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Chron Files: Monday, December 1, 1997 [2]

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RESTRICTION CODES

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THE WHITE HOUSE
WASHINGTON

ONE PAGE
12-1-97

November 22, 1997

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

CRIME/DRUGS: The FBI on Sunday will release the 1997 crime statistics. The statistics will show a continued drop in the rate of crime for the fifth consecutive year. We are releasing a Presidential statement commenting on the continued decline in the crime stats.

I continue to believe that the President should deliver a speech outlining what we as a nation have learned in the last five years in our efforts to combat crime. I asked Mark Kleiman from UCLA who is one of the leading criminologist in the country, to draft the attached memo on this concept. The speech would not make news that day, but would place a footnote down on the President's philosophy and would guarantee future credibility on the subject. Our problem now is that we have accomplished a great deal in this area, but all our work is programmatic and not philosophical. It would also start a debate on whether we are right or wrong; it should be controversial.

On Monday I am sitting down with General McCaffrey to review our border strategy and any ideas we could attach to the ISTEPA legislation.

EDUCATION: Paul, Bruce and I met to discuss new ideas for December and the State of the Union. We thought that the President could announce an effort to reduce classroom size which would include school construction and teacher testing funds. It would require local schools to adopt the national standards test, end social promotion, and public school choice. "New resources for new accountability." If we work it out, this could be the new idea the President announces in December.

Speaker Gingrich and GOP Governors have already made noises that they plan on addressing classroom size, teacher accreditation, and local school bureaucracies. Our policies and message have to address similar issues, but add the notion of accountability and responsibility.

TRADE: I suggested to Secretary Daley that he and Charlene announce a new effort to monitor and police existing trade agreements. As the trade deficit worsens there will be calls for some sort

THE PRESIDENT WAS SEEN

12-1-97

of action. There is a general belief that other countries take advantage of the trade agreements we sign and do not live up to their side of the bargain.

USTR and Commerce already dedicate a number of people to monitor existing trade agreements. I am suggesting adding a biannual report that would verify other country's compliance with agreements. This may help secure some votes on future trade legislation.

✓ **ACCOMPLISHMENTS:** Tom Janenda has sent out a memo to relevant agencies to develop a comprehensive accounting of the Administration's record. This report will answer the President's desire to have some documentation of the progress we are making on all our initiatives. My goal is to have the report ready by mid December.

✓ **BUDGET:** I think that Gene and Frank should go to the National Press Club and present the budget charts they presented the President the other day in the Cabinet room. They would not have to present all the charts, but enough to make the argument of how much progress we have made on attacking the deficit. I believe that this will begin to condition the press on the debate around the surplus. In addition, in a slow news cycle, like we are in now, this could make a good deal of news over the holiday weekend which is something that we need.

✓ **CAMPAIGN FINANCE REFORM:** We have the final draft of the letter from the President to the FCC ready for release this week. The letter would request that the FCC look into the issue of free broadcast time for candidates.

✓ **OTHER:** In the next two weeks the Wall Street Journal will conduct a 2000 person survey on a wide range of issues.

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To: Rahm Emmanuel
From : Mark Kleiman
Re: Targeted Zero Tolerance and Crime Control
Date: November 6, 1997

Central point:

Using only existing knowledge and resources, the country could have a much smaller crime problem three years from now than it has now.

The important new idea is "targeted zero tolerance," also known as "getting deterrence right." It can work at the neighborhood level, focused on the petty crimes that create the atmosphere for major crimes (e.g., some of Bill Bratton's initiatives in New York), or at the level of the individual offender or offender group (e.g., the Boston Youth Gun Project and coerced abstinence for drug-involved offenders).

Either way, the three keys are focus, communication, and follow-through.

Focus means picking specific behaviors for zero tolerance and, where possible, identifying the individuals or groups most likely to engage in them. Communication means telling those people precisely what won't be tolerated and precisely what will happen to them if the lines are crossed. Follow-through means delivering the promised sanction every time. This requires using the resources and powers of all the elements of the criminal-justice system: not just police, but probation, parole, prosecutors, courts, juvenile authorities as well; not just the locals or the feds, but everyone together.

Key organizing ideas:

Disorder makes neighborhoods vulnerable to serious crime. Controlling disorder prevents serious crime.

Most serious offenses are committed by a small number of people. Controlling their behavior is therefore essential. It is also feasible, precisely because they are so active and thus so vulnerable to enforcement focus. Multi-offending and

probation/parole status make high-rate serious offenders manageable, if the system works in a coordinated fashion to use those handles. That rarely happens now.

Deterrent threats need to be communicated to the people they are intended to deter, on an individual, "This Means You" basis where possible. The threat needs to be specific about what behavior will trigger a response and what the response will be. Arrests and sentences are very poor communications channels. Don't strike the rock, talk to the rock.

Most offenders are reckless and impulsive. Low-probability deferred threats of serious punishment sometime in the future bounce off them (otherwise they wouldn't be offenders). We need high-probability threats of immediate punishment; if we can deliver on those, behavior will change even if the punishments aren't severe.

The resources of the police and the rest of the criminal justice system can't deliver sanctions for every violation of every law by every person. But they can deliver effective zero tolerance for specified violations by specified people.

Controlling group offending (as represented by youth gangs) requires group-level accountability. Tell the whole group that if any member commits a specified act (such as shooting someone) the whole group will become a zero-tolerance target with respect to any offense, no matter how petty. Then let the groups control their own members.

A convincing threat can deter much more behavior than could actually be punished. How does the mythical Texas Ranger face down an angry mob when he has only one bullet left in his gun? By letting everyone know that the first one who steps forward will get shot. No one wants to go first.

Neighborhood version:

Crime is going down for many reasons: more cops on the street, more high-rate serious offenders in prison, good people in high-crime neighborhoods getting together to stop the carnage.

We're also getting smarter about controlling crime. Community-based, problem-oriented policing has penetrated more and more deeply into the daily life of police departments around the country, thanks in part to the community policing requirement attached to the COPS grants but in greater part to the growing understanding among police officers and the leadership of police departments that community policing is the best way to do the job of crime control.

One of the key ideas behind community policing is "fixing broken windows." By refusing to tolerate low-level acts of disorder (vandalism, graffiti, public drunkenness, retail drug dealing) and by cleaning up physical signs of decay, we can send a signal to all potential violators that this block, this corner, this neighborhood are not places where "anything goes." That turns out to have a powerful effect on serious crime.

But simply announcing a blanket zero-tolerance policy is an empty gesture, and all the offenders know it even if the pundits don't. There's no way any police department could make an arrest every time some local ordinance is violated, and if they tried the result would be to gridlock the courts. What Bill Bratton's troops did in New York was to focus on a few specific kinds of disorderly activity: some city-wide, like "squeegeeing," but most on a precinct-by-precinct basis. The choice of behaviors for local zero tolerance was made by precinct management, in consultation with neighborhood residents and business owners. In every case, the target behaviors were well-publicized in advance. The goal was not to maximize the number of arrests (that's the idea behind "sweeps") but to get the level of the targeted activity as close as possible to zero as quickly as possible, using the minimum number of arrests necessary.

This variety of targeted zero tolerance makes neighborhoods more crime-resistant. Learning how to make it happen is a central element of doing community policing well.

Offender/group version:

Most serious crime is done by a relatively small number of offenders. Most of them are active in a wide array of crimes, large and small, and many of them are on probation or parole when not in prison. Multi-offending and conditional release give the criminal justice system potential handles that can be used to suppress the serious stuff, but traditionally those handles haven't been used very well; the fact that the police think that a particular probationer is behind a string of robberies tends not to influence how his probation officer handles him. Just recently, practitioners have learned how to use them in a different version of targeted zero tolerance, and the results have been spectacular.

The Boston Youth Gun Project identified about 1300 juveniles and young adults in 60-70 gangs as being responsible for virtually all of the youth gun homicides in Boston. The gangs were called in, one-by one, as groups, for meetings involving the gang unit, the drug unit, the Department of Youth Services, probation, the District Attorney, the State Attorney General, the U.S. Attorney, and the DEA and BATF.

Each gang was given the following message:

1. We know who you are.
2. We know what you're doing, and most of it is illegal. You're playing hooky, you're violating your probation curfews, you're stealing, you're selling marijuana, you're drinking out of open containers, you're driving unregistered cars, whatever.
3. We can't stop all of you all the time.
4. We can stop any of you anytime we want. If all of us work together to enforce all of the laws and probation conditions you guys violate, you won't be able to function for a day. This doesn't mean we're going to violate your rights or harass you; it just means that every time one of you does something illegal he's going to pay for it. You won't have any fun or make any money.
5. Here are the rules: Nobody gets shot. Nobody gets stabbed.
6. If you violate the rules, we'll know. We know who is feuding with whom, and if someone from the Elm Street gang show up with a hole in him we'll know it was one of you Beech Street guys.
7. At that point, we're all over you like a cheap suit, and we won't let up until you say "uncle" and turn in all your guns.
8. There's no deal here: just a threat. As long as you keep doing illegal stuff, you're vulnerable to arrest or other sanctions, and we're not giving you a pass. But if you break the rules, we promise you'll pay for it.

After this series of meetings, there were two shootings (neither fatal). In each case the gang involved was identified and targeted. In each case, they eventually gave in and handed in their guns. The task force then went to all the adjacent gangs, explained that Gang X had broken the rules, been spanked, and had now knuckled under, and explained further that any act of aggression against Gang X would subject the gang responsible to the same treatment. This was perhaps the key move: making it safe to disarm.

One especially violent outfit that made it clear they didn't intend to comply was taken out by a DEA undercover operation that will have all its key players doing long federal sentences, except for the ones who wind up doing even longer state murder sentences based on one another's testimony.

There hasn't been a youth gun homicide; over that period, the expected number would have been more than thirty. Everyone is breathing easier; not only juveniles, but adults, are less prone to carry guns now that the gangs are no longer shooting up the town.

A similar program in Minneapolis, started this summer, has had similar results. At the individual-offender level, Lowell, Mass., targeted the sixty people most active in committing aggravated assaults, and the rate of that crime fell by two-thirds. An earlier, less formal project brought homicides in

the Chicago's Cabrini-Green housing project down from more than 100 per year to fewer than five. This isn't just a cute idea anymore; it works, and we know how to do it.

This approach is not an alternative to community policing. It assumes that the police have detailed knowledge of who is doing what to whom, a focus on problem-solving rather than arrest-maximizing, and a broad definition of their mission and their potential allies. All of these are characteristic of community-policing departments.

Coerced Abstinence for Drug-Involved Offenders

Reducing drug use and crime by drug-involved offenders on probation and parole by requiring abstinence from illicit drug use, frequent drug tests, and immediate sanctions for violations relies on the same logic as other targeted deterrence programs: specifying behavior to suppress, singling out a group to be forced to comply, and using certainty and swiftness rather than severity to control their behavior.

Administration role:

These programs don't usually need much outside money or manpower; the idea is to focus the resources already present. They do need, or at least benefit from, cooperation by the U.S. Attorneys and federal enforcement agencies, but that has been forthcoming. (Boston started out as a Treasury Enforcement initiative.) DC would be a good testbed, but not until it has a functioning police department.

It would be useful to have some funding for conferences, training, and, most of all, technical assistance. Small dollars, big impact.

But the real opportunity is to put the concept in the public eye, with everybody leading the cheers: the President, the AG, the VP, Louis Frech (maybe), Ray Kelly. "Getting deterrence right" puts some meat on the bones of being smart rather than just tough. Or rather, it shows how to be tough intelligently and compassionately, and elides the distinction between "enforcement" and "crime prevention" by using enforcement to prevent crime.

Lots of outside people would happily sing in the choir: Bratton himself, who would love some opportunities to get back into the national media, Paul Evans, the Boston Police Commissioner, other police chiefs and prosecutors, mayors like Rendell in Philadelphia and Goldsmith in Indianapolis, academics such as Blumstein, Wilson, and DiIulio. This stuff, especially the Boston story, makes great press and could generate lots of columns, talk shows, etc., if the Administration helps give it a high profile. Jeremy Travis at NIJ would gladly help on the research

and research-promotion end. (I've got a panel on the topic at the American Society for Criminology meetings in San Diego two weeks from now, and can help lay the groundwork.)

A very ambitious version of this could involve a White House Conference on Crime Control where the new gospel would be preached. The point would be to say that crime control is no longer something that would be nice if we could get it; it's now available if we just do what we know how to do. One result would be to leave the pure lock-'em-up types on the Hill looking shrill and irrelevant.

Given that crime control is possible, it gets to be the centerpiece of any serious assault on urban poverty. Of all public services, protection from serious crime is the most unequally distributed by race and class, and the level of crime risk in urban poverty areas is one major reason why jobs there have been disappearing for a generation. As long as there wasn't anything sensible to do about it, there was no point explaining how nice crime control would be if we knew how to do it. But now we know.

Declining crime numbers make a good context for this, but we shouldn't bank too heavily on them. What goes down may come back up, and the demographics over the next decade are strongly against us. The best use of the good news is to make some political space for really intelligent crime control policy.

Behind Korea's Plunge

By Alice H. Amsden and Yoon-Dae Euh

South Korea has competed brilliantly in basic industries like steel and semiconductors, and has moved ahead quickly in high technology. Yet financial markets are teetering, the Korean currency has nose-dived, and International Monetary Fund officials are considering South Korea's request for a \$20 billion bailout loan.

Economic experts have blamed too much Government regulation and oversight for South Korea's problems. But it isn't that simple. When the Government controlled the financial markets in the 1970's and 1980's, Korea's growth was stupendous. Not until the early 1990's, when financial markets were deregulated, did the economy sink. Indeed, it was the Government's decision to allow banks and other financial institutions to borrow and lend without interference that created the current crisis.

In the 1970's, the Government decided how many financial institutions could exist and what they could do. But in the 1980's the world's leading financial institutions expanded internationally, and, in order to compete, South Korea had to loosen its rigid controls. The Government allowed banks to have more say on interest rates and to have overseas operations.

But the Government went too far. In 1995, South Korea made a Faustian bargain with the United States. In exchange for membership in the prestigious Organization for Economic Cooperation and Development, it agreed to loosen almost all controls on financial institutions, both international and domestic.

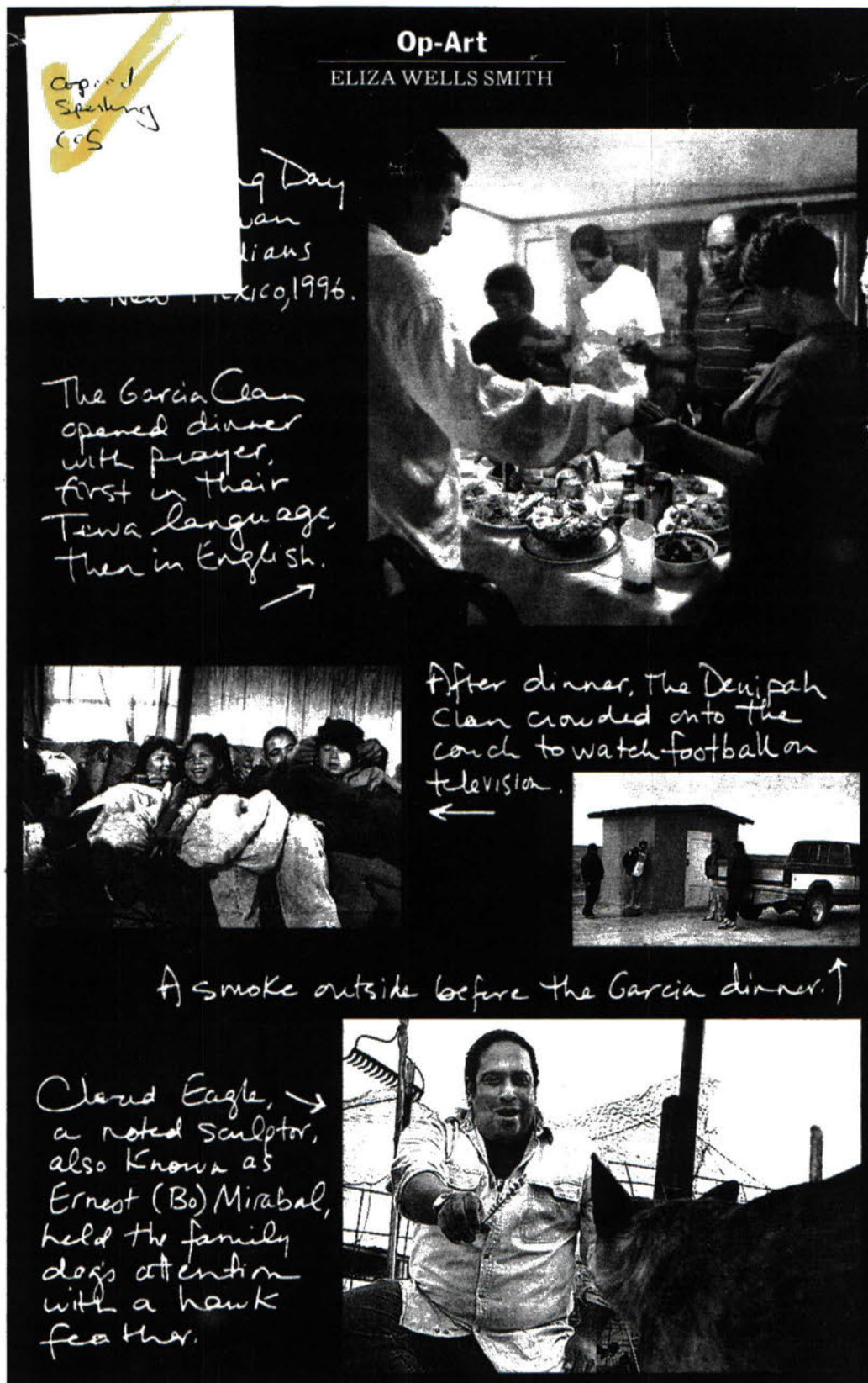
Foreign banks were no longer barred from buying and selling large amounts of foreign currency; that enabled them to speculate against the Korean currency, the won. The result? When Southeast Asian currencies fell this year, the won also weakened, but speculation made the currency's slide even more dramatic.

South Korea also didn't monitor its own banks as they ventured farther afield. Merchant banks, which can engage in most financial transactions, lent recklessly. They took out loans from international institutions, but gave out loans to risky ventures, like finance companies in Southeast Asia. When many of these businesses went bust earlier this year, South Korea's merchant banks were stuck with bad loans totaling \$3 billion.

The Government's looser restrictions on manufacturing companies were also harmful. Companies became free to take out loans from foreign banks — and many of them overindulged. They borrowed lots of money, yet they didn't turn these loans into sensible long-term investments. The companies defaulted on loans, partly because the won had weakened.

These bad loans helped create a

Alice H. Amsden is professor of political economy at the Massachusetts Institute of Technology. Yoon-Dae Euh, a professor of international finance at Korea University, is a former member of South Korea's Monetary Board.



Op-Art

ELIZA WELLS SMITH

The Garcia Clan opened dinner with prayer, first in their Tewa language, then in English.

After dinner, the Denipah Clan crowded onto the couch to watch football on television.

A smoke outside before the Garcia dinner.

Cloud Eagle, a noted sculptor, also known as Ernest (Bo) Mirabal, held the family dog's attention with a hawk feather.

crisis for South Korea's entire commercial banking system. Not only were companies unable to pay back their foreign loans, but they couldn't pay back their old loans to South Korea's commercial banks, either.

The pitfalls of rapid deregulation.

When word got around that some financial institutions were failing, there was an old-fashioned run on the banks. Businesses and individuals withdrew their money, and banks were forced to call in their loans to companies that were highly leveraged

but profitable. These companies were innocent victims; because of the panic, they went bankrupt.

Hoping to avoid future crises, international economists and regulators are calling for an overhaul of South Korea's manufacturing and financial sectors. Certainly, the Government must reform its banking system and revamp some of its industries.

But the crisis also shows that the United States, acting out of self-interest, was wrong to push the South Korean Government to open up its financial system so quickly. The Government and its financial institutions didn't have time to develop adequate ways to control and monitor this brave new world. As the international experts set the terms for South Korea's bailout, they would do well to remember this mistake.

This week Mobil is donating its s

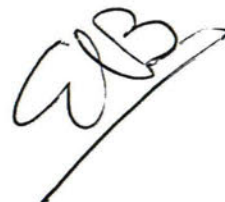
Education

A month ago, during the week of 150 American leaders—from Atto: Janet Reno to "Melrose Place" s Shue, from Henry Kissinger and f York City Mayor David Dinkins to utives like Lou Noto (Mobil), Ha (American Express) and Paul Allair participated in Teach For America taught a class in an urban or Some shaz

In America

BOB HERBERT

THE PRESIDENT HAS SEEN
12-1-97

A handwritten signature in black ink, appearing to be 'WB' with a long diagonal stroke extending from the bottom right.A yellow highlight mark, resembling a checkmark or a large 'L', is placed over the text.

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12-1-97

Investment Fraud Is Soaring Along With the Stock Market

By LESLIE EATON

Continued From Page 1

The surging stock market has spawned widespread investment fraud across the country, with New York as the epicenter of the problem, according to law enforcement officials and securities regulators.

The fraud involves the sale of marginal companies' low-priced stocks to amateur investors who are besieged by telephone sales calls. While the victims are usually told that the company in question is the next Microsoft or McDonald's, the shares they buy often turn out to be worthless.

Americans lost \$6 billion through this kind of fraud in 1996, according to state securities regulators, who report that complaints about stock-market swindles are up 25 percent through midyear. At the Securities and Exchange Commission, complaints about unsolicited sales calls from brokers — known as cold calls — increased 37 percent in 1996, while total complaints rose 10 percent.

In New York, which is home to many of the brokerage "boiler rooms" that push phony stocks, complaints about brokers jumped 40 percent last year, to 3,100, and are running at an even higher rate this year, said Andrew Kandel, chief of the securities bureau for the State Attorney General, Dennis C. Vacco.

Law enforcement officials are becoming concerned that con men, swindlers and even violent thugs are turning to what they see as easy pickings in the stock market. Last week, the United States Attorney in Manhattan indicted 19 people, including some described as senior members of two of New York's organized crime families, on charges that they defrauded investors in seven states out of millions of dollars.

Wall Street has always had a dark side, and stock swindlers still represent a tiny fraction of the securities industry.

But the size and scope of fraudulent activity appears to be soaring along with the stock market, which has given investors unprecedented

financial gains in recent years, just as more Americans than ever are investing in the market. Just this year, the broad stock market has climbed almost 30 percent, despite the recent turmoil in markets around the world; historically, stocks have risen about 10 percent a year.

The shares of some small, young, sometimes money-losing companies have soared even higher, particularly new issues for technology companies, where returns of as much as 350 percent in just a few months are not unheard of. Publicity about such hot deals has increased Americans' interest in making such investments — along with their gullibility.

"There's so much money in the stock market, and so much psychology that everything will go up, that people are much more predisposed to throw dollars at get-rich-quick schemes," said William R. McLucas, director of enforcement for the Securities and Exchange Commission, which has set up a task force to consider ways to root out fraud in the small-stock marketplace.

The commission is not alone. Regulators from states across the country have banded together to go after New York's stock-pushing telemarketers, who are also under increasing scrutiny from the National Association of Securities Dealers.

Both Congress and New York's Attorney General have held hearings this year on stock fraud; this week, Mr. Vacco is expected to release a report calling for changes in state laws and securities-industry regulations to make it easier to crack down on swindlers. Those changes are supported by industry giants like Merrill Lynch.

Prosecutors have recently filed an unusual number of criminal cases against people they accuse of organizing small-stock scams. At the United States Attorney's office in Manhattan, traditionally the most active in the securities area,

Wall Street-related indictments have almost doubled in the last year, and many of those relate to boiler rooms, bribery and racketeering in the small-stock arena.

Historically, penny-stock fraud occurred mostly in the Western United States, where brokers based in Denver and Salt Lake City sold worthless mining and energy shares. In the booming stock market of the 1980's, this kind of scam moved to both coasts, where swindlers set up shop in places like Boca Raton, Fla., and San Diego.

But in the late 1980's, prosecutors and regulators focused more on the collapse of the junk bond market and crimes like insider trading.

Only recently have they been forced to turn their attention to the boom in small-stock fraud, which has been fed not only by the soaring stock market and Americans' increasing interest in investing but also by the rise of low-cost telecommunications and technology like the Internet, which make stock promoting easier and more efficient.

Even people who describe themselves as experienced investors have been taken by New York con artists. Take, for example, Fred Gelger, a construction executive in Tampa, Fla. It was only after he sent the \$5,600 check to the stockbroker in New York that Mr. Gelger became suspicious about the bro-

Continued on Page 46

The New York Times

SUNDAY, NOVEMBER 30, 1997

kerage firm, Paramount Capital Management, that had sent him a glossy brochure.

When he could not find any evidence that the company he thought he was investing in planned to sell shares to the public — among other things, it had not filed the necessary papers with the S.E.C. — Mr. Geiger asked a friend of his wife to drop by Paramount's offices on Broadway near Wall Street. What he found was "an office with two desks and two phones, Yellow Pages and Fedex envelopes," Mr. Geiger told regulators in early November. "I think it could be a possible scam."

The S.E.C. agreed, and on Nov. 19 got a judge to freeze the bank accounts of Paramount Capital, which appears to have been set up by a 20-year-old who had worked briefly at three small brokerage firms.

Complete fictions like Paramount Capital Management are not uncommon. Over the summer, Mr. Vacco's office closed an outfit calling itself Concorde Capital, which was operating out of a one-bedroom apartment on Hanover Square in Manhattan. Five people, including two convicted felons, were arrested; one has pleaded guilty to six felonies.

Another problem is what regulators call a "pump and dump." In these cases, stock promoters — often disbarred lawyers or brokers who have lost their license — gain control of most of the shares of a marginal or struggling business. Then they hire people to help drive up the price of the stock. A public relations firm may receive free shares in exchange for issuing glowing press releases about the company and its prospects. An "analyst" may recommend the stock in a newsletter, on the radio or over the Internet, also in return for free stock, which he would sell when the price started to rise.

Investors buy these phony investments from aggressive salesmen who usually describe themselves as senior executives of legitimate-sounding firms with Wall Street addresses. In fact, those addresses

turn out to be dingy offices, one-bedroom apartments or even mail drops. And the "executives" are young men with high school educations whose only training is in the hard sell and whose previous jobs may have been at pizza parlors or tire stores. They receive huge commissions, known in the business as "grease," which may take the form of stock, cash or even drugs. (Federal prosecutors in Brooklyn filed a case earlier this month against a convicted drug dealer who the authorities said recruited would-be brokers on the subway and rewarded them with marijuana.)

But the big profits from this business go not to the brokers but to the organizers, who sell their shares

and launder money.

And there is the case of Stron Oakmont, which was expelled from the securities industry last year because it posed "an ongoing risk to the investing public," the securities dealers association said; the firm had compiled a regulatory rap sheet going back to 1989.

One Florida investor, a semi-tired businessman who spoke on the condition that his name not be used, said he and his family had lost several million dollars by investing with a stockbroker at a firm that specialized in initial public offerings of small stocks. At first, his investments appeared to be making money, the investor said.

But last summer, some of the stocks started to fall — and the broker talked him out of selling. "He kept saying, 'No, that's the biggest mistake you can make. I know what's going to happen. There will be big announcements,'" the investor said. The announcements never materialized. The investor has since discovered that many of the stocks were sold by regulators to have been manipulated. He believes the broker churned his account to receive big commissions.

Regulators urge prospective investors to check out people who try to sell them investments by calling state officials or the regulatory division of the National Association of Securities Dealers, which keeps records of complaints about brokers and disciplinary histories.

Investor advocates also recommend ignoring brokers' pleas, threats or claims of once-in-a-lifetime opportunities for those who send money right away. They also suggest that investors insist on receiving the legal documents — a prospectus or registration statement — that describe a company and its securities.

Investors should also trust their instincts, said Mr. Geiger, the investor who tipped off the S.E.C. "Probably somewhere back in my mind, early on, I felt something was wrong," he said. "I should have gone with my gut."

'People are much more predisposed to throw dollars at get-rich-quick schemes.'

once the price starts to rise. In the mob-related case brought recently in Manhattan, promoters made \$1.4 million by selling shares they drove from pennies to \$3 a share, the authorities said.

The biggest problem for regulators, however, may be the large operations that on the surface appear to be legitimate brokerage firms, which they sometimes were before the con men took them over. These firms often make enough money that they consider even multimillion-dollar fines merely a cost of doing business.

Earlier this year, the Federal Bureau of Investigation raided Sterling Foster & Company, which the National Association of Securities Dealers says made \$53 million in 14 months by defrauding investors. An executive of the firm recently pleaded guilty in Manhattan to conspiracy to commit securities fraud

The New York Times

SUNDAY, NOVEMBER 30, 1997

2/2

THE PRESIDENT HAS BEEN

Secretary
 August 11, 1997
 about this - the

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 Berger
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Afghan fields already growing half of world's '98 opium

By Kurt Schork
 REUTERS NEWS AGENCY

LASHKAR-GHA, Afghanistan — Seeds for half the world's 1998 opium harvest are already germinating in the fields of Afghanistan despite pledges by the fundamentalist Taliban authorities to eradicate opium-poppy cultivation.

For the moment, at least, farmers in Helmand province in southwestern Afghanistan, the country's richest opium-growing area, are not as worried about a government ban on the crop as they are that birds will eat poppy seeds they have just sown.

Strips of white plastic tied to stakes flutter in the breeze along the perimeter of Haji Agha Mohammed's two small plots outside Lashkar-Gha.

And just in case the pennants are not enough to frighten the

birds away, he has assigned two of his younger sons to act as human scarecrows by scampering about the fields.

"We have sown the seeds. There is nothing to do over the winter except to protect the crop," the 60-year-old farmer said.

If all goes well, Haji Agha and members of his family will move through the field next June scarring ripe opium bulbs with special knives and scraping off the gum oozing out.

The raw opium will be sold to local traders and smuggled over a labyrinth of trails into neighboring Pakistan, Iran and Turkmenistan by camel, donkey, truck and foot.

Dried and refined into heroin in laboratories along the way, most of the product will end up in the United States, Europe or Pakistan, where there is a large addict population.

U.N. officials say opium was a minor Afghan crop until war and drought disrupted supplies from the Golden Triangle in the 1970s.

A small tenant farmer with 23 dependents, Haji Agha cleared \$5,000 on his 1997 opium crop, a good living in a country where the average per capita income is \$100 annually. As a result, he planted even more land in opium poppy for next year.

The United Nations' new drug czar, Pino Arlacchi, whose reputation as a crime fighter springs from successful battles against the Mafia in his native Italy, plans to stamp out opium production in Afghanistan over five years, and around the world in 10.

"In Afghanistan, it is a matter of helping the Taliban do something they want to do anyway as strict Muslims," Mr. Arlacchi, director of the U.N. International Drug Control Program, told reporters during a visit to Helmand this week.

"The key is to mobilize resources from the international community to provide farmers with the irrigation, seed, fertilizer and machinery they need to raise alternative crops."

Foreign reluctance to invest in a country still divided and at war, grave reservations about the

Taliban's human rights record and resistance from well-entrenched criminal elements make Mr. Arlacchi's plan a long shot at best.

Anxious to convert skeptics, Mr. Arlacchi points out that Helmand was once Afghanistan's breadbasket by virtue of a massive irrigation system built by the United States in the 1960s. Thanks to the Cold War, what had been desert suddenly sprouted with wheat, cotton, vegetables and fruit.

While opium poppy was always grown in Helmand and elsewhere in Afghanistan, U.N. officials say it was a minor crop until war and drought disrupted opium supplies from the Golden Triangle in southeastern Asia in the 1970s.

When the Soviet Union invaded Afghanistan in 1979, anti-communist mujahideen fighters turned to opium cultivation and heroin production to help finance

their war.

In Helmand, neglect and nearly two decades of war, first against the Russians and then among Afghan factions, have left the once-magnificent irrigation system in a shambles.

The main Bughra Canal is clogged with silt, and many of its sluice gates are damaged and inoperative, as are subsidiary canals and ditches distributing water to individual plots.

"Repairing our irrigation system is the main thing because right now it is dry in the summer and I can only grow one crop," Haji Agha said.

"With water and better seed and some machines and fertilizer, I could plant two crops every year. I would grow wheat or cotton or maize, not opium. I could plant more land and make more money with less work."

The Washington Times
 SUNDAY, NOVEMBER 30, 1997

copied

Hilley
Reed
Sperting
Kagen
COS

THE PRESIDENT HAS SEEN
12-1-97

THE WHITE HOUSE
WASHINGTON

See my letter
cc: Reed (Sperting/Kagen)
NOV 26 PM 2:10

November 26, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN HILLEY *John Hilley*

SUBJECT: LEGISLATIVE OUTLOOK FOR THE SECOND SESSION OF THE
105TH CONGRESS

This memorandum highlights significant legislative issues likely to be considered during the second session of the 105th Congress--those that were under consideration in the first session of the 105th Congress or might receive significant legislative attention prior to the 1998 elections.

1. Budget Issues

Appropriations: The 1999 appropriations bills will be constrained by the discretionary caps adopted in the Balanced Budget Agreement. The 1999 caps, which contains a "firewall" between defense and non-defense funds, provide for a slight increase over 1998 levels (an additional \$2.8 billion in budget authority for defense and an additional \$3 billion for nondefense).

A Bosnia supplemental bill is expected early next year. This will become the first appropriation vehicle and may be used to revisit 1998 appropriation issues and for other purposes.

Budget Surplus: Shortly after the balanced budget agreement was signed, some members of Congress turned their attention to the intended use of the budget surplus. For some of these proposals, "budget surplus" had been defined as the \$135 billion five year difference between the revenue projections at the time of the bipartisan budget agreement and CBO's latest projections. Others define "budget surplus" more traditionally, as the period in which revenues exceed outlays. Four major purposes for the surplus have been discussed: 1) federal debt reduction; no further legislative action would be required (Senator Moynihan); 2) tax relief (Representative Boehner, with 32 cosponsors including Majority Leader Armey); 3) additional spending on highways or other purposes (Senator Byrd, Senator Warner, and Representative Shuster); and 4) a combination of the above (Representative Neumann). This issue will be vigorously debated in the context of the 1999 budget resolution next year.

~~70-65-30-35~~

Military Construction Line Item Veto Override: The House passed (352-64) and the Senate adopted by unanimous consent a disapproval motion fully overturning your line item vetoes of 38 military construction projects. Upon return, Congress will likely take up your veto of the motion of disapproval unless a negotiated solution is achieved before then.

2. Taxes

Tax Cuts: While Republicans will be constrained by the budget, Speaker Gingrich has said that he would like the Congress to enact a tax cut every year. Some potential proposals include: repeal of the capital gains tax; increasing the exemption on the estate tax; and possible repeal of the marriage penalty tax. *Not a rebuttal -*

Tax Simplification and Reform: The Republicans' strategy for IRS and taxes is expected to include dispensing with the income tax and substituting either a flat tax or some form of a national retail sales tax. House Majority Leader Armer and Representative Tauzin are currently promoting their individual tax code proposals. Armer favors the flat tax, while Archer and Tauzin are strong proponents of the national sales tax.

Minority Leader Gephardt has proposed a plan which is essentially a variant of the 1986 Tax Reform Act in which many exemptions and deductions would be eliminated and rates would be lowered. At this point, there is no announced agenda for Congressional consideration of these tax proposals.

IRS Reform: Passage of the House-passed and Administration-endorsed version of the IRS restructuring legislation has been slowed by Finance Chairman Roth. Roth has announced plans to hold additional hearings, suggesting he is unsatisfied with a number of the proposals, and promised to produce his own version of the bill sometime "early" next year. Senators Kerrey and Grassley have introduced legislation that falls somewhere between the House version and the Administration's original plan.

3. Education

National Standards and Testing: The FY98 Labor/HHS Appropriations bill provides the NAGB with authority over developing and administering national exams. While field testing will not proceed until FY99, the Department of Education has provided the Board with \$16 million in discretionary funds to begin the development of these exams and has proposed a 5 year, \$65 million contract for the future development and administration of national exams. The ability to go forward with pilot tests in 1999 is not restricted by the need for authorization. We anticipate challenges to our current approach from conservative Republicans as well as some Members of the Black and Hispanic Caucuses.

This NAGB reauthorization will provide an opportunity for Chairman Goodling to revisit the issue of the national test in his House Education and the Workforce Committee. The

makeup of the Committee is such that the test could have a difficult time making it through without significant limitations. Senate Committee Chairman Jeffords supports the test but he will most likely wait for Goodling before he proceeds.

America Reads: Shortly before adjournment, the House passed H.R. 2614, Chairman Goodling's literacy authorization bill. The Administration supported the legislation in the interest of moving a bill forward despite concerns about voucher language. Senators Jeffords and Kennedy have made a commitment to Secretary Riley to develop a bipartisan Senate bill next year.

*show
proof
to you*

Charter Schools: The House passed H.R. 2616, the Charter Schools Amendments Act authorizing \$100 million in FY98, nearly double the \$51 million provided in FY97. The measure would channel appropriations to states that provide charter schools a high degree of autonomy over their budgets; increase the number of charter schools; and conduct reviews to determine whether charter schools are meeting or exceeding academic requirements and goals. The bill awaits Senate action.

School Vouchers: The Coverdell/Archer K-12 IRA proposal which was defeated last year in the Senate may resurface in the second session. This proposal would allow taxpayers to make tax-free withdrawals from education IRAs to pay for elementary or secondary school expenses, and also increase the maximum annual IRA contribution from \$500 to \$2,500 per beneficiary. The withdrawals could be used to pay for tuition, fees, tutoring, special needs services, books, supplies, equipment, transportation and supplementary expenses required for the enrollment or attendance at a public, private religious, or private nonsectarian school, or for home schooling. A growing number of Senate Democrats support some version of this legislation.

Higher Education Reauthorization: Authorization for the Higher Education Act, which provides for federal student aid, among other things, expires in FY98. The Administration has been sending its legislative proposals to the Hill in sections with almost all items slated to arrive by the end of December. A few major items might be held back if they can be announced at the State of the Union Address.

4. Environment

Superfund: Republicans continue to indicate that Superfund reform will be legislative priority next session. In the week prior to the recess Commerce Subcommittee Chair Mike Oxley (R-OH) introduced a bill with seven Democratic sponsors (mostly Blue Dogs) and stated his intentions to hold hearings early next year. Transportation Subcommittee Chair Sherwood Bohmert (R-NY) shares jurisdiction and has a bill which he intends to mark-up early next year. The Senate has been in ongoing bipartisan negotiations but those discussions broke down late in the year. There may be an effort to revive these discussions based on progress in the House. The Administration supports Superfund reform and has a set of principles which represent our position. The issue of polluter liability remains the key stumbling block.

Nuclear Waste Policy: The House approved (307-120) H.R. 1270, the Nuclear Waste Policy Act of 1997 during the first session. You will veto the measure because it would undermine the credibility of the Nation's nuclear waste disposal program by designating a specified site for an interim storage facility before the viability of the site as a permanent geological repository has been assessed. Additionally, the House passed version of the measure does not contain adequate budgetary offsets: if the bill were enacted, a sequester of mandatory spending would occur in each of FY99 through FY2001. The Senate passed the bill (65-34) with a sufficient number of votes to sustain your veto. The two houses are likely to go to conference in the second session.

Climate Change: If an agreement is reached in Kyoto in December, 1997, the treaty will need to be ratified in the Senate. If implementing legislation is sent to the Hill with the treaty, it could be 1999-2001 before consideration of ratification is possible. The FY98 Energy and Water Appropriations bill provides a \$35 million funding increase for the alternative energy programs of DOE that are efficient and reduce the emission of climate change gases. This increased funding is consistent with your climate change proposal and includes such programs as solar power and alternative fuel research.

PM/Ozone: Under the Small Business Regulatory Enforcement Act (SBREFA), the Congress will have the right to consider legislation overturning the rules well into 1998. In the House, Representatives Ron Klink and Fred Upton have introduced legislation. The Republican Leadership, however, is unlikely to bring the legislation up for a vote. House supporters of the Administration's position claim to have a veto-sustaining margin.

American Heritage Rivers: Representative Chenoweth (R-ID) introduced a bill which terminates further implementation of the American Heritage Rivers Initiative. The measure was cleared by the House Resources Committee and should be vetoed in the unlikely event it passes both Houses.

Endangered Species Act Reauthorization: The Administration has indicated support for the ESA reauthorization in testimony before the Environment and Public Works Committee. The bill codifies many of Secretary Babbitt's new policies in the management of endangered and threatened species, including exemption for small land owners, greater management flexibility for the DOI Secretary, procedures for delisting a species, a "no surprises" protection for the property owner using a Habitat Conservation Plan for threatened and endangered species, and liability protection for private land owners who voluntarily enter into protection agreements.

Regulatory Reform: Led by OMB, CEQ, and Legislative Affairs, the Administration has worked with Senators Glenn, Levin, and Thompson on their bipartisan draft legislation. Conservative Republicans have already complained that the draft does not adequately limit agency discretion in rulemaking or sufficiently streamline the rulemaking process. Groups on the left, principally environmental, argue that the draft bill hamstring the Administration in its ability to protect health and safety. If the Administration's concerns

are addressed and we can support the measure, the bill should pass with broad bipartisan support.

Takings Legislation: H.R. 1534, sponsored by Congressman Gallegly, would greatly narrow both Federal ripeness and abstention doctrines with respect to takings law, thereby allowing real estate developers to seek relief in Federal court if state and local courts prove unfriendly. The measure was strongly opposed by the Administration which successfully worked to solidify Democrats and pro-environment Republicans against the bill. The resulting House floor vote of 248-178 represents a strong bipartisan veto-sustaining margin that significantly strengthens our prospects of defeating the measure or striking an acceptable compromise in the Senate.

5. Health

Consumer Bill of Rights: During the week of November 17, you endorsed the “consumer bill of rights and responsibilities” recommended by the Advisory Commission on Quality and Consumer Protections. There are already a number of consumer protection bills on the Hill that have received broad, bipartisan support. The bill that has received the most attention was introduced by Congressman Norwood (R-GA) and already has over 205 cosponsors in the House, including over 85 Republicans. Senator D’Amato has introduced a companion bill in the Senate. The Norwood/D’Amato bill differs from the Quality Commission in some areas, particularly those that focus on provider protections. Some of these provisions could notably increase the cost of health plans. For example, their bill requires a mandatory point-of-service option which would raise premiums for health plans that do not currently offer this option.

In addition, Congressman Dingell and Senator Kennedy have introduced companion bills, which emphasize consumer (more than provider) protections. Senator Jeffords has indicated his intent to introduce a bipartisan bill with Senator Kennedy, which is much more likely to reflect many of the Quality Commission’s recommendations. Senator Lott is pressuring Jeffords not to introduce a bill on this issue; however, the Administration remains cautiously optimistic that progress will be made.

Child Nutrition Act Reauthorization: This Act will expire in 1998. USDA is drafting legislation providing the authority for school lunch, school breakfast, child and adult care, and other child nutrition programs. The legislation will provide local cooperators with increased resources to reach unserved populations; simplify program operations and education opportunities; and make significant reductions in the reporting and record-keeping burdens currently associated with child nutrition programs.

Medicare Subvention: Both the House and Senate Committees on Veterans Affairs passed a bill that would allow for a three year demonstration project in which certain veterans could choose to use their Medicare benefits for health care at VA hospitals, allowing Veterans Affairs to be reimbursed by Medicare. The bill was referred to the Senate Finance Committee and the House Ways and Means Committees respectively

because of jurisdictional oversight of Medicare. The bills have not been acted on in either Committee. Representative Thomas opposes the bill because he does not want the Medicare trust fund to pay for veterans health care. This bill may see action in the House early next spring, with the Senate to act thereafter.

Food Safety Enforcement: The Administration has submitted a bill which would provide the Secretary of Agriculture with the authority to issue mandatory recalls of adulterated food products, impose civil fines against companies that repeatedly violate food safety regulations, and require companies to notify the Department when they initiate a product recall. The Senate Agriculture Committee held a hearing this fall, but came to no resolution.

6.

Crime

How many more on imported food?

Juvenile Justice Reform Legislation: Senate Majority Leader Lott has already indicated that S. 10, juvenile justice reform legislation, will be one of the first bills on the Senate's agenda next session. The measure as reported by the Senate Judiciary Committee provides for a number of reforms in the prevention, enforcement and punishment of juvenile crime. The House has already passed a much narrower bill but it is expected that a House-Senate conference on the bill will produce a comprehensive measure. It is likely that many key Administration priorities including: increased funding for state and local courts and prosecutors; tougher penalties for those who use juveniles to commit drug and gun crimes; and better protections for witnesses and victims of juvenile crime will be included in the final legislation. More problematic will be winning meaningful juvenile crime prevention funding.

This report from Houston front center!!

Victims Rights Constitutional Amendment: Senators Feinstein and Kyl will likely renew their push to amend the Constitution. The Department of Justice has been leading the negotiations on the Hill on behalf of the Administration. While the idea has popular appeal, the momentum has been tempered by Members' reservations about amending the Constitution. Chairman Hatch has been extremely cautious in his approach to this matter.

7.

Government Reform

Campaign Finance Reform Legislation: Earlier this fall, the Senate leaders agreed to take up campaign finance reform legislation by early March. Under the agreement, Senators McCain and Feingold will be allowed to offer a bill or amendment for an up or down vote as an amendment to a Senate Republican campaign finance bill that will be drafted early next year. Following the vote on the McCain-Feingold substitute, further consideration of this and any other modification would potentially face a filibuster.

In the House, the Republican leadership has agreed to consider campaign finance reform legislation on the House floor in February or March, without a commitment on which bill might be brought to the floor. Congressman Shays is circulating a campaign finance discharge petition in the House which currently has almost 190 signatures as "an

insurance policy" to guarantee that the Republican leadership allows a House vote on a bipartisan, consensus reform bill.

Within the context of the campaign finance reform debate, Republicans can be expected to push two contentious provisions: 1) language requiring union members to affirmatively consent to having their dues used for political activities (the so-called Beck issue); and, 2) provisions that would require voters to prove their citizenship at the polls (also known as voter fraud prevention).

White House Chief Financial Officer Legislation: H.R. 1962, sponsored by Congressman Horn, would require the President to designate a Chief Financial Officer (CFO) in the Executive Office of the President. The bill as originally introduced was seriously flawed. It has since been successfully negotiated by the Administration to give the President full discretion in determining the appointment, the duties, and the placement of CFO within the Executive Office of the President. The Senate may consider the measure early in the next session.

8. Social Issues

Haitian Refugee Relief Legislation: It became clear during recent Congressional consideration of legislation to provide relief to certain Central American immigrants that comparable relief should be provided to similarly situated Haitian immigrants. Bipartisan legislation was introduced in the both the House and the Senate to provide amnesty for many of the Haitians who fled civil unrest in Haiti during the early 1990's. The Attorney General has agreed to refrain from deporting any Haitians covered by the proposed legislation until Congress has a chance to act on the measure.

Tobacco Initiative: Hearings were held in both the House and Senate during the fall. Any tobacco bill will have to make its way through a tangle of overlapping committee jurisdictions and agendas. At least six committees in the Senate and four in the House can lay claim to some piece of this legislation, and dozens of members in both parties have a longstanding interest in tobacco from the standpoint of reducing teen smoking or protecting tobacco farmers.

Affirmative Action: During the first session, legislation (H.R. 1909) sponsored by Congressman Canady eliminating all federal affirmative action programs was tabled in Committee as a result of the Administration's work with Committee Democrats and outside interest groups. It is almost certain that Republicans will push for its consideration again next year. The House Republican Leadership, however, will have to significantly narrow the scope of this legislation to appease Republican moderates if they want to move the bill forward. Such a move could cause conservative Republicans to abandon the effort altogether.

Employment Non-Discrimination Act: The Administration's strong support for this legislation has given its proponents on the Hill renewed momentum. It has also given the opposition on the right another issue to rally around. Senators Jeffords, Kennedy, and Lieberman remain firmly committed to trying to move this bill next session.

School Prayer: The House Judiciary Constitution Subcommittee has marked up a proposed constitutional amendment on religious freedom that would secure that right to pray "on public property, including schools." The full House Judiciary Committee is likely to consider and report out the measure next spring. The measure is strongly opposed by both the House Democratic leadership and many rank and file Democrats which should ensure that the measure will fail to receive the necessary approval of two-thirds of the House.

Flag Burning: Earlier this year the House overwhelmingly passed a proposed constitutional amendment that would allow Congress to prohibit the physical desecration of the United States flag. The measure is currently pending in the Senate where supporters admit they are short of the necessary two-thirds for passage. It is likely, however, that the Senate Republican leadership will want to schedule a vote prior to the election.

9. **Business Issues**

Products Liability Reform Legislation: The Administration has successfully negotiated with Senator Rockefeller a narrowly-crafted reform bill that is consistent with objections raised in your veto of the products liability reform legislation in the last Congress. Senator Rockefeller is currently discussing his draft legislation with Senator Gorton. While it is likely that Senator Gorton will attempt to gain additional concessions for his support, Senator Rockefeller has remained committed to his agreement with the Administration. Majority Leader Lott has signaled that this legislation will be one of his top priorities in the new session and it is likely that the House will await the outcome of the current Senate discussions.

Energy Restructuring: It is possible that 1998 may see movement on this issue. The Administration is still finalizing its position, which should influence the pace of activity on the Hill. Legislation has been introduced by a wide range of Members. The key questions will be the pace of deregulation, whether to mandate a deregulated environment by a date certain, how to recover the sunk cost of the high-cost power plants (i.e nuclear), and how to deal with the environmental effects of a deregulated industry.

Financial Modernization: While the House Banking and Commerce Committees passed different bills, compromise could not be reached to allow floor consideration. There is no bill under consideration in the Senate. Senator D'Amato has stated that he would like to take up a bill as early as February, but it is likely that legislation will remain stalled until well into the second session. Treasury is taking the lead on resolving two key issues: (1) reconciling the position of the banks and the insurance industry on bank sales of

12-1-97

insurance and (2) allowing operating subsidiaries of national banks to engage in the same range of services enjoyed by affiliates of bank holding companies.

Encryption: There are currently five different encryption bills pending in the House. To date, the Leadership has been unable to reach agreement with the respective Committee Chairman on which of the bills to send to the Rules Committee. Three of the measures favor the software industry; the two others support law enforcement and national security equities. In the Senate, the Administration supported McCain-Kerrey-Hollings bill has been marked up by the Senate Commerce Committee, but has not been reported out because McCain and Kerrey are worried about losing control of the bill to other Committees, principally Judiciary. McCain and Kerrey are tightening their control over the bill in an effort to resolve industry concerns over excessive regulation within the law enforcement provisions of the bill. Action on this bill can be expected shortly after Congress returns.

CBI: The Caribbean Basin Initiative (CBI) is a program to further the economic development and political stability of countries in the Caribbean and Central America. Defeated in the House last session, H.R. 2644, the United States-Caribbean Basin Trade Partnership Act would provide North American Free Trade Agreement (NAFTA) parity benefits for CBI countries in order to restore benefits eroded by NAFTA implementation, and would preserve and attract investment in the region. There is considerable disagreement on the textile, worker rights and environmental protection provisions of the proposal. There is also disagreement on how to proceed with the negotiations.

Fast Track Trading Authority: On Tuesday, November 4, the Senate voted (68--32) to invoke cloture motion on S. 1269, Fast Track Trading Authority legislation. The House took no action on the bill because certain Republicans attempted to link their vote on the measure to the resolution of the Mexico City issue in the FY98 Foreign Operations Appropriations bill. The Administration is expected to submit a narrower Fast Track proposal.

10. Transportation

ISTEA: In lieu of a multi-year bill, Congress sent to the President legislation that would enable spending for highway, transit, and highway safety programs through May 1, 1998. Senator Lott has said that it is his desire to begin floor consideration of S. 1173, the multi-year ISTEA Reauthorization early in the second session. However, pressure can be expected to increase for further delay until it is clear whether increased funding will be available through the budget process. The House Transportation and Infrastructure Committee advocates this approach. A number of controversial amendments are expected to be considered, including an effort to repeal DOT's Disadvantaged Business Enterprise program, to repeal Davis-Bacon, and to weaken environmental initiatives including the Congestion Mitigation and Environmental Quality program (CMAQ).

Need
a stronger
border
infrastructure
control
program!!

Aviation Authorization: The House passed H.R. 1271, the FAA Research, Engineering, and Development Authorization Act of 1997 during the first session. This legislation would authorize \$672 million through fiscal 2000 for research, engineering and development programs, a 4% increase from fiscal 1997 appropriations levels. The measure was reported out of the Senate Commerce, Science, and Transportation Committee and now awaits floor action. Congress is also expected to consider legislation in 1998 to extend the authorization for the Airport Improvement Program (AIP), which along with other Federal Aviation Administration (FAA) programs, is funded through aviation taxes that are credited to the Airport and Airway Trust Fund. After last year's battle on airline ticket taxes, the focus next year will be on the appropriate level of funding for AIP and language to implement the recommendations of the National Civil Aviation Review Commission (NCARC)--principally concerning the way the FAA is funded to include a combination of user fees, ticket taxes, and general funds, and to transfer the safety regulatory aspects of the FAA to a separate Performance Based Organization (PBO).

11. Labor

FLSA: The Administration expects that Republicans will once again try to develop legislation to exempt welfare recipients on workfare from the Fair Labor Standards Act and/or FICA taxes. This fall's efforts fell apart after Representative Clay Shaw was unable to fashion a proposal that satisfied both House Republicans and a bipartisan group of Governors, but the issue will come up again next year.

TEAM Act: The Teamwork for Employees and Management Act (TEAM) would amend the National Labor Relations Act to allow employers to create and influence employee organizations that deal with the employer on the traditional subjects of collective bargaining--wages, hours, and working conditions. You vetoed the TEAM Act in 1996, and no attempt was made to override the veto. The Senate Labor and Human Resources Committee reported the bill last April, but neither the House or Senate took action during the first session.

12. Science and Technology

Civilian Space Authorization: On April 24, the House passed H.R. 1275, the Civilian Space Authorization Act. This measure would authorize \$13.8 billion for fiscal 1998 and \$13.9 billion in fiscal 1999 for the National Aeronautics and Space Administration; \$376 million above the your budget request for fiscal 1998 and \$516 million above the budget request for fiscal 1999. This measure awaits Senate action.

Commercial Space Act: The Administration-supported legislation passed the House last session and is currently pending in the Senate Commerce Committee. The measure would require two market studies on the potential use of the International Space Station

by commercial entities and would allow the Secretary of Transportation the authority to grant licenses for commercial space uses.

13. Foreign Policy

Bosnia: Members can be expected to introduce bills and offer amendments for troop withdrawal and possibly to pursue legislation regarding war criminals. The Administration will send Congress an Appropriations supplemental on Bosnia next spring. Administration efforts to gain congressional approval for this supplemental may attract both criticism and unfavorable amendments with regard to our Bosnia policy.

NATO Enlargement: The spectrum of concerns over NATO enlargement range from liberal Senators who believe that adding new members to the alliance will provoke Russian nationalism and weaken the democratic reform movement in that country to conservative Senators who fear that, in order to assuage Russia, NATO will give Moscow or its "surrogates" the ability to "veto" Alliance decisions. Senators appear to be skeptical over the Administration's cost estimates associated with enlargement, believing the U.S. will be expected to pay far more than what the Administration estimates.

United Nations Arrears/IMF Funding for the New Arrangements to Borrow Initiative/Foreign Affairs Reorganization: Intransigence on Mexico City family planning policy by certain Republican House members resulted in the Republican Leadership's decision not to include these measures as part of the appropriations bills moving at the end of the first session. We will try to move these critical pieces of legislation at the beginning of the year.

Comprehensive Nuclear Test Ban Treaty: On September 20, 1997, you transmitted the Comprehensive Nuclear Test Ban Treaty to the Senate for advice and consent. The Administration is working with Senator Domenici, whose support will be key to its ratification, to ensure that the DoE is adequately funded in their Stockpile Stewardship Program.

✓ **National Missile Defense:** Senator Lott's bill (the measure mandates a deployment date of 2003 and contains ABM Treaty withdrawal provisions) has been reported out of the Senate Armed Services Committee. Senator Lugar has an alternative bill much closer to the Administration's position, yet no action has been taken as of yet.

✓ **Start II:** This treaty will not be considered in the Senate until the Russian Duma ratifies START II, possibly in February 1998. START III negotiations are expected to begin late next year.

CWC Implementation: The Senate passed legislation in May 1997 that would implement the international treaty to ban the use and production of chemical weapons. The House held the Senate passed bill until Congress was ready to recess and then attached H.R. 2709, an Administration-opposed bill intended to isolate businesses and

countries, particularly Russia, suspected of transferring missiles or missile technology to Iran. The bill passed by voice vote in the House. Under this legislation, specific economic sanctions would be imposed on any entity that violates the ban. The bill would allow the President to waive this requirement on national security grounds. The Administration has issued a veto threat out on the measure. The Administration is negotiating at the staff level to try to separate the two measures. We expect the Senate to attempt to move the legislation early in the second session, probably by February 15.

Religious Persecution: The legislation, sponsored by Senator Specter and Representative Wolf, is currently in the House International Relations Committee. The bill is stalled, however, awaiting resolution of the concerns regarding automatic sanctions against countries committing religious persecution. Both chambers are expected to consider the measure next year.

13. Housing

Public Housing: The House passed H.R. 2, the Housing Opportunity and Responsibility Act of 1997, on May 14 by a vote of 293 to 132. S. 462, the Public Housing Reform and Responsibility Act of 1997, passed the Senate on September 26. Many of HUD's proposals were incorporated in the House and Senate bills. Major outstanding issues include public housing and Section 8 income targeting and fungibility, home rule flexible grant, Accreditation Board, rent provisions, community work requirements, and repeal of the 1937 Housing Act. While the two Housing Subcommittee chairmen (Senator Mack and Representative Lazio) had serious discussion of these issues in November, no progress was made.

cc: The Vice President
Erskine Bowles
John Podesta
Sylvia Mathews

Letters

Here comes the government to help raise your kids

At a time when popular sentiment encourages men to become more involved with child-rearing, it is paradoxical that fathers, particularly divorced fathers, face ambiguous messages from Congress regarding their role as parents.

Republican Rep. Constance A. Morella along with 14 bipartisan cosponsors, recently introduced an anti-joint-custody bill, H.R. Concurrent Resolution 182. Essentially this bill states, it is the "Sense of Congress" that joint custody of children should not be allowed over one of the parent's objections.

The proposal extends what has often been coined as "a parentectomy" (the removal of a parent from his or her child's life) by prohibiting joint custody merely because of one parent's desire to substantially exclude the other parent. The resulting "award," naturally, being sole custody.

But courts don't really "award" custody. Under common law, a par-

ent already has joint custody prior to being summoned to court. What actually happens is that judges strip one of the parents of their existing custodial status.

Except in the minority of cases where there is abuse, neglect, or abandonment, judges should say "no" to sole custody. When sole custody is proposed, courts should warn parents that any further efforts to try to strip a fit and loving parent from a child's life will be met with severe punishment, equal to what they are proposing to inflict on the other parent.

But that is not the recommendation. The congressional proposal seeks to reward the parent who wants to strip the other parent from the child's life and removes the parent who is asking that both remain equally involved.

It is not surprising that such a radical feminist, antifamily proposal is coming from Congress; it happens all the time. What's surprising

is that it's a Republican bill, cosponsored by Republican Reps. Tom Davis and Nancy L. Johnson.

When the body of child-development research overwhelmingly concludes that joint custody is in a child's best interests, why would the Republicans seek to eliminate joint custody and its resulting benefits to children? One can only surmise that this is because the change, if implemented, would practically guarantee sole-mother-custody in every case.

But what does that mean for Republicans? I'm afraid the answer lies in the shameful nature of what this bill really seems to be, an ill-conceived attempt to get the "gender gap vote" at all costs—even to the extent of harming millions of children and families, and, ultimately, our society as a whole.

STUART A. MILLER

Senior legislative analyst

The American Fathers Coalition
Washington

Earth to military planners: Don't bomb chemical stockpiles again

It is simply astounding that Pentagon planners appear prepared to repeat a serious error from the Gulf War: bombing Iraqi chemical and biological weapons facilities ("2 U-2 flights sent over safer areas," Nov. 22). The Presidential Advisory Committee, congressional committees, and even the Pentagon itself have acknowledged that U.S. troops were contaminated from the destruction of Saddam Hussein's chemical arsenal in 1991. The Pentagon's own research (conducted at Brooks Air Force Base in Texas) clearly shows that even low-level chemical exposure has demonstrable effects on brain and motor skill functions. Despite this, the Joint Chiefs of Staff and U.S. Central Command planners are poised to repeat the same mistake made during the Gulf War, contaminating our troops with chemical fallout from bombing.

Setting aside the potential health risks, serious questions remain about the exact locations of such stockpiles. Lacking firm intelligence on the whereabouts of such weapons, targeting suspect facilities is little better than looking for the proverbial needle in a haystack. Having been involved (as a military analyst with the CIA) in shaping the targeting list during the October 1994 Iraqi threat to Kuwait, I'm well acquainted with the pitfalls involved in such exercises.

Any air campaign should be focused on Saddam's genuine center of gravity: his Special Republican Guards and his security and intelligence organizations. These are the elements responsible for not only protecting Saddam's physical person, but maintaining him in power. Inflicting casualties on these key elements would weaken the securi-

ty ring around Saddam, thereby increasing his insecurity and making him more vulnerable to the armed Iraqi opposition.

Saddam values these assets precisely because they are the keys to keeping him in power. This is why the Iraqi Republican Guard was withdrawn from the battlefield before it could be completely destroyed during Desert Storm. Those same Republican Guard troops were instrumental in putting down the March 1991 Kurdish and Shiite uprisings in Northern and Southern Iraq.

If the purpose of American military action is to bring Saddam to heel, we should hit him where it will hurt most and avoid any more bombing-induced chemical fratricide.

PATRICK G. EDDINGTON
Centreville, Va.

Asthmatics better suck it up before we all get skin cancer

Your Nov. 7 article about lawmakers' concerns with plans to move towards banning ozone-depleting asthma inhalers portrays only one side of the story ("Inhalers plan not enough for lawmaker." Conspicuously absent from the article is any mention of the serious health risks resulting from global ozone depletion).

Rep. Patrick J. Kennedy makes the claim that use of chlorofluorocarbons (CFCs) is not a big problem for the ozone layer and argues that the proposed Food and Drug Administration (FDA) transitional plan will not adequately protect the health of 30 million Americans who use inhalers. Yet there is no discussion in your article about the health of millions of Americans who are being exposed to high levels of ultraviolet rays from erosion of the earth's protective ozone shield.

Scientists and physicians know that increased exposure to ultraviolet rays causes skin cancer, weakening of the immune system and other health problems. These health effects should be of growing concern to Mr. Kennedy and other lawmakers, especially in the light of reports from the Centers for Disease Control and Prevention that

one in five Americans will be diagnosed with skin cancer in their lifetime and almost 10,000 people will die from it in 1997 alone.

Faced with these grim statistics, it is clear that stronger actions are needed on all fronts to eliminate ozone-depleting chemicals. Phasing out CFCs in asthma inhalers, the last main source of legally produced CFCs in the United States, is critical not only to prevent more ozone destruction, but also to ensure full recovery of the ozone layer.

The goals of protecting the health of asthmatics and protecting the health of the ozone layer are not incompatible. The first CFC-free inhaler is currently available in over 35 countries and many more ozone-friendly alternatives will be on the market over the next few years. The FDA has proposed a responsible transition policy that will replace CFC-containing inhalers only when there are safe and effective alternatives. This is why Friends of the Earth and 15 public health, environmental and consumer groups are urging Mr. Kennedy and other members of Congress to allow the FDA to proceed with the transition. This will ensure patient safety while also protecting public health and

the environment from the dangers of harmful ultraviolet radiation.

CORINNA GILFILLAN

Ozone protection campaign director
Friends of the Earth
Washington

The stolen land

In light of the recent controversy over the Clinton administration's granting waivers for burial at Arlington National Cemetery, it is important that we remember the history of this now sacred ground.

Although there was some minimal compensation following the War of Northern Aggression, the land which comprises Arlington National Cemetery was stolen from Confederate Gen. Robert E. Lee by Abraham Lincoln and his vengeful Quartermaster Gen. Montgomery Meigs. Meigs' son was killed during the conflict.

G. ELLIOTT CUMMINGS
Baltimore

The Washington Times

SUNDAY, NOVEMBER 30, 1997

Copied
Berger
COS

Stacey
has not seen us
at all. I am worried
that we will
be going.

THE WHITE HOUSE
WASHINGTON

November 26, 1997

MR. ~~P~~RESIDENT:

The attached memo from Frank Raines recommends:

- 1) that you use your line-item veto authority to cancel two Department of Commerce items in the Commerce-State-Justice appropriations bill you have just signed: (i) a Montana State University research grant for the construction of "green buildings" and (ii) continued funding for the Houston-Galveston Oceanographic demonstration project.
- 2) that you do not cancel any item in the Foreign Ops appropriations bill you have just signed.

The memo also reiterates the recommendation -- which you received last night in Erskine's Daily Report -- that you not cancel any items in the DC Appropriations bill. Your ability to do so expired yesterday.

Erskine concurs in these recommendations, which will be announced Monday.

copied
Raines
COS

Phil Caplan

Phil



THE DIRECTOR

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

THE PRESIDENT HAS SEEN

12-1-97

'97 NOV 26 AM 10:2

November 26, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines

SUBJECT: Cancellation of Projects in Two Appropriations Bills -- **DECISION**

This memorandum provides information and recommendations regarding use of your Line Item Veto authority in two appropriations bills: H.R. 2267, the Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act; and H.R. 2159, the Foreign Operations Appropriations Act.

You will sign the Commerce, Justice and Foreign Operations bills today. While the Line Item Veto Act permits you to cancel items in these last two bills as late as Tuesday, December 2, we recommend that you make those cancellations today, and bring the FY 1998 appropriations process to a close.

Commerce, Justice, State Appropriations

The FY 1998 Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act provides \$31.3 billion in discretionary budget authority --- an amount \$0.2 billion below your request. The bill funds a number of priority programs that were highlighted in the Bipartisan Budget Agreement (BBA): the National Institute of Standards and Technology, which includes the Advanced Technology Program; Community Oriented Policing Services; and, a portion of the requested arrears payments to international organizations.

Through negotiations with Congress, a number of Administration concerns were resolved, including the removal of language that would have effectively banned sampling in the 2000 Decennial Census, the restoration of critical funds for the Legal Services Corporation, and the establishment of a commission to study the organization of the Federal Circuit Courts -- rather than the objectionable split of the Ninth Circuit contained in the Senate bill. On balance, the enrolled bill is an improvement over previous versions of the bill.

In total, we identified 162 unrequested items in the bill totaling \$1.4 billion. Out of these items, we are recommending that two be cancelled (see attached list). Secretary Daley agrees with the recommendation to cancel these two projects:

- *Funding for Montana State University for research on the design and construction of "green buildings," including a \$50 million laboratory facility*

planned for the Bozeman campus -- This project is recommended for cancellation because it circumvents NIST's research selection process and meets no clear agency need. NIST does not provide large, open-ended research grants to external facilities where NIST cannot oversee quality or relevance. Moreover, NIST research is supposed to provide **national** benefits; this project, in contrast, would assist in the development of a facility that provides classrooms and laboratories whose benefits would accrue largely to Montana State University.

- *Funding for operation of the Houston-Galveston Physical Oceanographic Real-Time System (PORTS)* -- This system is currently operating in Houston-Galveston as a Federally-funded demonstration project. PORTS improves shipping safety by providing information on tides and weather. The policy of the Department of Commerce is to fund both installation of the PORTS equipment and operating expenses during the "demonstration period," which typically lasts one year. After the demonstration period, the local user community -- which is the principal beneficiary of PORTS -- becomes responsible for paying the costs of operating PORTS. This policy will be followed in each of the other three PORTS demonstration sites: New York, San Francisco, and Tampa Bay. The demonstration period for the Houston-Galveston project is scheduled to end December 31, 1997. The item proposed for cancellation would provide Federal funding to continue local operation of the Houston-Galveston PORTS beyond the demonstration period. Allowing Federal funding of this local responsibility would set a untoward precedent for funding operation and maintenance of other PORTS sites.

The Commerce, Justice, State bill also include the provision requiring the State Department to relocate the Jerusalem Embassy. It would be possible to cancel this \$9.5 million earmark, but we do not recommend that you do so. The Department of State believes that it will be a considerable amount of time before they are in a position to spend the funds appropriated to move the embassy, due to the lengthy diplomatic discussions that are necessary. Therefore, the Department advises that it can proceed in a manner consistent with your policy, and cancellation is not necessary.

Foreign Operations Appropriations

The FY 1998 Foreign Operations Appropriations Act provides \$13.1 billion in discretionary budget authority, \$3.7 billion below your request and \$0.9 billion over the FY 1997 appropriation. Nearly all of the reduction from your request is due to Congress' failure to provide the \$3.5 billion requested for the International Monetary Fund's New Arrangements to Borrow. The statement that we prepared for you to issue when you sign this bill into law includes a statement criticizing the Congress for not including this important funding.

12-1-97

The Department of State does not recommend cancellation of any items in this bill. Instead, they prefer to work with the appropriations committees to negotiate lower earmarks for low priority projects, freeing up funds for projects the Department believes are more important.

Note on District of Columbia Appropriations

You signed the FY 1998 District of Columbia Appropriations Act on November 19, and your last day to cancel items in this bill was Tuesday, November 25. The bill provides \$855 million in discretionary budget authority, \$79 million above your request. The bill provides sufficient funding to implement the National Capital Revitalization and Self-Government Act of 1997, and does not contain many of the objectionable provisions in the original House-passed version (e.g., private school vouchers).

We identified one candidate for cancellation in the D.C. spending bill -- a \$3 million appropriation for a D.C. Medicare demonstration earmarked for Georgetown University Hospital. We did not recommend cancellation because this item was authorized in the Balanced Budget Act and because, while the \$3 million appropriation may be more than is needed, we can work with the Congress to refine the policy appropriately.

Recommendation

We recommend that you cancel the two Commerce Department projects described above, which OMB and the Department of Commerce determined have insufficient merit and policy grounds to support.

Agree ☒

Let's discuss ☐

Attachment

Cushioning the Shock Of Global Warming

By WILLIAM K. STEVENS

IN the debate over global warming, attention has focused mainly on how to reduce emissions of excess carbon dioxide and other heat-trapping industrial waste gases. Negotiators from more than 150 countries will convene tomorrow in Kyoto, Japan, to try to agree on just such cuts.

But many experts are convinced that whatever action is taken, the world's political and economic systems are probably not capable of responding fast enough to keep carbon dioxide concentrations in the atmosphere from rising, late in the next century, to about twice what they were when fossil fuels began to be spewed into the air during the Industrial Revolution in the late 18th century.

If mainstream scientists are right, a doubling of carbon dioxide would mean that the world is already assured of a substantial rise in global temperatures and sea level, heavier rainstorms, more severe droughts and floods and a poleward shift of climatic zones.

With that realization, the question of how well the world is prepared to adapt to climate change is gaining new attention.

"We are pretty clearly going to be moving into uncharted territory in a world of doubled carbon dioxide concentrations," said Dr. Richard Moss, an expert with the Intergovernmental Panel on Climate Change, an advisory group set up by the United Nations. "Developing and implementing adaptation options seems to be a prudent course at this point."

While some strategies for coping with a different climate might be devised, it would probably not be possible to cushion all shocks. Such measures as building sea walls and planning for more efficient use of water in increasingly drought-prone areas, for instance, would go only so far.

There will surely be winners as well as losers: while Canadian and Russian farmers might reap more wheat, African farmers might reap drought-induced disaster. While summer heat in the southern United States might be more intense, northern winters might be milder. The economies of entire regions — tourist-dependent New England, for instance — might be transformed with uncertain results. Adapting to climatic upheaval would surely involve great human and financial cost despite any planned measures.

A Hardy Species

But humans are a resilient species. They have always had to contend with climatic change and have often been profoundly affected by it. Conventional wisdom now holds that Homo sapiens owes its very existence to a climatic adaptation. According to this view, the onset of a drier ice-age climate in sub-Saharan Africa some 2.5 million years ago shrank forest cover, expanded grasslands and forced a certain species of pre-human to take up a two-legged life on the ground permanently, setting off an evolutionary chain of events that led directly to modern man.

Much later, experts now believe, a similar drying so constricted natural food supplies in the Middle East that people were forced to begin cultivating grains — a revolutionary adaptation that transformed human society and touched off a population expansion leading to human dominance of the planet. Still later, megadroughts in both hemispheres destroyed several early empires that failed to adapt.

In the Little Ice Age of the 15th to the 19th centuries, the inability of humans to adapt to extreme cold led to crop failures, starvation, mass migration and, in some instances, cannibalism. But despite the misery and cost, that same time (which was punctuated by some mild periods) was one of the most creative in history, the era of the late Renaissance, the Enlightenment, the American Revolution and the rise of the industrial economy.

One way to get at the question of how to adapt to

global warming is to ask how well modern people already deal with extreme events, like floods and droughts, that are expected to become even more extreme. "The answer is, not well," said Dr. Michael H. Glantz, a social scientist at the National Center for Atmospheric Research in Boulder, Colo., who bases his conclusion on a number of case studies in the United States.

The worst prospects are in developing countries, which in many ways are inherently more vulnerable. Countries like Bangladesh, Egypt, China and many small island countries, for instance, stand to see much or even all of their territory inundated by rising seas.

At the same time, many third world populations, particularly in drought-prone countries, exist precariously close to the edge. Any increase in the length or severity of droughts could push them over — and their countries' agriculture-dependent economies as well.

To a great extent, the United States and other rich countries "have managed to insulate ourselves from the vagaries of climate," said Dr. Peter Gleick, the director of the Pacific Institute for Studies in Development, Environment and Security in Oakland, Calif.

For instance, the United States has spent billions on reservoirs, dams, pipelines, aqueducts and irrigation systems that help smooth out the effects of climatic extremes on water supplies and floods. "But people in most developing countries really live with the climate," said Dr. Gleick. "If the rains fail, their crops fail. If the rivers flood, often they die."

Similarly, farmers in the United States have at their disposal a wealth of expertise and resources to help them adjust the kinds of crops they grow to cope with a new climate — albeit at some cost. A farmer in much of Africa or in Bangladesh has nothing comparable.

In North America, global warming would probably bring some benefits. Northern climates are already becoming greener as the world warms, and future warming might expand the continent's agricultural belt. Farmers farther south could switch crops; citrus fruits might

replace field crops in Georgia, for example. Milder northern winters could cut the costs of heating and snow removal.

But for every benign impact, according to the intergovernmental panel, there would be at least one negative counterpart. How will the New England tourist industry adjust, for instance, if brilliant fall foliage is replaced by duller oaks and hickories from farther south and ski slopes turn to slush? How disruptive and expensive would it be to progressively abandon beachfront developments as seas rise? What would be the impact of increased summer demand for air conditioning on power supplies and costs? Are public health agencies ready for an expected increase in heat-related deaths and possibly the migration of tropical diseases farther north? These questions are just beginning to be asked.

The typical response to climate-related disaster has usually consisted of waiting until something bad happens and then scrambling to cope. Recent examples include the Mississippi River flood of 1993 and the Ohio River and North Dakota floods of 1997. If heavier rains and more severe droughts are in the cards, as the panel predicts, the vulnerability can only increase.

But inertia is a powerful force: even after a big flood like those of the last few years, people continue to tempt fate by living on flood plains even though Federal policy now encourages them to move — with one hand, anyway. With the other, it encourages them to stay by insuring flood damage.

In the end, there is probably only so much that can be done. "I think there are limits to adaptation even in the rich countries," said Dr. Gleick. Experts have barely begun to probe what those limits are.

Fifty or 100 years from now, if scientists' predictions about climate change turn out to be right, it may be that people will take the new climatic order in stride. How much pain, strain and cost lie between here and there is anything but certain.

The New York Times

SUNDAY, NOVEMBER 30, 1997

THE PRESIDENT HAS SEEN

12-1-97

Kate Ginty
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Canyon
M. T. Ginty
W. J. Ginty

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McGinty
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Spending
Tarullo
Stenbers



THE PRESIDENT HAS SEEN
12-1-97

NOACH DEAR
COUNCILMAN, 44TH DISTRICT

CHAIRMAN
Transportation

COMMITTEES:

Finance
Land Use
Consumer Affairs
State & Federal Legislation
Sub Committee on

THE COUNCIL
OF
THE CITY OF NEW YORK

☒ District Office:
4424 16th Avenue
Brooklyn, NY 11204
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☐ City Hall Office:
250 Broadway, 22nd Floor
New York, NY 10007
(212) 788-7022
Fax: (212) 788-8964

October 27, 1997

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

It was good talking to you Saturday night. I want you to know the chapter of Psalms for you after my daily prayers. Since I pray three times each day, I'll be saying three chapters of Psalms for you a day, seven days a week. I'm glad we're partners and I was inspired to undertake this partnership from my readings in the Old Testament. Our pact reminds me of the one between Jacob's sons Zevulun, who devoted himself to commerce, and Yisachar, who devoted himself to God. They shared in the success of their partnership as I know we will share in the success of ours.

Following up on your ideas about setting up meetings with some people, this is just a gentle reminder that I will help you do that. I will introduce you to a group of people who have clout in Israel and who represent people you haven't touched base with yet.

Just another reminder, you also indicated you'd like to meet with some Sephardic Jews. The American Sephardic Jews are responsible for keeping the present government in power in Israel, where the Sephardic community continues to grow.

I'm waiting to hear from you. Warmest regards.

Sincerely
Noach
Noach Dear

Keep the faith - you are doing a super job

12-1-97

Should we send to Burkhardt for reply?

Yes ☒
No ☐



THE PRESIDENT HAS RECEIVED

12-1-97

NOACH DEAR
COUNCILMAN, 44TH DISTRICT

☒ District Office:
4424 16th Avenue
Brooklyn, NY 11204
718-633-9400
Fax: 718-633-9403

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Fax: (212) 788-8964

THE COUNCIL
OF
THE CITY OF NEW YORK

CHAIRMAN
Transportation

COMMITTEES:
Finance
Land Use
Consumer Affairs
State & Federal Legislation
Sub Committee on
Zoning and Franchises

bin

October 27, 1997

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The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

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I'm waiting to hear from you. Warmest regards.

Sincerely
Noach
Noach Dear

*Keep the faith - you are doing
a super job*

THE PRESIDENT HAS SEEN
12-1-97

THE WHITE HOUSE
WASHINGTON

'97 NOV 21 PM4:36

Miller

MEMORANDUM FOR THE PRESIDENT

BM-NM

FROM: BOB J. NASH, ASSISTANT TO THE PRESIDENT AND DIRECTOR OF
PRESIDENTIAL PERSONNEL

DATE: NOVEMBER 21, 1997

SUBJECT: STATUS ON VIRGINIA MILLER

Virginia Miller was hired at the Department of Transportation as Special Assistant to the Director of External Communications effective 9/30/97. (See your attached note)

WASH → Virginia Miller thanks for your help in finding her another political position. It has been a great honor and privilege to serve you. She wants to continue working in your Administration to advance your vision. She encloses her résumé and an article about the Partnership for a New Generation of Vehicles initiated by your Administration to build more highly efficient vehicles. *cc Nash*

we need to help her

copied
Nash
COS

August 10, 1997

Dear Mr. President:

I want to thank you, from the bottom of my heart, for the support you have given me in finding another position in your Administration. Words cannot accurately describe the feelings I experienced when I was told that you had directed people to find me another political position. I was moved to tears and even now, I still feel very emotional when I reflect on your support for me.

It has been a great honor and privilege to serve you - first on the campaign trail in 1991 and then in your Administration since 1993. I have enclosed my resume in case you are interested in seeing what I have done to promote your agenda - especially your Clean Car Initiative, the Partnership for a New Generation of Vehicles (PNGV).

I very much want to continue working in your Administration to advance your vision. I have some interviews scheduled at the Department of Transportation and also hope to be considered for a job in your media office.

I hope I will be able to write you again soon, with good news of a successful placement.

Thank you so much for your help, Mr. President.

Your loyal supporter always,
Virginia Miller

P.S. Enclosed are two articles. The Wall Street Journal article is a very positive piece on the Partnership for a New Generation of Vehicles. I made sure the reporter knew this is a Clinton Administration initiative! I thought you'd also enjoy the second article's description of me. I did!

THE PRESIDENT HAS DEC
12-1-97

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

97 NOV 28 PM 3:21

FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT- November 24 to November 28

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

RACE INITIATIVE

With Ben Johnson in the lead, OPL and other offices are selecting the audience for your Akron, Ohio town meeting. We are paying careful attention to ensure a broad and diverse audience, including businesses and community leaders not necessarily involved in race issues.

OPL is also coordinating "Watch Parties" so that communities around the country will watch the Akron Town Meeting and use it to spur dialogue in their own communities. Among the individuals who have committed to this effort is Oscar Eason (Blacks in Government), who will co-host a "watch party" with other community leaders in Seattle; attendance is expected to be about 200 people.

On Monday, December 1, Secretary Slater, Bob Thomas (of your Race Advisory Board) and I, will convene the first of several regional corporate CEO meetings to discuss your initiative on race. The first will take place in Miami and we have a confirmed attendance of over 40 companies, including American Airlines, Miami Herald (David Lawrence, the CEO, will participate on a panel), UPS and Ryder Systems.

FAST TRACK

We met with Charles Kamasaki and Cecilia Munoz of National Council of La Raza to discuss NCLR's views as to how to gain the support of more Hispanic members of Congress for Fast Track. They are of the view that a number of members are feeling uneasy about not voting with you and are searching for ways to bridge the divide.

CONSTITUENT OUTREACH AND OTHER ISSUES

JEWISH OUTREACH

- The Conference of Presidents of Major American Jewish Organizations sent a letter to you expressing their concern about reports of statements from senior administration officials linking the Iraq crisis to the current state of the peace process. This letter was initiated as a response to a *New York Times* article in which a number of unnamed high ranking officials were quoted as growing increasingly frustrated with the slow pace of the peace process.

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Echaveste
COS

GAY/ LESBIAN OUTREACH

- The University of California has adopted a new, system-wide policy which provides domestic partner benefits to same-sex partners of its employees. The 13-12 vote by the UC Regents approving the plan came after a very public campaign by Governor Wilson against the proposal and included his naming three new Regents within 36 hours of the vote. The proposal passed after another Wilson appointee abstained at the last minute. Because Wilson had so injected himself in the controversy, it has the lead story late last week throughout California. Regent Ward Connerly supported the extension of benefits.
- The Secretary of the Air Force, in a surprise move, issued an EEOC policy on October 29th which prohibits "unlawful" discrimination in the Air Force based upon sexual orientation. This marks the first time the Air Force has stated a sexual orientation non-discrimination policy with regard to civilian employees (uniformed personnel are exempted from this policy and governed instead by the "don't ask, don't tell" policy)..

Religious Outreach

- The U.S. Conference of Bishops is deeply concerned about an issue now under review at the Justice Department. At the request of the chairmen of the House and Senate Judiciary Committees, the DEA has written that even if a state rescinds its own penalties for assisting a suicide, this does not make it a legitimate medical practice within the meaning of federal law. Thus physicians who prescribe controlled substances to assist a suicide would violate the conditions of their federal certification under the Controlled Substances Act. Oregon State officials are urging Attorney General Reno to overrule that decision. The President of the Catholic Conference, Bishop Pilla of Cleveland, has written to you endorsing the DEA decision and pointing out their support of your opposition to euthanasia and assisted suicide.

Women's Outreach

Met with Betsy Myers and Janice LaChance to discuss an administration initiative to donate suitable work clothes to welfare recipients to assist in the welfare to work transition. This initiative will be co-sponsored by SBA, OPM and the White House Women's Office. A kick-off is being planned for January 13th with the Vice President will conclude in March, possibly with a Presidential event. SBA will provide a concept paper on this project with timelines, and OPM will provide the guidelines for involving all of the Federal government, especially federal employees throughout the country.

Met with the producer of "The Millennium Dinners," a television documentary for PBS featuring five VIP dinner parties, profiles and human-interest stories that take place in different world capitols. We discussed the possibility of Mrs. Clinton hosting the first of these dinner parties in Washington, D.C., on "Women and Power" featuring 15 distinguished women leaders; eight of whom will be core participants representing a wide range of backgrounds (from politics, religion, academia, business and the arts). The

producer is very interested in highlighting our AT THE TABLE initiative during this two hour documentary.

We are continuing to solicit support from the women's community for the stalled nomination of Bill Lann Lee. We are encouraging women all across the country to call and write their U.S. Senators by Dec. 9th to ask them for a vote on the floor.

Hispanic Outreach

✓ Joe Duffy and I represented you at the funeral of Jorge Mas Canosa on Tuesday, November 25. It was a highly emotional service with tens of thousands of people waiting along the streets. Your call to Mas's son was greatly appreciated. After the services, we met with several of our Cuban-American friends, who suggested that any change in policy towards Cuba must be closely coordinated with the Cuban American community. We also discussed the best way to roll out the nominations for the board of Radio/TV Marti, including the now vacant post of chairman. Consultation and coordination were stressed.

✓ Introduced our new Associate Director of Hispanic Outreach, Maritza Rivera, to Hispanic Appointees at the Department of Labor. They were pleased to have once again a point of contact at the White House with whom they can share information and outreach with the Latinos in the Administration.

✓ Worked on including the Latino community in the upcoming Business Outreach Meeting in Miami on December 1. Invitees include Maria Rodriguez, Deputy Assistant Secretary for Public Affairs at the Department of State; Paul Cejas, CEO of PLC Holdings in Miami; Alfred Estrada, CEO of Pan American Enterprises in Miami; and Jorge Perez, President of the Related Companies in Miami.

- Coordinated a meeting with OPL, DPC and OMB with members of the immigrant advocacy community actively engaged with the enforcement apparatus of INS. We were soliciting their reaction to the proposal to restructure INS.

cc: First Lady
Erskine Bowles
Sylvia Mathews
Craig Smith
John Hilley
Bruce Reed
Gene Sperling
Susan Liss
Mrs. Gore
John Podesta
Doug Sosnik
Rahm Emanuel

Goody Marshall
Mickey Ibarra
Mike McCurry



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

THE DEPUTY DIRECTOR

November 26, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Lew and Gene Sperling

SUBJECT: Discretionary and Mandatory Spending Constraints and Initiatives

As we noted at the budget briefing last Friday, the Balanced Budget Agreement (BBA) will finish the job of eliminating the deficit, most likely sooner than expected. To accomplish that goal, the BBA imposed tight constraints on discretionary spending and exhausted most of the mandatory savings that we had used in previous budget proposals. As Erskine requested, this memo outlines the extent of the resource constraints and how we could provide more room for new initiatives. We hope to review this material with you at our budget meeting on Monday, December 1.

Discretionary Resources

The budget agreement set the discretionary spending cap for FY 1999 at very close to a freeze of FY 1998 levels. Budget authority increases from \$258 billion in FY 1998 to \$262 billion in FY 1999 -- an increase of \$4 billion, or half of the increase necessary to keep pace with inflation. To preserve resources for you to allocate to initiatives in FY 1999, OMB's guidance to the agencies was substantially tighter than the caps. At the same time, agency requests exceeded OMB's guidance by \$37 billion and the statutory cap by \$32 billion.

On November 25th, OMB gave the agencies FY 1999 budget levels that fund essential government services and past initiatives, but are nonetheless quite tight. (Separately, we have sent you an agency-by-agency summary to review.) As Frank indicated on Friday, the agencies received two sets of guidance -- base funding levels and a list of additional items to be submitted for your review as candidates for the resources that we have reserved. The cost of all of the items on the candidate list greatly exceeds the resources we have set aside for initiatives. There will be competing demands to both fund new initiatives and increase funding for "core" activities. In the meetings that follow, we intend to first bring forward options for initiatives and secondly consider any remaining agency appeals for "base" funding levels. A few examples of efforts necessary to maintain high priority programs helps illustrate the effect of these constraints:

- The Department of Education requested an increase of 14 percent over FY 1998; the base recommendation will contain a freeze with additional options on the list of possible initiatives. Within the freeze, however, there are a number of

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Lew
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COS

increases (e.g., the maximum Pell award is increased from \$3,000 to \$3,100) and a number of decreases (e.g., in the education block grant).

- NIH requested a 10 percent increase. OMB will pass back a freeze, and the increase will be on the initiatives list. To increase NIH, without severely reducing public health programs, we will recommend other reductions in HHS (e.g., in Low Income Home Energy Assistance).

The base recommendations attempt to preserve "core" government services. For example:

- We moved \$225 million from the FAA airport grants programs to their operations account to ensure a continued high level of attention to safety and security.
- The Internal Revenue Service receives \$8 billion, \$230 million more than the FY 1998 enacted level, to continue investments in technology and deal with the Year 2000 computer problem.
- Veterans Affairs Medical Care receives \$17 billion, the same level requested in your FY 1998 budget and \$700 million over guidance. This level reflects the agreement reached last year between the White House and the VA. Funding for VA medical research is also maintained at the FY 1998 request level.

As the totals suggest, initiative candidates far exceed resources available under the cap. In addition to the examples noted above, there are substantial new resource requests for education initiatives (early mentoring, education empowerment zones, afterschool programs, etc.), research and development, child care and environmental protection. In some cases, discretionary increases can be presented as mandatory options, permitting additional resources to be made available under the caps, provided that there are offsets to make the new mandatory spending deficit neutral as required in the Budget Enforcement Act. We are also looking at changes to budget concepts that would allow new user fees or other governmental receipts to finance new discretionary spending outside of the existing caps.

Secretary Rubin asked that this memo note that he thinks the process should be reversed -- fund essential non-optional core activities such as the FAA and the IRS first and consider initiatives as candidates for whatever resources remain. He is concerned that if high visibility core functions are underfunded, the result will be a legacy of mismanagement.

Mandatory Offsets

In addition to major new initiatives, there are a number of prior mandatory spending policies that will compete for any available offsets. For example, large initiatives such as school

construction and smaller items, such as the Africa trade policy, will compete with new initiatives such as child care, climate change and health care expansions.

The budget will need savings to offset any new mandatory spending. The BBA produced savings far greater than the new spending, which is why we have deficit reduction. As in all prior major budget deals, the BBA eliminated all balances that could otherwise have been used as offsets for new spending. Since the BBA contained most of the acceptable deficit reduction options on the table, offset options for this year's budget are quite scarce.

In particular, we are not likely to recommend substantial Medicare and Medicaid offsets -- with one possible exception -- which have provided the largest amount of resources in the past. The changes enacted in health programs in the BBA were large and should be implemented before an additional round of savings are enacted. Moreover, as you noted on Friday, the Medicare savings will be the subject of both the Medicare commission review and other attempts to address long-term Medicare solvency. One exception that we may wish to consider is a Medicare income-related premium, which could raise \$5-10 billion in addition to the savings described below. A premium proposal could be used to finance health coverage expansions, such as the Medicare buy-in for individuals age 55-64.

Apart from any possible health care savings, we expect that between \$2-3 billion of offsets in each of the next five years will be available to support mandatory initiatives in the FY 1999 budget. This estimate includes savings from the following policies:

- curtailing state cost-shifting from the TANF block grant to the Federally-matched Food Stamps and Medicaid programs;
- extending Superfund taxes, which traditionally have been used as an offset for mandatory spending, and which were protected in the BBA (which said that they should not be used as an offset for a tax cut); and
- reducing the reserves held by education loan guarantee agencies.

Two additional offsets could significantly increase the amount of mandatory offsets available for the FY 99 budget: (1) proceeds of the tobacco settlement, and (2) a policy to address VA tobacco-related illness liability.

- With regard to the tobacco settlement, we are exploring options to utilize at least some of the resources that would be available, without setting an upper limit on or placing an obstacle in the way of legislative action.
- Reversing a recent ruling that extended VA coverage to tobacco-related illnesses for many veterans could theoretically save \$25 billion over five years, but only a

fraction can be recaptured for other purposes if we are to maintain any chance of accomplishing the policy.

Revenue Offsets

At the end of the BBA negotiations, Congress left on the table approximately \$20 billion in additional loophole closers and reforms that we had proposed (in addition to Superfund revenues). We could re-propose these items and provide additional offsets. However, if they are used as offsets for spending, they are likely to be characterized as a tax increase. We are looking at options to pursue new initiatives on the tax side (e.g., child care tax credits; school construction through a tax provision). If policies that meet the policy objectives can be pursued as revenue measures, these offsets will not result in a tax increase.

Mandatory Initiatives

There are several mandatory initiatives under consideration through the policy councils. It is safe to say that, if we stay with \$15 billion in mandatory savings and \$20 billion in tax expenditure savings, we would be able to afford only a fraction of the ones you might be interested in.

<u>Mandatory Initiatives</u>	<u>\$ billions</u>
School construction	3 - 5
Smaller class size	9
Double NIH (normally discretionary)	20 <i>tobacco</i>
Child care	2 - 6
0-5 initiative	2 - 4
55-64 health care initiative	2 - 8
6 weeks paid family/medical leave	10
Subtotal	48 - 62
 <u>Tax Initiatives</u>	
Climate change	2 - 5
Child care	5 - 10
Subtotal	7 - 15
TOTAL	55 - 77

34 + 20 = 54

THE PRESIDENT HAS SEEN

12-1-97

Early Berger

27Nov97

MEMORANDUM**TO: The President****FROM: Guy L. Smith****SUBJ: Second AmeriCares Airlift to North Korea***copied
Berger
COS*

Dear Mr. President:

Further to your note to keep you informed about the North Korea situation, AmeriCares will conduct a second emergency medical airlift to Pyongyang late next week. AmeriCares has staged the medicines, antibiotics, medical supplies, and nutritional supplements donated by U.S. pharmaceutical companies, in Beijing. On 6Dec the North Koreans are sending one of their cargo planes to Beijing. Our team will accompany the materials to Pyongyang and all the way to their end point of use, as is our policy.

As with our first airlift, we put two conditions on the DPRK government: that the medicines be used only for civilians, and not for military; and that our team participate in the delivery to make certain that the materials are being used as we intended. They fully complied the first time and I have no reason to believe they won't this time.

I will arrive in Pyongyang several days ahead of our shipment. As I mentioned in my earlier note, Foreign Ministry officials in Pyongyang during my visit in September privately told me that when I returned that I would be able to meet with Kim Jong Il, the "Dear Leader." As he has reportedly never met with a westerner, much less an American, I suppose this would be an interesting session. Mr. President, I have no way of knowing if this will actually happen, but if it were indeed to happen and you wanted me to convey any particular message directly to him with no intermediaries, I would be pleased to do that. Of course, I will not do it unless so directed by you. Just let me know. I leave Saturday morning for Beijing and then on to Pyongyang on 2Dec.

We anticipate taking the medicines and medical supplies to the northern provinces where the impact of the famine and related medical problems are the most severe. As I did after my last trip, I will let you know how it went. If there is anyway in which I can be of service in this regard please let me know. As before, the many parts of the U.S. government needed to facilitate this effort have been very helpful and cooperative.

I look forward to seeing you at Renaissance at Hilton Head.

Sincerely,

Guy

CONTACT: Home 203-629-1264; Office at AmeriCares 203-972-5500

Condors' Flight Shows Program's 'Great Success'

Associated Press

VERMILION CLIFFS, Ariz.—The scene was so remarkable that even a seasoned condor watcher like Mark Vekasy almost was moved to tears. Eleven California condors, almost one-tenth of the species' entire surviving population, were soaring together in the blue sky above northern Arizona's dramatic, red sandstone canyons, riding thermals on wings stretching nearly 10 feet across.

"They were in a real tight group just circling around. It doesn't happen very often," said Vekasy, part of a team of biologists who track the birds from sunup to sundown. "It's a pretty neat sight."

It has been a little more than a year since juvenile condors bred in captivity were brought to this sparsely populated region straddling the Arizona-Utah line, part of the campaign to save North America's largest and rarest bird from extinction.

To the delight of tourists and river rafters, the black-feathered giants with bald, dull-orange heads occasionally float across the Grand Canyon, which begins 30 miles to the south.

"I think it's been a great success story," said Robert Mesta, condor program coordinator for the U.S. Fish and Wildlife Service. "They're doing all the right things."

Thirty-four condors now are living in the wild—19 in California and 15 in Arizona. The wild and captive populations together total just 132. Five more are to be released along California's Big Sur coast next week-end.

The initial success of the Arizona condors has raised hopes of one day establishing a breeding population of 150 birds in remote northern Arizona. Such a goal was unthinkable in 1987, when the species had dwindled to seven birds in the wild in California. No condors had been seen in Arizona since 1924.

The condors' success has been all the more remarkable given that they are all less than 2 years old, mere adolescents learning to survive without the training or discipline of parents.

SEEN

12-1-97

Powell Backs Lee for Civil Rights Post, Despite GOP Stance

Associated Press

Retired Gen. Colin L. Powell took issue yesterday with his Republican Party's opposition to President Clinton's nominee to be assistant attorney general for civil rights, saying Bill Lann Lee should be confirmed.

Powell said that Lee "certainly has the qualifications for the job, and if I was in the Senate, I would vote for him."

Lee's confirmation has effectively died in the Senate Judiciary Committee, where all but one Republican on the panel—Pennsylvania Sen. Arlen Specter—oppose Lee on the grounds that the California-based civil rights advocate supports quotas as a means of advancing affirmative action programs for minorities.

Powell, who has long differed with many in the GOP over the need for affirmative action, said it was "one of the

tools available to us to right the wrongs of the past."

"Take a look at the reality of life for African Americans living in this country," Powell said on CNN's "Late Edition." "Don't tell me we are on a level playing field."

But Judiciary Committee Chairman Orrin G. Hatch (R-Utah) said on NBC's "Meet the Press" that while "it's no fun to scuttle Bill Lann Lee," the nominee "was not committed to the enforcement of the law as the law is written."

Republicans say that while Lee agreed in his Senate testimony that quotas for minorities are illegal, as a lawyer for the NAACP Legal Defense and Educational Fund he advocated consent decrees that forced companies, under threat of lawsuits, to hire more minority workers.

Confirmation of Lee "wouldn't be fair

to the enforcement of civil rights in this country, because I think Bill Lann Lee would spend most of the time up before the committees justifying his actions," Hatch said on "Fox News Sunday."

White House aides are debating whether to recommend that Clinton make a "recess appointment," assigning Lee to the post while Congress is not in session and without Senate approval. Under that method, Lee could keep the job until Congress finishes its business at the end of 1998.

But Hatch warned that such a move could have serious repercussions for relations between the GOP-led Congress and the White House.

"This will be the first time in history that a president has ignored the will of a senatorial committee on confirmations. ... And frankly, I think it's a very inadvisable thing to do."

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The Washington Post
MONDAY, DECEMBER 1, 1997

Agents Discuss Timing of King

sniper while standing on the balcony of the Lorraine Motel.

Overall, the 111th sent as many as 10 undercover agents to Memphis after a March 28, 1968, riot that erupted during a protest march King led in support of striking workers, according to reports obtained by the Commercial Appeal newspaper under the Freedom of Information Act.

Some of the 111th's Memphis visits in March and April 1968 coincided with King's arrivals and departures, the documents show.

"We [took note] when he was in Memphis in his public moves. We knew he was speaking at [Mason Temple the evening of April 3], we knew he was going to march in the parade," said Jimmie Locke, who led the Memphis operation and was in Memphis when King was shot.

"We weren't particularly concerned except that he might be the catalyst for an event of some kind," Locke said in an interview at his home in San Antonio.

James Earl Ray pleaded guilty to King's murder in 1969 but recanted

days later and has spent the past 29 years seeking a new trial. His efforts, and those of his lawyer William Pepper, have given new life to conspiracy theories about the assassination.

King's family this year endorsed claims that the Army had stalked the civil rights leader and played a role in his murder. But the former agents said they did not watch King's hotel, bug his room or follow him. Nor did they see any Special Forces troops, the armed guerrilla warfare soldiers popularly known as Green Berets that had been rumored to have been in Memphis at the time.

"That's the most ridiculous thing I ever heard," McBride said.

Rather, the agents said, they simply monitored public gatherings, using civilians and sources in the Memphis Police Department and FBI to report when King and other activists attended rallies.

Senate hearings in 1971 explored abuses in an Army domestic surveillance program established under President Lyndon B. Johnson after major riots in Los Angeles in 1965 and Newark and Detroit in 1967. The program, designed to provide the Pentagon with "early warning" of civil disturbances that might require federal troops, involved sending Army agents to observe anti-war demonstrations, civil rights rallies and other political gatherings.

THE PRESIDENT HAS SEEN
12-1-97

November 24, 1997

NH
Write him a
letter
97 NOV 24 PM 6:10
no call
monday

RECOMMENDED TELEPHONE CALL FOR THE PRESIDENT

TO: Alice King, wife of former New Mexico Governor Bruce King (D)

The Presbyterian Hospital Intensive Recovery Unit allows Mrs. King to visit during the following hours:

9:00 - 9:15 am	505.841.1443
1:00 - 1:15 pm	505.841.1443
5:00 - 5:15 pm	505.841.1017
9:00 - 9:15 pm	505.841.1017

 **DAN BURKHARDT:**

please coordinate the
reply.

Mrs. King is staying at the Fairfield Inn in Albuquerque.
505.247.1621

RECOMMENDED BY: Craig T. Smith, Political Affairs
Mona Pasquil, Political Affairs

PURPOSE: To convey to Governor King through his wife Alice, your wishes and prayers for a speedy recovery.

BACKGROUND: Last Tuesday, November 18, Governor Bruce King suffered a massive heart attack that went undetected for three days due to unusual symptoms. The 73-year old former Governor, thinking he had a lingering case of the flu, decided to see his doctor in Albuquerque on Friday. He underwent five hours of surgery late Friday night.

Because Governor King went so long without medical attention, there was substantial damage to one chamber in his heart. His doctors basically had to reconstruct the chambers.

The Governor is unable to speak.

Submitted: November 24, 1997

ACTION:

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5/26/82

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The New York

Killing Wasn't Much, Skinhead Says

Slaying of West African Leaves Denver Stunned, and Frightened

By JAMES BROOKE

DENVER, Nov. 21 — Red hair shaved down to his skull, Nathan Thill lounged in a black leather jacket and mulled over why he shot to death a West African man at a bus stop here.

Without a trace of emotion, Mr. Thill, a 19-year-old skinhead, told a television interviewer that he "walked through town with my gun in my waist, saw the black guy and thought he didn't belong where he was at."

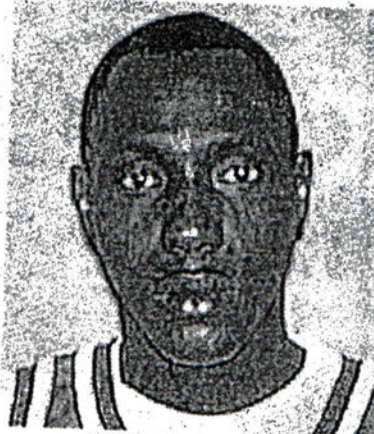
"How easy it would be to take him out right there," he continued. "Didn't seem like much to me."

While Denverites watched the jailhouse interview on the noon news today, about 1,000 people, including Mayor Wellington Webb, gathered at the city's largest mosque for the funeral of the slain Mauritanian man, Oumar Dia.

"Oumar was one of millions of people who come to the United States to improve their circumstances, fascinated by the American dream," Mohamadou Cissé, a friend, said after coming home from the mosque. "For Oumar, his dream was shattered."

Eight years ago, Arab authorities expelled Mr. Dia from his native Mauritania because he was black, his friends said. On Tuesday night, after work as a housekeeper in a downtown Denver hotel, Mr. Dia, a 38-year-old father of three, crossed paths with Mr. Thill, a burly, former meatpacker who carried a .22-caliber pistol, Celtic tattoos on his forearms, and a visceral hatred of people different than him.

"It was not a stray bullet that killed Oumar," said Mr. Cissé, a Senegalese vendor, in the thick French spoken on the West Coast of Africa.



Associated Press

Oumar Dia, 38, was shot three times and killed while waiting for a bus in Denver.

"The murderer knew exactly what he wanted to do: to kill someone who was black."

The killing, the latest in a two-week string of skinhead incidents, has shocked Denver, a city that prides itself for racial tolerance, country good manners and a booming, high-tech economy. Only a block from the site of the race killing, newsstands prominently display the current issue of Fortune magazine which ranks Denver as North America's "second most improved city for business" — below New York and above Boston.

But this month's parade of skinheads going before judges or engaging the police in shootouts has awakened dormant racial fears.

"I am walking around downtown looking over my shoulder," said Monette McIver, a black woman who is a graduate student in education. "I am just wondering if this or that person is going to take me out be-

cause of the color of my skin."

Farther down the 16th Street pedestrian mall, Joseph Chinn, a black man who is studying criminal justice, said bluntly, "It makes me want to go out and buy a gun, O.K.?"

On Saturday, a rally to protest the attacks is to be held in Five Points, an historically black neighborhood.

A white woman who tried to help Mr. Dia was also shot by the skinhead. The woman, Jeannie VanVelkinburgh, a 36-year-old single mother of two boys, was shot in the back, the bullet severing her spine. Doctors say she will be paralyzed for life.

"I was trying to help someone who needed help and didn't have any idea I would end up in this situation," Ms. VanVelkinburgh, a nursing home aide, said from her hospital bed. "But I would do it again if I thought there was a chance that I could save someone's life."

The shootings followed a spate of skinhead incidents: a high-speed car chase that ended with the arrests of two skinheads and another car chase that ended with the killing of a police officer and the suicide of a skinhead. After the skinhead's death, police stations started receiving death threats. The word "pig" was scrawled on a police car and a pig carcass scrawled with the name of the dead officer was left at the officer's old police station.

Mayor Webb, who is preparing for a visit by President Clinton on Saturday, said the Denver police and the Federal authorities were trying to determine whether the incidents were linked to a single skinhead organization. "There is no conclusive evidence to suggest that it is an organized effort," the Mayor said.

Mr. Webb, who is black, argued that the city remained a tolerant place, adding, "Denver is a city

'Just Incredible,' Says Mother, Holding 1st of Her 7 Babies

By PAM BELLUCK

ES, Nov. 21 — The

all she could manage was to thank the crush of reporters and television crews "for the



Report

NE A7

SATURDAY, NOVEMBER 22, 1997

Work Times



Associated Press

Nathan Thill, 19, on a television interview yesterday confessed to killing a West African immigrant, Oumar Dia, in Denver on Tuesday.

where the African-American population is 12 percent, and where, in 1991, both candidates for mayor were African-American."

In adjacent Jefferson County, where the two car chases originated, John Stone, a county commissioner, threatened on Wednesday, "If we need to go to war with skinheads, we'll do that."

But some critics say that Colorado has become too complacent.

"The whole leadership of Colorado is caught off guard by this," said Carl Raschke, a University of Denver religious studies professor who studies local hate groups. "There has been this sugary image about Denver: that it happens everywhere else but here."

Indeed, a police intelligence unit credited with disbanding skinhead groups in the early 1990's was recently redirected to other projects.

"Law enforcement needs to come down hard on them again," said Bobbie Towbin, associate director of the

Anti-Defamation League here. "Let them know that their activities are not welcome here."

Denver police have in custody two other skinheads. Jeremiah Barnum, 24, surrendered on Thursday after learning that he was wanted for questioning about the Dia killing. On Wednesday, the police arrested a skinhead who had stockpiled in his motel room bomb-making parts, ammunition and a Mac 90 semiautomatic assault rifle.

The police are searching for three more who may have been involved in the attempted ambush of a Denver policeman on Thursday morning.

While Denver awaits the outcome, residents ponder the words of Mr. Thill, a gas station clerk who saw himself as a soldier in a race war.

"In a war, anybody wearing the enemy's uniform is an enemy, and should be taken out," he said of his victim, who was waiting for a bus. "I guess I was kind of thinking about him because he was black."

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National

The New York

Killing Wasn't Much, Skinhead Says

Slaying of West African Leaves Denver Stunned, and Frightened

By JAMES BROOKE

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"How easy it would be to take him out right there," he continued. "Didn't seem like much to me."

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"Oumar was one of millions of people who come to the United States to improve their circumstances, fascinated by the American dream," Mohamadou Cissé, a friend, said after coming home from the mosque. "For Oumar, his dream was shattered."

Eight years ago, Arab authorities expelled Mr. Dia from his native Mauritania because he was black, his friends said. On Tuesday night, after work as a housekeeper in a downtown Denver hotel, Mr. Dia, a 38-year-old father of three, crossed paths with Mr. Thill, a burly, former meatpacker who carried a .22-caliber pistol, Celtic tattoos on his forearms, and a visceral hatred of people different than him.

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12-1-97

Should we send to Sylvia Matthews?

Yes

No

Oumar times a bus in

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Thurston
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National

The New York

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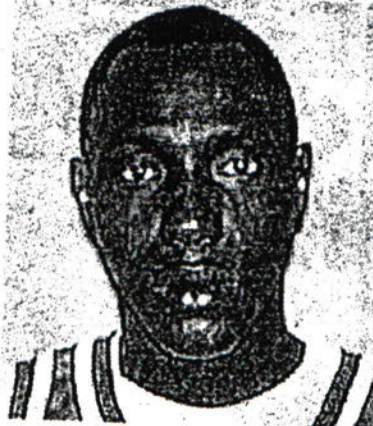
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Associated Press

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FOWA continues from

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THE WHITE HOUSE
WASHINGTON

November 26, 1997

THE PRESIDENT 413 1552
12-1-97

Mr. President:

In case you don't want to make
this phone call, a letter is
attached for your signature.

11/30/97
Phil Caplan

Send letter
but keep on call
Civ - stored
do not use

approved
Bowles
Cammie

Recommended Phone Call
To Lance Corporal Dan
Evans

re: His hospitalization due
to injury during South
American

To be made by Thanksgiving

THE PRESIDENT
12-1-97

THE WHITE HOUSE

WASHINGTON

'97 NOV 26 AM 8:25

November 26, 1997

RECOMMENDED TELEPHONE CALL

TO: Lance Corporal Daniel B. Evans, USMC
Hunter Home McGuire, VA Hospital,
Richmond, Virginia
Bedside: (804) 675-6897

DATE: November 27, 1997

RECOMMENDED BY:

for Alan P. Sullivan *T.O. Sullivan*

PURPOSE:

To wish Lance Corporal Evans a full recovery and a happy Thanksgiving

BACKGROUND:

Lance Corporal Evans received injuries while supporting the President in Rio de Janeiro when a cable from a crane snapped and the hook hit Lance Corporal Evans. He received a broken left femur, three broken vertebra, a bruised spinal cord and two broken ribs. His injuries have left him paralyzed from the waist down.

TOPICS OF DISCUSSION:

1. I was very sorry to learn of your unfortunate accident while supporting my trip to Rio de Janeiro.
2. You are in our thoughts and prayers, and Hillary and I wish you a happy Thanksgiving.

CONTACT PERSON AND
TELEPHONE NUMBER(S):

Denver Peters (WHMO) 456-2150
Laura Marcus 456-6796

DATE OF SUBMISSION:

Schedule Proposal---November 18, 1997

ACTION:

Attachment

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. resume	[Personally Identifiable Information] [partial] (1 page)	11/26/1997	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 11227

FOLDER TITLE:

Chron Files: Monday, December 1, 1997 [2]

2019-0774-S

rs3372

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

LANCE CORPORAL DANIEL B. EVANS, USMC

BIRTH DATE:

(b)(6)

RELIGIOUS PREFERENCE: Catholic

BIOGRAPHY:

Lance Corporal Evans graduated from Saint Marys Ryken High School, Leonardtown, Maryland. He enlisted in the Marine Corps as an aircraft mechanic on September 28, 1995 and attended boot camp at Parris Island, South Carolina, on June 19, 1996. He graduated from boot camp September 6, 1996 and attended the School of Infantry (SOI), Camp Lejeune, North Carolina. After SOI, he transferred to Pensacola, Florida, to attend the enlisted aircrew course and then transferred to Marine Helicopter Training Squadron 302, Marine Corps Air Station, Jacksonville, North Carolina, to attend the Helicopter Mechanics Course. On July 29, 1997, he was designated a Crew Chief for the CH-53E and was awarded Naval Air Crew Wings. He was then transferred to Marine Heavy Helicopter Squadron 464, New River, North Carolina, on July 30, 1997. Since joining the squadron he has logged 67 hours in the CH-53E.

HOBBIES:

Daniel, an avid outdoorsman, grew up at Piney Point, Maryland, on St. George Island. This allowed him to camp, crab, sail catamarans and canoe. As a youth, he would help his father build and repair homes by putting up drywall. He enjoys soccer and riding mountain bikes through the trails at the Air Station. He also enjoys model building; recently the squadron presented him with a CH-53E model which he enjoyed.

FAMILY:

Parents:	Michael and Teresa Evans; both reside in Piney Point, Maryland
Younger brother:	Benjamin Evans, 17, currently in the Marine Corps attending SOI at Camp Lejeune, North Carolina.
Older brother:	Tim Evans, graduated from Virginia Tech with an electrical engineering degree and is working for a company which provides security consultation and protects Naval Air Stations. He lives with his family in Maryland.
Sister:	Rachael Evans, is an E-4 in the Navy and is attending college in pursuit of a physician assistant degree. She hopes to be commissioned an Ensign in the Navy.
Younger sister:	Katherine, 16, is a junior at Saint Marys High School.
Younger sister:	Jocelynn, 13, is a freshman at Saint Marys High School.

THE WHITE HOUSE

WASHINGTON

November 27, 1997

LCpl Daniel Evans, USMC
Post Office Box 193
Piney Point, Maryland 20674-0193

Dear Corporal Evans:

I was so sorry to learn of the injuries you sustained during our recent trip to South America. I hope you are feeling more comfortable now and that you are growing stronger each day.

Hillary and I are keeping you in our thoughts and prayers, and we wish you and your family a blessed holiday season.

Sincerely,

Bill Clinton

(E)

Roosevelt Letter forwarded by Sid Blumenthal -- four of FDR's grandchildren wrote you to request a slight funding increase for the Roosevelt-Vanderbilt National Historic Sites at Hyde Park and to allow the NPS to accept the gift of a property adjacent to the Sites known as "Top Cottage." Built by FDR in 1939, Top Cottage was intended to be a retirement residence, and has some significance as one of the first homes designed by a disabled person for independent living. Given the authors, we thought you should see the letter; we have forwarded it to Sperling and Raines for consideration during the budget process.

(F)

Veteran's day/Vietnam Speech forwarded by Gen. McCaffrey -- Barry forwards a copy of his Veteran's Day speech at the Vietnam Memorial; his cover note reads, "Our Vietnam Vet's are still an unfinished issue; hope we can draw them out for community leadership; many still need help."

(G)

Update on Virginia Miller from Bob Nash -- You wrote, "We need to help her" on a summary of Miller's August letter to you; Bob reports that she has been hired at the Department of Transportation as a Special Assistant to the Director of External Communications effective 9/30/97.

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THE WHITE HOUSE

WASHINGTON

November 26, 1997

Copied
Spelling
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MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY 

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- (A) **Legislative Accomplishments Summary from Hilley** -- detailed summary of your legislative accomplishments for the 105th Congress' first session; focuses on 11 areas: Balanced Budget, Tax Relief, Education, Health Care, the Environment, Child Initiatives, Economic Opportunity, Immigrant Issues, Transportation, Foreign Policy, and Science and Technology; also updates nomination/confirmation tallies; *please see memo.*
- ✓ (B) **Back to School Progress Report from Sec. Riley** -- detailed summary of activities; this year's theme was "Answering the President's Call to Action," with emphasis on the America Reads challenge; more than 100 events by 30 Federal agencies and offices; Riley has conducted 22 school visits or community events all over the country, including in Alaska; other DOEd officials have participated in more than 80 events; regional reps orchestrated another 250 events in 40 states; provides a summary of cabinet secretary and congressional participation; *please see memo for details.*
- ✓ (C) **McGinty Response to Louisiana Environmental Issue** -- you asked for information on a proposed Shintech plant, described by the *Wall Street Journal*; the Japanese firm seeks to build a PVC plant in a predominantly (81%) black community in an area of Louisiana known as "cancer alley;" the local community is sharply divided between those favoring job creation and those concerned with environmental risks; several groups have sued to block the plant, citing your 1993 EO on environmental justice for poor communities; others, including the local NAACP, support the facility; EPA is reviewing; Sen. Breaux, at McGinty's suggestion, convened a meeting of the parties to attempt a resolution; EPA hopes to resolve the matter by April, 1998 with guidance on how to address environmental concerns so that work on the plant may proceed.
- ✓ (D) **Ronald Brownstein/L.A. Times Article forwarded by Rahm** -- thought you would be interested in Brownstein's article, "For Clinton, Ducking a Fight is not the Right Way to Handle the Left;" Brownstein writes that, "The success on the budget showed the power of an approach that triangulated Clinton between the two parties and advanced legislation through bipartisan coalitions. The repudiation on fast track is a reminder that even a president committed to bipartisanship can't afford to entirely ignore the priorities of his own party." *Please see article.*

THE PRESIDENT HAS SEEN
12-1-97

'97 NOV 24 PM 4:20

THE WHITE HOUSE
WASHINGTON

November 24, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: SIDNEY BLUMENTHAL *JB*
SUBJECT: FDR

Anne Roosevelt asked me to pass on a letter she and her cousins have written to you about FDR's Top Cottage at Hyde Park. I thought you'd like to see it directly.

THE PRESIDENT HAS SEEN
12-1-97

Roosevelt Family Committee
c/o Christopher du P. Roosevelt
14 Middle Patent Road
Armonk, New York 10504

Office: (914) 946-9200; Home: (914) 234-3729

November 21, 1997

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

Dear Mr. President:

Knowing of your personal appreciation of our grandfather and your commitment to the accessibility goals of the disability community, we are writing to request your personal involvement in bringing about a very modest increase in the annual operating budget of the Roosevelt-Vanderbilt National Historic Sites at Hyde Park that will serve both interests and allow the National Park Service to accept a gift of a unique FDR cottage adjacent to the Hyde Park properties.

This cottage, known as "Top Cottage," was personally designed by FDR and built in 1939 for his personal use and occupation, probably after his anticipated "retirement" following his second term, and was part of the Roosevelt estate at the time of his death. It may be the first residence designed by a disabled person for independent living to the fullest extent possible by that same person.

Director Bob Stanton of the National Park Service has already indicated that the Park Service has existing authority to accept the gift of a fully restored Top Cottage, recognizes Top Cottage's national significance, and is very much interested in acquiring the property by gift. But, Director Stanton has concurrently indicated that the Park Service presently does not have the funds to operate the Cottage as a Park Service historic facility open to the public. The Park Service has stated that it needs approximately \$150,000 in additional annual operating funds to so operate Top Cottage.

Clearly Top Cottage tells a very important part of the FDR story and should be a part of the Roosevelt-Vanderbilt National Historic Sites. Additionally, Top Cottage can serve as an important beacon for highlighting disability issues and the accessibility message across the country. This modest addition to the Park Service's annual operating budget would allow Top Cottage to be open to the public during the busiest six months of the year and properly maintained.

Top Cottage is unique because it is one of only two houses personally designed by sitting Presidents for their personal use; it also is important because, as we have said, it is probably the first house designed by anyone for total access to a disabled person. On this latter point,

the noted restoration and historic preservation architecture firm of John G. Waite Associates has discovered, in pursuance of a fully documented historic structure report, a treasure trove of material substantiating FDR's design concerns for details such as door sills, door widths, the placement of bath fixtures, etc., all arising from his desire to have a totally accessible house that he would live in.

The "Roosevelt Family Committee" (consisting of our generation of first cousins), in partnership with the Franklin and Eleanor Roosevelt Institute, has been involved in a major effort over the past two and a half years to secure Top Cottage from being sold to the highest bidder.

Our efforts have succeeded and will continue with the full restoration of Top Cottage because of an important public-private partnership involving private foundations and nonprofit organizations, individual contributions, and New York State support for acquisition and restoration work (we believe utilizing, in part, Federal grant funds). Supported by a significant grant from the Lila Acheson Wallace - Readers's Digest Fund, the Open Space Institute (through the Beaverkill Conservancy) acquired Top Cottage and the acreage surrounding it, and is now in the process of securing easements across three small residential properties for a walking trail (and possible road access) from Eleanor Roosevelt's Val-Kill (part of the Roosevelt-Vanderbilt National Historic Sites) up the hill to Top Cottage.

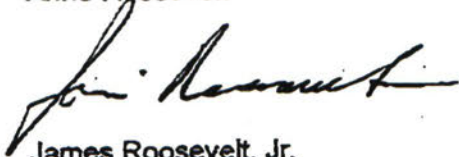
With additional funds already raised from individuals, corporations and foundations, matched by the funds from the State of New York, we will begin restoration work on Top Cottage early in 1998 and hope to have restoration completed within 10 to 12 months. At that time, the Open Space Institute (through its subsidiary, the Beaverkill Conservancy), and the current leaseholder, The Franklin and Eleanor Roosevelt Institute, would transfer Top Cottage to the National Park Service by deed of gift. The actual dollar value of the public-private partnership effort prior to the gift of Top Cottage to the Park Service will approach \$1.5 million - all at no cost to the National Park Service.

Thank you for your attention. We very much hope that you will personally lend your support in this matter and deeply appreciate your consideration.

Sincerely,



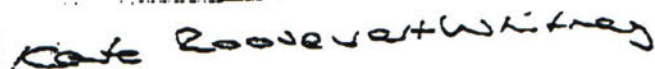
Anne Roosevelt



James Roosevelt, Jr.



Christopher du P. Roosevelt



Kate Roosevelt Whitney

CR:met

THE WHITE HOUSE

WASHINGTON

November 26, 1997

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THE WHITE HOUSE

WASHINGTON

November 26, 1997

Copied
McGinty
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THE PRESIDENT HAS SEEN
12-1-97

'97 NOV 26 PM1

THE WHITE HOUSE
WASHINGTON

November 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING
ELENA KAGAN

SUBJECT: State of the Union Ideas

As you requested, this memorandum provides a brief description of new ideas we are seriously considering for the State of the Union. Most of these ideas involve increased spending, and you will have to make choices among them as you consider the FY 99 budget. Options relating to social security and tax reform are not included in this memo.

Education

1. Class size / 100,000 teachers: We are working with the Vice President's office and others on an ambitious initiative to reduce class sizes in the early grades by providing money to hire up to 100,000 new teachers, perhaps paid for by reducing the federal work force by another 100,000 positions. We estimate that 100,000 new teachers in grades 1-3 would reduce average class size from roughly 21 to roughly 18. The initiative would have three main elements: 1) grants to help states or communities hire new teachers (as in the COPS program, these grants would be time-limited (3-4 years) and the federal share would be 50-75%); 2) funds for teacher training, with a special emphasis on reading; and 3) provisions to ensure accountability, such as requiring testing of new teachers and/or ensuring the removal of bad teachers from the classroom. A serious proposal along these lines would cost \$5-10 billion over five years, depending on the size of the federal match and the target date for reaching 100,000. We also would need to accompany the proposal with a school construction initiative (see below).

2. Education Opportunity Zones: As we outlined in an earlier memo on policy proposals for the race initiative, we are working with the Education Department on a plan that would reward 10-15 poor inner city and rural school districts for agreeing to adopt a school reform agenda that includes: ending social promotions, removing bad teachers, reconstituting failing schools, and adopting district-wide choice and/or public school vouchers. Our goal is to give school districts incentives to hold students, teachers, and schools accountable, in essentially the way Chicago has done. In our working proposal, each urban grant would be worth \$10-25 million and each rural grant would be worth up to \$2 million, for a total request in FY99 of \$320 million.

3. National Public School Choice Law: We are exploring the possibility of proposing

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legislation to require that states and communities allow public school choice as a condition of receiving federal education funding. Together with a strong endorsement of bipartisan charter school legislation (bound to pass next year), this measure will show that we firmly support choice and competition. We are also looking into the concept of a parents' right-to-know law that would require states and communities to make key information on school performance available, so that parents can make informed choices.

4. University-School Partnerships: As we also outlined in our earlier memo on the race initiative, we are working on a grant program to promote strong partnerships between colleges and high-poverty middle and high schools, with the goal of enabling more youth to go on to college. This initiative would encourage colleges to adopt the Eugene Lang model for helping disadvantaged youngsters. Colleges would encourage students to take demanding courses, while providing academic enrichment and intensive mentoring, tutoring, and other support services. The students would receive special certificates for participating in the program, somewhat along the lines of Chaka Fatah's proposal. The Department of Education has requested \$200 million for FY 99 for this initiative.

5. Campaign on Access to Higher Education: We are preparing to conduct an intensive publicity campaign on the affordability of higher education. The goal of the campaign would be to make every family aware that higher education is now universally accessible, as well as to reiterate that higher education is the key to higher earnings.

6. School Construction: We will need to re-propose a school construction initiative this year. We are currently considering the appropriate size and duration of this initiative, as well as the possibility of structuring this initiative as a tax credit.

7. Teacher Training for Technology: We are currently weighing several options on training teachers to use educational technology. These include (1) expanding various innovation grants to ensure that within four years, all new teachers will be ready to use educational technology, or (2) using the Technology Literacy Challenge Fund to train and certify at least one "master teacher" in every school, who can then train other teachers in the use of educational technology.

8. Hispanic Education Dropout Plan: We have developed a plan to improve educational opportunities for Hispanic Americans (or limited English proficient students generally), with the goal of decreasing the current disparity in dropout rates. The draft plan includes a number of administrative actions, as well as targeted investments of roughly \$100 million to programs for migrant, adult, and bilingual education.

9. "Learning on Demand": We are developing an initiative, related to some of Governor Romer's ideas, to encourage the use of technology (e.g., the internet, CD-ROM, interactive TV) for lifelong learning. The initiative will begin the process of giving all Americans "anytime, anywhere" access to affordable and high-quality learning opportunities. The initiative is still in the developmental stage, and at this time we recommend only a small investment.

Child Care

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1. Affordability: We are developing a proposal that will help working families afford child care by (1) increasing funding for federal child care subsidies through the Child Care and Development Block Grant, and (2) changing the Child and Dependent Care Tax Credit by raising the percentage of child care expenses for which taxpayers of certain income levels may take a credit. On the subsidy side, every additional \$100 million in the block grant will pay child care costs for at least 35,000 more children with incomes below 200 percent of poverty. On the tax side, we are considering raising the maximum credit rate to 50 percent for taxpayers with adjusted gross income (AGI) of less than \$30,000 (from a current high of 30 percent for taxpayers with AGI of less than \$10,000), and adjusting the income slide accordingly.

2. Safety and Quality: We are also considering targeted investments to improve the safety and quality of care. Our current proposal adds funding to the scholarship program for child care providers that you announced at the child care conference (which was very well received); provides resources for states to improve their enforcement of health and safety standards; and funds efforts to educate parents on quality child care.

3. Early Childhood Learning and Afterschool Programs: Our current proposal also expands early learning opportunities by increasing investment in Early Head Start and creating a new 0-5 Early Education Fund. The new fund will provide grants for innovative early learning programs for both working and stay-at-home parents. We are also considering ways of expanding and streamlining afterschool programs.

4. Helping Parents Stay Home: To support parents who wish to stay at home with their children, we are working on ways to expand the FMLA -- to six months instead of 12 weeks and to smaller-sized employers. We are also looking at a variety of ways to provide financial assistance, whether through a modified version of the Child and Dependent Care Tax Credit or through paid family leave administered under the unemployment insurance system. The cost of these financial proposals, however, may be prohibitive.

Health

YCS

1. Consumer Protection Legislation: We should reiterate our support for three pieces of health care consumer protection legislation: (1) the Quality Commission's Consumer Bill of Rights, which has strong public and elite support and arguably is more moderate than a bill in the House that already has attracted over 85 Republicans; (2) our genetic anti-discrimination legislation, which has attracted bipartisan support on both sides of the Hill as a way to protect Americans

from the misuse of new advances in genetics; and (3) privacy protection legislation, which would establish strong federal standards to ensure the confidentiality of medical records. Although these consumer protections would benefit the entire population, women's health advocates are especially supportive of them, because the Consumer Bill of Rights would ensure direct access to OB/GYNs and our genetic anti-discrimination legislation would protect women who undergo new tests for the breast cancer gene.

2. Medicare Reform and Program Improvements: To build on the Medicare reforms in the balanced budget agreement, we are considering two reform initiatives: additional anti-fraud initiatives (perhaps providing \$2-3 billion in savings over five years) and an income related premium (providing another \$7-8 billion in savings assuming it kicks in at an income around \$50,000). We are also considering a number of Medicare improvements to which we could apply the above savings: (1) a Medicare (or COBRA) buy-in for pre-65 year olds (or some targeted subset of this age group), the cost of which would depend on whether we decide to subsidize this benefit; (2) Medicare coverage of cancer clinical trials, which could substantially increase investment in the treatment and cure of cancer, including prostate cancer; and (3) a new mechanism to provide Medicare beneficiaries with information about private long-term care insurance that meets appropriate standards.

3. Doubling the NIH Research Budget with Proceeds from Tobacco Legislation: We (along with the Republicans) are considering a proposal to double the NIH budget, which would cost about \$20 billion over five years. Such an investment could lead to breakthroughs in research that would greatly improve our ability to prevent and treat diseases like diabetes and cancer -- and substantially lessen the costs associated with these diseases. Because the discretionary caps are so tight, the only realistic way to pay for such an initiative is through dedicated savings from the tobacco agreement. This link between tobacco legislation and health research should resonate strongly with the public.

4. Other Coverage Options -- Children's Health, Workers In-Between Jobs, Voluntary Purchasing Cooperatives: We are working on a public/private outreach effort to ensure that every child eligible for health insurance under Medicaid or our new program actually gets covered. The public side of this effort could include proposals to: give bonuses for enrolling more children in Medicaid; expand the kinds of places where children can enroll; and simplify eligibility processes. In addition, we are considering whether to propose a demonstration of our old policy to provide coverage to workers who are in-between jobs. Finally, we are continuing to pursue proposals relating to voluntary purchasing cooperatives, as a way to help small business gain access to and afford health insurance coverage.

5. Racial Disparities in Health Care: We are working on a proposal to address racial disparities in six carefully selected areas of health care: infant mortality, breast and cervical cancer, heart disease and stroke, diabetes, AIDS, and immunization. This proposal will include nationwide actions to reduce these disparities, as well as focused pilot projects in thirty communities (say, a project on diabetes on an Indian reservation or a project on AIDS in an inner

city). The stated aim of the proposal will be to eliminate racial disparities in these six areas by 2010.

Crime

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1. Community Prosecutors: We are working on a proposal, costing up to \$100 million, to provide grants to prosecutors for innovative, community-based prosecution efforts. A number of jurisdictions already have embraced such efforts; for example, community prosecution is an essential component of Boston's juvenile crime strategy. These jurisdictions have found that a "problem-oriented" (rather than incident-based) approach to prosecuting, using a wide variety of enforcement methods and attending to the concerns of victims and witnesses, can pay real dividends. A grant program could spread these innovative programs across the country.

2. Juvenile Crime Initiative: Although we got funds for much of our youth violence strategy in last year's appropriations bills, we should continue to press for the passage of juvenile crime legislation -- especially for a juvenile Brady provision, which will stop violent juveniles from owning guns as adults. We also should challenge the four cities leading the nation in juvenile crime (New York, Los Angeles, Chicago, and Detroit) to replicate Boston's successful strategy and target resources to these cities to help them meet this challenge.

Welfare/Housing

Good

1. Welfare-to-Work Housing Vouchers: We are working with OMB and HUD on a proposal for 50,000 new housing vouchers to help welfare recipients in public housing who need to move in order to find employment. We would distribute these vouchers on a competitive basis to public housing authorities working with local TANF agencies and/or grantees of the new \$3 billion welfare-to-work program. We are working on a number of proposals to increase housing mobility (see below), and linking this issue to welfare reform may increase the chance of attracting congressional support. At the same time, we should reiterate our support for welfare-to-work transportation funds as part of NEXTEA.

Housing

1. Housing Portability/Choice: In addition to the new welfare-to-work housing vouchers discussed above, a package on housing portability and choice could include: increasing the number of Regional Opportunity Counseling (ROC) sites; encouraging the use of exception rents (rents up to 120 percent of the "fair market rent") as a tool for opening up more expensive suburban housing markets; and eliminating obstacles to portability of Section 8 vouchers.

2. Fair Lending/Fair Housing: This proposal could include: an examination of the impact of credit scoring and risk-based pricing on the availability of credit/capital to lower-income and minority individuals; issuance of guidance by banking regulators on certain key credit scoring issues and, possibly, on risk-based pricing; a Presidential call to the FDIC and the Federal

Reserve to obtain more data on reasons for home mortgage loan denials (OCC and OTS already collect such information); and collection of race and income data as part of the Equal Credit Opportunity Act/CRA small business and small farm lending reporting requirement.

3. Downpayment Reduction: We are working on a proposal to increase homeownership by reducing the barriers to buying a new home. Many low- and moderate-income families find a downpayment the largest hurdle to buying a new home; this initiative would lower this cost and help more families become homeowners. In 1992, Congress authorized the National Homeownership Trust, but never appropriated any money. We are investigating whether we should request money for this program or whether it is better policy to expand the existing HOME program (which serves a similar purpose).

Labor/Workforce

1. Child Labor: We are working on a comprehensive Child Labor Action Plan, anchored by a \$100 million commitment to the International Program on the Elimination of Child Labor (IPEC) -- a voluntary program of the International Labour Organization which is dedicated to the elimination of child labor. The funds, which would be managed by the Department of Labor in accordance with criteria we would develop, would go to programs attacking the most intolerable forms of child labor. The initiative also might include a stepped up Customs program to enforce U.S. law banning the import of goods made with forced or bonded child labor; increased support for the Migrant Education Program to support elementary and secondary education to the hardest-to-serve migrant children; and a call for prominent organizations, such as the Boy Scouts and Girls Scouts, to adopt a "No Sweat" code for uniforms and an accompanying label.

2. Pensions: We have developed an expanded pension coverage initiative that focuses on a simplified defined benefit plan for small businesses, based on the SAFE plan proposed by the American Society of Pension Actuaries (ASPA). We are also looking at a payroll deduction IRA proposal, a three-year vesting requirement for employer matching contributions in 401(k) plans, a women's pension initiative, and a pension right-to-know proposal.

3. Community Adjustment: As part of the Fast Track debate, we proposed the creation of the Office of Community and Economic Adjustment (OCEA). As you know, this office will be modeled after the Defense Department's Office of Economic Adjustment (OEA) -- the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. The OCEA would coordinate the Administration's response to regions impacted by a major plant closing or trade, by working with Labor, Commerce, SBA, HUD, Treasury, and other government entities. This group would provide planning grants and expertise to help communities develop comprehensive economic adjustment strategies. Since this program will be part of the Economic Development Administration (EDA), we are investigating whether we could initiate this proposal by executive memorandum, while awaiting Congressional appropriations.

you - v. important can do before
bringing up fast track
again

Climate Change

1. **Tax Incentive and R&D Package:** You already have committed to a \$5 billion package over five years for tax incentives and R&D to promote low-carbon technologies. The Treasury Department is working on a possible package of tax incentives to be included in the FY 1999 budget, and DOE has a proposal on the expenditure side. We are working to develop final options.

Race

A number of the above proposals -- e.g., education opportunity zones, university-school partnerships, housing vouchers -- can be presented as part of the race initiative, because they target predominantly minority areas or provide disproportionate benefits to members of minority groups. Other proposals described above -- the Hispanic dropout plan and the race and health initiative -- have obvious and explicit race connections. In addition:

1. **Civil Rights Enforcement Initiative:** We are working on a coordinated package of reforms for the EEOC and the civil rights offices at DOJ, HUD, HHS, Education, and DOL. Among other things, this proposal would expand dramatically the EEOC's mediation program, substantially increasing the average speed of resolving complaints and reducing the EEOC's current backlog. Similarly, the proposal would promote the increased use of non-adversarial techniques by the agencies' civil rights offices. The proposal also would provide a mechanism for better coordination among the various civil rights offices.

Yes - worth doing
something big to push
to pass