THE WHITE HOUSE

WASHINGTON

January 14, 1998

To: Gene
Katie
Jim

Attached is a now final version of Kyoto Fact sheet that is our redraft of State's original draft, followed by a number of rounds of back and forth edits between us and State. Also incorporates edits from David Sandalow and Jon Gruber. At Katie and Elliot's good suggestion, we are working on a one-page highlights piece to cover this for the press, so reporters/editors can either read the short form or longer form. We'll circulate this as soon as we have it.

The attached is going to go out into the world as early as tomorrow unless any of you have changes. If you do, please let me know ASAP. Thanks.

Todd

From Phil

Chron

The Kyoto Protocol on Climate Change
Fact Sheet

BACKGROUND

- At a conference held December 1-11, 1997 in Kyoto, Japan, the Parties to the UN Framework Convention on Climate Change agreed to an historic Protocol to reduce greenhouse gas emissions by harnessing the forces of the global marketplace to protect the environment.

- The Kyoto Protocol in key respects -- including emissions targets and timetables for industrialized nations and market-based measures for meeting those targets -- reflects proposals advanced by the United States. The Protocol makes a down payment on the meaningful participation of developing countries, but more needs to be done in this area. Securing meaningful developing country participation remains a core U.S. goal.

EMISSIONS TARGETS

- A central feature of the Kyoto Protocol is a set of binding emissions targets for developed nations. The specific limits vary from country to country, though those for the key industrial powers of the European Union, Japan, and the United States are similar -- 8% below 1990 emissions levels for the EU, 7% for the U.S., 6% for Japan.

- The framework for these emissions targets is based largely on U.S. proposals:

  - **Emissions targets are to be reached over a five-year budget period as proposed by the U.S., rather than by a single year.** Allowing emissions to be averaged across a budget period increases flexibility by helping to smooth out short-term fluctuations in economic performance or weather, either of which could spike emissions in a particular year.

  - **The first budget period will be the U.S. proposal of 2008-2012.** The Parties rejected proposals favored by others, including budget periods beginning as early as 2003, that were neither realistic nor achievable. Having a full decade before the start of the binding period will allow more time for U.S. companies to make the transition to greater energy efficiency and/or lower carbon technologies.

  - **The emissions targets include all six major greenhouse gases.** The EU and Japan initially favored counting only three gases -- carbon dioxide, methane, and nitrous oxide. Ensuring the inclusion of the additional gases (synthetic substitutes for ozone-depleting CFCs) that are highly potent and long-lasting in the atmosphere provides more comprehensive environmental protection and lends more certainty concerning the treatment of the additional gases.

- **Activities that absorb carbon, such as planting trees, will be offset against emissions targets.** The treatment of these so-called "sinks" was another controversial issue at Kyoto. Many countries wanted sinks to be excluded. The United States insisted that they be included in the interest of encouraging activities like afforestation and reforestation. Accounting for the role of forests is critical to a comprehensive and environmentally responsible approach to climate change. It also provides the private sector with low-cost opportunities to reduce emissions.

Is the target the United States agreed to actually 7% lower than what the President proposed in October?

No. The 7% target represents no more than a 3% real reduction below the President's initial proposal of reducing greenhouse gases to 1990 levels by 2008-2012. The remaining 4 percentage points result from certain changes in the way gases and sinks are calculated and do not reflect any increase in effort as compared to the President's original proposal.

- **Changing the baseline for the three synthetic greenhouse gases from 1990 to 1995 accounts for about 1% of the 7% reduction.** Use of these three gases has grown since 1990, so that permitting a 1995 baseline allows for a higher overall baseline than the Administration assumed last October when the President announced his goal of reaching 1990 levels by 2008-2012. Making reductions to meet a higher baseline is of course easier than making reductions to meet a lower baseline. Had the United States maintained the same level of effort assumed by the President in October, and no other factors had changed, the shift to a 1995 baseline for the three synthetic gases would, alone, have transformed the President's goal of 1990 levels into a goal equivalent to 1% below 1990 levels.

- **Altering the accounting method for carbon-absorbing activities, such as planting trees, accounts for about 3% of the 7% reduction.** The President's original goal assumed that carbon-absorbing activities would be counted, both in the 1990 base year and in the 2008-2012 budget period. Under the method agreed in Kyoto, carbon-absorbing activities in the 1990 base year are not counted (yielding a higher baseline), although certain carbon-absorbing activities will count against emission reduction commitments in the budget period. This decision with respect to the accounting method makes the U.S. target somewhat less stringent. Specifically, had the U.S. maintained the same level of effort assumed by the President in October, and no other factors had changed, the shift in the accounting method for carbon-absorbing activities would, alone, have transformed the President's goal of 1990 levels into a goal equivalent to at least 3% below 1990 levels.

INTERNATIONAL EMISSIONS TRADING

- The United States prevailed in securing acceptance of emissions trading among nations with emissions targets. This free market approach, pioneered in the U.S., will allow countries to seek out the most cost-effective emissions reductions.

- Under an emissions trading regime, countries or companies can purchase less expensive emissions permits from countries that have more permits than they need (because they have met their targets with room to spare). Structured effectively, emissions trading can provide a powerful economic incentive to cut emissions while also allowing important flexibility for taking cost-effective actions.

- The Kyoto Protocol enshrines emissions trading. Rules and guidelines -- in particular for verification, reporting, and accountability -- are to be worked out at the next meeting of the Parties at Buenos Aires in November 1998.

- The inclusion of emissions trading in the Kyoto Protocol reflects an important decision to address climate change through the flexibility of market mechanisms. Led by the United States, the Conference rejected proposals to require all Parties with targets to impose specific mandatory measures, such as energy taxes.

- The United States also reached a conceptual agreement with a number of countries, including Australia, Canada, Japan, New Zealand, Russia and Ukraine, to pursue an umbrella group to trade emissions permits. Such a trading group could further contribute to cost-effective solutions to this problem.

JOINT IMPLEMENTATION AMONG DEVELOPED COUNTRIES

- Countries with emissions targets may get credit towards their targets through project-based emission reductions in other such countries. The private sector may participate.

- Additional details may be agreed upon by the Parties at future meetings.

CLEAN DEVELOPMENT MECHANISM

- Another important free market component of the Kyoto Protocol is the so-called "Clean Development Mechanism" (CDM). The CDM embraces the U.S. proposal for "joint implementation for credit" in *developing* countries.

- With the Clean Development Mechanism, developed countries will be able to use certified emissions reductions from project activities in developing countries to contribute to their compliance with greenhouse gas reduction targets.

- This Clean Development Mechanism will allow companies in the developed world to enter into cooperative projects to reduce emissions in the developing world -- such as the construction of high-tech, environmentally sound power plants -- for the benefit of both parties. The companies will be able to reduce emissions at lower costs than they could at home, while developing countries will be able to receive the kind of technology that can allow them to grow more sustainably. The CDM will certify and score projects. The CDM

can also allow developing countries to bring projects forward in circumstances where there is no immediate developed country partner.

- Under the Clean Development Mechanism, companies can choose to make investments in projects or to buy emissions reductions. In addition, Parties will ensure that a small portion of proceeds be used to help particularly vulnerable developing countries, such as island states, adapt to the environmental consequences of climate change.

- Importantly, certified emissions reductions achieved starting in the year 2000 can count toward compliance with the first budget period. This means that private companies in the developed world will be able to benefit from taking early action.

DEVELOPING COUNTRIES

- Various Protocol provisions, taken together, represent a down payment on developing country participation in efforts to reduce greenhouse gas emissions:

  - Developing countries will be engaged through the Clean Development Mechanism, noted above.

  - The Protocol advances the implementation by *all* Parties of Article 4.1 commitments under the 1992 Framework Convention on Climate Change. For example, the Protocol identifies various sectors (including the energy, transport, and industry sectors as well as agriculture, forestry, and waste management) in which actions should be considered in developing national programs to combat climate change and provides for more specific reporting on actions taken.

  - While the Conference rejected a proposal to create a new category of nations that would voluntarily assume binding emissions targets, developing countries may, as a prerequisite for engaging in emissions trading, still do so through amendment to the annex of the Protocol that lists countries with targets.

- Securing meaningful participation from key developing countries remains a priority for the United States. The Administration has stated that without such participation, it will not submit the Kyoto Protocol to the Senate for advice and consent to ratification.

MILITARY EMISSIONS

- The Kyoto Protocol achieves the objectives identified by the Department of Defense where international agreement was necessary to protect U.S. military operations.

  - Emissions from "bunker" fuels (for international maritime or aviation use) are exempted from emissions limits.

- Emissions from multilateral operations pursuant to the United Nations Charter are exempted from emissions limits. This includes not only multilateral operations expressly authorized by the UN Security Council (such as Desert Storm, Bosnia, Somalia) but also multilateral operations not expressly authorized that are nonetheless pursuant to the UN Charter, such as Grenada.

- Countries may decide, among themselves, how to account for emissions relating to multilateral operations (for example, U.S. training in another NATO country). This provision avoids the need to use emissions trading to allocate such emissions.

COMPLIANCE AND ENFORCEMENT

- The Protocol contains several provisions intended to promote compliance. These include requirements related to measurement of greenhouse gases, reporting, and review of implementation.

- The Protocol also contains certain consequences for failure to meet obligations. For example, as a result of a U.S.-proposed provision, a Party not in compliance with its measurement and reporting requirements cannot receive credit for joint implementation projects.

- Effective procedures and a mechanism to determine and address non-compliance are to be decided at a later meeting. For both environmental and competitiveness reasons, the United States will be working on proposals to strengthen the compliance and enforcement regime under the Protocol.

ENTRY INTO FORCE

- The Kyoto Protocol will be open for signature in March 1998. To enter into force, it must be ratified by at least 55 countries, accounting for at least 55 percent of the total 1990 carbon dioxide emissions of developed countries. U.S. ratification will require the advice and consent of the Senate.

1-14-98

Bill Clinton

1-14-98

Sandy

Did the beautiful
White House
want to give
our stay in
Argentina? — (Hyp SV)

BC

1.14.98

Sandy-
See attached - also
Gift Unit (Lori Krause or
Lori Abrams) will have
additional facts.

B

copied
Berger
COS

President of the United States

Virginia R. Canter
01/06/98 10:33:20 AM

Record Type: Record

To: Lori K. Krause/WHO/EOP

cc: Betty W. Currie/WHO/EOP, Daniel W. Burkhardt/WHO/EOP, Lori E. Abrams/WHO/EOP
Subject: Re: Argentine horses

It is my understanding that the horses would be accepted by the U.S. government and that any relevant information regarding the horses would be relayed to the General Services Administration so that they would be able to find an appropriate home for them. Therefore, I recommend that you contact GSA and provide them with the pertinent information.

I think GSA is contacting the Park Service so that the horses would be available to ride at Camp David -- VRC



Lori K. Krause 01/06/98 10:04:55 AM

Record Type: Record

To: Betty W. Currie/WHO/EOP

cc: Daniel W. Burkhardt/WHO/EOP, Lori E. Abrams/WHO/EOP, Virginia R. Canter/WHO/EOP
Subject: Argentine horses

We finally have some information about the horses the president received from President Menem. They are two native breed Argentine Criolles, both mares, about 2 years old. They have had "basic cattle training," (they are not show horses.) The value in Argentina is $1,000-1,500, in the US it is estimated at $500-1,000. (I will try to nail down that figure a little more.)

In the meantime, the Argentine Government is planning on flying the horses to the US on an Argentine Air Force plane at the end of January. They need to know the destination of the horses.

Our contact at the US embassy, Charles Peacock, is working on the veterinary forms etc. for shipment of the horses.

Please advise where the President would like the horses to be sent, or how you would like us to handle. Thanks!

1-14-98

Rec'd January 12, 1998
7:30pm

THE WHITE HOUSE
WASHINGTON

cc: Gore,

January 12, 1998

MEMORANDUM TO THE PRESIDENT

FROM RAHM EMANUEL

SUBJECT JAY WINSTEN LETTER, MENTORING PROJECT

I received the information you sent me from Jay Winsten. I think the mentoring project is a good idea. However, we should be careful about placing too much focus on PSA's. We now have a major anti-drug PSA effort underway.

copied
Emanuel
COS

- But it does (as Jay Winsten & Senior Summit) want to do PSA - I will
- I will look into it
- Cabs pumm - Good thing to do in Texas
- Need want to do

RC

HARVARD SCHOOL OF PUBLIC HEALTH
Center for Health Communication

Jay A. Winsten, Ph.D., Associate Dean and Center Director

EVB / cc Rubin
Wm Murray Crowley
Chris Lu's desk
Pod

Hilton Head
December 31, 1997

THE PRESIDENT HAS SEEN
1-5-98

Dear Mr. President:

To follow-up our brief conversation last night, I've attached a status report on Harvard's new media campaign to recruit mentors for at-risk youth. ABC, CBS, NBC, Fox, HBO, the Turner Networks, and the Hollywood studios have signed on.

I need your help to influence the upcoming television season by speaking at a Hollywood luncheon that Harvard will organize for 1,000 television writers, producers and executives, under the banner of "Give Something Back". Ideally, the luncheon should be held in June, when producers are making key decisions on the content of scripts for the Fall TV season.

Send note back to Podesta on advertising

The goal of the luncheon is to encourage the inclusion of pro-social themes in scripts, including special emphasis on depicting mentoring relationships and sound parenting strategies. The luncheon also will celebrate the 10th anniversary of the designated driver campaign, demonstrating what Hollywood can accomplish when it puts its mind to it.

Thank you for considering this request.

copied
Bowles
Rahm

Sincerely,

Jay

cc: Bruce Reed

677 Huntington Avenue Boston, Massachusetts 02115-6096 Tel: (617) 432-1038 Fax: (617) 731-8184

THE HARVARD MENTORING PROJECT

Center for Health Communication • Harvard School of Public Health

Jay A. Winsten, Ph.D., Associate Dean and Center Director

THE HARVARD MENTORING PROJECT—STATUS REPORT

"The problem with [TV sitcom] 'Fresh Prince of Bel Air' was, they showed us what life's like in Bel Air, but didn't teach us how to get there." Tanya, a 16-year old girl from a Boston inner-city neighborhood, expressed her frustration—and ambition—during a focus group discussion on youth violence prevention conducted by the Harvard School of Public Health. Tanya is smart, motivated—and going nowhere, because she lacks adequate guidance. If the right person takes her under their wing, becomes her mentor and points the way, Tanya has a good chance to achieve fulfillment as a productive citizen. There are many others like Tanya. Regrettably, few are receiving the benefits of mentoring from a caring, responsible adult.

There is solid scientific evidence that mentoring works. In a landmark study, 1,000 young people on the waiting list of Big Brothers Big Sisters of America—mostly urban youth aged 11 to 15—were randomly assigned to two groups. Members of one group were assigned a mentor; members of the other group remained on the waiting list. Typically, the mentors met with the young people three times a month, with the average meeting lasting four hours. Comparing the two groups 18 months later, the children with mentors were 46% less likely to begin using illegal drugs; 27% less likely to begin using alcohol; 53% less likely to skip school; and 33% less likely to hit someone. Rather than focusing separately on discrete problems such as drugs, alcohol, school drop-out, and youth violence—all of which may affect the same child—the strength of mentoring is that it deals with all these problems simultaneously by addressing the needs of the child as a whole.

The challenge is to take mentoring to scale. Of the 12 million at-risk children in the United States, only 300,000-400,000 currently receive the benefits of mentoring. The largest program, Big Brothers Big Sisters of America, reaches 105,000 young people—with 30,000 more on the waiting list.

The challenge is twofold: to funnel additional volunteers into existing mentoring projects; and to stimulate the creation of new mentoring projects sponsored by businesses, religious groups, and civic organizations, with their members serving as mentors. A variety of model programs already exist. In Miami, 1,200 African-American men have come together to mentor 3,000 African-American boys. In New York City, employees of Goldman Sachs are mentoring 600 young people, who visit the corporation's offices on a regular basis to meet with their mentors. In Philadelphia, 65 churches have joined together to mentor 800 children. In Kansas City and Minneapolis-St. Paul, thousands of children are being mentored through large-scale community-based efforts. The challenge is to replicate these programs in cities and towns across the country, motivating large numbers of citizens and organizations to get involved. Generating this high level of interest—indeed, creating a movement of tremendous momentum—will require a highly effective marketing and communication effort. That is the task of the Harvard Mentoring Project in partnership with America's Promise—The Alliance for Youth, One to One | The National Mentoring Partnership, The Points of Light Foundation, and Big Brothers Big

677 Huntington Avenue Boston, Massachusetts 02115-6096 Tel: (617) 432-1038 Fax: (617) 731-8184

Sisters of America. This national media campaign will help recruit an army of volunteers to serve as mentors of at-risk youth. The Project will be conducted in collaboration with leading television networks and Hollywood studios.

The Harvard Mentoring Project will utilize media strategies comparable to those employed by Harvard's highly successful Designated Driver Campaign for drunk driving prevention, which was launched in 1988 in collaboration with major Hollywood studios and leading television networks. During four television seasons, more than 160 prime time episodes depicted the use of designated drivers, and network-sponsored public service announcements (PSAs) were broadcast up to 10-20 times per week. *The New York Times* estimated that Harvard generated more than $100 million each year in donated network airtime; public relations activities further reinforced the Campaign, generating extensive news coverage. The bottom line: 65 million Americans served as designated drivers (Roper Poll), contributing to a 30% decline in annual fatalities from drunk driving. Harvard's Designated Driver Campaign helped create a new social norm—a new social expectation—that "the driver doesn't drink." Similarly, the Harvard Mentoring Project will promote the widespread acceptance of a community ethic in which individual citizens accept a shared responsibility for the well-being of all children.

The timing is propitious for this new Harvard initiative. From April 27-29 in Philadelphia, retired General Colin Powell chaired the Presidents' Summit on America's Future, sponsored by the Points of Light Foundation and the National Service Corporation. Presidents Clinton, Bush, Carter, Ford, and Mrs. Reagan representing her husband, joined 30 governors, 100 mayors, scores of corporate leaders, and 4,000 delegates. They launched an effort to win unprecedented numbers of commitments from corporations, non-profits, and individual citizens to help young people who are at risk of not leading healthy, fulfilling, and productive lives. To sustain the tremendous momentum generated by the Summit, General Powell and philanthropist Raymond Chambers are heading a new organization, America's Promise—The Alliance for Youth. Dr. Jay Winsten, director of the Harvard Mentoring Project, served as co-chair of the Summit's National Media Task Force, and has now been asked to serve on the Communications and Marketing Task Force of America's Promise.

The Harvard Mentoring Project and its partners will serve as a communications engine to fuel the growth of the mentoring movement. The Project will utilize a communications strategy with three components: advertising, entertainment programming, and news. Here's how it will work:

1. ADVERTISING: The Project will secure commitments from television networks to produce and sponsor their own PSAs on mentoring. Some PSAs will motivate individuals to volunteer at existing mentoring projects; others will motivate businesses, religious groups, or civic organizations to launch new mentoring projects. All of the PSAs will offer a toll-free number enabling viewers to call for referrals to mentoring projects in their own communities and for information on how to launch new projects.

2. ENTERTAINMENT PROGRAMMING: The Project will secure commitments from television writers and producers to develop prime time episodes depicting individuals serving as mentors. Entertainment programming not only mirrors social reality, but also helps shape it by depicting what constitutes public opinion, by influencing people's perceptions of the roles and behaviors that are appropriate to members of a culture, and by modeling specific behaviors. The prime time episodes depicting mentoring will extend and reinforce the impact of the network-sponsored PSAs.

3. NEWS: The Project will direct the attention of journalists to newsworthy developments in mentoring to help promote the growth of the mentoring movement. The Project will encourage journalists to spotlight innovative mentoring programs, track progress in state- and city-wide efforts to take mentoring to scale, and tell the stories of mentors and the young people they help. Special attention will be focused on securing coverage of mentoring on network news magazines and evening newscasts as well as in leading newspapers.

The Project also will work with a leading advertising agency to create a simple phrase—comparable to "designated driver"—that can serve as media shorthand for a variety of volunteer roles that help at-risk youth. The Project will popularize this phrase—indeed, will make it the talk of the nation—by encouraging its use in prime time entertainment episodes and network-sponsored PSAs, as well as on billboards, posters, and T-shirts. This initiative will generate powerful momentum behind the mentoring movement, helping to motivate large numbers of individuals and organizations to commit to helping young people.

PROGRESS TO DATE

At the request of the Harvard Mentoring Project, ABC, CBS, NBC, FOX and HBO have made commitments to produce and sponsor public service announcements this fall to help recruit mentors for at-risk youth. All PSAs will be tagged with toll-free telephone numbers enabling viewers to call for information about specific mentoring opportunities in their own local communities. This initiative is a collaborative effort involving the Harvard Mentoring Project, the television networks, and non-profit organizations promoting mentoring and volunteerism. The Points of Light Foundation and One to One|The National Mentoring Partnership, with funding from the MCJ Foundation, have prepared their local affiliates to respond to callers seeking information on local mentoring opportunities. The Points of Light Foundation serves as a national umbrella for more than 400 local Volunteer Centers, whose mission is to connect citizens with volunteer opportunities. One to One|The National Mentoring Partnership is an advocacy and resource group that is spearheading the growth of the mentoring movement; it has 13 affiliates in major cities. America's Promise will sponsor a toll-free number providing callers with information on mentoring. This toll-free number will utilize an automated response system programmed to provide the caller with the name and phone number of the nearest Volunteer Center or One to One affiliate, based on the caller's zip code.

Here is a rundown of each network's plans:

1. ABC's initiative is an extension of its major, ongoing commitment to mentoring, sponsored by ABC's Children First Campaign in collaboration with the Harvard Mentoring Project, the MCJ Foundation, One to One | The National Mentoring Partnership and the Points of Light Foundation. To date, more than 100,000 viewers have called the Children's First toll-free number for information on mentoring opportunities. ABC will continue to broadcast several mentoring PSAs each week, including in prime time, tagging the PSAs with the Children First toll-free number (1-800-914-2212). Callers will be offered brochures and referrals to Volunteer Centers and One to One affiliates.

2. CBS Sports will produce and sponsor PSAs promoting mentoring that will be broadcast during sports programming beginning in September. These messages will focus on the linkage between coaching and mentoring, and will be tagged with the America's Promise toll-free number (1-888-55-YOUTH). Shorter versions of these PSAs will air on CBS in prime time. In addition, CBS has produced a one-hour syndicated program on the involvement of the faith community in mentoring.

3. FOX kicked-off a new network-sponsored public service campaign on September 15, focusing on a different topic every 3-4 months. From September 15-December 31, the entire campaign will be devoted to promoting mentoring, with PSAs airing 2-5 times per week in prime time. The FOX PSAs will be tagged with the America's Promise toll-free number.

4. Beginning in late September, NBC will sponsor PSAs promoting mentoring on an ongoing basis under the umbrella of NBC's "The More You Know" Campaign. The NBC mentoring PSAs will air throughout the schedule, including in prime time, and will be tagged with the America's Promise toll-free number.

5. HBO has produced a set of PSAs featuring individuals who are serving as mentors and the young people whom they are helping. Beginning this fall, these PSAs will run during HBO's entertainment news program, and will be made available to all other networks and cable systems. The HBO PSAs will be tagged with the America's Promise toll-free number.

1-14-98

[redacted]

[redacted]

[redacted]

proofed azure 1/12 - Reuben (Needs re-dating)

OK now [redacted]

THE WHITE HOUSE

WASHINGTON

January 14, 1997

Mr. Thomas J. Redder
Regional Administrator
Region VIII
Small Business Administration
Suite 400
721 19th Street
Denver, Colorado 80202-2599

Dear Tom:

I have received your thoughtful letter of December 1, and it is with deep regret that I accept your resignation as the Administrator for the U.S. Small Business Administration in Region VIII.

Your creativity and energy have been instrumental in helping us achieve many of our important goals. I am grateful for the role you played in helping to downsize the SBA while increasing its efficiency. You can be especially proud that under your leadership Region VIII was a consistent oustanding performer within the SBA in vital areas like the number of loans per capita made to women-owned businesses, low loan default rates, and increasing loans made in under-served areas.

On behalf of all who have benefited from your service, I thank you for a job well done. Hillary joins me in sending best wishes to you, DeAnne, and Christopher as you move on to new challenges.

Sincerely,

Bill Clinton

copied
Nash
COS

Thomas J. Redder
Regional Administrator

U.S. SMALL BUSINESS ADMINISTRATION
Region VIII Office
721 19th Street, Suite 400
Denver, Colorado 80202-2599

(303) 844 0500/FAX 844-0506

Region VIII
Colorado
Montana
North Dakota
South Dakota
Utah
Wyoming

December 1, 1997

Dear Mr. President:

Four years ago, I was honored to be informed by The White House that you had appointed me as your first Regional Administrator for the U.S. Small Business Administration. And, as you know, I have been serving in that capacity since December 21, 1993, representing your immensely successful small-business-friendly policies in the Rocky Mountain Northern Plains states of Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming. I said then that I would commit four years to the job, a commitment I will have shortly fulfilled.

I cannot possibly overstate the pleasure I have taken in faithfully serving you and Vice-President Gore in effecting this Administration's successful economic development agenda in the growing small business sector. Of course, with or without my efforts, your leadership in job creation, access to capital in under-served markets, small business expansion in the women-owned and minority-owned sectors, increased export and procurement opportunities, family friendly employment practices, and now the critical welfare-to-work agenda, as well as the landmark dialogue you have initiated on race, is unmatched in this country's history. Millions upon millions of Americans can credit your Administration with having fostered the phenomenal growth in sustainable quality employment and business ownership experienced in just the last four years. Your clarion call for positive economic growth will inure to the benefit of many, many generations of Americans for years to come.

On a personal note, in the four years I have served you in this capacity, I have commuted an average of 700 miles per week, often on icy roads (while inevitably suffering the serious car wrecks that go with volume driving in the Rockies' bad weather), taken an untold number of commuter flights on small planes (fortunately without incident) into every corner of this vast region, delivered hundreds of speeches and interviews and written scores of op-eds on behalf of your policies. I have watched a forty year majority pass the torch in Congress, managed the massive downsizing of federal government (shrinking the SBA from 5,000 employees to less than 3,000 in two years), helped to manage the effects of a natural disaster a mile or so from my house that killed five people, and have worked an average of 60 hours a week, each that was just as exciting as the first. It would be a gross understatement to say merely that I have thoroughly enjoyed every single minute of my four-year service, despite the tremendous cost we appointed public servants have paid in time lost to our families and our responsibilities to them.

Just two years ago, on December 12th, I witnessed the glorious birth of my wife DeAnne's and my first child, Christopher Thomas Redder (whom you took time to meet and hold in Denver last year -- an event that his mom and I will remind him to cherish forever!). Christopher's rapid growth, much of it unwitnessed by his constantly traveling father, combined with time away from his lovely mother, bring me to the point, which is that I want to spend more time serving my family's needs than this appointment presently allows. In short, my four years are up, and I wish to move on, spend more time with my growing family, and explore the many new challenges and opportunities this bold new economy has presented all of us who have come to public service only temprorily from the private sector. Therefore, having fulfilled my initial four-year commitment to public service, my family and I have decided that I will do what I have always said I likely would do, which is to self-impose a four-year term limitation.

Thank you for the opportunity to serve you in this capacity and to allow me to play a part, however small, in helping to stand and deliver on your Administration's commitment to our diverse national community of America's entrepreneurs. I remain

Faithfully Yours,

Thomas J. Redder
SBA Region VIII Administrator

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

THE DIRECTOR

1-14-98

January 12, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines

SUBJECT: Year 2000 Computer Problem

Erskine asked me to respond to your questions about agency progress in fixing the year 2000 (Y2K) computer problem and provide you with an update on what we are doing to assure success.

Agency Progress. Our goal is to assure that no critical Federal program experiences disruption because of the Y2K problem. Agencies have the lead in fixing the problem, because only they can prioritize their systems and determine whether to repair, replace, or retire them. OMB is monitoring progress and taking steps to keep them on track.

Agency progress is mixed. In our most recent quarterly report to Congress on November 15, 1997, we identified agencies in the following categories:

- Tier 1 -- Unsatisfactory Progress. Agriculture, Education, Energy, HHS, Transportation, OPM and AID.

- Tier 2 -- Progress, but Concerns. Commerce, Defense, Interior, Justice, Labor, Treasury, VA, FEMA, and NASA.

- Tier 3 -- Satisfactory Progress. HUD, State, EPA, GSA, NSF, NRC, SBA, and SSA.

Specific information about each agency is shown in Attachment 1.

Current Actions. OMB has been the principal spokesman before Congress and in the press. Our objective is to stress urgency and concern without creating panic -- there is a lot to do but we will do it. In our oversight role, we have:

- Established goals for project phases (taken from private sector best practices):

  - Awareness (goal: 12/96) — All agencies complete.
  - Assessment — deciding to repair, replace, or retire (6/97) — 95% complete.
  - Renovation — changing the code (9/98) — 34% complete.
  - Validation — unit testing (1/99) — 17% complete.
  - Implementation — integrated testing and going live (3/99) — 10% complete.

copied Bowles Raines

Individual agency progress against the goals is shown in Attachment 2.

- Used the budget process to direct resources. For FY 1998, we are apportioning funds in most "Tier 1" and "Tier 2" agencies to ensure that information technology dollars are spent on Y2K before investing in upgrades, etc. In FY 1999, the Budget takes a similar approach, and asks for additional funds for agencies where there is a demonstrated need.

- Leveraged our staff through an interagency team under the Chief Information Officers (CIO) Council -- to share best practices and to focus on governmentwide issues. We have formed groups to address buildings (e.g., elevators, security systems, heating and air-conditioning); biomedical devices and laboratory equipment; and telecommunications networks. In addition, we have formed groups to work with State, local, and foreign governments.

Our approach has been to educate, cajole, and if necessary force the agencies to focus on this issue. When progress falters, we turn up the heat. For example, the goals for completion of the project phases reflect a recent acceleration of the dates for completion of the work. We recognize the need to send the message at all levels -- at the staff level through the CIO Council; at the President's Management Council, where the Vice President will discuss the problem later this month; and in one-on-one meetings with members of the Cabinet. We recommend that you raise the issue at a Cabinet meeting, or in a memorandum to the agencies.

Prognosis. Articles in the newspaper and letters from Congressmen reflect the view that our efforts and progress are too little, too late. There is some legitimate cause for concern. Given the amount of work to be done and the necessarily limited resources (people, time, and money), agencies must prioritize their work. We have focused them on mission-critical systems -- those that must function in order for checks to be delivered, air traffic to be controlled, the national defense to be maintained, etc. Not every administrative system will be fixed before December 31, 1999; indeed, even for systems that **are** fixed in time, some work may be needed after the date change to clean up user interfaces, provide documentation, etc.

Further Action. We will be taking several steps in the next few months --

- Continuing to monitor (and if necessary prod) Federal systems.

- Making the issue more visible through increased public appearances by Administration officials. Although private sector computers are not our responsibility, there will be inevitable fallout if there are substantial failures.

- Making a series of Congressional visits to bring Members up to speed on our efforts.

Conclusion. The Y2K effort will succeed only if agency heads make it a personal priority. Some have; many have not. We will continue to look for ways to motivate the agencies. One sure way to energize them would be a personal statement from you to the Cabinet at the next meeting.

cc: Erskine Bowles

Fixing the Year 2000 Problem

Tier 1 = Unsatisfactory Progress Tier 2 = Progress, but Concerns Tier 3 = Satisfactory Progress

Agency	Tier	Status
Agriculture	1	Behind schedule. Secretary is actively engaged to accelerate effort.
AID	1	Behind schedule, but highest management priority. Has delayed systems modernization effort, pending fix of Y2K problem.
Education	1	Behind schedule. Of concern because of lack of an effective chief information officer to lead the project.
Energy	1	Behind schedule. Has recently provided chief information officer new authority to help catch up.
HHS	1	On schedule other than HCFA, whose contractor-run Medicare systems are behind. HCFA Administrator has made fixing this problem her highest priority.
OPM	1	Behind schedule, but the Director is engaged and OPM has hired contractor assistance.
Transportation	1	FAA is behind schedule. Both the Secretary and the FAA Administrator have made this a top priority.
Commerce	2	Overall on schedule, but behind in some components due to lack of strong central management oversight.
Defense	2	Still meeting its tight schedule for addressing its massive Y2K challenge.
FEMA	2	Ahead of schedule, but progress has slowed recently.
Interior	2	Ahead of schedule, but progress has slowed recently.
Justice	2	Slightly behind schedule, but has recently hired contractor assistance.
Labor	2	Progress has slowed recently, but senior management is engaged.
NASA	2	Size and complexity of the agency's systems make NASA's problem a challenge. Senior management involvement has helped to accelerate the agency's schedule.
Treasury	2	Department has a massive problem, which the Secretary and Administrator are heavily engaged in addressing. Tax System and the Department's ability to make Federal payments are of particular concern.
Veterans Affairs	2	Overall, on schedule, but some concern about progress in hospital systems. Deputy Secretary is engaged.
EPA	3	On schedule.
GSA	3	Slightly ahead of schedule. Also addressing Y2K implications for Federal buildings and telecommunications.

Agency	Tier	Status
HUD	3	On schedule.
NSF	3	On schedule.
NRC	3	On schedule.
SBA	3	On schedule.
SSA	3	Ahead of schedule.
State	3	On schedule. Would help to strengthen chief information officer role.

Attachment 2

Mission Critical Systems Being Repaired
(Percentage Complete)

	No.	Assess	Renovate	Validate	Implement
Agriculture	947	100%	12%	6%	7%
Commerce	148	100%	30%	23%	22%
Defense	2140	93%	44%	16%	2%
Education	5	100%	20%	0%	0%
Energy	168	100%	13%	11%	4%
HHS	194	81%	36%	21%	16%
HUD	157	100%	45%	27%	22%
Interior	64	94%	20%	20%	20%
Justice	125	100%	18%	11%	6%
Labor	24	100%	16%	12%	7%
State	12	100%	25%	25%	0%
Transportation	154	80%	9%	5%	2%
Treasury	240	80%	44%	8%	8%
VA	10	90%	61%	38%	25%
AID	34	95%	9%	9%	9%
EPA	30	100%	50%	40%	40%
FEMA	14	100%	29%	29%	21%
GSA	11	100%	25%	18%	17%
NASA	218	100%	14%	11%	11%
NSF	12	100%	50%	42%	0%
NRC	4	100%	25%	25%	25%
OPM	94	100%	9%	0%	0%
SBA	30	100%	63%	60%	59%
SSA	289	100%	80%	74%	69%
TOTAL	5124	95%	34%	17%	10%

Kill the Coun-try (- sussex
Reply to
David
Pe

1-14-98

Mr. President:
You're doing God's
work on This one.
Thanks.
"Warmly" (so to speak),
David Saperstein

Cejl Winter '98

Coalition on the Environment & Jewish Life



For our children and our children's children
for our neighbors and their children
for the trees and forests gracing our planet
and for all of the earth's creatures,
Let us choose life, that we and our descendants
may live.

Let us walk more and drive less,
Let us recycle more and waste less,
Let us conserve more and destroy less.

Let us dedicate more energy to cultivating
our own communities
more time to
sustainable
and more
Ma we fi
so
Shabbat with our family
garde
goodness of

May each and every moment become an opportunity for holiness as we seek to cleave to the Holy One and bring our lives into harmony with the great Tree of Life.

Today we choose life, that we and our descendants may live.

Global Warming:
An Opportunity to Choose Life

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COEJL
Coalition on the Environment & Jewish Life

Protecting Creation, from Generation to Generation

Where we are despoiling our air, land, and water, it is our sacred duty as Jews to acknowledge our God-given responsibility and take action to alleviate environmental degradation and the pain and suffering that it causes.

–from COEJL's founding statement, 1992

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American Jewish Committee
American Jewish Congress
B'nai B'rith International
Coalition for the Advancement of Jewish Education Hadassah
Hillel
Jewish Community Centers Association
Jewish Council for Public Affairs (formerly NJCRAC)
Jewish Labor Committee
Jewish National Fund
Jewish Reconstructionist Federation
Jewish Theological Seminary of America (JTS)
Jewish War Veterans
Na'amat USA
National Council of Jewish Women
New Israel Fund
Religious Action Center of Reform Judaism (RAC)
Shomrei Adamah
The Shalom Center/ ALEPH: The Alliance for Jewish Renewal
Union of American Hebrew Congregations (UAHC)
Union of Orthodox Jewish Congregations of America (UOJCA)
United Synagogue of Conservative Judaism (USCJ)
U.S.-Israel Environment Council of the American-Israel Friendship League
Women of Reform Judaism
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Cover: Poem "The Tree of Life" by Mark X. Jacobs.

Design: Bachner + Co

100%



From the Director

Our history as a Jewish people, and as an American nation, is a testament to our ability to join together to meet challenges that we face. Again, it is time to rise to a challenge: the earth is warming, potentially endangering generations to come.

The causes of this danger are complicated and pervasive. Those benefiting from the status quo are powerful. And political leadership is weak.

Yet, even though there is much cause for despair and cynicism, I am hopeful.

I feel privileged to be part of a generation challenged to join with people around the world to collectively pursue what is most important: to choose life.

And I am grateful that there are so many others willing to face the changes we must make with courage, creativity, steadfast commitment, and soulfulness.

For the sake of our children and our children's children, for the sake of the other creatures with which we share this planet, and for the sake of our own moral integrity, let us all join together–Jews and Christians, rich and poor, business leaders and environmental activists, elected officials and ordinary citizens –to create a just and sustainable society and economy.

We at COEJL encourage you to use the resources in this newsletter to educate and activate yourself and your community through text study, Jewish observances, local projects, and legislative advocacy.

May every day, every Shabbat, and the coming celebration of Tu B'Shvat *be an opportunity to hear the call to our generation to join together in choosing life.*



Mark X. Jacobs, director

What is COEJL?

COEJL serves as a national coordinating office for the Jewish environmental movement. In collaboration with the full spectrum of American Jewish religious and communal institutions, COEJL supports and promotes environmental education, scholarship, advocacy, and action in the American Jewish community. Founded in 1993, COEJL is the Jewish member of the National Religious Partnership for the Environment.

Education and Action Resources

See order form on the back cover.

Publications–a wide variety of study and action guides are available.

Operation Noah: Defending God's Endangered Creatures and Habitats– a national campaign launched in 1996 to engage institutions and individuals in education and action to protect biodiversity. Extensive materials available.

www.jtsa.edu/org/coejl–COEJL's extensive web site.

kol-chai@jtsa.edu–a lively discussion forum open to all–and the fastest way to receive the latest news from COEJL. **To subscribe:** send a message to listserv@jtsa.edu with subject: x and message: sub kol-chai FirstName LastName.

COEJL Legislative Advocacy Network– members receive periodic action alerts on critical environmental issues. Alerts contain all background information (including a Jewish perspective) needed to take action.

For e-mail delivery: send your name, postal address, and phone number to COEJLinDC@aol.com. Note subject as "COEJLAction subscription."

Leadership Training–COEJL organizes an annual Leadership Institute and cosponsors the annual EcoZionism student conference with JNF on Campus and Hillel.

Support for Local and Regional Initiatives– through technical assistance, the facilitation of contacts and meetings, and small grants, COEJL assists grassroots initiatives. *See page 7.*

Global Warming:

An Opportunity to Choose Life

The challenge of climate change offers our generation an unparalleled opportunity to improve our society and our world by creating a clean economy. Numerous technologies–from solar and wind power to highly efficient buildings and vehicles–already exist on the margins of our economy, ready to help us make our economy more efficient, more clean, and more just. If the U.S. and other nations decide to invest in making this economic transition as we have invested in other challenges in the past–winning World War II, reconstructing Europe, containing the Soviet Union, or landing a human on the moon–we could improve air quality and public health, conserve precious resources and preserve the earth for generations to come, and create a stable, sustainable economy. The choice is ours to act now.

Is Global Warming Already Occurring?

- Since 1860, sea levels have risen 4 to 8 inches, and the average global temperature has increased 0.5 to 1.0 degrees Fahrenheit.
- The 1990s has been the warmest decade on record, warmer than the record-setting 1980s.
- Mountain glaciers are shrinking around the world.
- While there is no proven scientific link between global warming and the increase in extreme weather events in recent years, 70 insurance companies are sufficiently concerned to be advocating strong action to reduce carbon emissions.

The vast majority of the world's climate scientists agree that these phenomena are concrete signs that global warming is taking place. Furthermore, scientists believe that our burning of coal, oil, and natural gas–which has increased carbon dioxide in the atmosphere by more than 30 percent in the last 100 years–is a major cause of the warming. Gasses such as carbon dioxide trap heat near the earth's surface, much like a greenhouse.

The U.N.-sponsored International Panel on Climate Change (IPCC) projects that if no action is taken to reduce greenhouse gas emissions, the earth's average temperature will rise between 2 and 6.5 degrees Fahrenheit by the year 2100. This could result in the following adverse effects:

Illness due to heat stress and the spread of tropical diseases

Rising sea levels due to ocean heating

Hunger and malnutrition due to impaired food production in many developing countries

Floods, droughts, and forest fires increasing due to climatic shifts

Species extinction due to the disruption and migration of ecosystems.

Who is responsible for global warming?

Industrialized nations have the highest per capita levels of carbon emissions. We in the United States, with less than 5 percent of the world's population, produce 25 percent of global carbon emissions. Though many developing nations are rapidly expanding their use of fossil fuels, their per capita consumption will remain far below that of the U.S. for decades to come.

Who will suffer from changes in the global climate?

While every person on Earth will be affected, impoverished communities and nations will suffer most. Subsistence farmers, poor residents of coastal areas, villagers in flood plains, and people who live in marginal housing are most vulnerable to changing rainfall patterns, the disruption of ecosystems, and the spread of disease.

What would be the economic effect of reducing carbon emissions?

Although some fossil fuel companies have launched an intensive media campaign predicting that a reduction in carbon emissions would cripple the U.S. economy, COEJL supports the 2,500 economists (including eight Nobel laureates) who signed a statement affirming "that there are policy options that would slow climate change without harming American living standards, and that these measures may in fact improve U.S. economic productivity in the longer run."

Environmental protection has invariably been much less expensive than dire industry projections. In the case of the Clean Air Act, for example, an October 1997 analysis by the U.S. Environmental Protection Agency showed that the savings resulting from the 1990 clean air regulations exceeded costs by a factor of more than 42 (mean estimate).

In Kyoto, Japan in mid-December, an historic agreement to reduce greenhouse gas emissions was reached by 150 nations. The U.S. agreed to bring its emissions 7 percent below 1990 levels by the year 2012 and all industrialized nations who are major sources of carbon emissions made similar agreements.

The treaty, known as the Kyoto Protocol, recognizes the historic and current disparities between nations and therefore does not commit developing nations, which are still struggling to provide basic sustenance to their peoples, to specific emission reduction targets and timetables. All nations will gather again at the end of 1998 in Argentina to evaluate progress and negotiate additional commitments.

While polls indicate that most Americans support strong U.S. action to address global warming, the U.S. Senate–whose duty it is to ratify treaties–is on record as opposing a treaty that does not require developing nations to commit to emissions reductions. The Clinton administration has indicated that while they will aggressively pursue measures to bring the U.S. into compliance with the Kyoto Protocol, they will not submit the treaty to the Senate for ratification until commitments are made by developing nations.

What Can We do?

Our work in the coming months will be to vocally and visibly support the Kyoto Protocol, advocate policies to dramatically reduce carbon emissions, and work in our own homes, local institutions, and communities to reduce energy consumption and support energy-smart transportation and community planning.

Torah Study

Compiled by Rabbi Brad Artson

Traditional Commentaries

1. Ignorant people have compared humanity's rule over the earth with God's rule over the heavens. This is not right, for God rules over everything. The meaning of 'God gave it over to humanity' is that we are God's steward *(pakid)* over the earth, and must do everything according to God's word.

Rabbi Abraham ibn Ezra

3. In truth, the Holy Blessing One, from the very beginning of the creation of the world, was before all else occupied with planting, as is proved by the verse, "and the Eternal planted a garden in the first instance in Eden *(Gen. 2:8)*."Thus do you also, when you enter into the land, occupy yourselves first with nothing else but planting, as it says, "When you shall come into the land, then you shall you plant *(Lev. 19:23)*."

Leviticus Rabbah 25:3

Sources

The heavens belong to the Eternal but God gave the earth over to humanity. 1

Psalm 115:16

The Eternal placed the human being in the Garden of Eden to till it and to guard it. 2

Genesis 2:15

When you shall come into the land, then you shall plant. 3

Leviticus 19:23

Therefore, choose life, that you and your descendants may live. 4

Deuteronomy 30:19

Modern Commentaries

2. The paradigm of man's relationship to his environment is expressed in the task assigned to Adam in the Garden of Eden before the Fall: "He placed him in the Garden of Eden to till it and to guard it *(Gen. 2:15)*." The world is both a mystery and a mirade; what man cannot understand of the mystery he can sustain because of its beauty. Man is not the goal of creation and therefore, not the master of the cosmos. Every natural object is an embodiment of the creative power of God and is therefore sacred. Whatever has been fashioned by man, the product of his energies and talents, is equally a manifestation of God's power one step removed, since man is himself the handiwork of God. Vandalism is, therefore, far more than a violation of private property or the destruction of potentially useful objects, it is rebellion against the cosmic order of the universe, which human beings are commanded to enjoy and forbidden to destroy, "For the earth is the Lord's in all its fullness, the world and all who inhabit it *(Ps 24:1)*."

Rabbi Robert Gordis

4. Humanity relates to the earth in relationship. Our planet is not a mute "fact," suitable only for measurement, testing and objectification. Rather, a full human relationship to the world is one in which the Earth is loved and cultivated, a partner with Jews and all other people in the service of God, creation and human life. There is a dynamism to human-planetary interactions: our behavior allows the Earth to fulfill its covenantal relationship, and our planet, in turn, provides humanity with further grounds for gratitude to God. The Earth is both witness and participant in our sacred covenant.

The Earth can further be our partner in the service of God, or our prosecutor, testifying before the Holy One about our pettiness, self-interest, and shortsightedness. We can make of this planet a place where God's presence can comfortably dwell, so that the whole world becomes a sanctuary. Or we can render life on the Earth impossible, sundering our relationship with the soil and our covenant with God. As always, we face a choice.

Rabbi Bradley Shavit Artson

The sage foresees trouble and takes cover, while the fool persists and pays the penalty.

Proverbs 22:3

Join "Kol-Chai"
COEJL's on-line discussion.
See page 2 for instructions

"Top Ten" Ways to Address Global Warming

You can help slow global warming–and save money over the long term–by reducing your household use of energy. Here are some ideas:

Walk, bike, take the bus, ride the train.

When purchasing your next vehicle, select the most fuel-efficient model possible. For a listing of automobile fuel efficiency by model: www.ucsusa.org/transportation/fueleconomyguide.

Look for the "Energy-Star" label on appliances, indicating certification as a highly energy efficient product. Energy Star, a U.S. EPA program, certifies all major appliances, furnaces, boilers, computers and monitors, and even entire new homes: 888.STAR.YES or www.epa.gov/energystar.

Use compact fluorescent light bulbs, which use much less energy than conventional bulbs while providing high quality light. Contact your utility company about possible discounts.

Insulate your home, **tune up** your furnace, **install a programmable thermostat,** and keep the thermostat low.

Plant trees to provide shade while absorbing carbon dioxide. Check with a local nursery about appropriate native tree species for your area.

Buy products in **reusable or recyclable packaging, recycle** all newsprint, cardboard, glass, and metal, and **buy recycled** products.

Organize energy conservation programs in schools, synagogues, and other community institutions.

Invest in companies that provide clean energy and divest from environmentally destructive companies. Call the Social Investment Forum: 202.872.5343; www.socialinvest.org.

Advocate for strong governmental action to reduce carbon emissions, including mass transit, stricter vehicle emissions standards, and energy-smart community planning. **Join the COEJL Legislative Advocacy Network.**

See additional resources on page 5.

Programs and Projects for Congregations, Schools, and other Jewish Institutions

Torah - Education תורה

Study Jewish texts. The text study on page 5 can be copied and used in the following settings:

- *Shabbat Torah* study.
- Youth group educational programs.
- *Tu B'Shvat* seder or programs.
- Religious school classes.
- Social action or environment committee meetings.
- Board Meetings before considering a plan to reduce an institution's energy use.

Avodah - Jewish Observances עבודה

Celebrate *Tu B'shvat*, the Jewish New Year of Trees (Wednesday, February 11, 1998).

- Hold a *Tu B'Shvat* seder. You can find a model *Tu B'Shvat* seder at www.jtsa.edu/org/coejl. And use the reading on the cover.
- Organize a field trip to a local nature center, protected wildlife area, or threatened ecological site. Include study of texts and your favorite Jewish ecological readings.
- Launch a new project at a *Tu B'Shvat* event, such as an Operation Noah project to protect a local habitat, a tree planting project, or an environmental evaluation of your synagogue or school.

Organize an Eco-Shabbat. Select a particular Shabbat in the Spring to make an "eco-Shabbat" with speakers, text study, meals with local organic produce, walks, and outdoor services. The last day of Passover, Saturday April 18, is the Shabbat before Earth Day. May 23 is *Parshat Behar / Behukotai,* during which Leviticus 25, a major environmental passage, is read.

Gemilut Chasadim - Taking Action גמילות חסדים

Conduct an energy conservation evaluation (a great youth group project). Most synagogues, schools, community centers and other buildings use far more energy than necessary, providing numerous opportunities to both reduce carbon emissions ***and save money.*** The first step is to conduct a thorough energy evaluation, measuring the amount of energy and money wasted by your building and researching how much you can save by retrofitting the lighting, heating, insulation, etc. Contact the **Interfaith Coalition on Energy** for resources directed at religious institutions. (fax: 215.635.1903 or 754-0723@mcimail.com).

A comprehensive energy evaluation process for 7-10th graders can be found in ***Environmental Action: Energy Conservation*** *(to order: 800.872.1100).* And your **local power company** probably provides assistance to customers trying to reduce their use of electricity and gas.

Also helpful is ***The Green Shalom Guide: A How-To Manual for Greening Local Synagogues, Schools, and Offices*** produced by Shomrei Adamah of Greater Washington (to order: 301.587.2248).

Plant trees on synagogue or school grounds, along city streets, and in other appropriate areas. Use native species. Trees absorb carbon dioxide, provide habitat for animals, and provide shade to keep buildings cool. Contact your **local parks department** and **TreePeople,** which offers resources for tree-planting programs, including ***The Simple Act of Planting a Tree: Healing Your Neighborhood, Your City, and Your World*** (818.753.4600).

Advocate for change. Involve your city in the Cities for Climate Protection Campaign. As of December, 1997, 48 local governments in the U.S. had committed to reduce greenhouse gas emissions in their jurisdiction 20 percent below 1990 levels. (510.540.8843 or 75463.3516@compuserve.com.)

Join the COEJL Legislative Advocacy Network

To receive regular updates and action alerts about important environment legislation. Use the order form on the back page.

COEJL Internships

Are available for a semester, a year, or a summer for undergraduate and graduate students. Minimum 15 hours per week. Send a resume and letter ststing your interests, background, and availability to Mark Jacobs at COEJL.

Additional Resources

American Council for an Energy Efficient Economy: ***Consumer Guide to Home Energy Savings*** and other publications. 202.429.8873; http://crest.org/aceee.

Energy Efficiency and Renewable Energy Clearinghouse (U.S. Dept. of Energy): 800.DOE.EREC; http://erecbbs.nciinc.com.

U.S. Climate Action Network: www.igc.apc.org/climate.

U.S. Environmental Protection Agency: www.epa.gov/globalwarming.

Intergovernmental Panel on Climate Change (IPCC): www.ipcc.ch.

National Environmental Trust: Organizes Climate Countdown through which you can receive email action alerts and information. E-mail climate@node23.acpa.com with "subscribe" as the subject and your name, organization, and interests in the message.

Union of Concerned Scientists: 617.547.5552; ucs@ucsusa.org; www.ucsusa.org.

World Resources Institute: www.wri.org.

Sources of Alternative Energy Products

Alternative Energy Engineering: 800.777.6609; www.asis.com/aee.

Jade Mountain: 800.442.1972; www.indra.com/jade-mtn.

Real Goods Trading Company: 800.762.7325; www.realgoods.com.

Sunelco: 800.338.6844; www.sunelco.com.

Jewish Action: Confronting the Challenge of Climate Change

A summary of the policy statement adopted on October 27, 1997 by the Jewish Council for Public Affairs, the national coordinating body for 13 national and 125 local agencies comprising the field of Jewish community relations.

The Jewish Council for Public Affairs (JCPA) calls on the Clinton Administration to negotiate–and the U.S. Senate to ratify– binding international agreements to stabilize atmospheric carbon concentrations at a level that will not result in widespread human and/or ecological harm. This will require that the United States agree to reduce emissions below 1990 levels by the year 2010. In addition, international agreements should reflect historic and current disparities in per capita carbon emissions between industrialized and developing nations.

We urge the Congress to appropriate the funds proposed by President Clinton for the development and deployment of non-carbon fuel alternatives and to aid developing nations' efforts to reduce carbon emissions.

We urge the federal government to immediately adopt a variety of policies to accomplish such reductions, particularly programs that use pricing to lower demand for fossil fuels and encourage the development of non-polluting energy sources. Standards relating to fossil fuel use should require the use of the most advanced fuel efficiency and emissions reduction technologies available. Such policies must be complemented with energy-assistance programs for low income people and retraining and economic transition assistance for affected workers.

The JCPA urges the Jewish community to conduct energy audits of, and institute energy efficiency technologies and practices into, private homes and communal facilities.

Furthermore, we call on JCPA member agencies to initiate dialogues with Jewish businesspeople and the broader business community aimed at increasing responsible participation by business in addressing global climate change.

On the Hill

The Endangered Species Act: In July, 1997, Representative George Miller (D-CA) introduced the Endangered Species Recovery Act of 1997 (HR.2351), a proactive effort to recover declining species by setting recovery goals and providing incentives for landowners. COEJL and the Jewish Council for Public Affairs (JCPA) endorsed this bill, calling it "a vital opportunity to secure the well-being of creation for generations to come."



In October, 1997, Senators Max Baucus (D-MT), John Chafee (R-RI), Dirk Kempthorne (R-ID), and Harry Reid (D-NV) introduced S.1180, also titled the Endangered Species Recovery Act of 1997. While the bill would require the establishment of recovery teams to set biologically-based recovery goals, it would also give business interests a large role in those teams. This bill would place a large burden on the Fish and Wildlife Service without assuring increased funding. COEJL joined with the JCPA, Religious Action Center of Reform Judaism, National Council of Churches, and Evangelical Environmental Network in testimony before the Senate to voice concerns about the bill. S.1180 passed out of committee in October and will likely reach the Senate floor in 1998.

Children's Health: Children are more vulnerable to environmental hazards because they eat more food, drink more water, and breathe more air per pound of body weight than adults. In addition, the many toxic chemicals that accumulate in human body fat are ingested by infants through breast milk. Only a small percentage of the 70,000 chemicals used in the United States have been tested for their ability to interfere with fetal development, cause cancer, or harm the reproductive, immune, or nervous systems early in life.

Three bills to strengthen protections of children's health have been introduced into the 105th Congress to strengthen regulatory standards, require the labeling of products, and require industry to provide additional information about toxic releases to the public. Sponsors of these bills include Senators Barbara Boxer (D-CA) and Frank Lautenberg (D-NJ), and Representatives Henry Waxman (D-CA) and Jim Saxton (R-NJ). None of these bills has been considered by committee.

COEJL, along with our partners in the National Religious Partnership for the Environment, are in dialogue with the sponsors of these bills and will continue to work closely with these legislators and our advocacy network in the next session of Congress to help ensure passage of legislation to protect children's health.



The Dan River, Israel.

Corridors of Life: Saving Israel's Rivers

From the Israel Union for Environmental Defense (IUED)

- 34% of raw sewage in Israel goes untreated.
- 100% of coastal rivers are contaminated by sewage and wastewater.
- 35% of wells in the Coastal Aquifer are unfit for human use.

The well from which Israel draws her water has literally been poisoned. Over the last few decades, industrial waste and municipal sewage released into watersheds have disrupted river ecosystems throughout Israel. Many rivers are no more than open sewers. The condition of Israel's waterways is a source of shame and deep concern for many who love Israel.

Israel's embryonic environmental movement is working to address this critical issue. The IUED is conducting research on water quality in both urban and agricultural areas and is legally challenging some of the worst industrial polluters.

For further information:
Israel Union for Environmental Defense
7 Carlebach Street, Tel Aviv, Israel, 67132
Tel. 972.3.562.4044 iued@netvision.net.il.

From the Field

Pacific Coast Round-Up

Activists attending COEJL's 1997 Leadership Institute have launched **COEJL of Southern California.** Headquartered at the Jewish Community Centers Association of Greater Los Angeles, COEJL of SC has engaged ten major Jewish organizations as affiliates. An environmental survey of area Jewish institutions is already underway, and COEJL of SC will be part of the Bureau of Jewish Education's 1998 Yom Limud. A regional leadership retreat is scheduled for the middle of March at Camp JCA Sholom. *Contact Saran Kirshbaum for more information: 213.761.8761 or sarank@aprica.com.*

In the spring of 1997, Mark and Sharon Bloome of Seattle founded the **Northwest Jewish Environmental Project** (NWJEP). Led by executive director Larry Nicholas, NWJEP organized an interdenominational panel on Judaism and Ecology at the University of Washington in July, a "Shabbat in the Woods" program in August (which was featured in a CNN story on religious environmentalism), and a number of outdoor education programs at local summer camps. NWJEP was recently awarded a $15,000 grant from the Seattle-based Bullitt Foundation. *For more information, contact Larry Nicholas: 206.748.9803 or nwjep@nwlink.com.*

Bay Area COEJL is being launched with a $25,000 grant from the Richard and Rhoda Goldman Fund of San Francisco. Ten leaders from the Bay Area will attend the 1998 COEJL Leadership Institute and then develop an action plan. *To get involved, contact Anat at COEJL.*

Activists Flock to Mid-Atlantic Regional Shabbaton

The shores of Cape May, which form the southern tip of New Jersey, serve as a rest stop for millions of birds on their annual migrations between the Antarctic and the Arctic.



Photo: Jennifer Kopp courtesy of *Cape May Star and Wave*

But not only birds (and birders) flocked to Cape May this fall–so did Jewish environmentalists. In mid-November, forty activists--from Washington, DC, Philadelphia, New Jersey, New York City and many places in-between–gathered in Cape May for a Shabbaton organized by **Shomrei Adamah of Greater Washington.**

The program included presentations on the fragile ecology of the area by a top state wildlife official and a local Jewish fisherman; walks on the beach led by local naturalists; Shabbat services led by Rabbi Arthur Waskow and Phyllis Berman; and wonderful Shabbat meals.

On Sunday, participants shared their work with each other and gathered by region to strategize about further organizing.



NWJEP's "Shabbat in the Woods," Cascade Mountains, August 1997.

To apply for a COEJL Grant:

Grants are awarded on a rolling basis. Maximum amount granted: $3,000. Send a letter of inquiry to COEJL, including a brief description of the regional project and expected outcomes, estimated total annual budget, the names of the institutions you will seek to involve, and the qualifications of the organization and individual(s) that would execute the project.

COEJL Makes Regional Organizing Grants

As part of our work to support grassroots Jewish environmental projects, COEJL is providing grants to regional efforts that are working to involve three or more mainstream Jewish institutions (synagogues, schools, JCCs, camps, etc.) in an ongoing environmental project or program.

The Jewish League for Environmental Awareness (JLEA) in Ventura, CA, led by Dr. Jeff Auerbach, was awarded $3,000 in September. JLEA's projects include outreach to synagogues and schools throughout California (particularly the San Fernando Valley up to Santa Barbara); Operation Noah: Protecting the Endangered California Least Tern; a Jewish Environmental Fair co-sponsored with UJA/Federation of Ventura County; and a newsletter. *For further information, contact Jeff Auerbach at 805.647.7760 or jeffauerbach@compuserve.com.*

The Lippman Jewish Community Day School and **Jewish Community Center** in Akron, Ohio, were awarded a $3000 grant in November for the creation of a **Jewish Community "Eco-Village"** on the JCC's campus. The project will engage a wide variety of Jewish organizations in planning and building the site, to include organic gardens, a land-lab, nature trails, and protected wetlands. The Lippman School is simultaneously developing an intensive Jewish environmental curriculum, and the JCC and other institutions will use the Eco-Village for educational programs and family events. For further information, contact *Rich Swirsky at 330.864.8464 or swirjenk@aol.com.*

98 Calendar

February 11	*Tu B'Shvat*, The New Year of Trees	**March 20-22**	Eco-Zionism Student Conference - South Carolina
February 22-24	JCPA Plenum - Hillel Forum on Public Policy COEJL Everglades Program—Ft. Lauderdale	**June 15-17**	Conference for Rabbis - Pauling, NY
February 22-24	Harvard Divinity School Conference on Judaism and Ecology *(by invitation only)*		

COEJL Order Form

1. To Till and To Tend: A Guide to Jewish Environmental Study and Action – 122 pp. introduction to Jewish environmental thought and action, including 19 programs and an extensive resource guide. $12.50.

2. Caring for the Life-Cycle: Celebrating the Passages of Life in Environmentally Caring Ways – 24 pp. booklet for those planning a brit milah/naming ceremony, bar/bat mitzvah, or chuppah ceremony. $2.50.

3. Operation Noah: A Jewish Program and Action Guide to Defending God's Endangered Creatures and Habitats – 37 pp. $5.00.

4. Operation Noah: Texts and Commentaries on Biological Diversity and Human Responsibility: A Study Guide – 44 pp. $5.00

5. Biodiversity, Parshat Noah, and a Jewish Environmental Ethic: A Creative Arts Curriculum – 34 pp. $5.00

6. Operation Noah Poster (full color)– $5.00 folded, $8.50 rolled.

Support Commitment

COEJL requests that individuals and organizations who use COEJL's materials or services make an annual contribution to support our work. We recommend $36.00 for individuals and $100.00 for organizations.

Name: _____ Title: _____ Organization: _____

Denomination: _____ Address: _____

Phone *(Day)*: _____ Phone *(Eve)*: _____ Email: _____

Please send me the following items:

Item Number _____ Quantity _____ Cost _____

Item Number _____ Quantity _____ Cost _____

Item Number _____ Quantity _____ Cost _____

Total for materials: _____

Tax deductible contribution: _____

Total enclosed: _____ (checks payable to COEJL)

Please send me information about:

❑ February 1998 JCPA Plenum - Hillel Forum on Public Policy

❑ March 1998 Eco-Zionism Student Conference

❑ June 1998 COEJL Conference for Rabbis

Please sign me up to the COEJL Legislative Advocacy Network to receive periodic action alerts by mail and telephone on environmental legislation.

My member of Congress is: _____

Coalition on the Environment and Jewish Life
443 Park Avenue South, 11th floor
New York, NY 10016–7322

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1-14-98

Patient Bill of Rights Press Conference
with Democratic Members
1/14/98

VP will acknowledge

~~**MOC acknowledgements**~~

Senator Tom Daschle (D-SD)
Senator Byron Dorgan (D-ND)

Congressman Dick Gephardt (D-MO)
Congressman Vic Fazio (D-CA)
Congressman Bob Clement (D-TN)
Congresswoman Pat Danner (D-MO)
Congressman Jim Davis (D-FL)
Congresswoman Diana DeGette (D-CO)
Congressman John Dingell (D-MI)
Congressman Lloyd Doggett (D-TX)
Congressman Barney Frank (D-MA)
Congressman Ed Markey (D-MA)
Congressman Mike McIntyre (D-NC)
Congresswoman Nancy Pelosi (D-CA)
Congressman Martin Sabo (D-MN)
Congressman Pete Stark (D-CA)
Congresswoman Ellen Tauscher (D-CA)
Congressman Henry Waxman (D-CA)
Congressman Robert Wexler (D-FL)
Congressman Bob Weygand (D-RI)

1-14-98

PRESIDENT WILLIAM J. CLINTON

REMARKS FOR DEMOCRATIC UNITY EVENT

THE WHITE HOUSE

January 14, 1998

cc: Speechwriters

1-14-98

Acknowledge: VP Gore; Sec. Shalala; Dep. Sec. Of Labor Kitty Higgins; all the people here today concerned about the quality of health care in America.

BOWLES, DASCHLE, GEPHARDT, MEMBERS OF CONGRESS

I am very pleased that Senator Daschle, Congressman Gephardt, and the other members of Congress could be here today to help us ensure that every American family has the security it needs to thrive. I especially want to thank Congressman Dingell and Congressman Stark for their leadership on this vitally important issue.

Throughout our history, our nation's ~~strength has~~ has grown strongly by ~~come from~~ preserving our enduring values, ~~And throughout our history~~ in meeting new challenges for this century, Democrats have ~~helped~~ our nation to meet our ~~challenges by making~~ those values real in changing times. LEADERSHIP IN MEETING NEW CHALLENGES, pursuing our values, and helping to make a more perfect union

1-14-98

~~Today, we are proving once again that we are committed to move our country forward during a time of great change, in a fiscally responsible way that strengthens our families and expands opportunity for all our people.~~

Since 1993, we have worked to expand opportunity, promote reform, & cut the deficit.

~~Since 1993 this nation~~ We has worked to put its fiscal house in order and reduce the deficit while investing in our people. When I took office, the deficit for this year was projected to be $357 Billion, and rising. Today, it is less than $23 Billion, on its way to zero. And as I said last week, I am committed to sending to Congress next year's balanced budget -- the first balanced budget in a generation, three years early.

1-14-98

Within the fiscal discipline of that balanced budget, we will continue to take strong steps to help our people equip themselves to compete and win in the global economy ... increasing work study scholarships to support [illegible] our goal of opening the doors of college to [illegible] American ... ... increasing access to Medicare with a program that pays for itself ... and making a comprehensive and fiscally responsible commitment to child care to help parents take responsibility at home and at work.

All of these actions are designed to help American families meet and master the challenge of change.

Today, by coming together to support to a Health Care Consumer Bill of Rights, we are taking another step toward building the kind of America we want our children to live in, in the 21st Century -- making this time of change a time of progress.

In the past five years, our health care system has changed dramatically, as millions of Americans' coverage has moved from traditional health insurance to HMOs and other new kinds of health coverage. We know that managed care has the potential to provide high quality health care at a low cost. But we also know that lowered costs can lead to lowered standards.

To give American families the security they need to thrive in a dynamic new economy and a rapidly changing health care system, we need a health care bill of rights that says to every American: You have a right to know that you are receiving the best care, not the cheapest care; you have the right to choose the doctor you want for the care you need; you have the right to medical services in an emergency, wherever and whenever the need arises; the right to know your medical records are confidential and only used for legitimate purposes; and you have the right to express your concerns about the quality of care you receive, and to take action when that care is inadequate. And to enforce these rights, we need federal legislation.

I look forward to working with Senator Daschle, Representative Gephardt, and the Congress to make these rights real for all Americans. This is a national goal -- it should be supported by people of all parties. I look forward to working in good faith to get this done. We are ready -- and we will work hard to make national consumer protections the law of the land.

A Health Care Consumer Bill of Rights won't expand the bureaucracy. It won't increase the deficit. But it <u>will</u> provide priceless peace of mind for millions of Americans.

I am confident that we will meet this challenge as we have met so many others -- by working together, united in our purpose to carry our oldest values with us into a new era, bettering the lives of all Americans and preparing our nation for the 21st Century.

###

1-14-98

THE WHITE HOUSE

WASHINGTON

VP

Alan Patricof's
Brother in law + wife
(Real Est. Develop) (Adria Gross
Wagner Dog).

Craig Hatkoff Jane Rosenthal
The Dakota
Nyc

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VP
COS

Frederic R. Harris, Inc.
1555 Poydras Street
Suite 1860
New Orleans, Louisiana 70112
504-529-4533
Fax: 504-522-2085

HARRIS

'98 JAN 14 PM2:3

7 January 1998

President Bill Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500-0200
Attn: Nancy Hernreich

Dear President Clinton:

I recently talked with Mr. Ray Clark of your Office of Environmental Quality concerning the proposal for designation of the Mississippi River between Baton Rouge and New Orleans under the American Heritage Rivers Program. I hope that the proposal submitted by the State of Louisiana and the City of New Orleans is selected for such designation. I would like to assist the on-going process in any way that I can be of service to our nation and our region.

Sincerely,

Robert C. Tannen

1-14-98
Send to Burkhardt?
Yes ✓
Coord w/ CEQ ___

Rct\Clinton\AmRvr.A98

Ratna Sari Dewi Sukarno

'98 JAN 14 PM2:21

January 13, 1998

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

1-14-98
From Nancy —
Send to WSC?
Yes

Dear Mr. President:

It is with respect that I write to you concerning the grave crisis in my homeland, Indonesia. As you recall from our past contacts, my late husband founded Indonesia and I had the great honor of service as the wife of the President in that beautiful nation.

The people of Indonesia need your help, Mr. President. Not the leaders or governing clan--they have been helped enough--it is the people for whom I plead. As you certainly know from your own intelligence reports, there are wide-spread shortages of food and other necessities in the nation, and these are desperate times for my country. The present rulers would never think to request humanitarian aid (their bellies are full) but the people need that kind of help now.

I humbly ask that all political and military funding to the ruling clan be cut off at once. To my horror I have lived to see Suharto slaughter over a million men, women and children of my country; I predict that this will happen again if he stays in power with the US funding you have supported.

I also implore you to put every pressure on the present regime not to harm my daughter, Megawati Sukarno-putri, who recently proclaimed her desire to be "The leader of our nation and people--if this is indeed the will and consent of the people." Her freedoms have long been restricted and she has been under constant surveillance for years. Indeed she has been threatened directly by President Suharto and his thugs. You, Mr. President, have great sway with this dictator and could, I feel, demand my daughter's safety.

As it stands now, Suharto's seventh term is assured from a rubber-stamp assembly appointed by him. He must be stopped. Please use your good offices to advocate general, democratic elections. It is the billions and billions of dollars in US aid that has given Suharto the courage to steal the election and suppress all dissidents or even the slightest opposition. The political funding of Suharto must stop at once in order to ensure free elections in Indonesia.

It was my husband's fondest wish, even at his death, that there be a true democracy in Indonesia. Even now, the people who cry out in the streets for their political freedom face mass shortages due to Suharto's hoarding of US economic assistance. I call on you, no indeed I beg you Mr. President, to begin humanitarian aid *directly* to the people of Indonesia at once.

Sincerely,



RS Dewi Sukarno
563 Park Avenue
New York, NY 10021
Tel: 212-838-2266

Should Nash do ltr - Laura Demeo
Sent info to me - (I never saw this ltr.)
thought ltr need a more personal reply
than they do -

Should go faxout Fri 1000



'98 JAN 14 PM

1-14-9

FAX COVER SE

Send to Burkhardt?
Yes ✓
no

Bob J. Nash
Assistant to the President an
Director of Presidential Person
Old Executive Office Building, Roo
Washington, DC 20500
Phone: ~~202/456-6676~~ • Fax: 202/45
x65251 x6

coordinate w/Nash
Yes ✓
no

DATE: 1/6/97

PLEASE DELIVER TO: Helen Robinson

FAX NUMBER: x54198

SENDER: Laura Demeo

NUMBER OF PAGES: 3
(including cover sheet)

Helen, here's the ltr. from Gov. Miller. Bob thinks POTUS would want a personalized/tailored response especially to address the 2nd + 3rd paragraphs. We're happy to draft one. C me at x65251. La

If there are any problems with this fax transmission, please contact the sender at the telephone number listed above. Thank you.

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#24619

STATE OF NEVADA
EXECUTIVE CHAMBER
Capitol Complex
Carson City, Nevada 89710

BOB MILLER
Governor

TELEPHONE
(702) 687-5670
Fax: (702) 687-4486

December 3, 1997

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Mr. President:

Thank you very much for considering me for the position of Ambassador to Mexico. It has been a privilege to be among the finalists for such an important post, and I am truly honored to have been considered.

As we discussed in Las Vegas, since my candidacy was creating a problem, I was happy to withdraw. However, I am concerned about the possibility that any credence at all was given to these rumors and scurrilous allegations, which I assure you are groundless and totally refutable. As I know you are aware, my life-long record on law enforcement speaks for itself, ranging from being a deputy sheriff, D.A., judge, and being an advocate for tough law enforcement and victim's rights.

As you can appreciate, I find it particularly offensive to be subjected to this type of baseless attack. Leading state and federal law enforcement officials have always stood by my side to thoroughly dispel such misinformation. We were prepared to bring forth an array of law enforcement officials of high standing, should I have been called for confirmation hearings. Among these individuals, for example, would have been Stan Hunterton, the former Chief Counsel on the Presidential Commission on Organized Crime, who was appointed during the Reagan Administration. Mr. Hunterton is also the former Director of the federal Nevada Strike Force.

Putting that subject aside, my decision this week comes wholly from strong belief that a protracted process of selecting and confirming an Ambassador is not in the best interest of the country. I will look back with pride at having been under consideration.

DEC 12

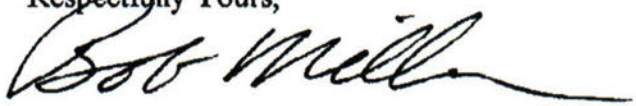
(0)

My family feels fortunate to have your friendship, in so many ways. Ross is about to complete his internship. I can't thank you enough for this opportunity. We are forever indebted for the great experience he has received these past several months.

As always, I remain at your call to assist in any way possible, especially on the golf course. I hope you have had a chance to use that Tight Lies club which Hank Haney gave to me to present to you. My experience in the LPGA that we discussed during your recent visit was excellent. Playing with Kris Tshetter was truly a pleasure. I took the liberty of passing on her phone number to Nancy Hernreich since she and her husband, who is a teaching pro, reside in Virginia. She's the tour's longest driver--and nicest person. So if you're looking for a game, I'd recommend her.

Meantime, I'll work on my own game in the hopes another opportunity presents itself. Thanks again.

Respectfully Yours,



BOB MILLER
Governor

THE WHITE HOUSE

WASHINGTON

January 14, 1998 1-14-98

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN Phil

SUBJECT: Final tax decisions for FY '99 budget

copied Sperling Cox Lew

The attached memo from Secretary Rubin and Gene asks for your decision on three tax issues. You may want to discuss this with Erskine. *You should make these decisions as soon as possible.*

1) Severance Pay - Sen. Torricelli has asked us to include a provision that would allow an individual to avoid income tax on up to $2,000 of severance pay to help those being downsized, a problem that was severe in New Jersey for AT&T workers. The proposal is estimated to cost $466 million for 1998-2002. *Treasury* is opposed for a number of tax policy reasons outlined in the memo. But *Erskine* and *Gene* support Torricelli and although they understand Treasury's concerns, feel we should include the proposal. It could be modified to alleviate some of the tax policy concerns, but these modifications would likely make the proposal more costly. *Jack Lew* notes that if you choose not to include it, you could free up money to extend the Generalized System of Preferences (GSP) and Carribbean Basin Initiative (CBI) proposals beyond one year.

✓ Include in FY '99 budget ___ Do not include ____ Include with modifications

2) State Tuition Proposals - In previous budget discussions, you approved a pre-paid tuition proposal. It was a middle-ground alternative between "defined benefit" plans like Florida's, and "mutual fund" states like Kentucky, but now Treasury wants to hold back the proposal for fear of antagonizing Sen. McConnell, who has been supportive of Treasury on Asian financial issues and is adamant about the advantages of Kentucky's plan. One alternative would be to adopt McConnell's plan as our own, but this would anger Florida and similar states. *Treasury* recommends introducing our alternate proposal at a later date when a tax bill begins moving. *Gene* and *Erskine* defer to Treasury. Gene or Treasury will call Gov. Chiles to explain.

✓ Delay offering proposal ____ Include proposal

3) Income-contingent loan forgiveness - Under the Direct Loan program, borrowers pay an income-based amount for 25 years, and any amount owed after 25 years is forgiven. Current tax law treats the amount forgiven as taxable income. Direct Loan supporters want this provision repealed, and our budget last year included such an exemption; it was eventually removed in conference by Rep. Goodling. Direct Loan supporters want us to include the exemption again; their strong arguments for doing so are outlined in the memo. As outlined in the memo, *Treasury* opposes including the proposal again in the face of known opposition, as a matter of tax policy, and as contrary to the principles of personal responsibility we have been advancing in welfare reform. *Gene* and *Erskine* support including the proposal so as to not undermine support for Direct Loans. Gene notes that the forgiven money was never meant to be taxed.

✓ Retain tax exemption proposal ____ Drop proposal

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

January 13, 1998

MEMORANDUM FOR THE PRESIDENT 1.14.98

FROM: **ROBERT E. RUBIN**
GENE SPERLING GS

SUBJECT: Remaining Tax Issues in the FY 1999 Budget

This memo reviews three tax issues that remain candidates for inclusion in the FY 99 Budget. The first item is under consideration because Senator Torricelli has asked for our support. The second item is Treasury's preferred alternative to a proposal Senator McConnell has advanced. The third item, relating to elimination of tax liability when income-contingent student loans are forgiven, was included in our FY 98 budget but met opposition in Congress and was not enacted.

Severance Pay

Senator Torricelli has asked the Administration to include in the Fiscal Year 1999 Budget a provision that would allow an individual to avoid income tax on up to $2,000 of severance pay in certain circumstances. He believes this proposal would help workers facing the disruptive effects of downsizing, a problem that was particularly severe in New Jersey as AT&T was laying off workers. The proposal was originally estimated to lose $466 million for 1998-2002 and $1.123 billion for 1998-2007 (1997 estimate by Joint Committee on Taxation).

Treasury recommends opposing this provision for the following reasons.

- The proposal inappropriately would treat severance pay, which tends to accrue to higher-income workers, more favorably than unemployment benefits. Unemployment benefits are fully taxed.

- The proposal would cause a disparity between the taxation of severance pay and damages for employment discrimination. This runs counter to the legislative changes made in 1996 to eliminate the disparity between the two. Prior to 1996, taxpayers attempted to characterize severance pay as damages for employment discrimination, because the latter were arguably exempt from tax. To preclude this strategy, Congress conformed the taxation of damages for employment discrimination to the taxation of severance pay.

- The Torricelli proposal imposes certain restrictions on the availability of the $2,000, which would create perverse incentives. For example, the exclusion is limited under the bill to

taxpayers who have been out of work for six months or longer. This may discourage severance pay recipients from seeking new jobs. Eliminating the restrictions, however, would increase the revenue cost of the proposal.

- The proposal could provide windfalls to employers that are engaged in layoffs if they can capture the benefit of the exclusion by providing their laid-off employees with reduced severance packages.

- The proposed treatment of severance pay would be very difficult for the IRS to administer and would create conflicts between the IRS and individual taxpayers.

Certain modifications to the proposal could be made to alleviate some of the tax policy concerns described above, the resulting provision, however, would still be inconsistent with good tax policy and would be more costly than the Torricelli proposal.

___ Do not include in FY 99 Budget ___ Include proposal ____Include proposal with modifications

Qualified State Tuition Plan Proposals

In previous budget discussions, you approved a specific pre-paid tuition plan proposal for inclusion in the budget. Upon further reflection we concluded this proposal, which would exempt certain withdrawals from tax, was likely to be controversial in Congress. In particular, there are other competing proposals with constituencies critical to Administration initiatives. Consequently, your advisors now recommend that we do not include a state pre-paid tuition proposal in the FY99 Budget. Instead, a pre-paid tuition proposal, reflecting critical Congressional input, could be considered at a later date if an appropriate opportunity arises.

____ Delay offering a pre-paid tuition proposal ____ Include a proposal

Elimination of Tax Liability When Income-Contingent Student Loans are Forgiven

Under the Direct Loan Program's income contingent repayment (ICR) option, borrowers pay an income-based amount for 25 years, and any amount that they still owe after 25 years is forgiven. Under current tax law, the amount forgiven (principal and interest) is taxable as income, as is the forgiveness of loans generally. Direct Loan supporters have been calling on the Administration to address this issue for some time, and our budget last year included an exemption from tax for ICR forgiveness. While the provision survived House and Senate consideration last year, it was removed in conference after Direct Loan opponents (led by Rep. Goodling) protested. (The industry placed op-eds and letters to the editor criticizing ICR as a tax "give-away.") The exemption has no revenue cost in the budget window. Direct Loan

supporters have three arguments for proposing an ICR loan forgiveness tax exemption again:

- ICR is designed so that borrowers pay the government for no more than 25 years. Taxing the forgiven amount would create further indebtedness to the government which could stretch for several more years, and borrowers will not have any cash corresponding to the income that they can use to pay the tax.

- The tax liability associated with ICR loan forgiveness makes it difficult to market this Clinton Administration achievement. (Critics say that low-income borrowers pay for 25 years, then will be thrown in jail for non-payment of taxes.)

- Retreat on this issue would be seen as a retreat from Direct Lending generally, sending a bad signal to schools that have remained loyal to the program.

Treasury is concerned that advancing this proposal in the face of known opposition may somewhat undercut our arguments in favor of providing tax benefits for low income people who work hard to support families without the benefit of higher education or who sacrifice income and use their education for community service.

- Giving these borrowers a special tax benefit is contrary to the principles of personal responsibility we have been advancing in defending welfare reform. Unlike Pell Grant recipients who have no repayment obligation, these borrowers clearly undertook a contractual obligation to repay the loans in full, including the interest. Also, eliminating the tax altogether for ICR gives low-income people who cannot repay student loans better treatment than low-income people who cannot repay a loan they received to start a business.

- Low-income borrowers already receive a number of tax benefits, such as the EITC, that recognize their limited ability to pay tax. Payments of student loan interest are now deductible for low and moderate income borrowers, lessening the burden even more.

____ Retain ICR tax exemption proposal ____ Drop ICR tax exemption proposal

1-14-98

In previous budget discussions, you approved for inclusion in the budget an alternative to Senator McConnell's proposed legislation to make saving through pre-paid state tuition plans tax-free. We suggested its inclusion to influence the debate over these proposals and to reaffirm our commitment to helping families pay for college.

At the risk of oversimplification, there are two basic types of pre-paid tuition plans. "Defined benefit" states, like Florida, promise that contributions will pay the full cost of tuition at in-state schools when the beneficiary reaches college age. "Mutual fund" states, like Kentucky, provide tax-advantaged saving, but no guaranteed return.

Senator McConnell's proposal favors the mutual fund type plans by capping contributions and allowing all earnings to be withdrawn tax-free. Our alternative accommodates both the defined benefit and mutual fund type plans by allowing much higher contributions and permitting a uniform amount of earnings to be distributed tax-free. The costs of both proposals become significant beyond 2003.

Senator McConnell is adamant regarding his approach to prepaid tuition. Others have questions about it. Representatives of the states with tuition plans, for example, met with Treasury to express concerns about administrative burdens created by Senator McConnell's proposal in a meeting with the Assistant Secretary for Tax Policy. A number of states were worried that they could not keep total contributions under the limit set by Senator McConnell's proposal and still guarantee to pay tuition for state residents as they have promised. They also are wary of being forced to withhold tax from their beneficiaries' distributions.

The alternative responds to the concerns that Senator McConnell's proposal would give very affluent families an incentive to invest in these plans, even if they do not intend to use the savings for higher education. The alternative will better accommodate the most well-established plans, such as Florida's and Ohio's. At the same time, the alternative may antagonize Senator McConnell at a very important time for the Administration. Consequently, to preserve our continued cooperation with Senator McConnell, we recommend delaying the introduction of any prepaid tuition proposal and therefore not including it in the budget. If a tax bill begins to move through Congress, we would introduce an Administration pre-paid tuition proposal at that time.

THE PRESIDENT HAS SEEN
1-14-98

Robert
This is what
I saw
Riley Reed Bob

Copied
Emanuel
Reed
Sec Riley
COS

usiness Dail

Choose To Succeed"

December 31, 1997

Los Angeles, California
Volume 14, No. 184 ©1997

NATIONAL ISSUE

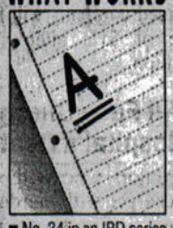
DRESSING FOR SUCCESS IN CLASS

Public Schools Find Uniforms Boost Performance

By Matthew Robinson
Investor's Business Daily

"Dress for Success" has long been a motto of business. Now public schools across the nation are making their students come to class dressed to learn.

WHAT WORKS



■ No. 34 in an IBD series on education reform

In more and more schools, the grunge look and gangster chic are out. Uniforms are in. Principals, teachers and parents say the change is working — and it may be doing far more than they'd hoped.

In the Long Beach (Calif.) Unified School District — the district with the longest experience using school uniforms — crime is down, attendance is up, and teachers report higher student test scores.

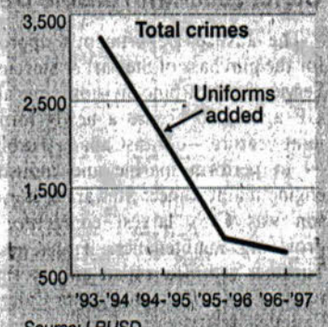
Of course, criminologists and even supporters don't give uniforms all the credit. But the school uniforms movement is growing. Last year, both presidential candidates endorsed it.

Why is the idea so popular?

"The beauty of uniforms is that it is simple, doable and easy," said Bill Modzeleski, director of the Safe and Drug-Free Schools program at the U.S. Department of Education. "I think the public was looking for something that would be successful, but wouldn't take 10 years to implement."

Uniform Justice

Long Beach K-8 schools added uniforms in 1994-95. Despite more students, district crime fell.



Source: LBUSD

The recent school uniform wave got its start in 1991 in Long Beach. Parents backed a voluntary uniform policy that spread to six elementary schools and 10 middle schools.

The early trials succeeded. And parents loved it. Schools districtwide introduced simple, mandatory uniforms in '94.

At first glance the results are impressive. School crime has dropped 76% in the three years since then — at the same time the student population has grown almost 8%.

Student attendance is up to 94.7%, the highest in 17 years of statistics.

Why? School officials point to several factors: not least of which is a change in attitude uniforms seem to generate among both teachers and students.

"It's about schools expecting more in conduct and achievement from students," said Dick Van Der Laan, spokesman for the 86,000-student district.

Mary Marquez, principal of John G. Whittier Elementary School in Long Beach, said that the uniforms change student behavior.

"When they come to school in their uniforms," she said, "they've started with a mind-set (of) 'I'm getting ready to go to school,' not, 'I'm getting ready to go outside and play.' "

Linda Moore, principal at Will Rogers Middle School, agrees. "We are always talking about setting high standards for students in what we want to train them to do after they get out of school," she said. "And one of the most important things in the business world is you have to know how to dress.

"Kids think a lot about dress," Moore added, "and uniforms say, 'You're here for an education.' "

Linda Drummond, program facilitator at Wilson Classical High School, says uniforms may even help students

Continued on Page A24

LEADERS & SUCCESS

Procter & Gamble's Victor Mills:

How He Invented The Products You've Used All Your Life

By Dan Moreau
Investor's Business Daily

Victor Mills proved that invention isn't just inspiration and perspiration — but also!

"Nobody will ever match his achievements," said Gordon Brunner, P&G's vice-president for research and development.

Mills, who died [redacted]

already available. "What good is it if it isn't?" he would argue.

Then, he made sure he came up with efficient ways to make the product. He was even efficient in his experiments, always starting out with what was at

ATIONAL ISSUE: Dressing For Success In Class

ontinued from Page A1

use their grades. "They are dressed for usiness, and that . . . is very positive side the class," she said.

These aren't uniforms in the old rivate-school mode. Each public hool chooses its own colors and style. ut most schools opt for white tops and lue pants or jumpers.

The average cost for a whole uniform about $25. That's tops and bottoms.

But for Long Beach schools, the rogram hasn't cost a dime.

"We've had wonderful support from he business community," Van Der aan said. Some 500 business partners onated more than $120,000 worth of lothing to help provide Long Beach ids with uniforms.

Other districts get similar support. or instance, Washington, D.C., has pened clothing banks so kids can turn old uniforms for their younger peers.

Backers say that uniforms can give ids a sense of belonging, which can alance the unstable home life many ids experience — a key reason many ids join gangs.

"Being in a low-income area, it's a ay for the children to identify with the chool and feel a part of something," Marquez said.

Uniforms also keep unwanted, possily troublesome kids off campus by naking outsiders easily identifiable. And the program helps kids stay in chool, backers say.

"It identifies *who* should be in chool," Moore said. She tells the story f some middle school boys who left chool, still in their uniforms.

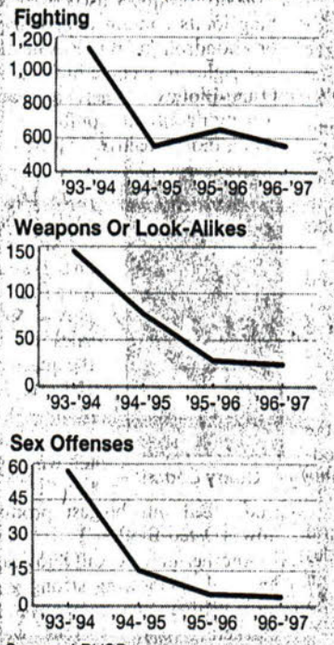
"They were shopping on Second Street during school time," she said. There were some merchants who called o ask me if we were in school. I said Yes.' And they told me they were ruant." The truant lads were caught.

Keeping kids from skipping school ust a few days a year adds up. "If a tudent misses 13 days of school a year, hat adds up to an entire year of school y the time he or she graduates," Van Der Laan said.

And it helps the schools as well. unds are distributed on the basis of a chool's average daily attendance. Missng kids mean lost funds.

Uniform Trends

Grades K-8 school crime report summary in Long Beach, Calif.



Source: LBUSD

Teachers and principals say uniforms also help in class.

"They are working harder," said Long Beach middle school English teacher Harriet Danufsky, "and we don't spend our time messing with clothes. We spend most of our time making sure shirts are tucked in."

Danufsky added that kids understand the importance of conduct and dress. For a future field trip to see the musical "Ragtime" the students decided to "spiff up" their uniforms. "Even the boys are going to add ties," she said.

The uniform idea does have some critics.

Groups such as the American Civil Liberties Union and local legal aid societies have challenged uniform policies in court. Their complaint? Uniforms cost too much, hurting the poor.

But most supporters — teachers in particular — say just the opposite.

"Parents like the uniforms because they are economical and they don't have to have a lot of other clothing," Marquez said.

Uniforms also help bridge economic differences and make equal treatment more likely. "It reduces the differences between haves and have-nots," Moore said.

A byproduct of that, Moore says, is that teachers maintain the same high academic standards for every child.

Many educators think that low-income children are often shortchanged in the classroom by teachers who don't expect as much from them. Uniforms, Moore says, make treatment based on outward appearance almost impossible.

Others note that the program hasn't undergone a scientific study.

"I've never seen any data to evaluate whether uniforms are good or bad," said Malcolm Klein, director of the Social Science Research Institute at the University of Southern California and an expert on gangs. He's not as sanguine about the policy as others. "For now, that anecdotal evidence isn't worth a hoot-and-a-holler.

"Delinquency and especially gang violence have been going down the last few years everywhere," he added. "Unfortunately, there is no way to separate one from the other.

"I suspect that in a seriously gang-involved school, it's probably a good thing," he said, "but it needs to be connected to other gang intervention at the same time."

Officials are careful about their claims — even though most believe instituting uniforms is a positive change.

"We don't attribute improvement exclusively to school uniforms, but we think it's more than coincidental," said LBUSD's Van Der Laan.

San Antonio schools recently voted to join the uniform bandwagon. And plans for uniforms are now in the works in at least 10 states. They're popular in some of the nation's largest districts. Cincinnati and Dayton, Ohio, Detroit, Los Angeles, Miami, Milwaukee, New Orleans, Phoenix, Seattle, St. Louis, Memphis, Tenn., and Nashville, Tenn., all have schools backing the idea.

"We had no idea it would have this kind of national impact," Van Der Laan said.

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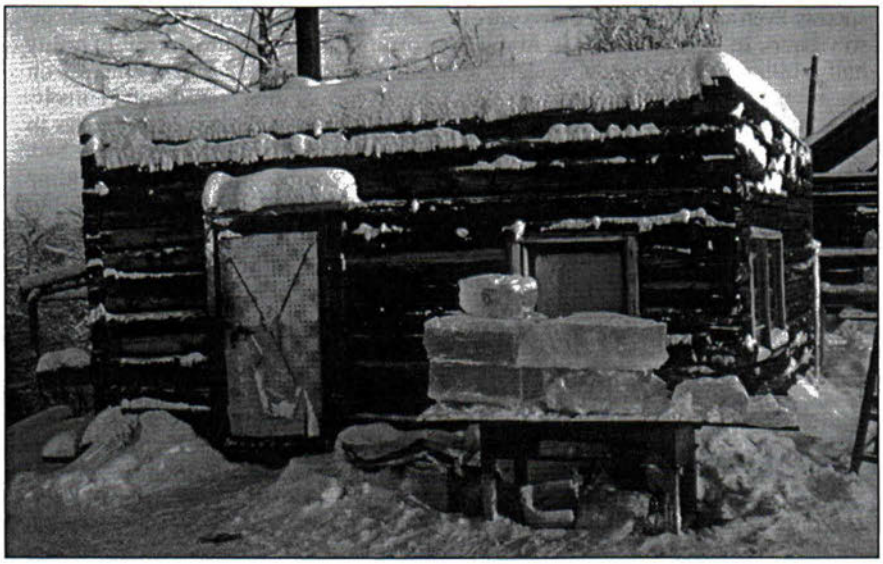
***Investor's Business Daily* presents the latest weapon in your investing arsenal:**

Investing Smart by Dhun H. Sethna

"*Investing Smart* is a book about doing and discovery, about discovering the thousands of newer companies with revolutionary new ideas and new technologies, and innovative new products, that make up what I like to call 'The New America.'...And after all, it is

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Russia's other governments

MOSCOW

The behaviour of regional bosses, as much as that of today's federal leadership in Moscow, will determine Russia's prosperity

LEFT-WINGERS in the Russian parliament fumed last week when Boris Nemtsov, a leading reformist, observed that foreign investors were shying away from Communist-run regions of the country. The Duma, the lower house, called for Mr Nemtsov to be sacked as first-deputy prime minister, saying he was trying to scare investors away. But Mr Nemtsov was merely stating the obvious—that across the vast sprawl of Russia some regions are better run than others, and that foreign investors will seek out the smarter and friendlier regions as and when the economy recovers.

One consequence is that economic growth is more likely to widen than close the already huge disparities in regional wealth. The all-important question is whether the duff regions will try to learn from the perky ones, or sink deeper into squalor and despair. The federal government will be able to do little or nothing to help things along. It has no spare cash to reward favoured regions and precious few sanctions to punish offending ones. So thinly is its authority spread that, save in defence and foreign policy, what happens today owes much more to the sum of regional-government action than to government at the federal centre in Moscow. The regional governments have the power to lure or deter investors, to uphold or flout the rule of law, and to deliver or ruin public services. Thus, to a large degree, can regional governments determine whether Russia prospers or decays.

Two recent events have helped spark this surge of regional power—both of them, for better or worse, products of democracy at work. The first was the 1996 presidential campaign, and its revelation of the political clout of local bosses. Without their help, Boris Yeltsin would never have found the votes he needed to win re-election. But an implicit pact ensued: local bosses who backed Mr Yeltsin at election time could count on the freedom to do pretty much as they pleased afterwards.

A second factor was the end, a year ago, of the president's right to name governors to Russia's 58 *oblasts* and *krais* (see box). Instead, all governors had to be elected. This brought the regions into line with Russia's 21 republics, which began electing their presidents in 1991. The elected governors quickly found they were as unsackable as the republics' presidents. Witness, last summer, Mr Yeltsin's futile attempt to boot out Yevgeny Nazdratenko, the manifestly incompetent but popularly elected governor of Russia's far-eastern Primorsky ("maritime") territory. Other provincial bosses rallied round to persuade Mr Yeltsin that it would be unwise and probably unconstitutional to try to sack one of their own, even rotten Mr Nazdratenko. In any event, a fresh election would merely have brought Mr Nazdratenko back again. Mr Yeltsin beat a humbling retreat.

Mr Nazdratenko's survival has been enough to suggest that periodic rumblings from the Kremlin about restoring more centralised control of the country are unlikely to come to much. The balance of power may even be tilting further towards the regions—partly because local leaders are still gaining in experience, partly because many local governments are fast bolstering political with financial autonomy.

Most republics, and more recently several regions, have done deals with Moscow to let them hang on to a bigger share of their tax revenues, and so make them less dependent on federal transfers. Some have won concessions on other revenues: the government of Sakha, a Siberian republic that produces almost all Russia's diamonds, may

The 89 steppes

THE Russian Federation's 89 "subjects" divide into four classes:
- 52 *oblasts* (regions), including the Jewish Autonomous Region;
- 6 *krais* (territories);
- 21 republics (including Chechnya);
- 10 autonomous *okrugs* (districts).

The main distinction is between the republics and the rest. The republics are the titular "homelands" of non-Russian minorities, such as Tatars and Bashkirs. Since 1991 they have enjoyed a high degree of autonomy, each republic with a right to its own constitution and to elect its own president. *Oblasts* and *krais*, however, are run by governors, most of whom were presidential appointees until elections became mandatory a year ago. Autonomous *okrugs* are ethnic subdivisions of *oblasts* or *krais* which have claimed special status either because they are very rich (such as Yamal-Nenets, in Tyumen, which has 53% of Russia's oil reserves); or because they are so poor that they live on handouts from the federal government.

Thanks
I will sign
to sign - I'll do PS
on Mr Chelsea Q—

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DAN BURKHARDT:

please coordiante the
reply.

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682 Millsboro Road
Mansfield, Ohio 44903
December 8, 1997

Dear President Clinton,

My name is Jason Wilkes, and I am a senior at Mansfield St. Peter's High School. I am also one of the four fortunate students from our school to experience your first step towards One America at the Akron Town Meeting. I would have never guessed that you, the President of the United States, would attempt to battle on the controversial fields of racism with your Initiative on Race.

As one of three male African-American seniors at St. Peter's High School (our class is small – only 70 students), I sometimes feel as if I am the spokesman for the entire black community here, just as Erica (at the Meeting) addressed. As she said "I am Erica; judge me for myself, not just as a black person." Sometimes society does not see beyond the color of one's skin which is a result of prejudice and bigotry. I feared a similar situation would take place on the panel, but it was surprisingly more diverse that I expected. I know that it was necessary to involve "older adults" on the panel, because I feel that racism in the adolescent world was learned from "those over 30", but I was displeased with the ratio of students to older adults. I noticed that most of the adults used note cards while voicing their opinions, whereas the students spoke extemporaneously. This idea- preparation could hinder the true, spontaneous emotions that help us uncover the hidden causes that so desperately need to be discussed. When the Akron University student shared with us his true emotions about how he would be afraid if a poorly-dressed black man walked toward him, he didn't shuffle through notes and conclude his point with a well-prepared closing paragraph. I, too, was proud of him, Mr. President. His ability to make an honest, controversial statement in the spotlight of the nation helps make your first step, your "beginning" complete. Perhaps during the next Town Meeting, we can hear from that not-so-well-dressed young black man.

In that spirit of open honesty, Mr. President, if I had been on stage and had an opportunity to ask you a question, I would have asked: "In all honesty, what would you do if Chelsea dated a black man?"

Back in Mansfield, Ohio, I have addressed these issues with all those around me, in depth, and plan to make sure that the "pebble" you dropped continues to make waves in the waters of Mansfield. My part of the bargain will be kept, Mr. President. I'm sure you will keep yours. Let's do this .....and do it right. My future depends on it. It was an honor to see you in person, and it would be an even greater honor to hear from you as we fight against these evils of ignorance together.

Yours truly,

Jason Wilkes

Jason Wilkes

Bill Clinton

PCaplan/cc Mclaughlin

Nickels for Medal of Freedom
multi year →

possibles: Archibald Cox
Marian Edelman
Harry Belafonte

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President of the United States

THE WHITE HOUSE
WASHINGTON

January 13, 1998

Copied Bowles

Mr. President:

Erskine wanted you to see this.

Phil Caplan

cc: Rahm Emanuel
Michael Waldman

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1-14-98

Nancy Kassebaum Baker
801 Pennsylvania Avenue, N.W.
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Walter F. Mondale
Pillsbury Center South
220 South Sixth Street
Minneapolis, Minn. 55402
Tel.: (612) 340-6307

cc: Bowles

January 9, 1998

The President
The White House
Washington, D.C.

JAN 12 PM 1:20

Dear Mr. President:

Last March, you asked us to assist in the cause of campaign finance reform. We were honored to accept this important assignment. We are writing at this time to report on our efforts to date and, in turn, to make a request of you.

We have attached a brief fact sheet which summarizes our activities to advance national support for campaign finance reform. We plan to continue our work in advance of the debates that are expected to occur in the U.S. Senate and House in March.

We are convinced, however, that further progress will depend on full, vigorous employment of the persuasive powers and moral authority of the Presidency. Therefore, we respectfully urge you, beginning with the State of the Union address, to redouble your own significant efforts to persuade the Congress and the public that action on reform is imperative.

Distinguished scholars Karlyn Kohrs Campbell and Kathleen Hall Jamieson have observed: "In charging presidents with reporting on the state of the Union, the Constitution gives them, in the role of national historian, the opportunity to reconstruct the past in order to forge the future. Using history skillfully, they can involve the Congress and the people in an affirmation that this is not only the way it was, but also the way it will be. More eloquent presidents have seized the opportunity to reshape reality and to imprint their conception on the nation."

We believe there is a notable historical precedent -- and historic opportunity -- for highlighting campaign finance reform in the State of the Union address.

At the turn of this century, the financing of political campaigns had become a matter of intense national controversy. The issue then was nearly identical to what it is today: the dramatic rise in large, uncontrolled political contributions and the resulting erosion of public confidence in our democratic system.

Following Theodore Roosevelt's success in the 1904 Presidential election, allegations were raised in Congress about political party fundraising practices during that campaign. In response, President Roosevelt took the initiative in leading the struggle for federal reform of campaign finance.

In the opening words of his annual message in December 1906, Roosevelt addressed matters left unfinished in the first session of that Congress. He listed first among those unfinished tasks the need for "a law prohibiting all corporations from contributing to the campaign expenses of any party."

Congress heeded the President's call and, in 1907, passed the Tillman Act, the foundation for the federal regulation of campaign finance which developed during this century. Indeed, the Tillman Act is one of the very laws undermined by the "soft money" loophole.

Ninety years after one young U.S. President exercised his leadership to transform a campaign finance scandal into the foundation of reform, we believe another young President has the historic opportunity to rise above controversy and lead the way to rebuilding that very same foundation. By doing so, you would also go far toward answering an even more profound need in our nation today -- restoring the American people's trust in the integrity of our political process and in the capacity of our leaders to act courageously to ensure that integrity.

We realize that you have already been highlighting the urgent need for campaign finance reform. And we imagine that you already have plans to make reform an important element of your State of the Union address. We wish to underscore for you our belief that now may well be a historic moment when it is possible and necessary for the President to go the extra distance, as Theodore Roosevelt did, and place campaign finance reform at the very top and center of the nation's agenda.

Our experience with this issue during the past year suggests three particular thoughts that we wish to offer for your consideration: the central importance of campaign finance reform, the urgent need for reform, and the essential role of Presidential leadership in securing the passage of reform.

First, the American public's ever-deepening cynicism about the integrity of our political process means that campaign finance reform is now central to almost every other public issue. Most Americans firmly believe that the flood of money pouring, uncontrolled, into our political process compromises the ethical character of our public institutions and leaders -- casting a shadow over the very legitimacy of federal laws and policies. The capacity of Congress to deal credibly with other issues depends on first cleaning up our nation's political household, beginning with campaign finance reform.

Second, the time for reform is now -- it must not be delayed. The Senate Majority Leader has specified a time certain, by March 6, for consideration of a reform proposal, and he has agreed to permit introduction of the McCain-Feingold bill as an amendment. Your State of the Union address later this month is a key moment to build the momentum for reform in the weeks leading up to this time certain. The actions that Congress takes, or fails to take, in the next few months will have a large role in determining the character of the next Presidential election. Our nation cannot afford the spectacle of a campaign in which ever-greater amounts of uncontrolled money inundate and overwhelm this most sacred ritual of our democracy, the election of a U.S. President. Everyone assembled on January 27 in the House Chamber -- and everyone who views your address -- needs to understand what is at stake in securing passage of campaign finance reform in 1998.

Third, Presidential leadership is essential. Many in political life appear to find comfort in the perception that the public is not insisting on reform. The evidence is actually much more sobering: The depth of the American people's cynicism about money in politics is truly staggering. It is matched by their pessimism about the prospect of any real reform by our elected officials. (In a national poll early last year, 48 percent of Americans insisted they are more likely to see Elvis Presley than campaign finance reform!) Unfortunately, this pessimism risks becoming a self-fulfilling prophecy in the hands of the opponents of reform, who mistake the public's apparent quiescence as permission for inaction. These circumstances present a special challenge for Presidential leadership.

For these reasons, we urge you to address this issue in the strongest possible terms in the 1998 State of the Union speech -- and to wield all of your persuasive powers and the authority of your office to focus the attention of the public and Congress on the central importance and urgency of campaign finance reform in 1998. As with Theodore Roosevelt more than ninety years ago, let no American doubt the priority which you believe the Nation and the Congress should assign to the unfinished task of reform.

We stand ready to provide support and assistance in whatever way we can.

Sincerely,

Nancy Kassebaum Baker

Walter F. Mondale

1997 HIGHLIGHTS OF THE CAMPAIGN FINANCE REFORM PROJECT LED BY WALTER F. MONDALE AND NANCY KASSEBAUM BAKER

MARCH

• President Clinton announces that Walter F. Mondale and Nancy Kassebaum Baker will lead an independent, bipartisan effort to build broad-based national support for campaign finance reform.

• *New York Times* op-ed article by Mondale and Kassebaum Baker.

MARCH - JUNE

• Mondale and Kassebaum Baker consult with a wide range of individuals and groups interested in campaign finance reform in order to identify key areas of potential bipartisan consensus.

MAY

• The Aspen Institute establishes The Campaign Finance Reform Project to assist Mondale and Kassebaum Baker.

• The Pew Charitable Trusts provides financial support to The Aspen Institute for The Campaign Finance Reform Project.

JUNE

• Mondale and Kassebaum Baker release an Open Letter to the President and Members of Congress, outlining four areas of potential bipartisan consensus on campaign finance reform.

JULY

• *Washington Post* op-ed article by Mondale and Kassebaum Baker.

• Former Presidents Ford, Carter and Bush declare their support for campaign finance reform, including a ban on soft money as well as improvements in campaign finance disclosure and enforcement.

SEPTEMBER

• Op-ed article by Mondale and Kassebaum Baker appears in college and university newspapers nationwide.

• *Los Angeles Times* op-ed article by Mondale and Kassebaum Baker.

• Mondale and Kassebaum Baker release a statement in support of campaign finance reform, signed by more than 80 former Members of Congress of both parties. (The number of signatories has since reached 130.)

• Mondale and Kassebaum Baker testify to the U.S. Senate Committee on Governmental Affairs.

OCTOBER

• *Washington Post* op-ed article by former Presidents Ford and Carter.

DECEMBER

• Focus groups conducted nationwide to gain a deeper understanding of the public's thinking about campaign finance reform.

MARCH - DECEMBER

• Numerous speeches and media interviews by Mondale and Kassebaum Baker, including "Meet the Press" and "The Lehrer News Hour."

Private Cash Investments in Inner Cities Key U.S. Goal

1-10-95

■ **Urban centers:** Administration pursuing several initiatives to attract funds for 'empowerment zones.'

By RONALD BROWNSTEIN
TIMES POLITICAL WRITER

WASHINGTON—Increasing the flow of private investment to America's inner cities is emerging as the cornerstone of the Clinton Administration's strategy for revitalizing depressed urban centers.

Across the government, at least half a dozen major initiatives are being pursued with a common objective of attracting more capital from banks, pension funds, insurance companies and private businesses.

The Administration is dangling several carrots for investors, including tax incentives for companies that invest in designated urban "empowerment zones" and federal seed money for a nationwide network of new community lending institutions. But it is also brandishing a potentially big stick in the form of stepped-up regulatory and legal pressure on banks and insurance companies to make more services available in inner cities.

"It is incumbent that we find a way to build a bridge between the variety of sources of capital and the needs of our communities," said Nicolas P. Retsinas, assistant secretary for housing at the Department of Housing and Urban Development.

This focus on attracting private capital fits several of President Clinton's broad policy and political goals. At a time of fiscal strain, it

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URBAN: Private Funds Would Supplement U.S. Efforts in Inner Cities

Continued from A1

allows the Administration to supplement limited federal expenditures on cities with private dollars. And it reflects Clinton's priority on bottom-up development, which attempts to enhance inner-city stability by bolstering community institutions and increasing the number of homeowners and small business owners.

While the emphasis on encouraging private investment and homeownership echoes the themes of Clinton's Republican predecessors, his emerging strategy envisions a more assertive government role.

That role is evident in the pressure on banks to provide capital and the proposed creation of complementary public initiatives on job training, vocational education, crime prevention and welfare reform.

But, like its disappointing predecessors over the last quarter of a century, this latest attempt at urban renewal raises the question of whether any combination of carrots and sticks can reverse such corrosive long-term trends as the decline of inner-city manufacturing jobs and the rise of out-of-wedlock births and violent crime.

"Until our streets are safe, all the capital in the world won't save our neighborhoods," said Paul Herdeg, executive director of the Union-Miles Development Corp., a group working to redevelop a low-income community in Cleveland.

Administration officials readily agree that private investment alone will not revive depressed inner-city neighborhoods. But they tend to reverse the equation, maintaining that all their other urban reform initiatives "will founder unless there is sufficient financial capital to mobilize the human capital and modernize the physical capital," as Housing and Urban Development Secretary Henry G. Cisneros said recently.

As a candidate, Clinton stressed the link between private investment and urban revival after touring South-Central Los Angeles with Rep. Maxine Waters (D-Los Angeles) after the 1992 riot. After meeting with community activists in Waters' home, Clinton said residents were looking for local economic development, not expensive new federal programs.

"If you don't enable people to borrow the money to get into business in the neighborhoods where they live . . . it's going to be hard to have any fundamental change," Clinton said.

After Clinton's arrival in Washington, that sentiment inspired an array of activities. Because many involve obscure changes in federal banking or housing policy, they have largely escaped notice. But experts said they represent efforts to tap for inner-city investment virtually every major source of private wealth.

Among the key initiatives:

Empowerment zones—Under provisions of the budget bill passed last summer, firms that hire residents in six urban and three rural areas designated as "empowerment zones" will receive a 20% tax credit on the first $15,000 they pay in wages. The bill also establishes 65 smaller "enterprise communities" that can offer much more limited tax breaks. In addition, the Small Business Administration is slated to announce at least 10 "one-stop capital shops" that will attempt to substantially increase distribution of federal loans in these targeted communities.

Pensions—At the Labor Department, Olena Berg, the assistant secretary who regulates the nation's huge private pension system, has been aggressively urging fund managers to invest more of their $4 trillion in assets in affordable housing, urban development and other economically targeted investments.

Historically, the flow of pension dollars into such activities has been limited by fund managers' fears of violating federal standards for prudent investing.

"I am trying to make sure the community out there broadly knows, as long as you do this kind of investing appropriately . . . there's no reason you can't do it," Berg said. One pension partnership is already underway.

HUD has won congressional approval for a plan to attract pension funds into housing construction by guaranteeing a steady supply of low-income tenants with federal housing subsidies. The first taker in that $100-million offer will be the AFL-CIO pension fund, which has announced plans to invest $660 million in affordable housing over the next five years.

Community development financial institutions—As a candidate, Clinton frequently touted the experience of the South Shore Bank, which provided credit to help revive a Chicago neighborhood abandoned by traditional commercial bankers. The House has already passed Administration legislation to provide subsidies for the development of a nationwide network of such community development lending institutions. The bill has also cleared the Senate Banking, Housing and Urban Affairs Committee and is expected to be enacted into law this year. Community development banks could each receive as much as $5 million in federal aid to match capital they raise on their own.

Bolstering credit—At the same time it promotes the development of alternative sources of credit, the Administration is intensifying pressure on commercial banks to lend in depressed neighborhoods.

In December, federal bank agencies proposed regulations to stiffen enforcement of the 1977 Community Reinvestment Act, which requires banks to serve the communities in which they are located.

The proposed new rules, which are expected to become final as early as this spring, establish more rigorous "performance-oriented" standards that banks must meet in making available credit and other services in low-income areas.

At the same time, Justice Department officials have announced stepped-up enforcement of the laws barring racial discrimination in bank lending. Last month, the Justice Department reached a consent decree with Shawmut National Corp., which required the New England lender to pay damages of $10,000 to $15,000 each to minority loan applicants unfairly denied credit.

"It is a very high priority of the Department of Justice," said Paul Hancock, chief of the housing section in the Justice Department's civil rights division. "There will be more cases coming."

Combined with the proposed new community reinvestment regulations, these prosecutions "probably more than any legislation we could pass gives bankers an indication that people are serious," said Rep. Joseph Kennedy (D-Mass.), chairman of a House Banking, Finance and Urban Affairs subcommittee.

In a parallel initiative, the Administration is backing legislation by Kennedy that would collect data on insurance redlining—a move that could be the first step toward federal efforts to require firms to make insurance more readily available in inner cities. However, the legislation's prospects are uncertain.

Businesses and housing developers in low-income areas often complain that they are unable to obtain bank credit because they cannot purchase insurance at reasonable rates.

Still under discussion within the Administration is an idea floated last spring by Treasury Undersecretary Frank N. Newman that could enormously expand the availability of credit in inner cities. Newman raised the possibility of imposing on mutual funds, insurance companies and other financial institutions the community reinvestment requirement that now applies only to banks. "We're going to be looking at it," Newman said.

Such an expansive mandate would generate enormous political resistance, and senior policy-makers such as Robert E. Rubin, director of the National Economic Council at the White House, are openly skeptical of the idea.

So far, in pursuing this urban capitalism agenda, the Administration has largely managed to avoid tussles with the financial industry. But commercial bankers warn that conflicts could develop between the pressure to provide more credit to low-income borrowers and banking regulators' insistence on high standards of prudent lending.

Community activists generally applaud Administration efforts. "Across the spectrum . . . the focus on rebuilding communities has created a lot of excitement," said Robert Weissbourd, managing director of Shorebank Advisory Services, a subsidiary of the Shorebank Corp. in Chicago.

Still, the pace of change has produced some frustrations: The Administration, for instance, probably will not even designate the empowerment zones until sometime this summer at the earliest. "These are ideas that should reap some benefits," Waters said, "but most of our communities feel it's much too slow in coming."

The biggest hole in the urban capitalism strategy may be the paucity of direct incentives, beyond the limited empowerment-zone dollars, for large-scale job creation in distressed neighborhoods.

For the most part, experts said, increasing the flow of bank capital could encourage the development of local service businesses—such as Laundromats or small groceries. But those establishments alone "won't create either the kind or number of jobs we need," said James H. Johnson, director of the UCLA Center for the Study of Urban Poverty.

The most difficult decision for the Administration may be if it should focus on the most economically and socially desolate neighborhoods, where previous efforts at revitalization have had little success. Instead, in a form of triage, some analysts say they believe that the Administration should direct limited private and public resources toward transitional working-class minority neighborhoods where family and community structures are more stable.

"It's not something people want to talk about or be upfront about," said Richard Nathan, director of the Rockefeller Institute of Government at the State University of New York. "But the dilemma is whether this policy process is going to make fine distinctions. Can we act strategically to save neighborhoods where we have a chance?"

Times researcher Tracy Shryer in Chicago contributed to this story.

RONALD BROWNSTEIN/**WASHINGTON OUTLOOK**

Detroit Engineers Formula to Realize the Empowerment Zone's Potential

DETROIT—It was in the basement, amid the hanging wires, stacks of drywall and rolls of uncut new carpet, that the spirit moved Judith Jackson. "Say hallelujah, you all," she suddenly called out to the group touring the nearly completed conversion of an abandoned public library into a children's education and health center.

Miraculous, indeed, seemed the transformation inside the 83-year-old library on a weathered strip of Woodward Avenue as workers busily built spaces for day-care facilities, a literacy center and Jackson's Head Start program. In a city that is showing signs of life after losing population and jobs for decades, the sparkling Family Place was a tangible sign of renewal.

It also stands as a milestone for President Clinton's empowerment zone program, which is providing $6 million to subsidize the center's operation over the next decade.

Friday marks the two-year anniversary of Clinton's designation of six cities as empowerment zones; each received a $350-million package of federal grants and tax breaks meant to encourage business investment and social reconstruction in depressed neighborhoods. (Passed over in the final selection, Los Angeles received a $400-million-plus consolation-prize subsidy for a community investment bank.)

Through Detroit's zone, signs of progress are evident in new factories, new jobs and new programs like the Family Place. But Detroit also testifies to the scale of the challenge facing cities trying to revive their most wounded neighborhoods—and the fragility of the forces that come together to produce progress.

From Jesse Jackson to Jack Kemp, Clinton is regularly accused of slighting the cities. But in fact, through his first term he pursued a coordinated strategy centered on increasing the flow of private investment into urban areas—an effort for which the empowerment zones are the most visible symbol.

After two years, the zones are showing uneven progress. Close observers acknowledge that Chicago and New York have made relatively few gains, largely because of conflicts between their mayors and the targeted communities. Atlanta and Philadelphia seem to occupy a middle ground. At the top of the list are Baltimore and, especially, Detroit.

More than any of the others, Detroit can point to economic gains in its empowerment zone—a sprawling 18-mile grid of depressed communities just south of the Ford Freeway. Local businesses have invested at least $1.8 billion in its zone, far more than in any other city. The city claims credit for 1,750 new jobs.

But forces larger than Clinton's zone program may explain much of that.

As city planning director Gloria W. Robinson freely acknowledges, the spigot to the capital flow opened because the region's major banks and the Big Three auto makers decided to reinvest in the city. Led by General Motors, the auto makers are ponying up direct investments and, even more important, increasing their purchases from minority-owned parts suppliers who locate in the zone.

"If the Big Three didn't step up and support this thing, it wasn't going to happen," says Vinnie Johnson, the former Detroit Pistons star whose Piston Packaging assembles struts for the auto manufacturers from a new factory inside the zone that provides 109 jobs.

Most local observers believe the auto makers' decision to step up their local purchases—and the parallel commitment by local bankers to lend $1 billion over 10 years into the zone—was driven less by the specific tax inducements in the program than by a broader desire to support the city's revitalization under Dennis Archer, the dynamic centrist black mayor who succeeded the polarizing Coleman Young in 1993.

As Archer points out, the banks and auto companies had committed to make their investments even if the administration had rejected the city's application for an empowerment zone. Detroit's drafting of the zone plan provided the occasion for a reconciliation but not the motivation.

In other cities lacking such a dedicated source of investment, the process has moved more slowly. Although the other five cities can point to promising investments in the pipeline, a recent survey by the Detroit News found the rest making more modest gains in employment, from 407 new jobs in New York's zone to just 87 in Chicago's.

Andrew Cuomo, the insistent Housing and Urban Development assistant secretary who oversees the empowerment zone program, brushes those numbers aside. The cities were asked to draft 10-year plans; it's too early to meaningfully measure their progress, he says. More important, he argues, is evidence that the zones are spreading a "positive belief" in the communities and reversing the cycle of decline.

Cuomo has a point. Yet even empowerment zone fans like Robinson believe the tax break in the Clinton plan (built around a tax credit for hiring workers from within the zone) isn't enough to operate as a "driving force" in spurring investment. So Michigan's ambitious Republican Gov. John Engler is advancing a competing idea.

Later this month, Engler will designate 11 depressed communities as "renaissance zones"—a domestic equivalent of the Grand Caymans, without the beach. Firms operating in the zones will be exempt from all business, utility and property taxes; individuals living or moving into them will pay no property or income taxes. Without fear of overstatement, Doug Rothwell, the chief executive of the Michigan Jobs Commission, says: "Nothing like this has ever been tried to this degree anywhere in the country."

Engler's approach is bold, but critics see two large flaws. Unlike Clinton's plan, Engler's renaissance zones (which some congressional Republicans want to spread nationally) don't require businesses to hire local residents to receive the tax benefits. And the plan's very sweep paradoxically narrows its potential use. By definition, Archer notes, most cities can't afford to completely write off taxes in anything but small, isolated areas.

The broader philosophical question is whether even the most enticing tax cuts would be enough to revive blighted neighborhoods like the blasted blocks of east Detroit, where vacant and burned-out lots now outnumber standing homes on some streets. Engler's plan offers no new social service money with the tax cuts. In classic "third-way" fashion, Clinton's model marries business tax cuts to $100-million social service grants for each empowerment city.

The Clinton camp argues that this represents a more holistic approach to healing troubled neighborhoods. Cities are using their grants to beef up police patrols, offer job training and day care, increase access to health care—all initiatives that could make the neighborhoods, and the people in them, better able to take advantage of economic opportunities.

As conservatives suspect, some of this money seems to be drizzling off into tangential pursuits or subsidizing programs the cities should be funding themselves. But even many of the most hardheaded entrepreneurs struggling to turn a profit inside Detroit's empowerment zone say that investing in human capital makes more sense that betting on tax cuts alone.

"Otherwise you're approaching a problem with four sides from only one side," argues Carmen Munoz, president of Munoz Machine Products Inc., an auto supplier opening a facility in Detroit's zone.

Aside from Kemp conservatives, most urban affairs experts agree with Munoz and Clinton. But it's not really known for sure which of these approaches will prove superior—or whether either will be nearly as transformative as their sponsors hope in reviving neighborhoods also suffering from crime, fatherlessness and the erosion of blue-collar opportunities.

In two years, Clinton's empowerment zone initiative has demonstrated enough success to deserve further life. But if Republicans are genuinely interested—itself a genuine if—the field is still open for them to engage Clinton in a competition on how to rebuild the inner cities.

One answer would be for Congress to authorize more empowerment zones, as Clinton has proposed, but to "turbo-charge" some of them with additional tax incentives, as Sens. Spencer Abraham (R-Mich.) and Joseph I. Lieberman (D-Conn.) have suggested. If any place would benefit from letting a thousand flowers bloom, it is the cracked asphalt of streets like Woodward Avenue.

The Washington Outlook column appears here every other Monday.



TOM PIDGEON / For The Times

Vinnie Johnson, left, with Selso Garcia at plant in Detroit empowerment zone.

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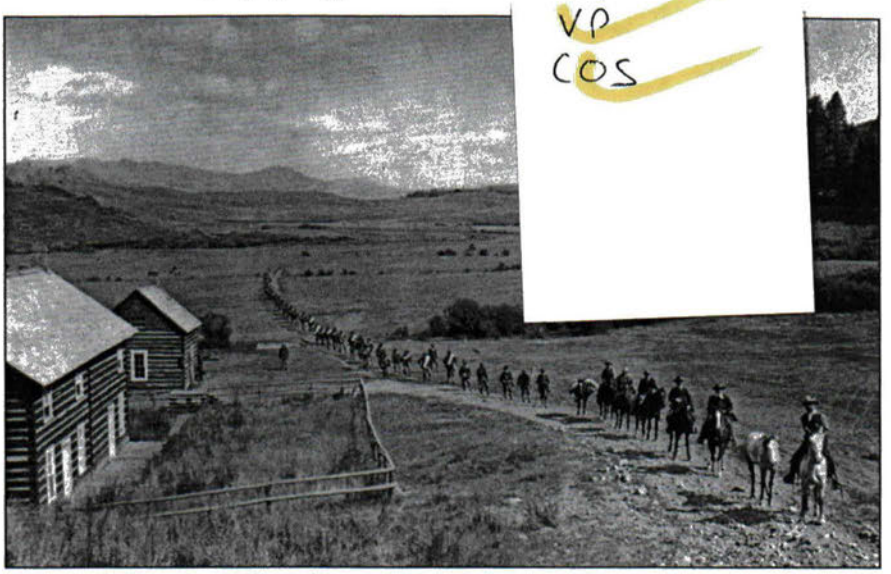
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were unimpressed. In the week before Christmas some of south Florida's most prominent and powerful civic and business leaders wrote a public letter to him urging him to call off the cruise. "You are a relative newcomer to our area and therefore you have not been directly exposed to our emotional pain," the authors said.

Unstated in the letter, but apparent in the collective clout of the signatories, was the fact that they formed the financial backbone of the south Florida church. One headed the archdiocese's annual fund-raising drive. The threat of another economic embargo was palpable. So, perhaps inevitably, Archbishop Favarola has now cancelled the cruise ship and publicly apologised for igniting local emotions. The apology is not without other costs: the church must also absorb the estimated $800,000 cost of cancellation.

The last laugh, as so often, will be had by Mr Castro. Cuban-Americans who still want to make the pilgrimage are vowing to find alternative ways, probably by chartering planes and staying in tourist hotels throughout the four-day visit. Indeed, Archbishop Favarola says he will lead such a group. This, of course, would bring much more money into the Cuban economy than the cruise ship would have done.



In 1893, before the willows (centre right) disappeared

Park management

When nature goes too far

BIG HORN, WYOMING

IN 1986 Alston Chase, a writer, stood before a piece of ground in Yellowstone National Park which had been grazed, as Mr Chase put it, "as smooth as a golf fairway." He turned to a scientist. "Is this range damaged?" he asked. "What is truth?" the scientist replied rhetorically. "You and I look at this scene and see range damage. The Park Service sees nature at work."

As Yellowstone enters its 30th year of "natural regulation", it finds itself in the middle of a deepening dilemma: should it go on letting nature take its course, or not? Critics have questioned natural regulation ever since its inception, and the policy now has fewer friends than enemies. When 800,000 acres—more than a third of the park—went up in smoke in 1988, patrons, furious at seeing wild fires left to burn, bombarded politicians, who then called for the head of the park superintendent, Robert Barbee. But similar storms erupted when nature was not left to regulate itself: 1,084 bison were shot during the winter of 1996-97 as they left the park looking for forage. A judge in Montana has just ruled, despite a petition from environmentalists, that they can be shot this winter, too.

Now Yellowstone's estimated 18,000 elk sit in the political spotlight. Park scientists once thought there could never be too many elk; there could be temporary overgrazing, but the range, they insisted, would spring back as soon as the elk died from starvation, revealing a natural equilibrium. This has not happened. The numbers at which the elk population would theoretically stabilise have kept rising, well beyond what the scientists predicted.

Population ecologists such as Mark Boyce, of the University of Wisconsin at Stevens Point, say that winter and wolves will eventually take care of the problem. The cold and lack of feed that drove bison out of Yellowstone last winter also killed an estimated 6,000 elk. But wolves are a different story. They have killed about 360 elk since they were reintroduced to the park in 1995; on December 12th a federal judge ordered that, being a "non-essential experiment", they should be removed again.

Other scientists think the elks will not "internally regulate" their population before they have devastated vegetation in the park. Charles Kay, an assistant professor of political science at Utah State University, says the elk and bison in Yellowstone have become so numerous that they are destroying the habitat necessary to support a wide variety of animals, especially in an area called the Northern Range. Last February, Mr Kay produced (and showed to Congress) a striking series of photographs of different parts of the park at the turn of the century and now. These showed that, over the years, elk have stripped the park of its aspen and willow stands. Mr Kay claims that aspen in particular have suffered a 95% decline since the park opened in 1872: a serious development because beaver rely on aspen to build their dams, which in turn are vital to keep wetlands going.

Park officials say that the elk are only partly to blame. In their view, a hotter and drier Yellowstone caused the moisture-loving willow and aspen to disappear. Mr Boyce says that Mr Kay's pictures do not tell the whole story: although elk have been hard on these trees in some places, in others their impact is undetectable. And Mr Kay himself admits that aspen groves have been deteriorating throughout the west.

The feeding of elk outside the park complicates the issue. Only two of the nine Yellowstone elk herds winter in the park. The rest migrate to feed. Herds in the southern end of Yellowstone head for the Jackson Hole Elk Refuge, where the state of Wyoming feeds each of them 3.5kg of hay a day. How can the numbers stabilise at a low level if they are fed? One biologist, Aldo Leopold, once flung up his hands at the folly of it all. "It seems to me academic," he said, "to talk about maintaining the balance of nature. The balance of nature in any strict sense has been upset a long time ago, and there is no such thing to maintain."

Yellowstone, pulled and tugged by changing policy manuals and overbearing politicians, has a history of reactive management. When attacked by critics, the faithful tend to circle the wagons, only to capitulate as soon as some scientific school of thought convinces them that disaster is imminent. Yet that may change. Yellowstone is part of a new experiment in park fees. Last year the entry fee was raised to $20; the park will keep $8. Will visitors really pay to see dying elk and meadows nibbled down to the roots? Keeping part of the gate receipts may give the park more autonomy, and push politics further out of the picture. It would be even better if the park's managers used their new freedom to come up with a consistent set of principles on which the park could be run.

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outs written into the Maastricht treaty—will not suffice. As much as anything, it is a matter of attitudes: governments must accustom themselves to the idea that Europe will need more than one, and possibly several, European Unions. At the core, if electorates want it (a big if), a federation of states with substantial political power devolved to the centre; beyond that, maybe, a single-currency system with power retained at the national level; beyond that, something like the present arrangement, an enhanced customs union. But whatever the geometry, this should not be seen as a stop-gap multi-speed Europe, with leaders and laggards, pioneers and free-riders, the bold and the pusillanimous. Rather it should be seen as a settled multi-system Europe, with governments reflecting the desires of their citizens, as democracies are supposed to, and choosing the degree of integration that suits their electorates.

Britain's place in Europe should be to advance this idea, unpopular as it is for the moment with most other European governments. It means, among other things, accepting that if Britain is not in EMU it should not expect a say in those aspects of macroeconomic po ntries alone. (In demanding a seat nmit- tee, Britain was endorsing d ap- proach: "We'll be with you sh n the meantime.") In other respect ıg on being treated as an equal pa

Standing aside from EM after it, should not be regarded as uous idea, as well as a dangerous c ice. If Europe cannot work out how e, its prospects are grim. There is e the break-up of the Union than t ctor- ates are unwilling, "Take thi ublic opinion, or take your punishment." Indeed, an EU that can do no better than this is not worth saving.

Africa's democratic despots



Elections like Kenya's may not get rid of them, but outsiders can still help to promote change

MAYBE Pliny was right when he said that there was always something new out of Africa, but, if so, times have changed. Too often these days, the news is familiar, and depressing. The voting in Kenya this week provides one example. Barring an utterly astonishing upset, it will put President Daniel arap Moi back in power for another five-year term of office, though, in the 19 years Mr Moi has already misruled the country, Kenya has grown ever poorer—income per person dropped from $330 in 1978 to $285 in 1996—and ever more corrupt. Zambia provides further dispiriting news. There, on Christmas day, the current president, Frederick Chiluba, who on his election in 1991 was hailed as a fine democrat, threw into jail his once autocratic but now elderly predecessor, Kenneth Kaunda. In these two countries at least, it does not seem to matter whether an election is held or who wins it: the outcome is more of the same. Can nothing be done to bring about a change?

In fact, quite a lot has changed. Neither Zambia nor Kenya would have held multi-party elections at all had events continued uninterrupted along their 1980s course. In Zambia internal pressure on the government in 1991 finally obliged Mr Kaunda to abandon the one-party state that had kept him in power for so long. At about the same time, no longer inhibited by cold-war concerns that offended Africans might turn to communism, foreign donors were getting fed up with the mess in Kenya. In 1991 they told Mr Moi they were suspending aid because of their concern about Kenya's political intolerance, corruption, slowness to make economic reforms and contempt for human rights. A few days later Mr Moi had abandoned the one-party state and announced that multi-party elections would be held within a year. They were.

So what, critics may ask? Mr Moi won them. His victory then, and the victory he is likely to have plucked from the chaos of this week's polling (see page 44), certainly show that the donors have had only limited success, and that reform still has far to go. Yet Kenya's botched elections do not tell the whole story. Voting in proper elections can be exhilarating—as Zambians showed when they threw out Mr Kaunda—but democracy demands more than the casting of a ballot once every five years.

Bad in Kenya, worse in Zambia

In Kenya, and indeed elsewhere in Africa, foreign donors are now working to support democracy in a variety of ways. Money is given to groups that offer legal aid, fight for squatters' rights, promote the freedom of the press, educate women and minorities, stimulate new ideas and policies. Some of these groups may be self-serving, but many more are helping to create the sort of political-cum-civic framework that older democracies take for granted. And, in Kenya at least, such groups abound: at the end of 1996 there were 120, almost all of which had sprung into being in the previous three years; 111 of them received all their money from abroad.

If this sort of democracy-building is allowed to continue, Kenya need not stagnate during the next, and mercifully final, five years of Mr Moi's rule. His successor may inherit a bankrupt treasury, but at least society at large will be politically perkier. Would that similar democracy-building had taken place in Zambia. There the movement that triumphantly brought back multi-party voting has proved powerless to curb Mr Chiluba. It is striking that, as he was locking up Mr Kaunda, on the other side of the world the newly elected president of South Korea was giving his consent to the pardon and release of two disgraced ex-presidents. South Korea is now licking its economic wounds. But even this year its GDP per person is likely to be over $10,000, compared with less than $400 for Zambia; 30 years ago, South Korea's was $120 and Zambia's $200. Plainly, foreigners need to keep up the pressure on countries like Zambia and Kenya, but in the end, if Africa's relative decline—both economic and political—is to be stopped, it will be up to Africans to stop it.

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Argentina

Someone did it

BUENOS AIRES

ARGENTINA has 300,000 Jews. They live peaceably among their Catholic neighbours—there is a Holocaust memorial in Buenos Aires's cathedral—and those (such as President Carlos Menem) of Arab descent. Yet on Christmas Eve someone smashed 34 tombstones in a Jewish cemetery in the capital. Who? Quite possibly members of the provincial police.

The same cemetery was hit, and harder, in 1996. But Buenos Aires has seen far worse than that. In 1992 a bomb killed 29 people at the Israeli embassy. Two years later 86 died when an organisation run by a Jewish welfare body, AMIA, was blown up. Investigations into the embassy bomb have got nowhere. Nor, until mid-1996, did the AMIA case get any further. But then four policemen were arrested and charged with supplying the vehicle that held the bomb. Two months ago, the authorities claimed to have found evidence that one had received a payment of $2.5m just before the attack.

The case got a push last July. A rally on the third anniversary of the AMIA blast gave voice to a barrage of anger at the authorities' inactivity. The (Jewish) interior minister, Carlos Corach, invited as a guest of honour, had to listen to savage attacks on his performance, amid jeers from the crowd of 10,000. Since then, the government has given the investigating judge new support and resources. He and his team have travelled to San Francisco to hear evidence suggesting an Iranian connection. They are also looking into suspicions of the *caras pintadas*—"painted faces", army officers involved in mutinies in the 1980s, including a congressman from a party led by the most prominent of these.

Charges are being brought against some politicians and policemen accused of obstructing justice in the case. One such is a former head of the provincial police, Pedro Klodczyk. He was sacked in 1996 after the arrest of the four. The first attack on the Jewish cemetery came soon afterwards. This Christmas policemen were supposedly on guard at the cemetery. They claim to have seen and heard nothing while it was vandalised. Few believe that; many believe the vandalism was police work. The Buenos Aires force is (at best) famously corrupt, and parts of it worse than that. Eduardo Duhalde, governor of the province, had just started a drastic clean-out, under a civilian chief; 200 senior officers face the sack.

Mr Duhalde is under pressure. Several policemen have been held in connection with the widely publicised murder of a press photographer last January, and lesser scandals have followed. And Argentines



And that was mid-1994

are no longer ready to accept official corruption and impunity. The provincial Peronists, led by his wife, were mauled in October's congressional elections, and Mr Duhalde's presidential hopes with them.

Similar pressures are at work in the AMIA case. And the victims' families are now keeping a close eye on it. As Argentine law allows, they recently hired their own prosecutors, who have already made more than 100 requests for evidence, as against just three in the previous three years. One of them, Alberto Luis Zuppi, worked on the extradition of the war criminal Erich Priebke from Argentina in 1994. Cautiously, he sees hope. The men so far charged with involvement in the bombing are still refusing to talk. The investigating judge's slowness still irritates the victims' lawyers. Yet "attitudes have changed," says Mr Zuppi. "There is now a real interest in solving the case."

Canada

Toronto enlarged

OTTAWA

THE Americas got a new megacity this week. On January 2nd, six municipalities and their 2.4m people were amalgamated into an enlarged Toronto. And did its citizens hail the newborn giant as a model of development, as in many ways this conurbation has been? They did not.

Amalgamation was the idea of Mike Harris, the radical Conservative elected in 1995 as premier of Ontario, the province that includes Toronto. Put forward in late 1996, the scheme soon aroused angry pro-

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[illegible], relying on Mr Harris's assurance that a planned Ontario-wide exchange of more than C$5 billion a year ($3.5 billion) of responsibilities—the province taking over education, and handing welfare, public health and some other jobs to the municipalities—would be fiscally neutral. Not so: in December the Ontario government revealed that the deal would in fact cost municipalities C$505m a year, 32% of that to be paid by the new Toronto.

Mr Lastman promptly denounced Mr Harris as a liar, and accused him of "screwing" the city: big as it is, the new Toronto is home to only 22% of Ontarians. It would have to increase property taxes by 12%, he said. Mr Harris replied that ranting and raving would have no impact and, when Mr Lastman turned up at his office to protest, was not at home. Ontario's finance minister is now boasting of progress on Mr Harris's campaign promise to eliminate the province's budget deficit while cutting taxes by 30%. Toronto taxpayers, confused and worried (partly by a planned reassessment of property values, until now based on 1940s figures), wonder why Mr Lastman believed Mr Harris in the first place.

Yet the amalgamation has supporters too. They point out that many institutions—police, board of trade, labour council—were already organised across the six municipalities. The new Toronto will have clout in negotiations with the 4.5m-strong conurbation around it, where the Greater Toronto Services Board rules over strategic plans and major roads.

The economy anyway is thriving, aided not least by an inflow of immigrants: by now over 40% of all mega-Torontans are foreign-born, the big flow recently coming from Asia. The number of homeless people sleeping in night shelters may have soared above 5,000 in the past year, but the building industry is hard at work. The Raptors basketball team is putting up a new downtown arena, the Maple Leafs ice hockey team another. Some C$5 billion is being spent on improvements to Pearson International Airport. Overall, the 150,000 jobs lost in Canada's 1990-92 recession have been recovered. Whatever its geography, the new Toronto need not fear the future.

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The New York Times
TUESDAY, JANUARY 13, 1998

Foreign Affairs

THOMAS L. FRIEDMAN

Reciprocity For Reciprocity

Next week Prime Minister Benjamin Netanyahu of Israel and the Palestinian leader Yasir Arafat will visit Washington in the latest last-ditch effort to revive the peace process. Their visits will present President Clinton with the opportunity to make some very clear choices. Let's hope he's up to it.

In preparation for these visits the U.S. asked Israelis and Palestinians to do two things: Israel was asked to produce a plan for the second phase of redeployment, obligated under the Oslo accords, that would turn over to Palestinian control an additional 12 to 15 percent of the West Bank. The Palestinians were asked to sit with the C.I.A. and the Israeli military and work out a mutually acceptable plan for insuring Israeli and Palestinian security as a prelude to final-status talks.

According to the Israeli press, the Palestinians, C.I.A. and Israeli military worked out a draft security plan last month — one that was satisfactory to Israel's generals — but it was rejected by Mr. Netanyahu, partly on grounds that it required Israel to deal with its own "extremists" (read radical settlers), which created political problems for Mr. Netanyahu, and partly because the Prime Minister did not want to have the pressure of an acceptable security framework having been worked out by his own generals and the Palestinians at a time when he was having problems producing his withdrawal side of the bargain.

In any event, Mr. Netanyahu will come to Washington next Tuesday and is expected to bring a plan that will include something in the 10 percent range of an Israeli withdrawal — not bad — but laden with political conditions. Mr. Netanyahu apparently wants a five-month hiatus, before any withdrawal, during which Palestinian commitments on security, as well as a host of other political demands — such as toning down anti-Israeli Palestinian rhetoric — will be tested. Then, after the five months, the Israeli Cabinet would vote on whether it thinks the Palestinians have met Israel's demands for "reciprocity." If not, no withdrawal. That means any Israeli Cabinet member could scuttle the deal.

Clinton's choices on Mideast peace.

How should the U.S. respond? It has three options.

Option 1: Work with whatever Mr. Netanyahu brings. The Prime Minister says this is all he can get out of his fragile coalition. Fine, let's try to sell it to Mr. Arafat.

But to sell it to Mr. Arafat, the U.S. can't just say this is all that Mr. Netanyahu can offer, take it or leave it. That would go nowhere and undermine U.S. credibility. Both Mr. Netanyahu's and Mr. Arafat's political concerns should be addressed. Therefore, the U.S. should propose a phased withdrawal. Israel would withdraw 2 percent in the first month in return for Palestinian completion of the security accord; 2 percent in month two in return for Palestinians' rewriting their covenant; 2 percent in month three, etc. Reciprocity for reciprocity. And both sides should desist from unilateral steps, whether it's Israeli settlements, Palestinian activities in Jerusalem or efforts to delegitimize the other, that will upset the program. (Mr. Netanyahu delegitimizes Mr. Arafat as much as Mr. Arafat smears him. Both need to stop. Reciprocity for reciprocity.) The whole idea is to build an environment that would give final-status talks a chance to succeed.

If Mr. Netanyahu is serious about reciprocity, *and* living up to his commitments, this plan could work. If Mr. Arafat is serious about getting quickly to final-status talks *and* living up to his commitments, this plan could work.

Option 2: The U.S. concludes that the gap between Mr. Netanyahu and Mr. Arafat is unbridgeable. In this case, the U.S. should declare publicly what it believes would be a fair deal: a second-phase withdrawal in the 10 percent range, a time-out in Israeli settlement building and a Palestinian-Israeli security accord that meets the legitimate demands of the Israeli Cabinet. If the parties want to walk away from that, then the U.S. will walk away from the peace process, leaving the parties on their own.

No doubt in the short run both Mr. Netanyahu and Mr. Arafat would try to spin such a U.S. walkout to their political advantage. But in the long run neither man can afford to stand before his people, naked, alienated from the U.S. and without any peace process. Trust me.

Option 3:: President Clinton fumes in private, says nothing in public and proceeds with a peace process he knows will go nowhere. God save us from option 3. □

THE PRESIDENT HAS SEEN
1-14-98

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What about this?
Look ok to you or anything
else you'd see
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Berger
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The flexible tiger

THE PRESIDENT HAS SEEN
1-14-98

Taiwan has largely escaped the mauling many Asian economies have suffered. One reason may be that its companies are allowed to fail

ECONOMICS FOCUS

ASIA'S string of financial crises has exposed the fact that the fast growth of many companies has depended critically on easy money. The ready availability of bank loans, often extended at government behest and at attractive interest rates, allowed Indonesia's nascent conglomerates and South Korea's *chaebol* to pursue market share and expand into new fields without worrying about rates of return. In Thailand and the Philippines, fixed exchange rates made foreign-currency loans look cheap. But when crisis came and the easy money dried up, debt-laden companies were quickly mired in financial trouble. Their restructuring will entail redundancies and plant closures, which will make the economic situation all the more serious.

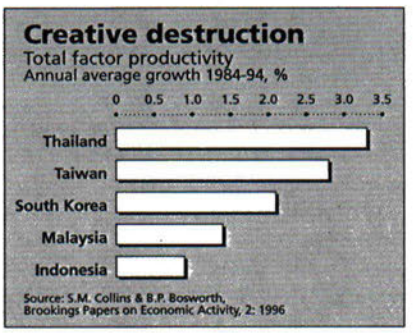
One of Asia's so-called Tigers, however, has fared far better than the rest. While Korea and South-East Asia are struggling, Taiwan has so far escaped with a small currency devaluation and a relatively modest decline in share prices. Economic growth remains strong. Working out why Taiwan has outperformed its neighbours will keep economists busy for years to come. A light foreign-debt burden is one likely explanation. Better banking regulation is another. A third probable cause of Taiwan's success is more controversial: by having a more flexible economy than some other Asian countries, Taiwan may have been better positioned to withstand the storms.

Exactly what does "flexibility" mean? A new paper*, by Bee Yan Aw and Mark J. Roberts of Pennsylvania State University and Xiaomin Chen of the World Bank, offers a partial answer. One secret of success, they suggest, is that Taiwan makes it easy for new companies to get a start—and for old ones to fail.

Start-up companies, they find, have a key role in the most unlikely industries. Chemical manufacturing, for example, is widely regarded as a business where the need for huge capital spending gives an advantage to big, well-established companies. And yet in 1991, 40% of Taiwan's chemical output came from firms that did not exist in 1986. One-third of the value of Taiwan's plastics production and half its output of fabricated metal products were also attributable to firms less than five years old.

The newcomers, it seems, establish their place in the market by forcing old-timers out of business. Firms that had accounted for 58% of Taiwan's chemical production in 1981 had left the business by 1991. In other sectors—including ones which were expanding rapidly overall—the carnage was even worse. Four out of five firms that manufactured clothing, metal products, textiles and plastics in 1981 either closed or changed lines of business over the next decade.

This creative destruction spurs incumbents to stay trim and helps spread new skills quickly. As the successful entrants tend to be more efficient than the firms that die, they boost productivity across the economy. Between 1986 and 1991, total factor productivity—the increase in output due to more efficient use of inputs such as labour and capital—in Taiwan's electrical-machinery industry rose 23.6%. Over a third of that, the researchers estimate, came from new firms pushing out less efficient ones. In the chemicals industry, where productivity growth was slower, a whopping three-fifths of the gain was due to the entry of highly efficient firms and the exit of stodgier ones.



These impressive figures probably understate the impact of Taiwan's sink-or-swim attitude toward business. Improvements in existing firms' efficiency, which account for most of the rest of Taiwanese productivity growth, are in large part spurred by potential competition from new entrants and the fear of bankruptcy. The ease with which companies are born and fail is clearly one reason why Taiwan's total factor productivity has improved faster than that of all other Asian countries since 1960. From 1984-94 only Thailand had a better record (see chart).

How has Taiwan succeeded in stimulating so much new business formation? In earlier decades, the Taiwanese government used directed lending and import protection in order to foster domestic manufacturing. But as these policies have receded in recent years, lowered trade barriers have forced manufacturers to face vigorous competition domestically and to seek markets overseas. This is directly related to productivity growth: the authors find that firms that export tend to have higher productivity than those that do not.

The benefits of bankruptcy

Taiwan's policies differ from those of some other Asian countries in another important way. The Taiwanese legal system puts relatively few obstacles in the way of bankruptcy. This encourages investors, lenders, workers and managers to act prudently, because they know that the consequences of bad decisions may be fatal for the firm. It has also made entrepreneurs accustomed to starting again after their ventures collapse. Failure is no sin.

Manufacturers appear to shape their strategies in response to these pressures. In particular, many Taiwanese companies deliberately seek to minimise irretrievable expenses or, as economists call them, "sunk costs". Firms tend to cluster in less capital-intensive industries and to subcontract the production of many of their components. That means they do not need to spend much on fixed assets such as machinery, which, in any case, can easily be sold off to rivals if a firm goes out of business. Many Taiwanese companies have also chosen to be suppliers for other firms, often in America or Japan, rather than developing brands of their own. This reduces the need for expensive advertising and research.

Taiwan is by no means immune from the broader forces that have afflicted all of Asia. Its stockmarket has fallen 7% since October, and its currency, the New Taiwan dollar, is off 12.5% against the American dollar. The even larger exchange-rate devaluations in countries such as South Korea and Malaysia will undoubtedly put many Taiwanese firms under pressure. But its history of allowing troubled businesses to die and new ones to spring up should make it easier for Taiwan to adjust to turbulent times.

*"Firm-level evidence on productivity differentials, turnover and exports in Taiwanese manufacturing". NBER Working Paper 6235. October 1997.

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THE PRESIDENT WAS SEEN
1-14-98

Warning Issued on Air Traffic Computers

By MATTHEW L. WALD

WASHINGTON, Jan. 12 — A set of crucial computers in the nation's air traffic control system should not be used beyond December 1999, because they may not operate reliably when the date rolls over to Jan. 1, 2000, and there is no way to predict the effect on air traffic, according to I.B.M., which built the computers.

But the official in charge of that system at the Federal Aviation Administration said today that "it would be an extraordinary feat" to replace about 40 mainframe computers by then. Instead, his agency, with the help of a retired I.B.M. programmer and a team of software experts, is racing to determine whether the problems can be anticipated and eliminated before the turn of the century.

Computers all over the world will have difficulty dealing with Jan. 1, 2000 and beyond, because many of them record only the last two digits of the year, and assume that the first two are "19." For those machines, the day after Dec. 31, 1999, will be Jan. 1, 1900, not Jan. 1, 2000. The extent of problems with the air traffic computers is not certain, but experts say that the 3083 mainframe model referred to in a letter from I.B.M. to an F.A.A. contractor, might, for example, refuse to accept flight plans for planes that take off on Dec. 31, 1999, and land on Jan. 1. That landing would be 99 years in the past, from the computer's point of view.

"Who knows, it could do anything," said Michael D. Fanfalone, the president of the the Professional Airways System Specialists, the union that represents F.A.A. technicians. There might be no problem, he said, but "no one knows until it's up and running and there's no way you can take that kind of risk."

Already, F.A.A. teams have found, deep in the computer code, a monthly command that enables a computer to switch from one cooling pump to another; if it is not fixed, experts say, that routine could stop running, allowing the computers to overheat and fail if the pump breaks down. In fact, experts say, there could be many such land mines — buried in millions of lines of computer code — that could cause failures for days, weeks or months after the new year.

"We're kind of worried about it," said Jack Ryan, a former F.A.A. manager who is now the air traffic control expert at the Air Transport Association, the trade association of the major airlines. "I think the F.A.A. has the right sense of urgency, although it's a little bit late."

Monte R. Belger, the Associate Administrator for Air Traffic Services, said in an interview that the F.A.A. should know within 90 days whether the computers can be de-bugged. The problem is that the date functions are not in programming languages, like Fortran or Cobol, but in machine language — strings of ones and zeros more basic to the computer than even the operating system.

The F.A.A. has no money in its budget to replace the 3083 computers, but could probably borrow it from other areas, by delaying modernization of other computers or navigational equipment. The cost is being studied but could be as much as $200 million. In the long run, however, cost is not as important as it might seem, because the F.A.A. had planned to replace the computers by 2003 and would like to do so sooner because I.B.M. says spare parts for the mainframes, installed in the late 1980's, are rapidly disappearing.

The computers in question are at the 20 Air Route Traffic Control Centers, which handle all the high-altitude, long-distance traffic in the country. The 3083 models were once common in business and industry but few remain in service, experts say.

Troubleshooters race to see if problems can be fixed in time.

I.B.M. stopped shipping them about 10 years ago, but some of the software on the F.A.A. models is even older, dating from the early 1970's.

The F.A.A. has 250 separate computer systems, most of which will require fixes, but the 3083 is the only one that I.B.M. says cannot be debugged before 2000.

The problem, known among information technology experts as Y2K, for the year 2000, is hardly unique to the F.A.A. But it is especially acute there, because the air traffic control system demands an extremely high level of reliability and because the F.A.A. cannot bypass the software built into the 3083's that has the date problem by simply running the air-traffic programs on new computers.

At I.B.M., David Cassano, general manager of Year 2000 Global Initiatives, said that his company had told a few customers that no software upgrades were available for their older computers but, he added, "it is not the majority of systems, by a long shot."

The company's Web site includes a database that shows the Y2K status of every computer system it has built. It can be found at: http://wwwyr2k.raleigh.IBM.com.

In the F.A.A.'s case, the computers are called the "hosts," and are used to receive data from radar scattered across thousands of square miles and integrate the images into a mosaic. Then the hosts divide that picture into sectors, the subdivisions that controllers use, and pass the data on to other computers that drive the screens at the controllers' work stations. The 3083's also receive signals from each plane stating its identity, type of equipment, altitude and destination and helps tag each radar blip with the appropriate data.

In the October letter from I.B.M. to the F.A.A. contractor Lockheed Martin Air Traffic Management, it said, "The appropriate skills and tools do not exist to conduct a complete Year 2000 test assessment" of the 3083 computers. "I.B.M. believes it is imperative that the F.A.A. replace the equipment" before 2000.

Mr. Belger of the F.A.A. said that technicians and software engineers had taken a spare machine in Atlantic City, N.J., inserted a December 1999 date and let it roll over into the new century to look for flaws. They are not confident that this method will identify all bugs, though, he said.

Through the 80's and 90's, his agency has canceled or missed deadlines on a string of big software projects.

Whether the problem can be solved by analysis and repair or only by replacing the computers, he said, the F.A.A. will meet the deadline. "That deadline will not change," he said dryly.

Raymond M. Long, manager of the F.A.A.'s Year 2000 Program office, which is eight months old, said his agency had found former I.B.M. programmers with relevant expertise. Some of them developed tools for analyzing the software after leaving I.B.M., Mr. Long said, and the F.A.A. has been using those tools.

Mr. Long said that he planned to fly an airplane around the country on Dec. 31, 1999, to show that his office had succeeded. The flight would be midevening on New Year's Eve, he said, because the air traffic system works on Greenwich mean time, five hours ahead of Eastern time. And he added that he would check that the software aboard the plane had been certified as "Y2K compliant."

Others are still worried. Mr. Fanfalone of the technician's union said: "There's only two folks at I.B.M. who know the micro-code, and they're both retired. The F.A.A. pulled one of them in, to go through the code, but they should have brought 10 software people over."

Mr. Ryan, of the Air Traffic Association, says the larger problem is that no one knows what else lurks in the 30-year-old software. "I don't know what I don't know," he said, "and that's what's very worrisome."

The New York Times

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Defender of God, South and Unborn

Prosecutor Fighting Pregnant Addicts All the Way to High Court

By RICK BRAGG

COLUMBIA, S.C., Jan. 8 — Patrick J. Buchanan gazes approvingly from a framed photograph on Charles M. Condon's office wall.

"To Charlie Condon," reads the inscription, "who is saving lives while others prattle on about the rights of drug addicts."

Even without that endorsement of Mr. Condon's most disputed act as South Carolina Attorney General — prosecuting pregnant crack cocaine addicts for child neglect and even manslaughter — the Republican prosecutor's political ideals shine stark and clear.

Instead of an electric chair, he once proposed an "electric sofa" to speed executions. He pushed to preserve the State Capitol's Confederate flag — a symbol that even the conservative Senator Strom Thurmond, Republican of South Carolina, reluctantly said was too contentious. He is attacking video poker, refused to swear in an atheist justice of the peace and firmly supported the Citadel's fight to bar female cadets.

And if he has his way, this well-off, well-educated man from a respected Charleston family could stand before the highest court in the land and argue that a crack user's fetus is "a fellow South Carolinian" and has protections under the law.

In October, a majority of the State Supreme Court supported Mr. Condon in his assertion that a viable fetus is a person under the state's child abuse laws, and that a woman who uses illegal drugs while she is pregnant can be charged with neglect, manslaughter, even murder. The court, by a 3-to-2 vote, upheld the conviction of Cornelia Whitner, sentenced to eight years for neglect in 1992 after she gave birth to a baby with traces of cocaine in its blood.

The South Carolina court contradicted five other State Supreme Courts that threw out similar convictions, and now lawyers for Ms. Whitner are expected to appeal her case to the United States Supreme Court. If the Court agrees to hear the case, it will give South Carolina's Attorney General more than just a place to defend his law.

"It is a wedge into reconsidering Roe v. Wade," said Steven Bates, the South Carolina director of the American Civil Liberties Union. "It's kind of scary to open that door of opportunity to the Supreme Court."

By prosecuting pregnant addicts, Mr. Condon says, he is only trying to protect the unborn, and if a woman chooses, she can get drug treatment and generally avoid prosecution.

Some fear that the prosecutions could be expanded so that a woman who aborted a fetus for a medical reason could be charged in the death of the child. (Mr. Condon has said his office would review such cases but so far there have been no charges connected with abortion.)

Under Mr. Condon's interpretation of the law, health workers who do not report pregnant addicts to law-enforcement officials could also be prosecuted. None has been prosecuted so far. And only 23 women have been prosecuted for charges ranging from neglect to manslaughter.

> After coining the 'electric sofa,' he turns his attention to the hospital crib.

But what he has done, mainly, is revisit the question of when life begins. It is a battle that he relishes.

"You don't have the right to have a drug-impaired child," said Mr. Condon, 44, a tall, thin, sharp-faced man who looks good in a suit and graduated magna cum laude from Duke University's School of Law. "The child comes from God. We think we're in line with how most people feel in this country. We recognize the fetus as a fellow South Carolinian. And the right to privacy does not overcome the right to life."

It promises to be a well-lighted stage for a politician who, political experts say, likes the glow.

He is, in a sense, just one of a flood of conservative politicians — some, like him, who used to be Democrats — who have surged into state office in the South. Yet Mr. Condon is more effective, say supporters, and much more dangerous, say his enemies, than others in this genre of populists.

"He doesn't just talk," said David Lublin, a professor of political science at the University of South Carolina. "He makes a staunch use of the power of his pulpit, but also the power of his office," to pound out changes in South Carolina society.

Dick Harpootlian, a lawyer and former prosecutor who lost to Mr. Condon in the race for attorney general, said the political payoff is what motivates this crusade.

"He has the ability to disabuse himself of any beliefs he had and to adopt the beliefs that 51 percent of the people have at that moment," said Mr. Harpootlian, referring to Mr. Condon's party switch in 1990.

Political experts say that Mr. Condon will seek higher office — the governorship or a United States Senate seat — and he has been criticized by people within his own party for personally prosecuting big-headline cases. But those who see him as a political opportunist see only half the picture, political experts said.

"He seems to be willing to do anything to court the Republican right-wing electorate, and he's very ambitious," Mr. Lublin said. "But he seems to have genuine beliefs, and he seems to follow through on them. He's not a hypocrite, which is a rare quality. He's very intelligent, he's good at speaking, and even though he's stating his views from the very most right-wing stance, he doesn't sound crazy."

That, Mr. Lublin said, is "the thing that makes him so acceptable, or so dangerous, if you're a liberal."

Mr. Bates of the A.C.L.U. admires Mr. Condon. "I would not call him a political opportunist," he said. "He is not afraid to take a bold stand, usually on the popular side of an issue. But that may be because he is of the people rather than a panderer to the people."

Mr. Bates added that what the A.C.L.U. opposes is "a wide dispari-

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ty" in the law's application, "where of the first 23 women arrested, 22 were black women on welfare."

This battle, Mr. Bates stressed, "is broader than Charlie Condon."

But it is Mr. Condon who, as some old-time preachers are fond of saying, holds the Bible and the sword.

It was his prosecution of crack-addicted mothers in the early 1990's, when he was a county prosecutor, that ultimately led to this confrontation. Mothers who were found to be using crack cocaine or other drugs were reported by health workers to the police, on orders of the county prosecutor, who filed criminal charges against them. Mr. Condon continued the practice when he became Attorney General in 1994.

The American Medical Association has already criticized the application of the law in South Carolina as poor health policy, saying drug treatment is better than prosecution.

In the landmark 1973 Roe v. Wade decision, the United States Supreme Court ruled that even viable fetuses, usually 25 weeks or older, can be aborted to protect a mother's health.

"The position in this society is that the law should have no control over a child as long as the umbilical cord is attached," Mr. Condon said. "Social leniency," he said, has created a world in which babies are at risk from their mothers' drug habits.

"Either use the criminal process or don't do anything," he said. "All we are asking for is the barest minimum of responsibility."

He is an odd hero in this cause that the Christian Coalition and other groups on the Christian right so overwhelmingly support. Mr. Condon has drawn support from fundamentalists and the sort of good old boy who does not want to see millions of taxpayer dollars spent on crack babies.

He is neither. Condon's Department Store, owned by his family, is a landmark in Charleston. He was one of nine children raised Roman Catholic in the warmth and stability of a big two-parent home. He studied at the University of Innsbruck in Austria, and studied literature at Notre Dame. He studied law at Duke, where he met his wife, Emily, now a doctor.

At 27, he became the youngest prosecutor in state history. A Democrat, he switched his party in 1990, he says, because he no longer felt at home in it. His critics say he was just one more politician who saw the electorate edging right.

In this case, his actions — whether motivated by ambition or conviction — seem to single out poor black women, his critics say.

"We're dealing with a disease that does not automatically stop for nine months," said Brenda Dawkins, who runs the Keystone Substance Abuse Services Center in Rock Hill, S.C., 25 miles south of Charlotte, N.C. The law is designed to "scare people into treatment."

There are no statewide figures to gauge the success of the law. Mr. Condon said health workers tell him there seems to be fewer crack babies.

Ms. Dawkins does not think so. Her center usually has about 20 pregnant women addicted to drugs, usually crack. Now there are only 10. She believes others are passing up counseling and prenatal care because they are afraid of being arrested.

"I think they're going over the state line to North Carolina to have their babies," she said. "I do not condone using crack. But the real damage is done by alcohol."

A concept of child abuse that makes a fetus 'a fellow South Carolinian.'

But it would be much harder, politically, she said, to prosecute women for that. Alcohol abuse, like cigarette smoking, also causes birth defects, but such substances spread wider across racial and social lines.

But Mr. Condon counters that alcohol and tobacco are legal: "They have no legal right to use cocaine."

He stresses that women who choose treatment can avoid jail, that the law is intended to save babies more than punish mothers.

"I do not think it's a poverty problem," he said. "I can't help the fact that it's the drug of choice for blacks. But, do we do nothing? If anything, black children deserve enhanced protection" because so many are at risk.

While the A.C.L.U may challenge Mr. Condon because of the racial imbalance in the application of the child-abuse law, "most of us would agree that women who are pregnant and taking drugs is not a good idea," Professor Lublin said. "Even if he looks like the evil white man prosecuting the poor black woman crying in the corner of the picture, these are issues that liberals and Republicans have to grapple with."

The New York Times
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Chilean Leftists Sue Pinochet

SANTIAGO, Chile, Jan. 12 (AP) — In an effort to block Gen. Augusto Pinochet from gaining a Senate seat, the Communist Party in Chile sued the former dictator today for "genocide, kidnapping and illegal burying of bodies" during his 17 years in power.

The party president, Gladys Marín, filed the suit with the Santiago Court of Appeals, including a request that General Pinochet, 82, be jailed for the alleged abuses.

Prospects for the lawsuit are considered dim; among other reasons, most of the rights violations are covered by an amnesty law issued by General Pinochet's Government.

According to an official report by the civilian Government that succeeded General Pinochet's, 3,197 people were killed for political reasons under his rule, including 1,102 who disappeared after being arrested by his security services.

The constitution written by General Pinochet's Government gives the General, in his capacity as former President, the right to become a senator for life after stepping down from the army late this month.

General Pinochet has refused to disclose the exact date for his retirement but it is widely expected to occur during the last week of January.

As Ms. Marín filed the suit, debate continued within the pro-Government political coalition on a proposal by five legislators to accuse General Pinochet before Congress of violating the Constitution by making political comments, which active military officers are prohibited from doing.

The legislators say they will go ahead with their accusation as soon as Mr. Pinochet leaves the army, although their own Christian Democratic Party and the Government have objected.

Sex Bias at Border Plants In Mexico Reported by U.S.

By SAM DILLON

MEXICO CITY, Jan. 12 — Concluding a six-month review of charges of sex discrimination in Mexico, the United States Labor Department reported today that thousands of border assembly plants administer medical tests to weed out pregnant applicants and harass pregnant workers to coerce their resignation.

Others simply dismiss pregnant workers to avoid paying maternity benefits, the department said.

Noting that discrimination against pregnant workers appears to be a violation of Mexico's own labor laws, Secretary of Labor Alexis M. Herman followed up on the findings by phoning her Mexican counterpart, Javier Bonilla García, to request consultations, officials said.

"This is a serious issue, and we need to consult with Mexico as to implementation of its employment discrimination laws," Ms. Herman said today in a statement.

The Labor Department's review responded to a complaint filed last year by Human Rights Watch and other American and Mexican rights and labor groups under the terms of a labor side accord of the North American Free Trade Agreement — or Nafta — in which Mexico, Canada and the United States agreed to set up offices within their own labor departments to review the other countries' labor rights practices.

The complaint argued that managers of Mexico's tax-free assembly plants, known as maquiladoras, routinely require female applicants to take urine tests and question them about their menstrual cycles and sexual activity to screen out pregnant women.

A vast majority of Mexico's 2,700 maquiladora plants — which employ more than half a million workers and account for more than $29 billion of Mexico's export earnings — are owned by United States corporations. How the American and Mexican Governments follow up on the department's confirmation of widespread sex discrimination will be closely watched because one of the goals of the Nafta accord was to upwardly harmonize labor standards in the three countries.

The Labor Department reported that the harassment or dismissal of female Mexican workers who become pregnant "occurs" and "violates Mexican law."

On the other hand, the report did not so unequivocally characterize as illegal the practice of administering pregnancy tests to women seeking factory jobs. That is because the Mexican Government has expressed contradictory interpretations of its own labor laws, said Irasema T. Garza, who heads the Labor Department's national administrative office and directed the review.

Mexico's Labor Ministry responded to the complaint by arguing that administering pregnancy tests to job applicants was not illegal because Mexico's labor laws protect workers only after they have been hired, Ms. Garza said in an interview. On the other hand, the Interior Ministry and Mexico City's Human Rights Commission have both said that refusing to hire women because they are pregnant violates the law.

Some factories are said to dismiss pregnant workers to avoid paying maternity benefits.

"That's why we are seeking these consultations, to clarify inconsistencies in the Mexican Government's position," Ms. Garza said.

Although the department's findings largely confirmed the charges outlined in the complaint, LaShawn Jefferson, a Human Rights Watch researcher who investigated pregnancy discrimination in 47 maquiladora plants in 1995 and 1996, said she was "disappointed by the equivocal nature of this finding."

"One of our central points was that pregnancy discrimination constituted sex discrimination, which is prohibited by Mexico's labor code, its Constitution and its international agreements," Ms. Jefferson said. "This finding seems to equivocate as to whether it is illegal."

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Podesta / Sperling

It is important
to continue to push
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RONALD BROWNSTEIN / WASHINGTON OUTLOOK

From White House to a Dream House, a Flow of Funds to Lift Communities

BOSTON—Crack and guns and teenage pregnancies haven't been conquered, but the news from the cities isn't all bad. Joel Garcia and his family testify to that.

Until last spring, Garcia, his wife, Marta, their two teenage daughters and their baby girl all squeezed into a timeworn two-bedroom apartment in East Boston, a neighborhood just north of Logan Airport. Now the Garcias can spread out: They own their home on East Boston's Prince Street.

Garcia, who emigrated from Mexico 10 years ago, works nights as a waiter in a Boston hotel; his wife works days as a health aide in a senior citizens' center. He still seems amazed to find himself in this bright and airy row house with three bedrooms, an elegant bay window, hardwood floors, a spacious kitchen and a porch in the back that overlooks a small yard.

"I feel like rich people," Garcia said brightly one cloudy morning last week. "The [older] girls, right now, they have their own rooms, and we live here much better, because before they were sharing."

The Garcias' good fortune is also good news for Prince Street. The house where they now live had been a dilapidated eyesore that dragged down the entire block. Then the building was bought and renovated by NOAH, a nonprofit community development corporation working to stabilize this weathered, working-class community where young Latina mothers buy ices on the street from old Italian men, and Taqueria Cancun serves up lunch just down the block from Frankie's Cleaners.

Sitting in his new home, Joel Garcia doesn't think of himself as a pioneer, but he is on the front lines of a transformation in urban policy—one the Clinton administration is about to offer a substantial boost.

NOAH (Neighborhood for Affordable Housing) renovated the Garcias' home with money from the Boston Community Loan Fund, a nonprofit lending group that extends money to community groups working in some of Boston's most distressed neighborhoods. The fund was founded in 1985 by a small group of activists that had been pressuring banks to lend more in poor neighborhoods; it opened its doors with assets of $3,500.

But DeWitt Jones, a 39-year-old Cape Cod native who has directed the fund since its founding, has steered the group toward steady growth. The fund has attracted investments from hundreds of individuals, churches, foundations and banks; with the money it has provided 122 loans across Boston to community-development groups building affordable housing in low-income neighborhoods and to small neighborhood organizations operating such services as day-care centers and shelters for homeless families.

Today the fund has $7 million in assets and provides a lifeline to neighborhood groups that banks consider too risky. Yet the loan fund's default rate is .5%—comparable to any well-managed bank—largely because its borrowers tend to view themselves not as creditors but as collaborators in its effort. "You die to try to pay this loan back so this organization can continue," said Ann Beckert, the program administrator for a shelter that turned to the loan fund after no bank would finance their plan to build a longer-term home for battered women.

The Boston loan fund is one of dozens of small, entrepreneurial community development financial institutions—banks, credit unions and loan funds—that have sprouted in some of America's most barren neighborhoods in the past decade. On Wednesday, President Clinton will give them a measurable hand-up: Administration sources say he is planning to announce about $35 million in federal grants and loans for community lending groups working in distressed neighborhoods. The Boston loan fund is expected to be among the 30 recipients—all of which must match the federal money dollar for dollar with local investments.

Together with community development corporations like NOAH, these local lending organizations and the foundations and banks that support them are quietly building what amounts to "a veritable revolution in urban policy," said Richard P. Nathan, the director of the Rockefeller Institute of Government at the State University of New York.

The men and women running NOAH and the Boston loan fund, and their analogues across the country, are infused with that quintessentially American combination of idealism and pragmatism: They are creative, clear-eyed and tenacious—committed to rebuilding blocks house-by-house and neighborhoods block-by-block. Rather than demanding large social programs, these groups pursue a vision of urban renewal grounded in bottom-up revitalization, neighborhood control and partnership with the private sector. They see Washington as neither an enemy nor a deliverer but as one of many assets to be mobilized.

"We don't want direction from Washington," said Elyse D. Cherry, a real estate lawyer who serves as president of the Boston loan fund's board. "We absolutely believe it has to be community-directed. We need Washington to support the effort. But then they need to get out of the way and let us build."

From equal parts necessity and inclination, Clinton's urban policy has paralleled this grass-roots revolution. With the funds available for direct federal investment in cities declining, the administration has focused its energy on increasing the flow of private investment and lending into low- and moderate-income neighborhoods.

One tool has been Clinton's empowerment zone program, which provides substantial tax incentives for entrepreneurs to relocate in inner-city areas. Even more important, bank regulators and the Justice Department have put sharp new teeth into the fair-lending laws and the Community Reinvestment Act, which requires banks to serve the communities where they are located.

These efforts have produced heartening results. The Treasury Department is expected to release figures today showing that the number of mortgages granted to African American borrowers increased nearly 70% from 1993 through 1995, while lending increased nearly 48% to Latinos and just under 26% in low-income neighborhoods. Those are numbers worth remembering the next time a politician declares the futility of federal efforts to help poor communities.

The assistance for community-development financial institutions that will be announced later this week opens another channel for irrigating low-income neighborhoods with new investment.



Associated Press

Large federal programs are no longer seen as the way to save urban housing, such as this project in New Orleans. Community-based funds are filling the bill.

This channel won't be as large as Clinton proposed while a candidate in 1992. Budget pressures forced him to scale back the program—known formally as the Community Development Financial Institutions fund (CDFI)—when Congress finally approved it in 1994. And, after initially attempting to kill the fund, the Republican Congress last year forced the president to reduce it again.

But in the hands of these civic entrepreneurs, even the modest $35 million in new federal aid (plus $15 million in grants to encourage commercial banks to invest in the community lenders) can leverage many times its weight in new activity. At the Boston Community Loan Fund, Jones says the half-million-dollar capital infusion they have requested from the federal government will ultimately support $10 million in new lending. Eventually that will mean more families like the Garcias will own homes they never imagined would be within their grasp.

And that will mean stronger neighborhoods. It is common now in Republican circles to contend that the key to reviving low-income communities is social capital—voluntary, civic and church associations that not only provide services but fortify moral order. Yet in the neighborhoods where Jones makes his loans, it is clear that social capital cannot be built without investment capital.

Capital investment creates ownership, and ownership in turn inspires social investment. Homeowners and small-business owners are the prime candidates to enlist in the little platoons that make neighborhoods work: crime watches and PTAs and cleanup details. Like trees on a hillside, local ownership offers a source of stability for neighborhoods battling through heavy weather.

Neither private investment nor civic engagement is a panacea for poor neighborhoods confronting family breakdown, crime and the flight of jobs. But Clinton's initiative to strengthen the community lending institutions working to reclaim these streets represents the best kind of federal support: money that sets in motion activities whose ultimate success still depends on marshaling local resources and commitment.

"Federal programs change a lot," said Kirsten S. Moy, a former investment executive who directs the CDFI program in the Treasury Department. "We are trying to build institutions that will be out there in the community long after there is a CDFI fund or not."