military Armistice Commission is defunct.
 - They would prefer US-DPRK military-to-military talks but would permit South Korean participation. The Foreign Ministry and military seemed to differ on whether the ROK could attend as an equal participant.
7. North Korean officials pledged their continuing fidelity to the 1991 North-South Basic Agreement and indicated that a North-South summit might be possible early next year after South Korean President Kim Young Sam leaves office.

SENSITIVE

SENSITIVE

8. Although North Korea does not appear to be anxious for war, a conflict could be caused by any one, or more likely, various combinations of the following:
- an accident or provocation that escalated;
 - a North Korean conclusion that it was in danger of either losing its socialist system or collapsing economically (as much as possible, our intelligence should focus on not just quantifiable indicators but on DPRK perceptions of its plight); and
 - the perception by North Korea of serious weakness in the South.

Recommendations

1. North Koreans feel cornered and desperate but still very proud. We should deal with them firmly while allowing them a way out. A careful but difficult balance should be found between pushing them into a corner and responding to their constant threats.
2. The US and South Korea should develop a joint strategy on the following issues:
 - *Food Aid*--a powerful factor that should continue to be treated on a humanitarian basis; however, make clear to the DPRK that humanitarian food aid cannot be sustained indefinitely without economic changes and tension reduction; and
 - *Sanctions Relief*--develop a carefully calibrated schedule of sanctions relief that is ranked in order of importance; provide modest sanctions relief if the four party preparatory talks are productive and reserve remaining sanctions for progress in North-South dialogue;
 - *Military-to-Military Talks*--very important to establish a military-to-military communications channel in the near term to prevent or resolve DMZ incidents; complicated by the North Korean attempt to minimize the South Korean role and whether they should be under the auspices of the Military Armistice Commission; try to initiate them on an informal basis and later consider folding them into the four party process.
3. The four party process should include a significant military-to-military component to address security issues and to ensure the support of the North Korean military for any agreements that are reached.
4. Because no breakthrough in the four party process is likely until a new South Korean President takes office in February 1998, the US and ROK should develop a strategy for both the next six months and the longer term. As part of the latter, the US and South Korea should prepare for the possibility of a North-South summit in 1998.
5. The US and the ROK should each designate a high-level government official to coordinate the many disparate Korean peninsula issues and negotiations. The US official would report to the Secretary of State and the President.
6. All parties to the Agreed Framework should continue to implement it faithfully.
7. In order to avoid dangerous misunderstandings with the DPRK, the US should deepen its understanding and sensitivity to North Korean culture, traditions, and history.

SENSITIVE

NUCLEAR AGE PEACE FOUNDATION

SEP 8 PM 1:01 1997

DIRECTORS

Wallace T. Drew, Chair
David Krieger, J.D., Ph.D., President
Frank K. Kelly, Senior Vice President
Ilene Pritikin, Secretary
Eli Luria, Treasurer
Larry Agran, J.D.
Virginia Castagnola-Hunter
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*Nobel Laureate

Dear President Clinton -

With many other citizens, I urge you to sign the Ottawa Process Treaty to ban land mines.

Sand mines are barbaric instruments of war that kill or maim 26,000 people each year. Many of the victims are children.

You know that 97 countries - including France, Germany, Italy and the U.K. - have already signed the Brussels Declaration to stop the use, production, stockpiling and transfer of landmines.

Legislation in our Congress supports the Ottawa Process. The Landmines Elimination Act of 1997 has 60 Senators as sponsors, and a similar bill in the House has almost 100 cosponsors.

The UN Conference on Disarmament moves very slowly. It may take decades to eliminate landmines through that UN body.

You will add to your achievements as President if you support the Ottawa Process.

Sincerely,

Frank K. Kelly
Vice President
Peace Foundation

9-8-97

Send to
Doriskind?

NSC
for reply
EG

yes _____
no _____

9-8-97

THE WHITE HOUSE

WASHINGTON

August 16, 1997

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: MG DONALD L. KERRICK (2)

SUBJECT: Status of "Kennewick Man" Remains

This memorandum responds to your question to Sandy Berger regarding the status of "Kennewick Man" remains.

In August 1996 a skeleton was discovered on the banks of the Columbia River. It was initially examined by an anthropologist and carbon dated to be approximately 9,000 years old. Because the remains were found on federal land, they were turned over to the U.S. Army Corps of Engineers.

The Corps of Engineers initially determined that the remains were governed by the Native American Graves Protection and Repatriation Act and agreed to turn them over to the Confederated Tribes of the Umatilla, on whose ancestral lands the remains were found.

A group of anthropologists filed suit in Federal Court to block transfer of the remains to the Umatilla Tribe until after they could be thoroughly studied by scientists. The anthropologists argued that the remains could well predate the existence of the Umatilla Tribe, thus exempting them from the Native American Graves Protection and Repatriation Act. Scientific examination of the remains has been suspended until litigation is completed.

Federal Judge Jelderks issued a court order staying the transfer of the remains and requiring that the Corps of Engineers repeat the entire administrative process established by the Native American Graves Protection and Repatriation Act under his supervision. Judge Jelderks also required quarterly progress reports, the first of which is due October 1, 1997.

The remains of Kennewick Man are in Corps of Engineers custody in storage at a secret location in Richland, Washington. Lieutenant Colonel Curtis, the Corps of Engineers officer responsible for the remains, estimates that it could take

cc: Vice President
Chief of Staff

VP
Sue's letter to
General (law to allow
when complete
interim use of remains
of the Umatilla

copied
COS
Donald
Kerri

9-8-97

another year to complete the Native American Graves Protection and Repatriation Act administrative process and comply with the court order. Both sides have vowed to appeal Judge Jelderks' decision all the way to the Supreme Court is necessary. (The "Ancient Man", as he is fondly referred to, spent his last 9,000 years in the ground and may spend the next 9,000 years being fought over).

We will continue to work this and provide periodic updates.

9-8-97

The Battle Beyond Apple

By GEORGE GILDER

Microsoft's osculatory investment of \$250 million in Apple Computer obscures what is truly at stake at this momentous point in the history of information technology. The central conflict in economics is not the continuing war among companies, nations, or alliances for the share of existing markets.

Those battles are trivial and perpetual. They embroil governments, establishment CEOs, and the legal armies of antitrust in endless wrangles, fraught with sound and fury, ultimately signifying little. The shuffle of CEO chairs, the shift of market shares, the rise and fall of media titans—it all preoccupies the industry press, whose idea of important industry leaders are men of the past like Sumner Redstone, Steve Jobs, and Ted Turner. Following this focus, governments pretend to foster what they call "competition," which means supporting a specific array of rivals on what is called a "level playing field." Such competition reduces all participants to a sterile rivalry in existing services that customers already have: desktop operating systems, office suites, cable TV, local and long-distance telephony, limited World Wide Web functions and slow-speed Internet access.

The central conflict in economics, however, has little to do with such "competitions." It is the battle between past and future, the war between the existing configuration of industries and the industries that will soon replace them. Today, in the crucial realm of information technology, the central conflict divides all the companies focusing on the desktop computer and the television set from those venturers dedicated to the overthrow of these establishments through the Internet. Both Apple and Microsoft are increasingly on the wrong side of this war.

Engulfing Microsoft

Just imagine you are Bill Gates, king of the current industrial establishment. Your products utterly dominate desktop computers. While you indulge in much denunciation of Internet "hype," Internet traffic grows more than 200-fold in less than two and a half years.

Before this movement engulfs Microsoft, you are trying to incorporate the Internet into your desktop operating systems. Doubtful of your ability to sustain the growth of Microsoft at its current pace in the computer business alone, you are investing several billion dollars in a campaign to convert the TV into a new Microsoft platform. You are allying with NBC in the MSNBC network, buying the lame WebTV Internet access system for \$425 million on top of a billion-dollar investment in an in-house TV "blender" product.

Now, however, you are faced with a genuine new threat. Recognizing that the Internet tidal wave jeopardizes nearly all existing hardware and software platforms, your key rivals, Larry Ellison of Oracle and Scott McNealy of Sun, announce



Larry Ellison

plans to launch a network computer optimized for Internet access. They also launch a new programming language and platform, called Java, that both incorporates the state of the art in so-called "object oriented" software and liberates developers from the Microsoft operating system stranglehold. First Sun, then Mr. Ellison announce plans to take over Apple and transform it into a vessel of Java-based network computers "with no need for Windows."

Within two years after its introduction by Sun Microsystems, Java has become the most powerful movement in computing. Fueled by the efforts of some 400,000 developers, Java has the power to break Microsoft's lockin of applications profits and lockout of rival operating systems.

But even early this year, you still do not really get it. You are still largely in denial, grousing about Internet "hype," and delusional "holy grails" in computer languages, and cackling about the silliness of your critics who imagine that Java is revolutionary.

But the reports keep coming in. On Web pages, Java applets outnumber Microsoft's competitive Active X applications

The Java programming language and platform is a tsunami that will sweep through the economy. In the face of this tide of change, Microsoft and Apple are both forces from the past.

by a factor of seven. On college campuses, Java students outnumber students of the established Microsoft languages C and C++. Technical publishers launch some 800 Java titles that collectively sell in the millions. Even within Microsoft itself, the few hundred Java programmers hired as a hedge claimed three to five times more productivity than other Microsoft programmers. IBM enlists in the Java army, deploying some 1,200 developers around the globe, standardizing on pure Java throughout the company, and preparing to launch a series of network computers based heavily on Java.

Your first instinct was to humor the hype and embrace and extend Java, turning it from a revolutionary threat to the Microsoft empire into an evolutionary cosmetic for Web pages. Finally, last week, you crack under the pressure. As Computer World's headline blazes, "Microsoft declares War" on Java. Your top lieutenants, Steve Ballmer and Paul Maritz, denounce Java as "just another operating system" and declare that you have no intention of "forcing [it] down the throats of Windows customers." In short, Microsoft dismisses the avid desires of Internet users for an alternative to an exclusively Windows-based world.

Meanwhile, Microsoft's WebTV is in essence a dancing dog. As Boswell's Dr. Johnson explained, you are amazed not by how well it dances. You are amazed that it

dances at all. But you are unlikely to choose it for your partner at the prom.

WebTV can display Web pages, but its resolution is inferior to a PC's. It offers Internet access, but without the most exciting visual effects and at a premium price. It can present text in a readable form. But not in as readable form as a PC, which in turn remains far inferior to paper. It can supply e-mail, if you buy a keyboard, but it lacks the features of many e-mail programs. The system is obsolete even before



Bill Gates

it reaches its 100,000th customer. The few buyers are mostly retired people, who find it a simple way to sample the Net. They are not the wave of the future.

At the same time, a different paradigm is developing, one that looks at first like WebTV but is actually quite different—the

network computer. Far from inferior to the PC, the network computer will offer a more robust and reliable access to the full resources of the Net, embracing the ever-increasing array of Java software components. The Java programming language and platform is a tsunami that will sweep through the economy.

In the face of this tide of change, Microsoft and Apple are both forces from the past. With a \$250-million check, Mr. Gates has managed to change the subject in the press from Microsoft's Java battle to a long-past conflict over desktop operating systems. But he has not shifted the tides of change. He has merely embarrassed Oracle's Mr. Ellison by increasing the price of any purchase of Apple, and he has trumped Netscape by buying dominance for the Microsoft browser in the next Apple operating system. He has probably distracted the antitrust constabulary by perpetuating a lapdog desktop operating system "competitor" in Cupertino, Calif. But Mr. Gates can only win the future by fully embracing Java and programming for the network computer.

Clash of Paradigms

The fight between Java and Microsoft is a clash of paradigms. Java began with the Internet paradigm and has flourished with the spread of the World Wide Web. Active X, Microsoft's alternative, began on the desktop and is withering on the Net. The winners will recognize that the network is now the computer and the central processing unit is now peripheral. If Microsoft decides to fight this shift to the future by thwarting the necessary move toward Internet-based computing, it will shrink the industry even if it expands its own power in it.

But if Microsoft turns away from the TV temptation and devotes its full resources to fulfilling the Java promise, its margins may be lower than today. Ultimately, however, even Microsoft's overall profits will be greater in a global software economy based on the Internet as its new central nervous system.

Mr. Gilder is the editor of the Gilder Technology Report.

Unlearned, Unhealthy and Mostly Uninsured

Lives of Hardship: A Clinic's Clientele

By PETER T. KILBORN

LITTLE ROCK, Ark. — It was 7:45 A.M. when Eddie Breedlove, speechless and grasping a swollen jaw, signed the log at the St. Vincent Health Clinic East here. He had roused his wife and their three small children at 5 to make the 50-mile drive from their home in a rattling 16-year-old Mercury, after weeks in which he had been tormented by a relentless toothache.

"He said that last night he drank as much as he could," an aide recounted, having interviewed him, "and then used a pocketknife to try to get it out."

Mr. Breedlove, tall, slender, with a week's growth of beard, was greeted leaving the dentist's office by his wife, Blenda, who told a visitor, "He needs a full mouth extraction."

Mrs. Breedlove, pregnant and unemployed, after three bouts of back surgery, said her husband earned \$100 a week as a self-employed mechanic, barely \$5,000 a year. She and the children are covered by Medicaid, the Federal-state health insurance program for the poor, but he is not. Buying private insurance for himself could consume all he earns, and so he is his own physician. Only as a last resort does he settle into his old car for the long drive to the clinic, which caters largely to the uninsured and where he will pay little or nothing for treatment.

Who are the nation's uninsured, and how do they cope?

For the most part, they are working people who cling to the bottom rung of the ladder, people whose only real asset may be a clunker of a car but who — given Medicaid income and asset eligibility standards, which vary from state to state — frequently do not qualify for the health care assistance available to the unemployed poor.

Nationally, the Census Bureau reports, 41 million people, 15.4 percent of all Americans, lacked health care insurance throughout 1995. Among the poor — those with incomes below the Federal poverty line, \$12,156 for a family of three — the proportion was double that: 30.2 percent.

Not surprisingly, young workers and people with little education, low wages and temporary or part-time jobs are less likely to be covered than others — often voluntarily, unwilling to pay the worker's share of premiums in an employer's plan. Among older workers, more men, and in particular more poor men, are uninsured than women. Among the races, a third of people of Hispanic origin lack insurance, compared with 21 percent of blacks and 14.2 percent of whites.

The uninsured also include 10 million children. For many of them, the budget legislation that President Clinton is about to sign promises relief by making more eligible for Medicaid.

But most of the uninsured — 31 million, including 23 million employed — are adults, and the Government has nothing in the works for them.

Dr. William Mason, who gave up a group practice in pulmonology to work as a family practitioner treating the poor at the St. Vincent Health Clinic East, says the general condition of the uninsured poor is often quite different from that of the well-covered patients he used to see.

"I see a tremendous amount of undiagnosed and untreated mental disorder," Dr. Mason said. "You see very poor oral hygiene. We see a lot of diabetes. We see a lot of hypertension and obesity. People can't get good health habits when they're struggling to make ends meet."

Alma Hawkins, who has been a

licensed practical nurse at the clinic for 17 years, said: "We are seeing quite a few people that are depressed that we didn't used to see. We're seeing more sick young and middle-aged people."

Some patients, like Mr. Breedlove, still rely on home remedies: putting molasses in an ear to relieve an ache, putting liniment on arthritic knees, wrapping salt pork onto a wound.

"When I was a child, if you punctured your foot on a nail, you soaked it in turpentine," said Dr. Mason, 54. "Those things are still around."

The clinic, operated by the City of Little Rock and the St. Vincent Infirmary Medical Center, a hospital complex here, charges its poorest patients nothing and others low fees on a sliding scale tied to income, with payment plans of \$5 or \$10 a week. It sees 30 to 40 patients a day. That is all it can handle, and so it does not advertise.

The traffic through the clinic runs the gamut of the uninsured and the underinsured.

Most of the patients are among the nation's 23 million uninsured working adults, whose numbers are likely to grow as the overhaul of the welfare system drives more off the Medicaid rolls.

Others are the underinsured, who have lost out to the quirks of regulation and the limitations of Medicare, Medicaid and private plans. The Arkansas Medicaid program, for example, will pay for the pulling of teeth of eligible adults, but not for dentures.

And although Medicare covers everyone over 65, it is not free. Unless exempt or helped by Medicaid, a Medicare beneficiary must pay for most prescriptions as well as a monthly premium of \$43.80 to visit doctors, 20 percent of doctors' fees and a deductible of \$760 for the start of a hospital stay.

"We have patients who are working full time but don't have insurance," said Jo Ann Shaw, the clinic's director. "We have patients who have insurance on their children but not on themselves."

The patients, Ms. Shaw says, have been brought to the clinic by poverty and aging, by bad diets, bad breaks and bad habits, or by bad genes and bad choices.

"We have patients who are — I don't want to say illiterate — unlearned," she said. "They don't understand why they should see a doctor. Or they don't go to the doctor until they have a severe attack of

One patient had used a pocketknife to try to remove an ailing tooth.

something. You have to be nonjudgmental in this type of setting."

It is because of their ignorance, or simply because of poverty, that patients rely on their own devices to try to cope with turns in their health. "They'll take half as much medication as required, to stretch it," Ms. Shaw said. "Or when they're prescribed two linked medicines, they'll take one."

A young uninsured man, about 20, stopped by the clinic the other day on friends' advice. He had been bitten on a finger and on his neck in a fight the night before. A nurse gave him a tetanus shot, and he was charged \$3.50. She advised him to come back when a doctor was in, because she had found that he also had strep throat.

Another patient was Elizabeth Oliver, who has diabetes. She is 31, the unemployed wife of a \$5-an-hour van driver who has no insurance for him-

self or for her.

By previous marriages, they have two children: Christina, 6, and Christine, 12. The children have Medicaid, which paid for Christina's silver metal replacements for seven baby teeth.

"She doesn't like brushing," Ms. Oliver said.

Christina's head was wrapped in gauze that covered three stitches she had received at a hospital emergency room the day before. Her mother's car had struck the back of a pickup waiting at a stop sign.

"They gave me two tickets," Ms. Oliver said. "They said I was driving too close and I didn't have a license. I've never had a license."

Not all the clinic's patients are in need of urgent care. Some are uninsured young adults in robust health who pay the low fees for a flu shot or for dental work. Anita Lewallen, 22, who was having a tooth filled, works 30 hours a week at a blood plasma bank for \$5.74 an hour and is a student at the University of Central Arkansas.

"I used to have some insurance," Ms. Lewallen said, "but I couldn't afford it. It went from \$64 a month to \$103 a month in three years. I never used it anyway."

Vallery Nix, 20, works at a dry cleaner for \$5.75 an hour. Her two children have Medicaid, but she is uncovered. Under her employer's plan, she would have to pay \$36 a week.

"I'm not a sick person," said Ms. Nix, who was having her teeth cleaned. "I go to the dentist once a year."

But then there are young adults like Jamillah Junior, 20, a single mother. She has Medicaid for her 2-year-old son but not for herself, in part because she was recently working and, now receiving an unemployment check of \$97 a week, cannot qualify. She earned \$6 an hour as a temporary office worker but was dismissed in December.

"I was lifting boxes and hurt my back real bad," Ms. Junior said. "I have sclerosis in my back." Her right arm hurts, from the shoulder to her hand. Without warning, her knees buckle, and she falls. "I lose a job just getting up and walking around."

When she was a toddler, her knees would go out, said her mother, Allene Junior, 44, a guard at a women's prison who has complete coverage for herself and the two of her five children who are still minors. "Her back goes out," the elder Ms. Junior said. "And she doesn't scheme. She got fired because of a medical problem."

The mother was angry. "It seems money goes here and money goes there," she said, "but what about the people? You got people here that really need help and don't scheme."

Dwight Smith, 33, sat in the waiting room, hugging his ribs and rocking in pain from a toothache. The single father of two children who have Medicaid, he earns \$6.50 an hour, or about \$13,000 a year, as a full-time forklift driver at an animal feed warehouse. His employer does not offer insurance, and he is ineligible for Medicaid himself.

"You know it when you need a tooth pulled," Mr. Smith said. Since the winter, he said, "I tried to just let it go and take its course." Now it was July.

Like Mr. Breedlove, he had tried his own remedies. He had tried swilling baking powder and salt. He had tried stuffing the hole in the tooth with tobacco.

"I'd take some Tylenol," he said, "and crunch it up and put it in there and let it sit."

The dentist, Dr. Rosetta Shelby-Calvin, said: "We have preventive care. But the preponderance of care I do is because of hurt. That's what gets them in the door."

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Jer

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9-8-97

THE PRESIDENT HAS BEEN

THE WHITE HOUSE

WASHINGTON

August 16, 1997

MEMORANDUM TO THE PRESIDENT

From: Gene Sperling

Subject: Medicare Commission

*an early to discuss
on the 1st of December
the commission
will meet by
1/20/98*

As you know, we negotiated a Medicare Commission that was included in the Balanced Budget legislation. The Commission will have 17 members: 8 chosen by Democrats and 8 chosen by Republicans, with a jointly appointed Chairperson.

The 8 members chosen by Democrats will be four by the President, two by the House Minority Leader, and two by the Senate Minority Leader. The Republican chosen members will be divided equally between the Speaker and the Senate Minority leader. The members must be chosen no later than December 1, 1997. The Commission shall report back by March 1, 1999. The Commission is left a wide latitude for its review of the issues, recommendations and goals. To ensure bipartisanship, all recommendations must have 11 of 17 votes.

There is no restrictions on who you can choose. In an ideal world, we would know exactly what our policy goals are and choose people who would best advocate for those specific policy measures. Yet, as your top budget and health care advisors believe that there are few clear answers at this time, our challenge is to pick strong, knowledgeable people who represent our overall policy goals for health care and Medicare and would apply those basic perspectives in developing recommendations.

While we are still at a preliminary stage, Erskine felt we should send your our basic outline and first thoughts on names to stir your thoughts during your vacation. I have also consulted with Secretary Shalala and noted her thoughts throughout the attached outline.

Copied to
COS
Gene Sperling

9-8-97

MEDICARE COMMISSION

1. Criteria for Our Selections:

- People who represent our overall views
- People we trust to continue ongoing interaction with us throughout the process.
- Expertise in Medicare or key areas
- Represents/respected by key supportive groups
- Strength and persuasiveness in the room/Ability to work in bipartisan process

2. How it Relates To Other Democratic Picks:

- How do we consult and coordinate with Democratic leaders?
- Leave to them representation from supportive groups?
- Do we want to discourage Democratic leaders from picking members of Congress?

Note: We have reason to believe that Daschle may pick Kerrey as one of his choices. Given the lack of clarity in the Senate Finance proposals, this may argue for us having strong substantive people in the room.

3. Coordination with Republican Leadership: During the negotiations, the Speaker mentioned that we should consult on our picks to find a group that may work together. This may not be realistic, but he did mention it. Strangely, some have said that the Speaker might try to choose Horace Deets of the AARP.

4. Timing of Our Picks: Erskine stresses that we should consider when we pick our selections in comparison to the others who will be naming people. Waiting gives us better information to target our selections. On the other hand, Erskine stresses that waiting until the end of the gambling commission, puts us in a bad position and that in that case we would have been much better off not being the last to choose.

5. Are we planning a Social Security Commission and Interrelationship:

- If SS Commission, must consider how to deal with people who would be good for both.

6. Mutually-Agreed to Chairperson: The Chairperson must clearly be someone who is viewed as a centrist or someone who has an unusual amount of trust from both sides that they will be a true honest broker. One issue to consider is how prominent a person has to be or whether we should just focus on who could function in the job. Someone like Bill Hoagland (Domenici's key guy) has significant credibility with both sides and expertise but little public prominence. Others good candidates like Alice Rivlin, Warren Rudman and David Pryor who have expertise and prominence but may still create concerns with the other party. You should know that several Republicans like Dick Armey have tried to push Bob Dole publicly.

9-8-97

Possible Names:

- David Pryor
- Herb Stein
- Robert Reischauer
- Nancy Kassebaum
- Alice Rivlin
- Bill Hoagland
- Senator Chaffee
- Paul Volker
- Rudy Penner
- Warren Rudman
- Paul Rogers
- ✓ Bob Ray
- Sheila Burke
- ✓✓ Lloyd Bentsen
- Bob Dole
- Erskine Bowles
- Charles Bowsher

7. Possible Names for Commission: Below are some preliminary names to stir your thinking. Several of your top advisors have not given their recommendations. Donna has stressed the importance of having a true Medicare expert and has already strongly recommended Bruce Vladeck. Chris Jennings strongly recommends Marilyn Moon. I personally feel Laura Tyson would be a very strong recommendation for us. Clearly, however, we will have to consider everyone in light on the overall package you will put forward.

- ✓ Marilyn Moon
- ✓ Tom Downey
- Henry Aaron
- ✓ Bob Greenstein
- Bob Ball
- ✓ Laura Tyson
- Uwe Reinhardt
- ✓ Mario Cuomo
- Bruce Vladeck
- Stuart Altman
- Steve Schroeder
- Karen Davis
- Judy Feder
- Lawton Chiles
- David Pryor
- Jerry Shea
- John Rother

*No minorities
also a few guys - esp. WTC
that have to be left*

*He is a good choice
but not a woman's
choice*

9-8-97

7. Actions Outside of Commission: One major issue for us is whether or not we propose additional reforms outside of the Commission process. Clearly, we could continue to promote and aggressively recommend a high income premium. We could also look at ways to raise the Medicare age to 67 while trying to cover more people between the age of 55 and 67 years old. Furthermore, Secretary Shalala will have another major Medicare fraud proposal in her 1999 budget submission and Frank has expressed an interest in exploring whether it is worth looking even more comprehensively at fraud as a longterm Medicare solution. Donna has stressed to me that she is seeking to step back now and explore broader trends on incentives for working at later ages and issues of coverage for people between the age of 50-67 years.

8. Goals of Medicare Commission: Unlike Social Security, there is no clear goal like 75 year actuarial balance. This leaves the question of how the goal of the commission should be defined. Secretary Shalala believes that with the fast-paced and often unpredictable nature of the health care market, periodic review -- every 5-10 years -- may be a wiser course for reform that seeking a permanent or multi-decade solution. Vladek and Jennings also agree with this view. Chris feels we can think about rationalizing Medicare without speaking to the number of years of solvency. Clearly, as with Social Security, there will be ideological tensions about the degree we should be moving from a defined benefit structure to more defined contribution systems like MSAs.



THE PRESIDENT HAS SEEN
ONE AMERICA IN THE 21ST CENTURY⁹⁻⁸⁻⁹⁷
The President's Initiative on Race

The New Executive Office Building
Washington, DC 20503
202/395-1010

copied
Bowles
Matthews
Winston

MEMORANDUM TO THE PRESIDENT

Through: Erskine Bowles *SMat for both*
Sylvia Matthews
From: Judith A. Winston *JAW*
Date: August 27, 1997
Subject: Transmittal of Draft Work Plan

'97 AUG 29 PM4:38

*EB step
unfiled, detailed
discussion on board
specific future work*

I am pleased to send to you a first draft of the work plan for the Race Initiative. This first draft primarily addresses activities of the Race Initiative staff. However, we view this document as a "living document" which will undergo changes as we receive input from key stakeholders and other Americans around the country. The draft plan reflects the fact that the functions of the Race Initiative staff are divided into two categories: (1) The staff provides administrative services, research, and other support to your Advisory Board. (2) We undertake activities apart from our support of the Board to further the goals of the Initiative. For example, we will be working closely with the Domestic Policy Council and staff of other federal agencies to assist in the formulation of short and long term policy options.

The Advisory Board has had an opportunity to review and discuss this draft in the context of several Advisory Board subcommittee meetings held on August 16, 22, and 23. Based on those discussions, we intend to expand our work plan to incorporate the objectives and activities of the Board during the coming year.

The second Advisory Board meeting is scheduled for September 30 in Washington, D.C. At that meeting, among other things, the Board will review and discuss expanding the draft work plan and subsequently transmit it to you.

Key upcoming activities

1. **Little Rock Leadership Summit**

The National Conference (formerly the National Conference of Christians and Jews) is hosting a leadership summit in Little Rock on September 25-26 in conjunction with the 40th anniversary

of the integration of Central High School. The summit will focus on the role of public education in eliminating racism. Dr. John Hope Franklin, Governor Winter and I will be in Arkansas to participate in the summit, which will also include a town meeting. In addition, Governor Winter will be giving the keynote address at a dinner meeting on September 26. Other Advisory Board members may participate in satellite locations around the country.

2. Federal Agency Data Collection

We have met with representatives from relevant federal agencies to begin the process of collecting and synthesizing data on race issues.

3. Advisory Board Meeting

An Advisory Board meeting is scheduled for September 30 in Washington, DC.

DRAFT WORK PLAN
PRESIDENT'S INITIATIVE ON RACE
August 27, 1997

The purpose of this draft work plan is to begin to lay the foundation for the work of the Race Initiative over the coming year. The plan identifies three key goals which essentially are a shorthand version of the President's five goals. We recognize that the elements of this plan will need to be constantly refined as we gather information. We hope that this draft work plan will give you a sense of the task before us.

Mission:

- To change the climate in our nation regarding race relations
- To build one American community which celebrates our differences yet is united by our shared values

Goals:

1. Public Outreach and Communication
2. Engage Leadership and Sustain Change
3. Identify Policy Recommendations, Disseminate Promising Practices, and Develop On-going Action Agenda

GOAL 1: Public Outreach and Communication

- To articulate the President's vision of a just, unified America
- To help educate all Americans about the facts of race in this country
- To promote a constructive dialogue in which we confront the difficult issues of race

The purpose of this goal is to identify key messages, target audiences and effective ways to communicate the President's vision of a just, unified America. A critical part of this goal is to share with the nation the real facts about race, especially the continued existence of racism, the disparities that exist among groups, and the positive hopes for change. This goal encompasses the important task of creating a national conversation on race -- not a single conversation, but thousands of conversations around the nation at which Americans can talk honestly about the issues of race. We hope that these conversations, which include town meetings, will provide a forum for Americans to discover shared values and aspirations and increase tolerance and respect for differences.

STRATEGIES	SUB-STRATEGIES / TASKS	RESPONSIBLE STAFF/ TARGET DATE ¹	ACTUAL DATE
I. Assemble facts to inform the debate (e.g. data on education, economics, health, criminal justice, etc.)		Lin Liu	
	Federal Agencies provide data on demographics, trends, disparities, discrimination. Identify and assemble relevant race and issue data from non-federal sources. Analyze data to determine trends - progress, stagnation, regression - in areas the President has identified	1st Quarter	
	Develop, plan and communicate data relevant to race issues which illustrate key disparities/problems in American society. Plan would include dissemination -- libraries, internet, schools, television	Liu/Gonzales ongoing	
	Identify what we want America to know at the end of a year, for example: • Accurate perception of racial composition of America • Accurate understanding of the link between disparities and discrimination	1st Quarter	

	Develop core message based on the facts for Advisory Board and others	Liu/Gonzales 1st Quarter	
2. Develop leadership outreach plan: national conversations, town meetings		Mike Wenger	
	Develop guidance for conducting productive conversations • Develop "how to" kit for folks who want to host their own town meetings • Develop speaker's kit • Provide technical assistance on convening and conducting conversations on race thru www support, kits, curriculum, etc	Wenger/Gonzales 1st Quarter 1st Quarter ongoing	
	Plan town meetings • Identify town meeting sites and dates • Identify groups who can host town mtgs • Identify appropriate facilitators • Determine format	1st Quarter 1st Quarter 1st Quarter 1st Quarter	
	Use Presidential bully pulpit • Create 10 Presidential events with time line • Continue to speak out against injustices and hate crimes, put to rest past injuries (e.g. Tuskegee apology) • Publicize and recognize acts of civic responsibility and courage in standing up to bigotry and intolerance • Encourage President to talk about race in every speech	1st Quarter ongoing ongoing ongoing	
	Identify key speaking opportunities/conferences for Cabinet and sub-Cabinet and provide necessary information and material • "At the Table" sessions • Cabinet-hosted dinners	schedule during 1st Quarter	
	Identify key speaking opportunities/conferences for Advisory Board and others and provide necessary information and material • Activate peer networks • Host community forums	ongoing	

	Create a world class web site that is attractive, current, quickly updatable, linked, and easy to find and includes: • information about the Advisory Board • schedules • interim documents • press releases • compiled web resource; • online feedback or discussion • areas for interactive dialogue.	Gonzales/Wenger 1st Quarter	
3. Identify and develop consensus on time line and methods for reaching specific sectors or communities	Promote smaller scale conversations around the nation, for example: • school-based activities • interfaith exchanges • dinners hosted by local political, business leaders	Wenger 1st Quarter	
	Obtain commitment of foundations, civic organizations, universities, youth organizations and others to sponsor "conversations"	ongoing	
	Identify and create a master list including every person or organization which has offered assistance and develop strategy for their involvement • Congress, youth, business, non-profits, religious orgs	ongoing	
	Identify strategy to reach disengaged people	1st and 2nd Quarter	
	Recruit community leaders to convene local, multi-racial dialogues in carefully structured and facilitated settings for the purpose of honest conversation and problem solving	ongoing	
4. Develop a communications / media plan		Gonzales	
	Identify target audiences & effective messages	1st Quarter and ongoing	
	Develop editorial board strategy	1st Quarter	

	Develop and identify sponsors for Public Service Campaigns, for example: • PSAs (radio, tv, print) • artistic exhibits • Campaign to stand up to bigotry	1st and 2nd Quarter	
	Put special emphasis on media industry including discussion of racial portrayals/stereotyping and minority participation within the industry.	1st and 2nd Quarter	
	Engage arts and entertainment industry, e.g. • unity concerts	Gonzales/Wenger ongoing	
	Recognize and promote minority achievement in non-traditional areas (e.g. Supreme Court Justices, Astronauts, federal, city and state leaders, etc)	Gonzales/Wenger ongoing	

GOAL 2: Engage Leadership and Sustain Change

The purpose of this goal is to engage America's leaders to participate in thoughtful dialogue and action concerning issues affected by race. Leaders can come from government, business, religious organizations, non-profits, student organizations and beyond. Leadership also includes the development of new leaders, especially reaching out to ordinary Americans who can play extraordinary roles. While government can and should play a role, much of the work must be done by the American people as citizen service. Leaders can encourage the exploration of race issues and the value of diversity by sponsoring events which serve as models of candid and constructive dialogue. They can also lead by example, incorporating the lessons learned by the dialogue and ensuring that race informs institutional decision making. An essential part of this goal is to ensure the sustainability of this initiative, recognizing that not every goal will be accomplished in one year.

STRATEGIES	SUB-STRATEGIES / TASKS	RESPONSIBLE STAFF/ TARGET DATE	ACTUAL DATE
Identify current and potential leaders to ensure the broadest participation possible	Identify "Ambassadors" in each sector (e.g. business, religious, political) who can carry message to their peers	Wenger/Team 1st Quarter	
	Develop partnerships with national political and governmental organizations (e.g. US Conference of Mayors, NCSL, NGA, etc.) willing to put racial reconciliation at top of agenda	1st and 2nd Quarter	
	Engage Congressional caucuses and other elected officials • Identify opportunities for bipartisan participation • Encourage members to host town meetings	Gonzales/Wenger 1st Quarter	
	Meet with leadership of major religious organizations and plan strategy with them	1st and 2nd Quarter	

	Establish linkages with national business organizations (Chamber, BRT) and business leaders from minority and majority businesses • Examine public and private efforts to integrate minority business into America's economic mainstream (access to capital, bonding, participating in exporting/importing, receiving private and public sector contracts, etc). • Examine the effectiveness of our current laws, policies and practices with respect to eliminating the remaining vestiges of discrimination in the work place. Do we need new laws? Do we have sufficient resources? • Identify activities business leaders could do to promote diversity in the work place, eliminate discrimination, etc. Stimulate corporations on a volunteer basis to examine their own practices and make improvements.	1st and 2nd Quarter	
	Meet with and identify leadership roles for non-profits, foundations, civic and advocacy organizations	1st and 2nd Quarter	
	Reach out to Universities, national student organizations • Establish President's Council of University and College presidents and student body presidents to develop racial reconciliation initiatives on their campuses.	1st and 2nd Quarter	
	Stimulate local school partnerships to develop programs, clubs, and extracurricular activities for youth and families	1st and 2nd Quarter	
	Inspire ordinary Americans to take a leadership role and identify concrete ways that they can be involved in the Initiative. • Develop a kit to help ordinary citizens get involved	1st and 2nd Quarter	
Lead by example: engage Federal sector to identify and implement and best practices		Liu 1st, 2nd, 3rd Quarter	
	Share best practices and solicit new ideas in human resource management and agency outreach strategies • Work with President's Management Council • Talk to Federal employee Unions		

	Encourage candid conversations about the implications of race in their work		
	Develop "Principles of Inclusion" to guide human resource management and policy making		

GOAL 3: Identify Policy Recommendations, Disseminate Promising Practices, and Develop On-going Action Agenda

Much of the work of this goal will provide the foundation for the President's report to the American people. Its purpose is to find, develop and recommend concrete solutions to race problems in critical areas such as education, economic opportunity, housing, criminal justice and health care. Through research and data collection, we must identify where we have made progress and where we still have a long way to go. We must recognize places where government has the power to help and where we need the power of the American people to make change. Through discussion and broad input, we must propose solutions, and we must provide communities with the tools to bridge social divides. Finally, a critical part of this goal is to hear from people around the country about the positive activities that are already happening and share these promising practices with the rest of the nation.

STRATEGIES	SUB-STRATEGIES / TASKS	RESPONSIBLE STAFF/ TARGET DATE	ACTUAL DATE
Identify critical problems/areas of disparities based on data collection		Liu 1st Quarter	
Survey current status of Administration policies and activities addressing identified problems (OMB)			
Work with Domestic Policy Council and others to formulate short and long term policy options.	Develop partnerships with Cabinet Departments, agencies, interagency councils (e.g. PMC, Civil Right's Interagency Council) to develop new policy and programmatic approaches to critical problem areas	ongoing	
	Ensure sufficient resources to carry out civil rights enforcement	1st, 2nd, 3rd quarters	
Encourage foundations to fund activities and research in identified areas of need		ongoing	
Develop and publish a periodic national report card on race relations		4th Quarter	

Establish award/recognition programs at different levels of government and in different sectors		3rd, 4th Quarters	
Establish and maintain clearinghouse of promising practices		2nd Quarter	
	Develop collection plan	2nd Quarter	
	Develop marketing and dissemination plan	3rd Quarter	
	Provide technical assistance on handling racial and intergroup conflicts to public officials, community leaders, students, parents and others.	2nd Quarter and ongoing	

End Notes

- I. 1st quarter= Sept, Oct, Nov;
2nd quarter= Dec, Jan, Feb;
3rd quarter= Mar, Apr, May;
4th quarter= June, July, Aug

Draft Framework for Performance Measures

Below is an initial framework for thinking about performance measures. We believe that the development of performance measures is an especially sensitive area and that it will be important to proceed carefully. Furthermore, until we have fully assembled baseline data, it is difficult to establish performance targets, especially in the policy areas. The information below is intended to provide a sense of the general direction in which we are moving. The measures we have included are illustrative of the type of measures we are considering. Some of the measures are more output oriented than performance oriented, but we believe that output measures will also be an important gauge of our success.

(1) Changing Attitudes

- accurate perception of racial composition of America
- accurate perception of situation of minorities in America (e.g. education, jobs, etc.)
- public understands that significant discrimination exists
 - e.g. 38% of whites believe that "racism is a big problem in our society"
 - 68% of blacks believe that "racism is a big problem in our society"
- decreased stereotyping in media
- pre- and post surveys of town meeting participants
- # town meetings / month
- # conversations / month
- # of hits on website

(2) Building Partnerships and Leadership Support

- bipartisan and grassroots participation
- extensiveness of participation by sector (i.e. number of businesses who have committed X, number of mayors who will do Y)
- number of events taking place around the country that are posted on line

(3) Developing Policy

- successful identification of public and private data sources to better inform policy decisions and allocation of resources
- establishment of clearinghouse of best practices
- degree to which best practices are adopted around the country

Need measures in each area:

Criminal Justice

Education

Economic Opportunity (including housing)

Health

DR. MARY GRIZZARD
6916 RIDGEWOOD AVENUE
CHEVY CHASE, MD 20815
(301) 907-7817

Hayden

1 September, 1997

'97 SEP 8 AM 9:31

President Bill Clinton
White House
1600 Pennsylvania Avenue
Washington, DC 20500-2000

Dear Mr. President:

In accordance with my background and interest in Mexico, I wrote to you earlier, and I believe others may have written to you about my interest in improving our relations with our neighbor. Kit thought that I should write to you (briefly) about some of my ideas about our policies with Mexico.

As you may remember, I have had extensive professional experience in Mexico, for during my 15 years as a tenured university professor of Latin American Studies, I taught several summers as The National Autonomous University (UNAM) in Mexico City. During those many summers, I was the houseguest of two distinguished Mexican professors of UNAM, who were also very actively connected with the country's leaders, and thus I had a remarkable opportunity to learn about the country's values and concerns.

For the past few years in Washington, I have been a senior fellow in arms control, and have been on contract as a consultant in immigration and now, in the Department of Defense.

I hope you had a good vacation in Martha's Vineyard. Please receive my best wishes and kindest regards.

Sincerely,

Mary

Dr. Mary Faith Grizzard

send to

9-8-97

Dorskind?

— yes

— no

POLICY OPTIONS IN OUR RELATIONS WITH MEXICO

U.S.-Mexican bilateral relations entered an entirely new era with NAFTA. Our mutual fates are now intertwined to an unprecedented extent that are in an extended period of transition. Proof of our commitment to Mexico's economic development was clearly demonstrated by the rescue of the peso, and Mexico's swift repayment of the loan. Nonetheless, in its transition period, as a growing economy, with a population and culture across a fluid border, it still has a number of problems, which make it susceptible to disruption on many fronts:

- Mexican national security issues are changing, with a focus on narcotrafficking, and a growing militarization of Mexico's counterdrug and police institutions. As law enforcement is being increasingly militarized, there are attendant risks, relating to vulnerability of the armed forces to corruption, the increased likelihood of human rights violations, and the potential for undermining democracy.
- There is also a concern with the danger of spreading guerrilla war, and the prospect of political and economic instability.
- Although the economy has largely recovered from the 1994-95 peso crisis, it remains volatile and fragile. The economy increased by about 4.5% in 1996, and most observers expect comparable growth this year; at the same time, the recovery has been largely restricted to the export sector, and to the more prosperous north. The domestic economy, which employs more than 80% of the employed population, remains largely stagnant.
- Even with much progress in democratization, there is still a long way to go, and now for the first time since its founding in 1929, the Partido Revolucionario Institucional (PRI) is facing a new situation of power-sharing and negotiation.

In the solution to these problems, the rule of law must prevail, and interested countries should help Mexico to sustain this. Unless there is a major, long-term effort to encourage police and judicial reform, militarization may become a more prominent, long-lasting feature of the emerging new political system.

- Within this context, I would argue that the United States should provide, and also encourage other governments to provide, Mexico with the necessary assistance to strengthen civilian institutions, and to gradually reverse the militarization process.
- There should also be vigilance that U.S. counternarcotics aid is used for the purposes for which it was intended.

- US efforts to prevent drug abuse through education, public health measures, and law enforcement should be stepped up, with attendant resulting decreases in consumption well-publicized.
- When electoral fraud, human rights violations, or evidence of corruption of the country's institutions appear, the United States should emphatically exercise its influence I would emphasize that this should be primarily through private diplomacy, rather than through public demonstrations.
- The United States could offer private advice and guidance on how to negotiate in a power-sharing situation, now that the PRI is facing a lower house of congress where it no longer holds a majority.
- Some aspects of public pressure have become counterproductive, such as the certification process.
- Undocumented immigration, both from and through Mexico to the United States, remains a serious problem, but in recognition that most are seeking jobs, there might be a limited application of a bracero (legal, guest-worker) program. There would be several thousand temporary work visas available. The workers & and their visa numbers would be on a data base, with entries matching exits. If there is a imbalance of returning workers, the number for the next season would be reduced accordingly; employers documenting 100% repatriation rate would have their needs met on a priority basis.
- High profile policy initiatives across the spectrum of our relations have to be crafted, coordinated with our partner, and implemented. Bold measures are needed to match the vision of NAFTA. Perhaps there could be formed a Bi-Lateral Commission: lean, substantive, non-partisan (on both sides), with a ten-year charter of funding, to operate through quiet diplomacy. Small sub-groups could be composed of a lead USG agency for each issue as outlined above, to deal with the many problems between us, and to solicit innovative responses from both sides of the border.
- With all these tough problems the U.S. ambassador's knowledge and understanding of Mexico's proud history, culture, language, and nationalistic sensitivities would make much easier the implementation of tough solutions to problems we have to work on together.



72 1997 SUBURBAN MD F&D 208

FIRST CLASS MAIL

President Bill Clinton
White House
1600 Pennsylvania Avenue
Washington, DC 20500-2000

General Oil Co., Inc.

Staff Sec

August 12, 1997

President Bill Clinton
Office of the President of the U.S.
c/o The White House
15th & Pennsylvania Avenue
Washington D.C. 20500-2000

'97 SEP 8 AM 9:30

Dear Mr. President,

In recent weeks General Oil has attempted, in conjunction with the local Welfare office, to support your welfare reform agenda. Unfortunately, not one of the numerous candidates provided by the welfare office has shown up for interviews or training. These people simply do not believe changes are coming.

In the next two weeks an alternative plan will be finalized, in partnership with North Arkansas Human Services, to overcome this and other obstacles. General Oil will provide a convenience store free of charge to NAHS to be used as a training facility for welfare recipients. Jointly a training and implementation program will be implemented.

Ultimately, NAHS will be the facilitator from welfare to the work place. NAHS will pick them up, teach them, and find them employment. As the facilitator, winning will be the only option for these candidates.

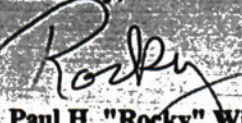
These candidates will learn many skills necessary in the service industries. Marketing, merchandising, accounting, food preparation and management skills will be just a few of the skills to be addressed. The final product will be a whole new work force for the service industries.

While we are convinced that a program of this type is necessary to accomplish welfare reform goals the costs are going to be substantial. On behalf of NAHS and its executive director Mr. Bill Huddelston, I urge you to personally see that financial assistance be provided to NAHS in order to guarantee program success.

In closing, if you agree that our facilitation program is a good project, time is of the essence and normal federal complications are unacceptable. Only you can assure these two obstacles will be overcome.

Join us in making the dream of welfare reform a reality.

Sincerely,


Paul H. "Rocky" Willmuth
President

aw

Send to

Dorskind?

Maybe

Agency
Crisis

✓ yes

— no

9-8-97

General Oil Co., Inc.

P.O. BOX 2336
BATESVILLE, AR 72503



Office of the President of the U.S.
c/o The White House
15th & Pennsylvania Avenue
Washington D.C. 20500-2000

20500/2000





247 Sec
Habitat for Humanity International

Building houses in partnership with God's people in need

August 27, 1997

'97 SEP 8 AM 9:30

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20500-2000

Dear Mr. President:

On behalf of Habitat for Humanity, I am writing to express my concern over the current price of lumber. Since the onset of the agreement between the United States and Canada that places quotas on imports of Canadian lumber, the cost of 1,000 board feet of lumber has increased roughly 20%. This has a substantial impact on the ability of Habitat to carry out its mission of providing decent housing for less fortunate families. I respectfully request that you work to ease the restrictions within this agreement to alleviate the upward pressure it has put on the cost of lumber.

Over the years, Habitat for Humanity has helped thousands of families realize a dream that they were unable to achieve on their own--owning their own home. While most of Habitat's labor force is composed of volunteers, and it often receives donations in the form of building materials, there still remains a substantial outlay for building materials. Indeed, much of the financial support Habitat receives is committed to purchasing the materials, including framing lumber, to build the "Habitat houses." Clearly, when the cost of lumber goes up, it impacts the number of families Habitat can assist.

On behalf of the thousands of families to whom we hope to give a fresh start, I ask that you please revise the U.S./Canada lumber agreement.

Sincerely,

Millard Fuller
President

MF/slt

9-8-97
Send to
Jim D? ☒ yes
— no



248 Sec
Habitat for Humanity International

Building houses in partnership with God's people in need

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Sincerely,

Millard Fuller
President

MF/slt

9-8-97
Send to

Jim D?

☒ yes

☐ no

THE PRESIDENT HAS SEEN

9-8-97

THE WHITE HOUSE

WASHINGTON

August 11, 1997

'97 AUG 11 PM 7:04

Copied
Bowles
Matthews

MEMORANDUM FOR STRATEGY TEAM

FROM ERSKINE BOWLES AND SYLVIA MATHEWS

SUBJECT: Follow-up to Friday's Strategic Meeting

As a follow-up to last Friday's meeting, this memo details the assignments and their deadlines. A template is attached for you to use as you develop the assigned pillars. On Wednesday, a memo with your assigned pillar(s) will be due to Andrew Mayock by 5 p.m. On Thursday and Friday, Erskine will hold meetings to discuss the paper that has been produced and next week will be spent refining that paper. During the week of August 25th, Erskine and Sylvia will use the pillars as the foundation of a memo that we will send to the President on August 29th. When the President returns, we will meet with him to discuss the different choices among pillars and in some cases, within a single pillar.

PILLARS

1. Education - Reed, Sperling
2. Renewing our Cities (including sustainable development), Welfare, Underclass - Sperling, Reed, Klain
3. Environmental Protection - McGinty, Sperling, Gibbons
4. Crime/Drugs/Prisons (including perhaps, the future of young men) - Reed
5. Renewal of Family (issues like child care, balance of time, divorce, adoption, the media, family medical leave) - Verveer, Echaveste, Reed
6. Children - Sperling, Reed, Verveer, Echaveste
7. Racial Reconciliation (including civil rights enforcement, immigration, the judicial system) - Echaveste
8. International Economic Leadership - Tarullo, Summers, Sperling
9. Savings/Entitlement Reform - Sperling, Summers
10. American Leadership Abroad (including peace, defense structure, democracy) - Berger, Steinberg
11. Science/Technology (including reinvigorating the R/D budget, medical sciences, medical ethics) - Gibbons, Podesta, Gips, Sperling
12. Rego/Effectiveness of Government (like eliminating errors in Medicare or EITC) - Stone
13. Gifts to the Future (rebuilding our schools, the Millennium, museums, culture) - Verveer
14. Health Care/Improving Health Status (vaccination efforts, smoking reduction, adding years to the life span, decreasing suffering of elderly and sick, medical science improvement, more insured) - Jennings, Reed

Note: OMB and CEA will be a part of many of these issues.

There were a number of other ideas that came out of our brainstorming session. However, as the group tried to create a manageable number to produce detailed paper on, some items came off the primary list. The topics not included:

- Making Markets Work (negative ramifications of the modern economy, growing power of the corporation, new transactions, improving the framework of competition)
- Culture
- President as Teacher
- New Ethics
- Service

To help in this process, we have also attached documents that list Administration initiatives for the year 2000 and our State of the Union goals. Also, a sample and a blank template are attached so that each pillar can be summarized in a way that can be compared to others. The President will, of course, want back up memoranda describing each area summarized in the template. As you fill in the elements of your pillars, please include policies that are already being pursued. Andrew Mayock will e-mail the template to your office. If you have any questions, his number is 6 - 7492.

Once again, your assignments are due no later than 5 p.m. on Wednesday. The paper will be distributed for meetings that will be held on Thursday and Friday. Andrew will let you know in which meeting times your topic will be discussed.

Attachments: Clinton Administration Initiatives for the Year 2000
1997 State of the Union - Policies Announced
Sample Chart on Education Pillar
Template Pillar Chart (also will be provided electronically)

CLINTON ADMINISTRATION INITIATIVES FOR THE YEAR 2000

The following is a list, categorized by issue, of Clinton Administration goals, pledges, and programs geared for the year 2000. This list is comprehensive, but may not be exhaustive. There are likely to be other pledges we did not find on our first review.

Economy:

- Produce 8 million new homeowners by the year 2000. [Pres. Doc. 858, 6/12/97]
- Decrease welfare rolls by 2 million more people by the year 2000. [Pres. Doc. 136, 2/4/97]
- Move about a million more people from welfare to work by the year 2000. [Pres. Doc. 1698, 9/10/96].
- Eliminate all tariffs on computers, semiconductors, telecommunications equipment, and software products by the year 2000. [Pres. Doc. 2514, 12/16/96]

Education:

- Expand Head Start to one million children by 2002. [Pres. Doc. 13, 2/4/97]
- Hook up every classroom and library to the Internet by the year 2000. [Pres. Doc. 903, 6/19/97]
- Double the number of full-time youth volunteers by the year 2000 by adding another 50,000 participants in AmeriCorps. [Pres. Doc. 607, 4/28/97]
- By the year 2000, every 8-year-old should be able to read on his or her own, every 12-year-old should be able to log on to the Internet, every 18-year-old should be able go on to college, and every adult should be able continue to learn for a lifetime and get the skills necessary to get good jobs. [Pres. Doc. 558, 4/20/97]
- Make 2 years of college just as universal as a high school diploma is today by the year 2000. [Pres. Doc. 558, 4/20/97]
- Increase by ten-fold the number of charter schools we have by the year 2000. [Pres. Doc. 290, 3/6/97]
- Expand work study so that one million students will be able to work their way through college by the year 2000. Have 100,000 of these new work-study students join our America Reads efforts to help make sure all our 8-year-olds can read independently by the year 2000. [Pres. Doc. 230, 2/24/97]
- Erase American illiteracy by the year 2000. [Pres. Doc. 1242, 7/2/93]
- Increase the high school graduation rate to at least 90 percent by the year 2000 [Pres. Doc. Pg. 195, 2/3/94].
- Goals 2000. By the year 2000, the United States should meet the National Education Goals which include: All children in America will start school ready to learn; the high school graduation rate will increase to at least 90 percent; all students will leave grades 4, 8, and 12 having demonstrated competency over challenging subject matter including English, mathematics, science, foreign languages, civics and government, economics, the arts, history, and geography; every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship; every school in the United States will be free of drugs, violence, and the unauthorized presence of firearms and alcohol and will offer a disciplined environment conducive to learning. [Education Department, Goals 2000 Progress Report, Spring 1995]

Crime and Drugs:

- Put 100,000 more police on the streets of America's communities by the year 2000. [Pres. Doc. 1935, 9/30/96]
- By the year 2000, make every school in America free of drugs and violence. [Pres. Doc. Pg. 195, 2/3/94]
- Ensure that all state prisoners serve at least 85 percent of their sentences by the year 2000. [News & Record (Greensboro, NC), 9/22/96]

Environment:

- Clean up 900 Superfund sites by the year 2000. [Pres. Doc. 846, 6/9/97]
- Clean up two-thirds of the existing toxic waste sites by the year 2000. [Pres. Doc. 2379, 11/12/96]
- Devote \$70 million to a total of 35 States to help them get safe running water for their people by the year 2000. [Pres. Doc. 1258, 7/16/96]
- Cut greenhouse gases to 1990 levels by the year 2000. [Pres. Doc. 865, 4/21/94]
- "I want an America in the year 2000 where no child should have to live near a toxic waste dump, where no parent should have to worry about the safety of a child's glass of water, and no neighborhood should be put in harm's way by pollution from a nearby factory. Today, I am calling for a new national commitment to help protect all communities from toxics by the year 2000." [Pres. Doc. 1567, 8/28/96]

Healthcare:

- Extend health coverage to as many as 5 million children by the year 2000. [Pres. Doc. 531, 4/17/97]
- Makes vaccines affordable for families and improve immunization outreach, with the goal that 90 percent of all two-year-olds should be fully vaccinated by the year 2000. [Pres. Doc.; Pg. 2009, 10/7/96]
- Wipe out polio by the year 2000. [Pres. Doc. 668, 4/17/96]

Immigration:

- Modernize our border crossing so that by the year 2000, 22 pairs of towns will be equipped with remote video systems and new technologies to give them 24-hour service. [Pres. Doc. 479, 4/8/97]
- Reach the goal of having at least 7,000 agents protecting our borders by the year 2000. [Pres. Doc. 200, 2/7/95]

Defense/ Foreign Policy:

- Increases funding for weapons modernization 40 percent by the year 2000. [Pres. Doc. 1643, 9/3/96]
- Develop by the year 2000 a defensive system that protects America from the threat of a long-range missile attack by a rogue state. The President said this system should be deployed by 2003. [Pres. Doc. 910, 5/22/96]
- Agree with Russia to stop plutonium production by the year 2000. [Pres. Doc. 1862, 9/26/94]
- Close Chernobyl by the year 2000. [Pres. Doc. 1097, 4/20/96]

1997 STATE OF THE UNION -- POLICIES ANNOUNCED
Tuesday, February 4, 1997

Unfinished business:

Balanced budget:

- Balance budget by 2002;

Campaign finance reform:

- Pass McCain-Feingold by 7/4;

Welfare reform:

- Finish reforming welfare -- move 2 million people from welfare to work by 2000.

Education:

Standards:

- Every state should adopt high national standards, and by 1999, every state should test every 4th grader in reading and every 8th grader in math;
- Teacher standards -- enable 100,000 more teachers to seek national certification as master teachers;

Literacy:

- America Reads -- at least 100,000 college students to volunteer as reading tutors;

Early learning:

- HRC conference on Early Learning and the Brain (spring);
- VP family conference on parents' involvement in learning (June);

Public school choice:

- Create 3,000 charter schools by the next century;

School construction:

- Pass \$5 billion to help communities finance \$20 billion in school construction over the next four years;

College opportunity:

- HOPE Scholarships;
- \$10,000 tax deduction;
- Expanded IRA's;
- Largest increase in Pell Grants in 20 years;

Training:

- Pass G.I. Bill for America's Workers;

Education technology:

- Finish connecting every classroom and library to the Internet by the year 2000.

Science and technology:

Hospitals:

- Connect every hospital to Internet;
- Challenge private sector to connect every children's hospital to Internet;

Internet:

- Build the second generation of the Internet;

Medical research:

- Reinforce commitment to medical science (AIDS vaccine).

Stronger families:

Helping parents succeed at home and at work:

- Expand Family and Medical Leave;
- Pass flextime;

Health care:

- Extend health coverage to up to 5 million uninsured children;
- Reform Medicare; expand Medicare to cover respite care for Alzheimer's, annual mammograms;
- Guarantee woman can stay in hospital 48 hours after mastectomy;

Responsibility:

- Make it a felony for parent to cross state line to flee from child support;

Protecting children:

- Stand firm in determination to ban advertising/marketing of cigarettes aimed at kids.

Stronger communities:**Crime/drugs:**

- Finish hiring 100,000 police;
- Pass Victims Rights Amendment;
- Pass Juvenile Justice bill;
- Largest anti-drug effort ever;

Urban agenda:

- Empower urban communities through investment and loans (double number of empowerment zones, restore contaminated urban land and buildings, expand community development banks);
- Use empowerment approach to renew DC;

Environment:

- Clean up 500 more toxic waste sites;
- Make polluters pay;
- Designate 10 American Heritage Rivers this year;
- Ban worst toxic chemicals and reduce greenhouse gases;

Service:

- Mobilize millions of Americans to national service;

Culture:

- America 2000 celebration of culture and the arts.

World leadership:**Undivided democratic Europe:**

- Expand NATO by 1999, strengthen NATO's Partnership for Peace;

Asian Pacific community:

- Together with South Korea, advance peace talks with North Korea;
- Call on Congress to fund our share of agreement under which North Korea must freeze and dismantle nuclear weapons program;
- Pursue deeper dialogue with China (invited China's President to come here);

Global economy/trade:

- Expand exports, especially to Asia and Latin America (need authority to conclude new trade agreements);
- Will visit Latin America in the spring;

New security threats:

- Ratify Chemical Weapons Convention;

Military strength/tools:

- Increase funding for weapons modernization by year 2000, take care of men and women in uniform;
- Pay our debts and dues to international financial institutions like the World Bank, and to a reforming United Nations.

One America:

- Race Initiative

SAMPLE

EDUCATION PILLAR					
BUILDING BLOCKS OF PILLAR	DESCRIPTION	TIMELINE	BENEFITS (e.g. Who does this help? How does it help them?)	COSTS/FEASIBILITY (e.g. What does it take to achieve? Who pays (\$ or capital)? What is the likelihood it will occur?)	POLITICAL RAMIFICATIONS (e.g. How does it affect the party?)
Educational Standards	Ensure that X of states sign on to standards for 4th and 8th grades thereby establishing a goal for students to reach. Ensure that schools and their teachers adequately prepare our children.	X months / years	Results in better educated students in public schools (as long as "failure" group does not develop). Results in measurement of school performance. Mainly helps students in X situation. There are Y students in that situation.	May entail high costs to organize efforts in each state where there are differing power centers / dynamics. Will require work to ensure that it is not used as a tool against minorities.	Has strong bi-partisan element. Sometimes results in alienation of minority community and may cause dissension within that area of the party.
Guarantee Two Years of Higher Education (Chaka Fattah Plan: 21st Century Scholars Act)	Guarantee Pell Grants to sixth-grade students from low income families.	X months / years	Increases college participation rates for this group, and broadly instills expectation of college attendance among lower-income students. 700,000 students available for benefit in first class. Promotes high school completion, job readiness and lower incidence of delinquent behavior.	\$2.5-billion for first group of sixth-grade students. May create a new entitlement and will cost shift in budget priorities from one program to this one. May guarantee help to many non-needy students. Does not provide additional support like mentoring, tutoring and other support services that are critical for success.	Has bi-partisan support.
Additional building blocks to be added here.					

*Note that this example has both an old initiative that we are still developing and a new idea. Please include both in your input.

*This template will be provided to you for incorporation of your own input.

TEMPLATE

PILLAR					
BUILDING BLOCKS OF PILLAR	DESCRIPTION	TIMELINE	BENEFITS (e.g. Who does this help? How does it help them?)	COSTS/FEASIBILITY (e.g. What does it take to achieve? Who pays (\$ or capital)? What is the likelihood it will occur?)	POLITICAL RAMIFICATIONS (e.g. How does it affect the party?)

THE PRESIDENT HAS SEEN
9-8-97

June 23, 1997

NOTES FOR LEE WILLIAMS:

Dear Lee:

After two years of effort, I'm ready to say that the book is finished. Editorial comment such as you have been providing will of course continue to be welcomed, however the effort is now deemed adequate to be seen outside of the extended family.

The critique of contemporary American medicine presented here differs from what has been usual in the finding that, as the scale of the medical care system has exploded during this century, the <scheme of ideas> on which American physicians have been basing pivotal decisions has been, and remains, flawed in fundamental ways. As a direct result, the choices that have been made by "organized medicine" and its financiers all essentially reflect these underlying flaws: choices involving the selection, training and production of physicians; the content of academic curricula; the focus and financing of medical research; the way in which the medical hierarchy has been arranged; and the professional preferences or "style" exhibited in the practice patterns of most physicians. In a nutshell, this is the root cause of the "crisis" facing the society today.

The "crisis" has demonstrably been made worse by virtually every effort made by legislators, administrators and planners to repair the perceived problems. In my judgment, we have been chasing our tails like this because the underlying causes, i.e., flaws in the <scheme of ideas> driving these critical decisions, have not been identified nor paid the analytical attention they merit.

The prevailing attitude of health care "reformers" has been to look everywhere and endlessly for causes, with the exception that the medical guild itself shall not be examined. The American physician ascended a pedestal during the early part of this century, and remains on that high plane today, unevaluated and unchallenged. Paraphrasing James Carville, "It's the doctor, stupid", would make an appropriate catchphrase to focus our attention where it now must be paid.

C. Jennings
This goes in manuscript
by Larry O'Brien (given
you, did you read it?
What do you think of it?
BC

copied
Jennings
COS

The key argument presented in my writing is that, unless American medicine undergoes radical reconstruction in the near term, on a scale analogous to the famous Flexner reforms, the present medical service system will prove ruinous to the society not only in economic terms, but also in terms of the quality and effectiveness of its medical science. Today, improvements in medical technology are being marketed and mispercieved as discoveries and advances in science. To quote A.M. Taylor: "...the handiwork of the craftsman is mistaken for the intellectual creation of the savant". And yet \$12 billion annually is being pumped into medical research, at least half by the federal government, based on priorities drawn from this wrongheaded notion.

As you know, I believe that the President was poorly served by the "experts" who shaped the health reform plan of his first term. The opportunity to bring about a reconstruction of the American medical care system remains present, and it can be done pragmatically, by using existing purchasing power to reshape the competition already going on for the \$1 trillion in annual medical care expenditures; and to revise the flawed and erroneous <scheme of ideas> on which "organized medicine" now relies in this society. You also know that it is not egotism that leads me to state that, toward these noble ends, President Clinton should have the opportunity to read my typescript. A copy is enclosed.

Thank's for all of your help with this work.

Harry

466-5558

Total - 3 pages

Lee Williams 7-14-97

Whitney

On Friday I
gave Marsha a
typescript of a
book by Larry
O'Brien.

The enclosed
note from Larry
should have been
included with it.
Would you please
give it to her
ASAP.

Thank you,
Lee W.

PSW, INC.

Public Strategies Washington, Inc.

633 Pennsylvania Ave., N.W. • Fourth Floor • Washington, D.C. • 20004

202-783-2596 • Fax 202-628-5379

THE WHITE HOUSE

WASHINGTON

September 5, 1997

9-8-97

9-8-97

Copied

Bruce

Mike C

COS

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
MIKE COHEN

SUBJECT: UPDATE ON NATIONAL TESTING INITIATIVE

Over the past several days, White House staff, Secretary Riley and Education Department staff have continued to work to build support for our testing program in both the House and Senate. At week's end, here is where we stand.

Senate: Secretary Riley testified Thursday morning before Sen. Specter's Appropriations subcommittee, and appears to have made significant progress. Sen. Specter, Coats, Gregg, Jeffords, Harkin and Kennedy are all involved in negotiations toward a compromise which, if successful, would lead to Coats and Gregg withdrawing their amendments to kill the tests. At present, staff involved in the negotiations report that they are centering on our NAGB proposal, and are cautiously optimistic that a deal will be worked out by Monday evening. We have been pressing them to complete negotiations as rapidly as possible, because we also know that Coats and Gregg are receiving increasing pressure from the far right.

House: We now expect the Goodling amendment to come for a vote on Tuesday at the earliest. Goodling appears to have solid Republican support. As expected, the Hispanic Caucus is supporting Goodling, as are a growing number of members from the Black Caucus. Members of both Caucuses are coming under strong pressure from the civil rights groups to oppose the tests (In addition, many urban school districts that signed up for the tests are now receiving pressure from MALDEF and other Hispanic groups to pull out of the program; so far, we are holding all of the cities, but a handful with large Hispanic populations may well drop the reading test and participate only in the math test.)

Key Steps Next Week: Your event on Monday at the Four Seasons Elementary School in Maryland will provide an important opportunity to make clear to Congress that an appropriations bill that stops your testing proposal will be unacceptable. In addition, Secretary Riley, Rep. Gephardt and Sen. Daschle will hold a press conference on Tuesday morning to express joint support for the testing initiative. This should help to hold Democrats for the House vote. We will continue to press hard for a deal in the Senate. A deal in the Senate, together with a veto threat, should put us in a strong position as we approach the conference.

1D-10-97

From Jonathan -

Send to Dorskind?

Yes ☒

No ☐

President William Jefferson Clinton & Vice President Al Gore
The White House
VIA FAX: 202-456-2461

Dear President Clinton and Vice President Gore:

Remember what you said:

If I had been President over the last year, today's ceremonies would have capped a year of energetic United States leadership, rather than a year of grudging participation and general denial...

– Then-Governor Bill Clinton on President Bush's performance at Earth Summit 1.
Washington, DC, June 12, 1992.

Where is the idea that the United States can provide leadership to the world? Where is the notion that a President of the United States can provide leadership in our country? We lost that idea in the overnight public opinion poll somehow?

– Then-Senator Al Gore on President Bush's policy on global warming.
Senate floor, May 7, 1992.

You were right when you said that George Bush failed to lead at the Earth Summit in Rio. You were right when you promised to do more. Right now is the time to act.

We must and we can reduce greenhouse pollution. We need early action, not escape clauses for polluters. We need leadership now.

Donald B. Clark

931-277-5467 FAX 277-5593
United Church of Christ
Network Environ. & Econ. Resp.
PO Box 220 24 Peterson Lane
Pleasant Hill TN 38578

Jean & Don Clark
931-277-5467 FAX 277 5593
clarkjd@multipro.com
Box 220 24 Peterson Lane
Pleasant Hill, TN 38578

Cumberland Countians for Peace and Justice
Donald B. Clark, Chairperson

**The Cornucopia
Network of New Jersey**

Participant in Earth Summit & Pop & Devel. Summit ++
City, State

Andrea Kavanagh

2028878887
Ph 202-887-8887

Apr. 18, 1994 12:25 AM 02/2

'97 OCT 9 PM 6:13

President William Jefferson Clinton & Vice President Al Gore
The White House
VIA FAX: 202-456-2461

+ Katie McInerty + Todd Steen

Dear President Clinton and Vice President Gore:

Remember what you said:

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RICHARD L. OTTINGER, PEAN
Name *FORMER MEMBER OF CONGRESS*

Pace University School of Law
Organization

White Plains, NY 10603
City, State

President William Jefferson Clinton & Vice President Al Gore
The White House
VIA FAX: 202-456-2461

Attention: Todd Stern

97 OCT 9 PM 11:22

Dear President Clinton and Vice President Gore:

Remember what you said:

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Joyce Newman
Name

Florida Keys Audubon Society
Organization

Key West, Florida
City State

President William Jefferson Clinton & Vice President Al Gore
The White House
VIA FAX: 202-456-2461

1997 OCT 9 PM 5:38

Dear President Clinton and Vice President Gore:

Remember what you said:

*If I had been President over the last year, today's ceremonies
would have capped a year of energetic United States
leadership, rather than a year of grudging participation and
general denial. . .*

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Washington, DC, June 12, 1992.

*Where is the idea that the United States can provide
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somehow?*

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Gary L. Groesch
Name

Alliance for Affordable Energy
Organization

New Orleans, LA
City, State

President William Jefferson Clinton & Vice President Al Gore
The White House
VIA FAX: 202-456-2461

Dear President Clinton and Vice President Gore:

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Washington, DC, June 12, 1992.

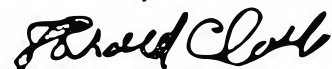
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Cumberland Countians for Peace and Justice
Donald B. Clark, Chairperson

**The Cornucopia
Network of New Jersey**

Participant in Earth Summit & Pope Devel Summit ++
City, State

The Rev. Dr. F. Wayne Bryant, Executive Director
 Stephanie Howell, Deputy Director
 Jack Kennedy, Deputy Director



Ecumenical Ministries of Oregon

0245 SW Bancroft Street, Suite B, Portland, Oregon 97201
 (503) 221-1054 Fax (503) 223-7007

'97 OCT 9 PM 6:42

RESOLUTION

- WHEREAS, The world's preeminent atmospheric scientists, through their work as the United Nations' Intergovernmental Panel on Climate Change (IPCC), conclude that global warming has begun and that human activity is playing a role in it. The IPCC projects a warming between 2 and 6 degrees Fahrenheit, and possibly as high as 8 degrees Fahrenheit, by the end of the next Century, and continued increases beyond 2100 (IPCC, 1995);
- WHEREAS, Climate change threatens the well-being of all of God's creation, human and non-human. The IPCC projects that continued climate change could bring crop failures in the world's most vulnerable regions, extinction of many plant and animal species, more intense storms, a significant sea-level rise, and increased ranges of tropical diseases and increases in other health threats.
- WHEREAS, To prevent dramatically destructive effects from global warming, the IPCC reports that a reduction of at least half of the present level of emissions will have to be achieved in the next 50 years.
- WHEREAS, On a global basis, the U.S. contributes more CO₂, the major greenhouse gas, than any other nation.

NOW, THEREFORE, BE IT RESOLVED that Ecumenical Ministries of Oregon endorses the World Council of Churches' International Climate Change Petition, which urges the U.S. government to respond to the danger posed by global warming:

- by fulfilling the promise of the U.S. at the 1992 Rio Earth Summit to reduce greenhouse gas emissions to 1990 levels by the year 2000;
- by establishing firm policy measures and adopting a binding international agreement that will achieve greater reductions in emissions after 2000 (by stressing renewable energy sources, energy efficiency, reframed market incentives, new consumption patterns and conservation); and
- by initiating more forcefully public debate on the risks of climate change and maximizing public participation in exploring solutions.

Ecumenical Ministries of Oregon thus encourages its member denominations urgently to distribute and publicize this petition while deeply considering the implications of global climate change for justice, peace and the integrity of God's creation.

Adopted by the Board of Directors:

Date: 9-26-96
Tim Volpert, Secretary

Member Denominations

African Methodist Episcopal Church • African Methodist Episcopal Zion Church • American Baptist Church • Antiochian Orthodox Church
 Christian Church (Disciples of Christ) • Christian Methodist Episcopal Church • Church of the Brethren • Episcopal Church • Evangelical Lutheran Church in America
 Greek Orthodox Church • Orthodox Church in America • Presbyterian Church USA • Reorganized Church of Jesus Christ, Latter Day Saints
 Roman Catholic Archdiocese of Portland • Society of Friends (Quakers) • United Church of Christ • United Methodist Church



Interfaith Network for Earth Concerns

'97 OCT 9 PM6:37

FAX

Date: 10-09-97

To: Mr. Todd Stern, Assistant to the President

Fax: 202-456-2710

Phone:

From: Jenny Holmes, Chair, Interfaith Network for Earth Concerns

Re: White House Conference on Global Climate Change—A response from Interfaith Network for Earth Concerns, a Program of Ecumenical Ministries of Oregon

Number of Pages: 4



Interfaith Network for Earth Concerns

October 8, 1997

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

Dear Mr. President:

On behalf of the Interfaith Network for Earth Concerns (INEC), a program of Ecumenical Ministries of Oregon, I am writing to express our appreciation for your renewed seriousness in addressing global climate change. Thank you also for making the White House Conference available to the public. I and another INEC leader, George Stone, were pleased to have the opportunity to attend the conference telecast in Portland, Oregon.

We believe strongly that the discussion on global warming need to be made even more accessible to the public and reach to a broader set of stakeholders. In the wrap-up discussion at the telecast site, many people expressed concern about the lack of emphasis in the conference on public education on global warming. Relatedly, lack of clear communication about the nature of climate change science was also a concern. Without such education, the group concluded that it would be difficult to adequately implement many of the measures under discussion to curb global warming.

Here in Oregon, INEC has taken the lead on distributing the World Council of Churches Global Climate Change petition. The petition urges the U.S. government to respond to the danger posed by global warming in the following ways:

- by fulfilling the promise of the U.S. at the 1992 Rio Earth Summit to reduce greenhouse gas emissions to 1990 levels by the year 2,000;
- by establishing firm policy measures and adopting a binding international agreement that will achieve greater reductions in emissions after 2,000 (by stressing renewable energy sources, energy efficiency, re-framed market incentives, new consumption patterns and conservation); and
- by initiating more forcefully public debate on the risks of climate change and maximizing public participation in exploring solutions.

The signers of these petitions also "declare our readiness to accept the consequences of reductions for society, economy and resulting greenhouse gas emissions."

On September 26 the Ecumenical Ministries of Oregon's Board of Directors endorsed the petition and urged its member denominations to "urgently distribute and publicize this

A Program of Ecumenical Ministries of Oregon

0245 SW Bancroft, Suite B Portland, Oregon 97201 503.221.1054

petition while deeply considering the implications of global climate change for justice, peace and the integrity of God's creation."

It is our hope that in the short time left before Kyoto, you will empower more public education on global warming. INEC will continue to educate the faith communities of Oregon on the issue and its profound moral implications. We look forward to working in partnership with our nation's government to increase public participation in debate.

Sincerely,

A handwritten signature in cursive script that reads "Jenny Holmes".

Jenny Holmes
Chair



'97 OCT 9 PM 6:58
THE BUSINESS COUNCIL
FOR
SUSTAINABLE ENERGY

1200 18th St., N.W. Ninth Floor Washington, DC 20036

FAX COVER PAGE

To: Todd Stern Fax: 456-2215	Date: October 9, 1997 Phone:
From: Lisa Jacobson	For Information Call: (202) 785-0507
Pages: 2 (including this one)	Fax Number: (202) 785-0514



**The
Business Council
for
Sustainable
Energy**

1200 18th Street, NW
Ninth Floor
Washington, DC 20036

Phone 202-785-0507
Fax 202-785-0514

October 8, 1997

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

Dear Mr. President:

As your Administration continues its preparations for the Kyoto conference, the Business Council for Sustainable Energy wants to reiterate several key points.

First, the most important thing that can come from the Kyoto talks—and from this Administration—is an unmistakable signal that this country and the developed nations are serious about reducing greenhouse gas emissions in the near term, such as 2005 or 2010. Discussions about initial budget periods that begin in 2020, 2030 or even 2040 fail to meet that criteria.

Second, recent information suggests that the Administration is reconsidering when to achieve 1990 emissions levels. The Council continues to believe that modest reductions below 1990 levels in the year 2010 can be achieved with existing technologies and services.

Finally, as credit trading mechanisms are considered, our confidence remains with the marketplace. Unwarranted intervention into that marketplace through artificial relief mechanisms, absent a better understanding of targets, timetables, budget periods, borrowing allowances and other variables only serves to muddle the core message: near-term action is important. We remain skeptical about recent proposals for a relief mechanism and question whether they move us any closer to an international framework.

You made clear on Monday that you want U.S. leadership in clean technologies. Sending diluted signals about the need for the marketplace to increase its efficiency is detrimental to that goal. The bottom line is that technology responses emerge when there are clear, persistent price signals. The current Administration proposal already includes budgets, borrowing, banking—all provisions that muddy the central message. Adding more provisos is not the direction in which this Administration should be headed.

The Business Council for Sustainable Energy will continue to offer its input to this Administration and the Framework Convention on Climate Change. Please do not hesitate to call on us if we can provide any information.

With best wishes,

Michael L. Marvin
Executive Director

cc: Vice President Al Gore
Robert B. Catell, Chairman and President, BCSE
Jim Wolf, Chairman, Climate Change Task Force, BCSE

'97 OCT 9 PM 7:37

SOUTHERN STRATEGY FOR AN ENERGY AND ENVIRONMENTAL RENEWAL

October 9, 1997

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

Dear Mr. President:

We, the undersigned, are individuals, elected officials, and organizations representing consumer, environmental, community, and business interests in the southern United States. Our collective concern is simple: we want the United States to support sufficient, mandated, and verifiable reductions in carbon dioxide emissions at the international conference on global warming in Japan in December 1997. **This international agreement should target a 20% reduction in carbon dioxide below the 1990 level by 2005.**

On July 24, you pointed out that "...the overwhelming balance of evidence and scientific opinion is that it is no longer a theory, but now a fact that global warming is for real...If we fail to act, scientists expect that our seas will rise one to three feet, and thousands of square miles here in the United States, in Florida, Louisiana and other coastal areas will be flooded."

Major southern coastal cities like Charleston, Miami, Mobile, Biloxi, and Galveston will be threatened by more extreme, severe and damaging weather events in the twenty-first century. Hurricane Andrew, which hit just south of South Florida's most populous area caused a record \$25 billion of destruction. New Orleans - already six feet below sea-level - would also be subject to failure of its levee system due to wave action from the Gulf of Mexico, a distinct possibility due to accelerated wetland loss from sea level rise.

Other global warming impacts that will be largely manifested in the southern United States include:

- increases, even epidemics, in now-controlled mosquito-borne diseases such as malaria, encephalitis, and dengue fever.
- destruction of productive fisheries, oysters beds, migratory duck reserves, and other habitat.
- increases in pestilence attacking pine and hardwood forests on national, state, and private land.

We believe the southern United States will suffer disproportionate damage from global warming vis-a-vis other national regions. We realize that some of this damage is self-inflicted: for example, the Tennessee Valley Authority and Southern Company are among the top emitters of carbon dioxide and other pollutants from burning coal in old, inefficient power

Page 2

President Clinton

September 26, 1997

plants while Texas is the top highest emitting state in the country. This is despite the fact that the southern United States could cost-effectively meet energy needs - while significantly reducing carbon dioxide emissions - by using our natural gas reserves, renewable resources and energy efficiency potential.

However, it is beyond dispute that state, or even regional action to reduce carbon dioxide will be meaningless unless done within the strictures of an *international* binding agreement among nations.

A wise man once said that "nations and people act wisely--after every other alternative is exhausted." Exhausting unwise alternatives before embarking on a program of meaningful reductions in carbon dioxide will condemn our children and grandchildren to life in a "greenhouse" world: full of weather extremes, rising national hostilities over resources, and increasing numbers of environmental refugees. This is a legacy we refuse to leave to future generations.

We urge you to protect the "bridge to the twenty first century" from being burned by global warming.

Sincerely,

Alabama Environmental Council
Alliance for Affordable Energy (IA)
Campaign for a Prosperous Georgia
Clean Water Network (TX)
Earthjustice Legal Defense Fund (LA)
Environmental Coalition (FL)
Environmental Defense Fund (TX)
Florida Consumer Action Network
Florida Sierra Club
Gulf Restoration Network (LA)
Rev. Dr. John Kamaras (FL)
Lake Pontchartrain Basin Foundation (LA)
Legal Environmental Assistance Foundation (AL,FL,GA)
Louisiana Legislative Commission on Climate Change (LA)
Louisiana Environmental Action Network
Louisiana League of Women Voters
Manasota 88 (FL)
New Orleans Citizens for Urban Trees
New Orleans League of Women Voters
New Orleans Mayor's Office of Environmental Affairs
New Orleans Mayor's Environmental Advisory Committee
New Orleans Mosquito Control Board
Osborne Companies (TX)

Project for an Energy Efficient Florida
Public Citizen (TX)
Seniors with Power United for Rights (LA)
Sierra Club Delta Chapter (LA)
Sierra Club Lone Star Chapter (TX)
W. Jape Taylor, M.D. (FL)
Dr. Paul Templet (Louisiana State University)
Tennessee Valley Energy Reform Coalition (AL,KY,MS,SC,TN,VA)
Texas Energy Coordinating Council
Texas Ratepayers Organized to Save Energy
Texas Sustainable Energy and Economic Development Coalition
United States Public Interest Research Group (TX)